Sustainability Report

2021

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

Grupo·epm

Financial management

EPM Financial management

SUSTAINABLE DEVELOPMENT GOALS

Separate annual financial statements
Colombian Generally Accepted
Accounting Principles (NCIF)

December 31, 2021 and 2020

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2021 and December 31, 2020
In millions of Colombian pesos

	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment, net	5	28,136,522	28,279,579
Investment property	6	152,339	152,365
Goodwill	7	260,950	260,950
Other intangible assets	7	589,244	550,895
Right-of-use assets	14	2,236,680	2,053,169
Investments in subsidiaries	8	10,312,202	9,027,864
Investments in associates	9	2,434,417	2,434,417
Investments in a joint ventures	10	99	99
Trade and other receivables	12	1,364,067	1,726,355
Other financial assets	13	2,795,255	3,106,955
Other assets	16	93,250	79,943
Cash and cash equivalents (restricted)	18	21,588	71,708
Total non-current assets		**48,396,613**	**47,744,299**
Current assets			
Inventories	17	172,709	150,189
Trade and other receivables	12	4,869,342	2,172,577
Assets for current tax assets	39	322,496	232,864
Other financial assets	13	303,863	2,139,736
Other assets	16	145,782	135,391
Cash and cash equivalents	18	1,776,499	792,923
Total current assets		**7,590,691**	**5,623,680**
Total assets		**55,987,304**	**53,367,979**
Liabilities and equity			
Equity			
Issued capital		67	67
Reserves	19	1,552,992	1,609,297
Accumulated other comprehensive income	20	3,863,005	4,180,155
Retained earnings	19	19,211,783	18,015,300
Net profit for the period	19	3,365,046	2,539,915
Other components of equity	19	64,341	64,455
Total equity		**28,057,234**	**26,409,189**

Jorge Andrés Carrillo Cardoso
General Manager
Certification Attached

Martha Lucía Durán Ortiz
Executive Vice-President of Finance
and Investments

John Jaime Rodriguez Sosa
Director of Accounting and Costs
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Liabilities			
Non-current liabilities			
Loans and borrowings	21 and 41	16,783,568	16,414,803
Creditors and other accounts payable	22	13,253	13,012
Other financial liabilities	23	2,869,128	2,964,617
Employee benefits	25	374,626	394,712
Income tax payable	39	29,980	30,331
Deferred tax liabilities	39	2,001,194	1,859,510
Provisions	27	708,498	485,975
Other liabilities	28	31,049	31,411
Total non-current liabilities		**22,811,296**	**22,194,371**
Current liabilities			
Loans and borrowings	21 and 41	2,049,528	2,232,020
Creditors and other accounts payable	22	1,451,427	987,660
Other financial liabilities	23	488,484	478,710
Employee benefits	25	164,730	171,020
Income tax payable	39	26,047	88,426
Taxes, contributions and rates payable	26	253,656	222,393
Provisions	27	417,034	389,092
Other liabilities	28	267,868	195,098
Total current liabilities		**5,118,774**	**4,764,419**
Total liabilities		**27,930,070**	**26,958,790**
Total liabilities and equity		**55,987,304**	**53,367,979**

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

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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER

For the years ended December 31, 2021 and 2020
In millions of Colombian pesos

	Notes	2021	2020
Sale of goods	30	5,557	4,922
Rendering of services	30	11,031,048	9,465,193
Leases	30	51,558	43,565
Total Revenue		**11,088,163**	**9,513,680**
Income from sale of assets	32	1,174	120
Other income	31	177,913	384,610
Total income		**11,267,250**	**9,898,410**
Costs of goods sold and services rendered	33	(6,188,883)	(5,870,970)
Administrative expenses	34	(1,315,542)	(1,053,454)
Impairment loss on accounts receivable	12	(145,851)	(59,169)
Other expenses	35	(55,067)	(60,827)
Financial income	36.1	146,000	179,402
Financial expenses	36.2	(1,232,865)	(1,101,520)
Net foreign exchange difference	37	(28,325)	(364,146)
Share of loss of equity accounted investees	8	1,606,936	671,716
Gain on equity investments	38	134,353	574,021
Profit of the period before taxes		**4,188,006**	**2,813,464**
Income tax expense	39	(822,960)	(273,548)
Profit for the period after taxes		**3,365,046**	**2,539,916**
Net profit for the period		**3,365,046**	**2,539,916**
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	20 and 39	65,962	(17,431)
Equity investments measured at fair value through equity	20 and 39	(322,482)	596,096
Equity accounted investees - share of OCI	20 and 39	(28,012)	162,520
Income tax related to components that will not be reclassified	20 and 39	(23,739)	4,439
		(308,271)	**745,624**
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges	20 and 39	**(517,550)**	**(24,071)**
Recognized profit for the period		371,739	(399,369)
Reclassification adjustment		(889,289)	375,299
Equity accounted investees - share of OCI	20 and 39	**358,945**	**241,365**
Reclassified to profit or loss for the period		358,945	241,365
Hedges of net investments in foreign operations		**(61,509)**	**-**
Recognized profit for the period		(61,509)	-
Income taxes related to components that can be reclassified	20 and 39	**210,364**	**10,086**
Recognized profit for the period		(77,431)	121,948
Reclassification adjustment		287,795	(111,862)
		(9,750)	**227,380**
Other comprehensive income, net of taxes	39	**(318,021)**	**973,004**
Total comprehensive income (loss) for the period		**3,047,025**	**3,512,919**

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

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SEPARATE STATEMENT OF CHANGES IN THE EQUITY

For the years ended December 31, 2021 and 2020
In millions of Colombian pesos

	Issued capital	Reserves	Retained earnings	Other components of equity	Other comprehensive income: Equity investments	Defined benefit plans	Cash flow hedges	Hedges of net investments in foreign operations	Reclassification of properties, plant and equipment to investment property	Result of the period in other comprehensive income of subsidiaries	Total
		Note 19.2	Note 19.3		Note 20.3	Note 20.2	Note 20.5	Note 20.6	Note 20.1	Note 20.4	
Balance at 1 January 2020	67	1,704,818	19,408,329	64,390	2,766,176	(28,926)	(21,864)	-	12,079	479,732	24,384,801
Profit for the period	-	-	2,539,915	-	-	-	-	-	-	-	2,539,915
Other comprehensive income for the period, net of income tax	-	-	-	-	594,259	(11,153)	(13,985)	-	-	403,883	973,004
Comprehensive income for the period	-	-	2,539,915	-	594,259	(11,153)	(13,985)	-	-	403,883	3,512,919
Surpluses declared	-	-	(1,488,319)	-	-	-	-	-	-	-	(1,488,319)
Movement of reserves	-	(95,521)	95,521	-	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(231)	65	-	-	-	-	-	(46)	(212)
Balance at 31 December 2020	67	1,609,297	20,555,215	64,455	3,360,435	(40,079)	(35,849)	-	12,079	883,569	26,409,189
Balance at 1 January 2021	67	1,609,297	20,555,215	64,455	3,360,435	(40,079)	(35,849)	-	12,079	883,569	26,409,189
Profit for the period	-	-	3,365,046	-	-	-	-	-	-	-	3,365,046
Other comprehensive income for the period, net of income tax	-	-	-	-	(322,482)	42,223	(328,291)	(40,403)	-	330,933	(318,020)
Comprehensive income for the period	-	-	3,365,046	-	(322,482)	42,223	(328,291)	(40,403)	-	330,933	3,047,026
Surpluses declared	-	-	(1,396,953)	-	-	-	-	-	-	-	(1,396,953)
Movement of reserves	-	(56,305)	56,305	-	-	-	-	-	-	-	-
Equity method on variations in equity	-	-	(2,784)	(114)	-	-	-	-	-	870	(2,028)
Balance at 31 December 2021	67	1,552,992	22,576,829	64,341	3,037,953	2,144	(364,140)	(40,403)	12,079	1,215,372	28,057,234

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

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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

SEPARATE STATEMENT OF CASH FLOWS

For the years ended December 31, 2021 and 2020
In millions of Colombian pesos

	Notes	2021	2020
Cash flows from operating activities:			
Profit for the period		3,365,046	2,539,915
Adjustments to reconcile the net profit (loss) for the period to the net cash flows used in operating activities:		**1,366,957**	**1,162,799**
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	33 and 34	657,982	623,980
Impairment loss on accounts receivable	12	145,851	59,169
Impairment of associated investments and joint ventures	11	-	879,062
Write-down inventories	35	18	-
Gain/loss due to exchange difference	37	28,325	364,146
Gain/loss due to valuation of investment property	6	226	17,040
Result for valuation of financial instruments and hedge accounting	36	75,654	16,343
Provisions, post-employment and long-term defined benefit plans	34	431,777	240,617
Provisions for tax, insurance and reinsurance obligations and financial updating	36.2	18,137	20,990
Deferred income tax	39.3	328,309	(124,209)
Current income tax	39.3	494,651	397,757
Share of loss of equity-accounted investees	8	(1,606,936)	(671,716)
Interest and yield income	36.1	(119,048)	(111,754)
Interest and commission expenses	36.2	1,112,122	996,539
Gain/loos due to disposal of properties, plant and equipment, right-of-use assets, intangibles and investments property	32 and 35	(715)	2,296
Result from withdrawal of properties, plant and equipment, right of use assets, intangible assets and investments	32 and 35	13,125	4,073
Non-cash recoveries	31	(78,168)	(98,451)
Gain/loss from business combinations	38	8,533	(1,353,203)
Dividend income from investments	10 and 13	(142,886)	(99,880)
		4,732,003	3,702,714
Net changes in operating assets and liabilities:			
Change in inventories		(19,509)	(31,317)
Change in trade and other receivables		(308,899)	(106,046)
Change in other assets		(243,200)	(25,024)
Change in creditors and other accounts payable		475,918	(261,240)
Change in labor obligations		19,233	32,573
Change in provisions		(155,639)	(133,771)
Change in other liabilities		322,575	132,977
Cash generated from operating activities		4,822,482	3,310,866
Interest paid		(1,378,967)	(1,160,598)
Income tax paid		(700,009)	(682,542)
Income tax refund		52,997	34,413
Net cash provided by operating activities		2,796,503	1,502,139
Cash flows from investing activities:			
Acquisition and capitalization of subsidiaries or business	8	(2,000)	(505,311)
Disposal of subsidiaries or business	8	10,000	-
Purchase of property, plant and equipment	5	(2,849,341)	(2,220,833)
Disposal of property, plant and equipment	5 and 32	826	(2,289)
Acquisition of intangible assets	7	(71,976)	(48,402)
Acquisition of investment properties	6	(200)	-
Disposal of investments properties	6	-	256
Acquisition of investments in financial assets	13	(417,055)	(1,681,502)
Disposal of investments in financial assets	13	2,523,443	76,646
Dividends received from subsidiaries, associates and joint business	8 and 9	633,893	386,980
Other dividends received	13	134,081	72,826
Loans to economic associates		278,281	30,981
Compensation received	5	694,919	369,700
Other cash flows from investment activities		(4,943)	16,786
Net cash flow used in investing activities		929,928	(3,504,162)
Cash from financing activities:			
Obtaining of borrowings and loans	21	2,426,610	4,612,201
Payments of borrowings and loans	21	(3,809,887)	(1,225,080)
Transaction costs due to issuance of debt instruments	21	(37,492)	(28,553)
Payments of liabilities for financial leasing	23	(12,746)	(11,580)
Surpluses paid	19	(1,396,953)	(1,488,319)
Payments of capital of derivatives designated as cash flow hedges	13	25,604	19,586
Payment of pension bonds	23	(40,660)	(6,435)
Other cash from financing activities		5,046	177,618
Net cash flows used in financing activities		(2,840,478)	2,049,438
Net increase in cash and cash equivalents		885,953	47,415
Effects of variations in exchange rates in the cash and cash equivalents		47,503	(61,808)
Cash and cash equivalents at beginning of the period		864,631	879,024
Cash and cash equivalents at end of the period	18	1,798,087	864,631
Restricted cash	18	523,042	97,417

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

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SUSTAINABLE DEVELOPMENT GOALS

Content

Notes to the Separate Financial Statements of Empresas Públicas de Medellín E.S.P. for the years ended 31 December 2021 and 2020.

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

Note 1. Reporting Entity

Empresas Públicas de Medellín E.S.P. and subsidiaries (hereinafter "Grupo EPM") is the parent company of a multi-Latin business group made up of 44 companies and five structured entities[1]; with a presence in the rendering of public services in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

Empresas Públicas de Medellín ESP (hereinafter EPM), the parent company of the Grupo EPM, is a decentralized entity of the municipal order, created in Colombia through Agreement 58 of August 6, 1955, of the Administrative Council of Medellín, as an autonomous public establishment. It was transformed into an industrial and commercial company of the State of municipal order, by Agreement 069 of December 10, 1997, of the Council of Medellín. Due to its legal nature, EPM is endowed with administrative and financial autonomy and its assets, in accordance with Article 85 of Law 489 of 1998. The capital with which it was established and operates, as well as its assets, is public nature, being its sole owner of the municipality of Medellin. Its main address is at Carrera 58 No. 42-125 in Medellín, Colombia. It does not have an established term of duration.

[1] Autonomous estates of social financing of EPM, CHEC, EDEQ, ESSA and Promobiliaria. Under the International Financial Information Norms (NIIF), adopted in Colombia, are considered structured entities that make part of the consolidation perimeter of Grupo EPM's financial states.

EPM provides residential public services of aqueduct, sewage, energy, and distribution of fuel gas. It can also provide the residential public service of cleaning, treatment, and use of garbage, as well as the complementary activities of one of these public services.

The Group offers its services through the following segments, whose activities are described in Note 47. Operating segments: Electricity Generation, Distribution and Transmission; Distribution and Marketing of Natural Gas; Water provision; Wastewater Management; Solid Waste Management. Additionally, the Others Segment includes participation in the telecommunications business, through the associate UNE EPM Telecomunicaciones SA and its subsidiaries: Edatel SAESP, Orbitel Servicios Internacionales SA - OSI, Cinco Telecom Corporation – CTC, and Colombia Móvil SA; and the associate Inversiones Telco SAS and its subsidiary Emtelco SA; offering voice services, data, Internet, professional services, data center, among others.

The separated financial statements corresponding to the year ended 31 December 2021, were authorized by the Board of Directors to be published on 23 March 2022.

1.1 Legal and Regulatory Framework

The activity of EPM, i.e., providing residential public utilities, is regulated in Colombia mainly by Law 142, Public Utilities Act, and Law 143 of 1994, Electricity Act.

- The functions of control, inspection and supervision of the entities that provide domiciliary public utilities are exercised by the Office of the Superintendent of Domiciliary Public Utilities (SSPD, for its Spanish initials).

- Since the Company is an issuer of Bonds, it is subject to the control of the Superintendence of Finance of Colombia under Decree 2555 of 2015, by which the regulations of the financial, insurance sectors, and the stock market are collected and reissued, and other provisions are issued, establishes that the Integral System of Information of the Stock Market (SIMEV for its Spanish initials) is the set of human, technical and management resources that the Superintendence of Finance of Colombia shall use to allow and facilitate the supply of information to the market. Within these tools, there is the National Registry of Securities and Issuers (RNVE for its Spanish initials), which purpose is to keep a registry of securities issuers and their issues. EPM, when issuing bonds, is subject to control by this Superintendence and to the rules required for financial information purposes, especially to the External Circular Letter 038 of 2015 which reference is: Modification to the terms for the transmission of Quarterly and Year-End Intermediate Financial Statements under IFRS adopted in Colombia, Individual or Separate and Consolidated and their report in XBRL language (extensible Business Reporting Language) and unification of the instructions contained in External Circular Letters 007 and 011 of 2015.

For accounting purposes, the company is governed by the accounting standards issued by Contaduría General de la Nación, these standards are based on the IFRS issued by the IASB, as well as the interpretations issued by the IFRIC as described in the section on accounting policies.

For managing the health service as employee benefits, under the figure of the Adapted Health Company - EAS, it is supervised by the Superintendence of National Health.

As a decentralized entity of the municipal order, EPM is subject to the political control of the Council of Medellin, the fiscal control of the Comptroller General of Medellin and the disciplinary control of the Attorney General's Office.

1.2 Regulatory commissions

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

These entities are the following:

- The Energy and Gas Regulation Commission (hereinafter "CREG" for its Spanish initials), a technical body attached to the Ministry of Mines and Energy (MME), which regulates energy sales rates and aspects related to the operation of the Wholesale Energy Market (MEM) and, more generally, with the provision of electricity, fuel gas and liquid fuel services.
- The Commission for the Regulation of Potable Water and Basic Sanitation (hereinafter "CRA" for its Spanish initials), regulates the rates for aqueduct, sewage and sanitation and their provision conditions in the market. It is a special administrative unit, attached to the Ministry of Housing, City and Territory.

1.2.1 Regulation by sector

1.2.1.1 Activities of the aqueduct, sewage and sanitation sector

Law 142 of 1994, Public Services Law, defined water, sewage and cleaning services:

Aqueduct: also called home public drinking water service. Activity that consists of the municipal distribution of water suitable for human consumption, including its connection and measurement. Includes complementary activities such as water collection and processing, treatment, storage, conduction and transportation.

Sewerage: an activity that consists of the municipal collection of waste, mainly liquid, through pipes and conduits. Includes complementary activities of transport, treatment and final disposal of such waste.

Cleaning: an activity that consists of the municipal collection of waste, mainly solid. Includes complementary activities of transport, treatment, use and final disposal of such waste.

For the first two services, the tariff framework is established in Resolutions CRA 688 of 2014, 735 of 2015, 821 of 2017 and 908 of 2019, compiled in Resolution CRA 943 of 2021. For the public sanitation service, in resolution CRA 720 of 2015, compiled in Resolution CRA 943 of 2021. These regulations establish quality and coverage indicators, encourage compliance with goals and define remuneration mechanisms to guarantee the financial sufficiency of the company.

1.2.2 Activities of the electricity sector

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which can be developed by independent or integrated companies in the terms defined in article 298 of Law 1955 of 2019. The framework legal aims to supply the demand for electricity under economic criteria and financial viability and promote an efficient, safe and reliable operation of the sector.

Generation: consists of the production of electricity from different sources (conventional or non-conventional), whether that activity is carried out exclusively or in combination with one or more other activities in the electricity sector, whichever of them is the main activity.

Transmission: the national transmission activity is the transport of energy in the National Transmission System (hereinafter STN). It is made up of a set of lines, with their corresponding connection equipment, which operate at voltages equal to or greater than 220 kV. The National Transmitter is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the development of that activity.

Distribution: consisting of transporting electrical energy through a set of lines and substations, with their associated equipment, which operate at voltages less than 220 kV.

Commercialization: an activity consisting of the purchase of electricity in the wholesale market and its sale to other market agents or to regulated and non-regulated end users, whether this activity is carried out exclusively or combined with other activities in the electricity sector, whichever is the main activity.

1.2.3 Natural gas sector activities

Law 142 of 1994 defined the legal framework for the provision of home public services, an ambit which defines natural gas as a public service.

Gas: set of activities related to the distribution of fuel gas, by pipeline or other means, from a large volume storage site or from a central gas pipeline to the installation of a final consumer, including its connection and measurement. This Law will also apply to complementary commercialization activities from the production and transportation of gas through the main gas pipeline, or by other means, from the generation site to the one where it is connected to a secondary network.

Note 2. Significant accounting policies

2.1 Basis for preparation of the financial statements

The Company's Separated Financial Statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for its Spanish initials) and adopted by the Nation's General Accounting Office through Resolution 037 of 2017 and Resolution 056 of 2020 (hereinafter "IFRS as adopted in Colombia"). These accounting and financial reporting standards are based on the International Financial Reporting Standards (hereinafter, IFRS) issued by the International Accounting Standards Board (hereinafter, IASB), as well as the interpretations issued by the International Financial Reporting Standards Committee (hereinafter, IFRIC). These financial statements are harmonized with the generally accepted accounting principles in Colombia as outlined in the Annex to Decree 2420 of 2015 and its subsequent amendments.

The presentation of financial statements in conformity with IFRS adopted in Colombia requires making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from said estimates. Estimates and assumptions are constantly revised. Revision of accounting estimates is recognized for the period in which the estimates are revised if the revision affects such period or in the revision period and future periods, if it affects both the current and the future period. The estimates made by the Management, in applying the IFRS adopted in Colombia, that have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail in Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements.

EPM and each of its subsidiaries present separate or individual financial statements, as applicable, for compliance before the controlling entities and for internal administrative follow-up purposes, and to provide information to the investors. Likewise, EPM as the main holding company presents consolidated financial statements under IFRS adopted in Colombia.

Assets and liabilities are measured at cost or amortized cost, except for certain financial assets and liabilities and the investment properties that are measured at fair value. Financial assets and liabilities measured at fair value correspond to those that: are classified in the category of fair value assets and liabilities through profit, some equity investments at fair value through equity, as well as all financial derivatives, assets, and liabilities recognized that are designated as hedged items in a fair value hedging, which recorded value, is adjusted with the changes in fair value attributed to the risks subject matter of the hedging.

Separated financial statements are presented in their functional currency Colombian pesos and their figures are stated in millions of Colombian pesos.

2.2 Classification of assets and liabilities into current and non-current

An asset is classified as current asset when it is mainly maintained for negotiation purposes or it is expected to be realized over a term not exceeding one year, after the period being reported or it is cash and cash equivalents that is not subject to restrictions for exchange or use in the cancellation of a liability over a term not to exceed one year after the period being reported. All other assets are classified as noncurrent assets.

A liability is classified as current liability when it is mainly kept for negotiation purposes or when it is expected to be settled over a term not exceeding one year after the period being reported, or when the company does not have an unconditional right to postpone its settlement for at least one year after the period being reported. All other liabilities are classified as non-current liabilities.

All derivative instruments for which the hedging accounting does not apply are classified as current or non-current, or are divided into current and non-current portions, based upon assessment of facts and circumstances (i.e., the underlying contractual cash flows):

- When the company keeps a derivative, for which the hedging accounting is not applied, during a term exceeding twelve (12) months as from the presentation date, the derivative is classified as non-current (or divided into current and non-current portions) for it to correspond with the classification of the underlying item.
- Derivative instruments that are designated as hedging instruments and that are effective, are classified coherently with the classification of the underlying hedged item. The derivative instrument is divided into a current portion and another non-current only if such allocation can be made in a reliable manner.

2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows include the money in cash and banks and the high-liquidity investments, easily convertible in a determined amount of cash and subject to a non-significant risk of changes in their value, with maturity of three months or less from their acquisition date. Callable bank overdrafts that are an integral part of the cash management of the company, represent a cash and cash equivalents component in the statement of cash flows.

2.4 Investments in subsidiaries, associates and joint ventures

A subsidiary is an entity controlled by EPM. The control is obtained when EPM controls the relevant activities of the subsidiary and is exposed, or has the right, to the variable returns of the subsidiary and has the capacity to influence those returns.

An associate is an entity on which Grupo EPM has significant influence over the financial and operation policy decisions, without getting to have their control or joint control.

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

On the acquisition date, the surplus of the acquisition cost over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities assumed of the subsidiary is recognized as goodwill. Goodwill is included in the recorded value of the investment and is neither amortized nor individually subject to impairment tests of its value.

Investment in associates and joint ventures is measured in the consolidated financial statements by the Equity Method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Through this accounting methodology, the investment is initially recorded at cost and is later adjusted in terms of the changes experienced, after acquisition, by the portion of the net assets of the entity that corresponds to the investor. The profit or loss for the period for EPM includes its participation in the profit for the period of the investee and it includes its participation in the other comprehensive income of the investee. When there are variations in the percentage of ownership in the subsidiary that do not imply a loss of control, the effect of these changes is recognized directly in equity. When ownership of the company in the loss of a subsidiary exceeds ownership of the company thereon (which includes any long-term ownership that, in substance, forms part of the net investment of the Group in the associate or joint venture), the company ceases to recognize its ownership in future losses. Additional losses are recognized provided that the company has contracted some legal or implied obligation or has made payments in the name of the subsidiary. When the subsidiary subsequently makes a profit, the company resumes recognition of its ownership therein only after its share in the aforementioned profit equals the share of unrecognized losses.

Investments in subsidiaries are accounted for using the equity method from the date when the entity in which the interest is held becomes a subsidiary.

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

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

The Company analyzes periodically the existence of impairment indicators and if necessary, recognizes losses for impairment in the investment of the subsidiary, associate or joint venture. Impairment losses are recognized in the profit for the period and are calculated as the difference between the recoverable value of the subsidiary, associate or joint venture, that being the higher between the value in use and its fair value less the necessary costs for its sale, and its recorded value.

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

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

2.5 Joint Operations

Is a joint arrangement whereby the parties that have joint control of the arrangement have the right to the assets and obligations related to the liabilities, related to the arrangement.

In joint operations, the company recognizes its share as follows: its assets, including its share in the assets jointly held; its liabilities, including its share in the liabilities jointly incurred in; its revenue from the sale of its share in the product that arises from the joint operation; its share in revenue from the sale of the product that is made by the joint operation; and its expenses, including it share in the jointly incurred in expenses. The company records the assets, liabilities, revenue, and expenses related to its ownership in a joint operation according to the guidelines applicable to the assets, liabilities, revenue, and expenses.

2.6 Functional currency and foreign currency

The functional currency of the Company is the Colombian peso, that is the currency of the main economic environment where it operates, i.e., where it generates and uses cash.

Transactions in foreign currency are initially recorded at the exchange rates of the functional currency in force and effect on the transaction date. Subsequently, the foreign-currency denominated monetary assets and liabilities are translated using the exchange rate of the functional currency, in force and effect as of the period's closing date, the non-monetary items that are measured at their fair value are translated using the exchange rates as of the date when their fair value is determined and the non-monetary items that are measured at historic cost are translated using the exchange rates in force and effect on the date of the original transactions.

All exchange differences are recognized in the statement of comprehensive income in the section profit or loss for the period, except for amendments arising from interest costs that are capitalizable and those arising from loans in foreign currency to the extent that they are considered as adjustments to interest costs and the exchange difference arising from the conversion of the financial statements of subsidiaries abroad for the application of the equity method, which is recognized in the other comprehensive income.

2.7 Income from ordinary activities

Revenue basically corresponds to the result of the company's main activity, which is the rendering of residential public utilities of electric power, natural gas, water supply and sewage, and are recognized when the service is rendered or at the time of the delivery of the goods, to the extent that they comply to the performance obligations of the company. Revenue is measured at the value of the consideration received or to be received, excluding taxes and other obligations. Discounts, compensations to customers because of the quality of the service and financial components that are granted, are recorded as adjustments to revenue. The financing component is only recognized if the contract with customers has a duration longer than one year.

The most representative income from the power business in Colombia are the following:

- **Reliability Charge:** remuneration paid to a generating agent for the availability of generation assets with the declared characteristics and parameters for the calculation of the steady power for reliability charge (ENFICC, for its Spanish initials), which guarantees compliance with the Steady Power Obligation (OEF, for its Spanish initials) assigned in auction for the assignment of steady power obligations or the mechanism replacing it.
- **Long-Term Contracts:** a contract for the sale of power between traders and generators which is settled in the power exchange, under this modality of power contract generators and traders freely agree on quantities and prices for the purchase and sale of electric power for periods longer than one day.

  For long-term power purchase contracts, with price lower than that of the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain revenue, it is considered that it does not comply with the Exception for own use.
- **Secondary Market of Steady Power or Secondary Market:** a bilateral market in which generators negotiate among themselves a back-up contract to ensure, for a given period, partial or total compliance with the steady power obligations acquired by one of them.
- **Non-Regulated Market Power Sales:** is the power sold in the market to customers whose maximum demand exceeds a value in MW (megawatts) or a monthly minimum energy consumption in MWh (megawatt-hour), defined by the regulatory body, by legalized installation, from which it does not use public networks of electric power transport and uses it in the same property or in contiguous estates. Such electricity purchases are made at freely agreed prices between buyer and seller.

- **Regulated Market Power Sales:** is the power sold to customers whose monthly consumption is less than a predetermined value and is not entitled to negotiate the price paid for it, since both concepts are regulated; usually uses power for its own consumption or as an input for its manufacturing processes and not to undertake marketing activities with it.
- **Automatic Generation Regulation (AGC):** is a system for the control of the secondary the frequency within a range of operation and the programmed exchanges. The AGC can be programmed in centralized, decentralized or hierarchical mode.
- **Steady Power (or Firm Energy):** Is the incremental contribution of a company's generation plants to the interconnected system, which is carried out with a 95% reliability and is calculated based on a methodology approved by the commission and the operational planning models used in the national interconnected system.

Natural gas revenue comes from the distribution and sale of natural gas to the regulated and non-regulated markets.

In the water business, revenue comes from the provision of water and sewage utilities.

At the time of recognition of income, the Company assesses, based on specific criteria, whether it acts as a principal or as a commission agent and thus determines whether gross or net income must be recognized for commercial activities.

2.8 Contracts with Customers

When contract results can be reliably measured, the company recognizes revenue and expenses associated with contracts with customers, measuring the advanced level in the fulfillment of the performance requirements using the resource method, as a function of the ratio represented by the costs earned by the work conducted to that date and the estimated total costs up to its completion.

The incurred cost includes the costs, including loan costs directly related to the contract, until the work has been completed. Administrative costs are recognized in the profit or loss for the period.

On the other hand, the incremental costs incurred by the company to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position within the Other assets item and are amortized on a linear basis over the life of the contract, provided that the term of the contract is greater than one year. Otherwise, the company recognizes it directly in the profit or loss for the period.

Payments received from customers before the corresponding work has been carried out are recognized as a liability in the Statement of Financial Position as other liabilities.

The difference between revenue recognized in the statement of income for the year and the billing is presented as an asset in the statement of financial position denominated Trade and other receivables, or as liability denominated as Other liabilities.

For the initial recognition of an account receivable from a contract with a customer, the difference between the measurement of the receivable and the value of the corresponding revenue is presented as an expense in the statement of comprehensive income called Impairment of receivables.

2.9 Government grants

Government grants are recognized at fair value when there is reasonable security that those grants shall be received and that all conditions linked to them shall be met. Grants that pretend to offset costs and expenses already incurred in, without subsequent related costs, are recognized in profit or loss for the period in which they become enforceable. When the grants are related to an asset, it is recorded as deferred income and are recognized in the result for the period on a systematic basis throughout the estimated useful life of the corresponding asset. The benefit of a government loan at an interest rate below market is treated as a government grant, measured as the difference between the amounts received and the fair value of the loan based upon the market interest rate.

2.10 Taxes

The fiscal structure of each country, the regulatory frameworks, and the plurality of operations that the company undertakes to make the company a taxable entity, i.e., a payer of taxes, rates, and contributions on a national and territorial basis. These are liabilities generated from the central government, the states/departments, municipal entities, and other active subjects, once the conditions foreseen in the corresponding acts and laws issued are met.

Amongst the most relevant taxes, the income tax, the value-added tax, and the wealth tax are detailed.

Income Tax

- **Current:** the current income tax assets and liabilities for the period are measured by the amounts that are expected to be recovered or paid to the fiscal authorities. The income tax expense is recognized in the current tax according to the cleaning made between the fiscal income and the recorded profit or loss affected by the income tax rate of the current year and pursuant to the provisions of the tax rules of the country. The tax rates and rules used for computing those values are those that are enacted or substantially approved at the end of the period being reported, in the countries where the company operates and generates taxable profits.

Tax income differs from profit for the period as income and expense items imposable or deductible in other years, and items that shall not be taxable or deductible in the future.

Current Income tax assets and liabilities are also offset if they relate to the same tax authority and if there is the intention to settle them for the net value or to realize the asset and settle the liability simultaneously.

- **Deferred:** the deferred income tax is recognized using the balance sheet method, calculated on the temporary differences between the fiscal bases of the assets and liabilities and their recorded values. The deferred tax liability is generally recognized for all imposable temporary differences, while the deferred tax asset is recognized for all deductible temporary differences and for the future offsetting of fiscal credits and unused fiscal losses to the extent that it is probable the availability of future tax gains against which they can be realized. Deferred taxes are not discounted.

The deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the moment of the transaction, did not affect neither the book gain nor the fiscal profit or loss; and for the deferred tax liability case whenever it arises from the initial recognition of goodwill.

Deferred tax liabilities related to investments in subsidiaries, associates, and participation in joint ventures, are not recognized when the revision opportunity of temporary differences can be controlled, and it is probable that those differences will not be reversed in the near future. Deferred tax assets related to investments in subsidiaries, associates, and participation in joint ventures, shall be recognized only if a reversal in temporary differences for the near future is probable, and that availability of future taxable profits against which those deductible differences will be imputed is also probable.

The recorded value of the deferred tax assets is reviewed on each presentation date and is reduced to the extent that enough taxable profits available for use as a whole or in part of the deferred tax asset is no longer probable. The deferred tax assets that are not recognized are reassessed on each presentation report date and are recognized to the extent that it is probable that future taxable gains profits allow their recovery.

Deferred tax assets and liabilities are measured at the fiscal rates expected to be applied in the period when the asset is realized, or the liability is settled, based on fiscal rates and rules that were approved on the presentation date, or the approval procedure of which is about to be completed for such date. Measurement of deferred tax assets and liabilities will reflect the fiscal consequences to be derived from how the entity expects, at the end of the period being reported, to recover or settle the recorded value of its assets and liabilities.

The deferred tax assets and liabilities must be presented as non-current.

The deferred tax assets and liabilities are offset if there is a legally enforceable right for it and if they are related to the same tax authority.

The deferred tax is recognized in profit or loss for the period, except that related to items recognized outside profit or loss; in this latter case, it will be presented in the other comprehensive income or directly in equity.

With the purpose of measuring the deferred tax liabilities and the deferred tax assets for investment properties that are measured using the fair value model, the recorded value of those properties is presumed that will be fully recovered through their sale unless the presumption is challenged. The presumption is challenged when the investment property is depreciable and is kept within a business model which object is to consume, substantially, all the economic benefits that are generated by the investment property through time, and not through a sale. Management reviewed the company's investment property portfolio and concluded that none of the company's investment properties is kept under a business model whose objective is to consume, substantially, all economic benefits generated by investment properties over time rather than through the sale. Therefore, the management has determined that the presumption of "sale" established in the modifications to IAS 12 Income tax, is applicable.

Whenever the current tax or deferred tax arises from the initial recording of the business combination, the fiscal effect is considered within the recording of the business combination.

Value-Added Tax - VAT

The company is responsible for this tax in the common regime as it performs sales of movable assets and provides taxed services and obtains exempt income for imports. Currently, the power, water, sewage, and domiciliary gas utilities are excluded from this tax.

The general rate for this tax in Colombia is 19% and exists a differential rate of 5%.

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

The tax generated is recognized as a sum to be paid to the tax office, from which the tax paid is deducted. Income is recognized without considering the value of the tax.

2.11 Property, Plant, and Equipment

Property, plant, and equipment are measured at cost, net of accrued depreciation, and accrued impairment losses if any. The cost includes the acquisition price; the costs directly related to putting the asset at the necessary place and conditions to operate in the way foreseen by the company, costs corresponding to loans of construction projects that take a substantial period to be completed, recognition requirements are complied with and the present value of the expected cost for the decommissioning of the asset after its use, if the criteria for recognition for a provision are met.

Constructions in progress are measured at cost less any impairment loss recognized and includes indispensable expenditure directly related to the construction of the asset, such as professional fees, work supervision, civil works, and, in the case of those assets qualified, the borrowing costs are capitalized. Said constructions in progress are classified in the proper categories of property, plant, and equipment at the time of their completion and when they are ready to use. The depreciation of these assets starts when they are ready to use in accordance with the same basis as in the case of other elements of property, plant, and equipment.

The Company capitalizes on the greater value of the assets, additions, or improvements made thereof, provided that any of the following conditions are met: a) They increase their useful life, b) They increase their productive capacity and operating efficiency thereof, and c) They reduce costs to the Company. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Inventory of spare parts for specific projects, which are expected to have no turnover in one year and meet the criteria to be capitalized, known as replacement assets, are presented in the other property, plant, and equipment. They depreciate, considering the permanence time in the storage and the technical useful life of the asset once its use begins.

Depreciation begins when the asset is available for use and is calculated on a straight-line basis throughout the estimated useful life of the asset as follows:

Plants, ducts and tunnels				
Civil work	50	to	100	years
Equipment	10	to	100	years
Networks, lines and cables				
Electric transmission network	30	to	40	years
Power distribution network	30	to	40	years
Aqueduct network	40	to	80	years
Network Wastewater	30	to	80	years
Gas network	60	to	80	years
Buildings	50	to	100	years
Communication and computer equipment	5	to	40	years
Machinery and equipment	7	to	40	years
Furniture, fixtures and office equipment	10	to	15	years
Grounds(1)	10	to	20	years

Useful lives are determined considering, among others, the manufacturer's technical specifications, the knowledge of the technicians that operate and maintain the assets, the geographic location, and the conditions to which it is exposed.

The company calculates the depreciation by components, which implies depreciating individually the parts of the asset that should have a different useful life. The depreciation method used is the straight-line; the residual value calculated for the assets is not part of the depreciable amount.

A component of property, plant, and equipment and any significant part initially recognized, is written off once disposed of or when it is not expected to obtain future economic benefits from its use or disposal. The gain or loss at the moment of writing the asset off, calculated as the difference between the net value of the disposal and the recorded value of the asset, is included in the statement of comprehensive income.

Assets temporarily classified as out-of-service continue to depreciate and are tested for impairment within the CGU to which they are assigned.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted, appropriately.

2.12 Leases

The determination of whether an arrangement constitutes or contains a lease is based upon the essence of the arrangement at its initial date, in compliance with the agreement depends upon the use of a specific asset(s) and if it transfers the right-of-use of that asset for a timespan in exchange for a consideration.

At the initial date of the lease contract, the company acting as lessee recognizes an asset for right-of-use and liability for lease, except for leases with a duration of fewer than 12 months or those whose value at new of the underlying asset is less than 15 (fifteen) Current Monthly Minimum Legal Wage (hereinafter "SMMLV" for its Spanish initial).

The company acting as lessor classifies the lease as operating or finance. A lease is classified as a finance lease when the risks and rewards incidental to ownership of the leased asset are substantially transferred to the lessee; otherwise, it is classified as an operating lease.

EPM as a Lessee

Assets leased under finance leases are recognized and presented as assets in the statement of financial position at the beginning of the lease, for the fair value of the asset leased or the present value of the minimum lease payments, whichever is lower. The corresponding liability is included in the statement of financial position as a finance lease liability.

Right-of-use assets are amortized over the useful life of the asset using the straight-line method if ownership of the underlying asset is transferred at the end of the contract or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or if no purchase option on the asset is exercised, the asset is depreciated only up to the end of its useful life or the lease term, whichever comes first.

Lease payments are divided between financial expenses and debt amortization. Finance charges are recognized in profit or loss for the period unless directly attributable to qualifying assets, in which case they are capitalized according to the company's policy for borrowing costs. Variable lease payments, which depend on an index or rate, are included in the valuation of the lease liability. Leases with a duration of less than 12 months or those whose value at new of the underlying asset is less than 15 (fifteen) SMMLV are recognized as operating leases in the profit or loss for the period over the term of the lease.

EPM as a Lessor

Assets leased under finance leases are not presented as property, plant, and equipment since the risks associated with the property have been transferred to the lessee, instead, a receivable is recognized for an amount equal to the net investment in the lease.

When a lease contract includes land and building components together, the company assesses the classification of each component separately as a finance or operating lease. If the lease payments cannot be allocated reliably between these two components, the entire lease is classified as a finance lease, unless it is clear that both components are operating leases, in which case the entire lease is classified as an operating lease.

Income from variable leases, dependent on an index or rate, is included in the valuation of the net investment at lease.

Initial direct costs such as: commissions, fees, legal, and internal costs that are incremental and directly attributable to negotiating and arranging the lease are included in the measurement of the net investment in the lease at inception and are reflected in the calculation of the implicit interest rate.

2.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial time to be prepared for their destined use or sale, are capitalized as part of the cost of the respective asset until the asset is ready for their intended use. Income from the temporary investment in specific loans pending to be consumed in qualified assets is deducted from the borrowing costs that qualify for their capitalization. All other borrowing costs are recorded as expenses in the period when incurred. Borrowing costs consists of interest and other costs incurred in by the company regarding to the loan of funds. To the extent that the funds derive from generic loans and are used to obtain a qualified asset, the value of the costs susceptible of capitalization is determined by applying a capitalization rate (weighted average cost of loans applicable to general loans outstanding during the period) to expenditure made in that asset.

Capitalization of borrowing costs begins on the date when the following conditions are met:

- Expenditure made in relation to the asset.
- Borrowing costs are incurred.
- Necessary activities to prepare the asset for the intended use or for sale are carried out.

Capitalization of borrowing costs is suspended during periods in which the development of activities of a qualifying asset for periods of more than one year is interrupted. However, the capitalization of borrowing costs over a period is not interrupted if important technical or administrative actions are being undertaken. Neither is capitalization of borrowing costs suspended when a temporary delay is required as part of the process of preparing an asset qualified for its use or sale.

Capitalization of borrowing costs is terminated when all activities necessary to prepare the asset for its use or sale have been substantially completed. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is stopped.

2.14 Investment Property

Investment property, are lands or buildings or part of a building or both, held to obtain rentals or capital revaluations (including the investment property under construction for said purposes). Investment properties are initially measured at cost, including transaction costs. The recorded value includes the replacement or substitution cost of one part of an existing investment property at the moment when the cost is incurred if all criteria for recognition are met, and they exclude the daily maintenance costs of the investment property.

After initial recognition, investment properties are measured at the fair value reflected by market conditions on the presentation date. All profits and losses arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in profit or loss when they arise.

Investment properties are derecognized, either at the moment of disposal, or when they are retired from use permanently, and no future economic benefit is expected. The difference between the net value of disposal and the recorded value of the asset is recognized in the statement of comprehensive income in profit or loss in the period when it was derecognized.

Transfers to or from investment property are conducted only when there is a change in their use. In the case of a transfer from an investment property to property, plant, and equipment, the cost considered for its subsequent posting is the fair value on the date of use change. If a property, plant, and equipment become an investment property, it shall be recorded at its fair value, the difference between the fair value and the recorded value shall be recorded as revaluation surplus applying the IAS 16 Property, plant, and equipment.

2.15 Intangible Assets

Intangible assets acquired separately are measured initially at their cost. The cost of the intangible assets acquired in business combinations is their fair value at the acquisition date. After their initial recognition, the intangible assets are recorded at cost less any accumulated amortization and any accumulated loss for impairment. Intangible assets generated internally are capitalized provided that they meet the criteria for their recognition as an asset and the generation of the asset must be classified as research phase and development phase; if it is not possible to distinguish the research phase from the development phase, expenditure must be reflected in the statement of comprehensive income in the period in which they incurred.

Useful lives of intangible assets are determined as finite or indefinite.

Intangibles assets with finite useful life are amortized throughout their economic useful life in a straight-line and assessed to determine if they presented any impairment, whenever there are indications that the intangible asset may have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset are recorded if the amortization period or method changes, as applicable, and are treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful life is recognized in profit or loss in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangibles assets with indefinite useful life are not amortized, but they are subject to annual tests to determine whether they suffer any impairment, either individually or at the cash generating unit level (CGU). Assessment of the indefinite useful life is revised on an annual basis to determine whether such an indefinite useful life continues to be valid. If that is not the case, the change of useful life from indefinite to finite is made prospectively.

Useful lives of intangible assets are:

Similar concessions and rights	Depending on the term of the contract
Easements	Indefinite
Capitalized development costs	Indefinite
Software and computer applications	Indefinite/ finite 3 to 5 years
Licenses	Indefinite/ finite 3 to 5 years
Rights	Depending on the term of the contract
Other intangible assets	Indefinite/ finite 7 to 15 years

An intangible asset is derecognized upon disposal, or whenever future economic benefits are not expected from their use or disposal. The profits or losses arising when an intangible asset is derecognized are measured as the difference between the value obtained in the disposal and the recorded value of the asset, and it is recognized as profit or loss in the statement of comprehensive income.

Research and Development Costs

Research costs are recorded as expenses as incurred. Development outlays in an individual project are recognized as intangible assets whenever the company can demonstrate:

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale.
- Its intention of finalizing the asset and its capacity to use or sell the asset.
- How the asset will generate future economic benefits, considering, among others, the existence of a market for production that generates an intangible asset for the asset itself, or the profit of the asset for the entity.
- The availability of technical and financial resources to complete the asset and to use and sell it.
- The capacity of reliably measuring the expenditure during development.

In the statement of financial position, the development expenditure asset is recognized from the moment the element meets the conditions for its recognition, and its cost less accrued amortization and the value impairment accrued losses are recorded.

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

Amortization of the asset starts when the development has been completed and the asset is available for use. It is amortized throughout the expected future economic benefit. During the development period, the asset is subject to annual tests to determine whether there is an impairment of its value.

Research costs and development costs that do not qualify for capitalization are recorded as expenses in profit or loss in the statement of comprehensive income.

Goodwill

Goodwill represents the difference between the cost of a group of assets constituting a business over which control is acquired and the fair value at the time of acquisition of this group of acquired assets.

Goodwill is not amortized, it is measured at cost less any value impairment accrued loss and is subject to annual value impairment tests, or more frequently when there are impairment indicators. Value impairment losses are recognized in profit or loss in the statement of comprehensive income.

For the Cash Generating Units (CGU), which have been assigned goodwill, on an annual basis the Company verifies the value impairment, which implies the calculation of the value at the use of the CGUs to which it is assigned. The value at use requires determining the future cash flows that must arise from the CGUs and an appropriate discount rate to calculate the current value. When the actual future cash flows are less than expected, an impairment loss may arise.

2.16 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and simultaneously to a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognized in the statement of financial position when the company becomes a party according to the contractual conditions of the instrument.

2.16.1 Financial Assets

The company recognizes its financial assets at fair value at the outset. Transaction costs directly attributable to the financial asset are added to or deducted from its fair value are subsequently measured at amortized cost or fair value through other comprehensive income or are recognized immediately in the statement of comprehensive income if the assets are measured at fair value through profit or loss.

For subsequent measurement, financial assets are classified at amortized cost or fair value (through other comprehensive income or through profit and loss) depending on the company's business model for managing the financial assets and the characteristics of the instrument's contractual cash flows.

- **Financial assets at fair value through profit or loss:** financial assets at fair value through profit or loss are assets whose contractual cash flows are highly liquid. The company classifies a financial asset in this category if it is acquired mainly for the purpose of being sold in the short term.

  This includes investments made to optimize surplus liquidity, i.e., all those resources that are not immediately allocated to the development of the activities that constitute the company's corporate purpose. The investment of surplus liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative purposes (EPM General Management Decree 2015-DECGGL-2059 of February 6, 2015). Profit or losses arising from changes in fair value are included in the statement of comprehensive income under the heading of financial income or expense, in the period in which the changes in fair value occur.

  Dividend income is recognized when the company's right to receive payment is established.

  At the same time, the company can irrevocably allocate a financial asset as measured at fair value through profit or loss.

- **Financial assets at fair value through other comprehensive income:** debt instruments are classified as assets measured at fair value through other comprehensive income if they are held under a business model whose objective is achieved by obtaining the contractual cash flows and selling the assets and the instrument also provides, on specific dates, cash flows that correspond solely to payments of principal and interest on the outstanding principal value.

  Changes in the fair value of the investment are recorded in other comprehensive income, except for impairment losses or recoveries, interest income and foreign exchange gains and losses which are recognized in profit or loss for the period.

  The company has made an irrevocable decision to present subsequent changes in the fair value of certain investments in equity instruments that are not held for trading in other comprehensive income. Dividends from such investments are recognized in profit or loss when the right to receive payment is established.

  On disposal of equity investments at fair value through other comprehensive income, the accumulated value of the gains or losses is transferred directly to retained earnings and is not reclassified to profit or loss for the period.

- **Financial assets at amortized cost:** a financial asset is subsequently measured at amortized cost using the effective interest rate[1] if the asset is held within a business model whose objective is to maintain it in order to obtain the contractual cash flows and contractual terms of the asset that provide, on specific dates, cash flows that are solely payments of principal and interest on the outstanding principal value.

[1] The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocating the income over the relevant period. The effective interest rate is the discount rate that exactly matches the future cash flows of a financial asset (including all fees, commissions and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts) over the expected life of the instrument, or if appropriate, a shorter period, to its recorded value at initial recognition.

Impairment of financial instruments

At each reporting date, the Company recognizes a correction in value for expected credit losses on financial assets measured at amortized cost or at fair value through changes in Other comprehensive income, including receivables from leases, contract assets or loan commitments, and financial guarantee contracts to which the impairment requirements are applied over the life of the asset.

Expected credit loss is estimated considering the probability that an impairment loss of uncollectable debts may or may not occur and is recognized as profit or loss in profit or loss in the Statement of comprehensive income, reducing the value of the financial asset. The company assesses the credit risk of accounts receivable on a monthly basis at the time of presenting the reports in order to determine the value correction for expected credit loss on financial assets.

The company assesses on a collective basis the expected losses for financial assets that are not individually relevant. When the collective assessment of expected losses is performed, receivables are gathered by similar credit risk characteristics, allowing identification of the repayment capacity of the debtor, in accordance with the contractual terms of receivables.

The company determines that a customer's credit risk increases significantly when there is any default event in the financial agreements by the counterpart, or when information, be it internal or obtained from external sources, indicates that the debtor's payment is unlikely, without considering held securities.

Default in agreements is measured generally when having 2 past-due accounts, however, there are agreements or individual contracts that indicate default immediately when a payment or obligation is not met.

The company determines that a financial asset exhibits credit impairment when:

- Evidence default in a customers' payment for two (2) or more accounts.
- It is known or there is evidence of the customer entering processes of corporate restructuring or in insolvency or liquidation.
- The rise of social turmoil, be it of public order or natural disasters, which according to experience are directly correlated with default of accounts.

Credit risk is affected when there are changes in financial assets, the policy of the Company to reassess the recognition of credit loss is basically supported on the customer or counterpart payment record. When there is evidence of an improvement in the historical record of a customer's payments, a reduction in risk is recorded and, if there is an increase in the portfolio default age, an increment in the impairment of the asset is recorded.

The amortized financial assets may still be subject to collection execution activities under the recovery procedures of the company, considering judicial collection when appropriate. Recoveries performed are recognized in the profit for the period.

Derecognition of Financial Assets

A financial asset or part of it, is derecognized from the statement of financial position whenever it is sold, transferred, expires or the company losses control on the contractual rights or on the cash flows of the instrument.

The company derecognizes a financial asset when:

- Possesses information indicating that the counterpart is in severe financial difficulties and there are no realistic prospects of recovery.
- The counterpart has been put into liquidation or has initiated a bankruptcy process or, in the case of receivables.
- Amounts exceed two years due, whichever occurs earlier.

If the company does not transfer nor substantially retains all risks and advantages inherent to that property and continues to retain control of the asset transferred, the company will recognize its share in the asset and the obligation associated with the amounts that it would have to pay, in the same way, if the company retains substantially all risks and advantages inherent to the ownership of a financial asset transferred, the company will continue to recognize the financial asset and will also recognize a guaranteed loan in the shape of collateral for the received income.

In the total derecognition of a financial asset measured at fair value with changes in profit, the difference between the recorded value of the assets and the sum of the consideration received and to be received, is recognized as profit or loss in the Statement of comprehensive income. In the case of financial assets measured at fair value with change in other comprehensive income, the difference between the recorded value of the asset and the sum of the consideration received and to be received is recognized in profit or loss in the Statement of comprehensive income and the profit or loss that would have been recognized in the Other comprehensive income will be reclassified to accumulated profit.

Refinancing of loans

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9 adopted in Colombia, the company recalculates the gross recorded value of the financial asset and recognizes a profit or loss due to modification in the profit or loss for the period. The gross recorded value of the financial asset is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial asset (or effective interest rate adjusted for credit quality for financial assets with credit deterioration purchased or originated) or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial asset and is amortized over the remaining term of the latter.

2.16.2 Financial liabilities

The company recognizes its financial liabilities at fair value at the outset. Transaction costs directly attributable to the acquisition or obtainment of the financial liability are deducted from its fair value if they are subsequently measured at amortized cost, or are recognized through profit or loss if the liabilities are measured at fair value. Subsequently, financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, include liabilities held for trading, financial liabilities designated at initial recognition as at fair value through profit or loss and derivatives. Gains or losses on liabilities held for trading are recognized in profit or loss for the period. At initial recognition, the Company did not designate financial liabilities as at fair value through profit or loss.

- Financial liabilities at amortized cost, are measured using the effective interest rate. Profits and losses are recognized in profit and loss for the period.

Compound instruments

Financial instruments that contain both a liability and an equity component (compound financial instruments) are recognized and accounted for separately. Therefore, for the initial measurement, the liability component is determined by the fair value of the future cash flows and the residual value is assigned to the equity component.

For subsequent measurement, the liability component is measured at amortized cost including the effect of amortization costs, interests and dividends. The equity component retains the measurement of the initial recognition.

Financial guarantee contracts

The financial guarantee contracts issued by the company are those contracts that require the making of a specific payment to reimburse the holder for the loss incurred when a specified debtor defaults their payment obligation, according to the conditions of a debt instrument. The financial guarantee contracts are initially recognized as a liability at fair value, adjusted by the transaction costs that are directly ascribable to the issuance of the guarantee. Subsequently, the liability is measured at: (i) the amount of the adjustment in value for the expected losses and (ii) the value initially recognized less, the accrued recognized profit.

Derecognition of financial liabilities

A financial liability or part of it is derecognized from the statement of financial position when the contractual obligation has been settled or has expired.

Whenever an existing financial liability is replaced by another coming from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective recorded values is recognized through profit and loss.

In the event changes are not substantial, the company recalculates the gross recorded value of the financial liability and recognizes a profit or loss from changes in the profit or loss. The gross recorded value of the financial liability is recalculated as the current value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial liability and is amortized over its remaining term.

2.16.3 Equity Instruments

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

The repurchase of the company's own equity instruments is recognized and directly deducted in equity. No profit or loss is recognized in operations, coming from the purchase, sale, issuance, or cancellation of the company's own equity instruments.

2.16.4 Derivative Financial Instruments

A financial derivative is an instrument whose value varies in response to changes in a variable such as an interest rate, exchange rate, the price of a financial instrument, credit rating, or index. This instrument does not require an initial investment or is inferior to other financial instruments with a similar response to changes in market conditions and is generally settled at a future date.

The company uses derivative financial instruments, like term contracts (Forward), futures contracts, financial barters (Swaps), and options to hedge several financial risks, mainly the interest rate, exchange rate, and commodities price risks. Such derivative financial instruments are initially recognized at their fair value on the date when the derivative contract is entered, and subsequently, they are measured again at their fair value. Derivatives are recorded in the statement of financial position as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

Commodity contracts that meet the definition of a derivative, but that are entered into in conformity with the expected purchase requirements of the company, are recognized in the Statement of comprehensive income as the cost of sales.

Any gain or loss that arises from the changes in derivatives' fair value is directly recognized in the Statement of comprehensive income in the section Statement of income, except for those that are under hedge accounting.

Generally, the derivatives embedded in host contracts are treated as separate derivatives whenever they meet the definition of a derivative and when their risks and characteristics are not closely related to those main contracts and the contracts are not measured at fair value with a change in profit. However, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are never split. Instead, the hybrid financial instrument is assessed for financial asset classification.

Hedge Accounting

At the beginning of a hedging relationship, the company designates and formally documents the hedging relationship to which they want to apply hedging accounting and the objective of the risk management, and the strategy to carry out the hedging. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the company shall assess the effectiveness of the changes in fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or the cash flows, attributable to the risk hedged. Such hedges are expected to be highly efficient in achieving the offsetting of changes in the fair value or the cash flows, and for this end, they are permanently assessed throughout the information periods for which they were designated.

For hedging accounting purposes, hedges are classified and recorded as follows, once the criteria for their recording are complied with:

- **Fair value hedging,** when they hedge the exposure to fair value changes of assets or liabilities recognized or of non-recognized firm commitments.

  A change in the fair value of a derivative that is a hedging instrument is recognized in profit or loss in the statement of comprehensive income as finance cost or income. A change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the recorded value of the hedged item and is also recognized in profit or loss in the statement of comprehensive income as finance cost or income.

  For the fair value hedging related to items recorded at amortized cost, the adjustments to the recorded value are amortized in profit or loss in the statement of comprehensive income throughout the remaining term until their expiration. Amortization of the effective interest rate may begin as soon as there is an adjustment to the recorded value of the hedged item, but it must start at the latest when the hedged item is no longer adjusted for the changes to its fair value attributable to the risk being hedged. Amortization of recorded value adjustments is based upon the effective interest rate recalculated on the amortization starting date. If the hedged item is derecognized, the non-amortized fair value is immediately recognized in profit or loss in the Statement of comprehensive income.

When a non-recognized firm commitment is designated as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk shall be recognized as an asset or liability with their corresponding profit or loss recognized in the statement of comprehensive income.

- **Cash flow hedging,** when they hedge the attributed cash flow variations exposure, either to a particular risk associated to a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk in a non-recognized firm commitment.

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

The effective portion of the profit or loss for the measurement of the hedging instrument is immediately recognized in the other comprehensive income, whereas the ineffective portion is immediately recognized in profit or loss in the statement of profit or loss as a financial cost.

The effective portion will be equal (in absolute terms) to the lesser of:

The difference between the fair value at the time of valuation and the inception date of the hedging instrument; and the difference between the fair value (present value) of the expected future cash flows of the hedged item at the valuation date and at the inception date. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss for the period.

The ineffective portion shall be the difference between:

The difference between the fair value at the time of valuation and the inception date of the hedging instrument; and the effective portion of the hedge.

The measurement of the effectiveness of hedges is performed monthly.

Values recognized in the Other comprehensive income are reclassified into the profit or loss for the period when the hedged transaction affects the profit, as well as when the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the Other comprehensive income are reclassified at the initially recorded value of the non-financial asset or liability. If the foreseen transaction or the firm commitment is no longer expected to happen, the accrued profit or loss previously recognized in the Other comprehensive income is reclassified into the profit or loss for the period.

If the hedging instrument expires or is sold, it is resolved or is exercised without a replacement or successive renovation of a hedging instrument for another hedging instrument, or if its designation as hedging is revoked, any accrued profit or loss previously recognized in other comprehensive income remains in the other comprehensive income until the foreseen operation or the firm commitment affects profit or loss.

- **Hedging of a net investment abroad,** when they hedge the exposure to the variations in the translation of foreign businesses into the presentation currency of the company associated to the exchange rate risk.

  The objective of the foreign-currency net investment hedging is to hedge the exchange rate risks that a Principal or Intermediate Parent Company having businesses abroad may have on the impact on the translation of financial statements from functional currency to presentation currency. The hedging of net investment in foreign currency is a hedging to the exposure in foreign currency, not a hedging of the fair value due to changes in the investment value.

  Effectiveness and ineffectiveness are accounted for like cash flow hedges.

  Profits or losses of the hedging instrument related to the effective portion of the hedging are recognized in other comprehensive income, whereas any other gains or loss related to the ineffective portion is recognized in the statement of profit or loss. For the disposal of the business abroad, the accrued value of the gainss or losses recorded in the other comprehensive income are reclassified through profit or loss for the period.

2.16.5 Off-setting of Financial Instruments

Financial assets and liabilities are subject to off-set in order to inform the net value in the statement of financial position, only if (i) at the current time, there is a legally enforceable entitlement of off-set of recognized values; and (ii) there is the intention of settling them at their net value, or of simultaneously realizing the assets and cancelling the liabilities.

2.17 Inventories

Goods acquired with the intention of selling them during the ordinary course of business or of consuming them in the service rendering process are classified as inventories.

Inventories are valued at cost or net realizable value, whichever is lower. The net realizable value is the estimated sale price in the normal course of business, less the estimated finalization costs and the estimated costs necessary to make the sale.

Inventories include merchandise in stock that do not require transformation, such as electricity, gas and water meters and procurement goods. They include materials such as minor spare parts and accessories for the rendering of services and the goods in transit and held by third parties.

Inventories are valued using the weighted average method, and their cost includes the costs directly related to the acquisition and those incurred to give them their current conditions and location.

2.18 Impairment loss of non-financial assets

As of every presentation date, the company assesses whether they have any indication that a tangible or intangible asset may be impaired. The company estimates the recoverable value of the asset or Cash-Generating Unit (CGU), now it detects an indication of impairment, or annually (as of November 30, and it is reviewed if there are relevant or significant events presented for December that merit analyzing and to be included in the calculation of impairment) for goodwill and intangible assets with indefinite useful life and those that are still being developed.

The recoverable value of an asset is the greatest value between the fair value less the costs of sale, either of an asset or a Cash-Generating Unit (CGU), and its value in use is determined for an individual asset unless the asset does not generate cash flows that are substantially independent of those of other assets or groups of assets, in which case the asset must be grouped to a CGU. When a reasonable and consistent basis for distribution is identified, common/corporate assets are also allocated to the individual CGUs or distributed to the smallest group of CGUs for which a reasonable and consistent basis for distribution can be identified. When the recorded value of an asset or a CGU exceeds its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable amount.

When calculating the value in use, the estimated cash flows, either for an asset or a CGU, are discounted at their current value through a discount rate before taxes that reflects the market considerations of the temporary value of money and the specific risks of the asset. An adequate assessment model is used for determining the reasonable value less the costs of sale.

Losses for impairment of continuing operations are recognized in profit or loss in those expense categories corresponding to the function of the impaired asset. Losses for impairment attributable to a CGU are assigned proportionately based on the recorded value of each asset to the non-current assets of the CGU after exhausting goodwill. The CGU is the smallest identifiable group of assets, which generates cash inflows in favor of the company, which are largely independent of cash flows derived from other assets or groups of assets. The company defined CGUs considering: 1) The existence of revenue and costs for each group of assets, 2) The existence of an active market for the generation of cash flows and 3) how its operations are managed and monitored. In order to assess impairment losses, the assets are grouped in the following CGU: Generation, Distribution, Wastewater management, Water supply, Gas, and Transmission.

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

For assets in general, excluding the goodwill, on each presentation date, an assessment is conducted about whether there is any indication that the impairment losses previously recognized no longer exist or have decreased. If such indication exists, the company estimates the asset or CGU recoverable value. An impairment loss previously recognized only can be reverted if there was a change in the assumptions used for determining the recoverable value of an asset since the last time when it was recognized the last impairment loss. The reversal is limited in such a way that the recorded value of the asset neither exceeds its recoverable amount nor exceeds the recorded value that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in the previous years. Such reversal is recognized in profit or loss in the Statement of comprehensive income.

2.19 Provisions

Provisions are recorded when the company has a current, legal or implicit obligation, as a result of a past event. The company must probably give off resources that incorporate economic benefits to settle the obligation, and a reliable estimate can be made for the value of the obligation. In cases in which the company expects the provision to be reimbursed as a whole or in part, the reimbursement is recognized as a separate asset, but only in the cases when such reimbursement is practically certain, and the asset value can be reliably measured. In the company, each provision is only used for dealing with disbursement for which it was initially recognized.

Provisions are measured with the best estimate from the management of expenditure necessary to settle the present obligation, at the end of the period being reported, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its recorded value corresponds to the present value of said cash flow, using for the discount a rate calculated concerning market yields for the bonds issued by the National Government. In Colombia, the yield of TES Bonds (public debt securities issued by the General Treasury of the Nation) at the end of the reporting period must be used.

The expense corresponding to any provision is presented in profit or loss in the Statement of comprehensive income net of all reimbursement. The increase in the provision due to the time elapsed is recognized as financial expenses.

Provisions for decommissioning

The company recognizes as part of the cost of a fixed asset, to the extent that there is a legal or implicit obligation of decommissioning or restoring, the estimation of the future costs which the company expects to incur in performing the decommissioning or restoring and its balancing entry is recognized as a provision for decommissioning and restoring costs.

The decommissioning cost is depreciated over the estimated useful life of the fixed asset. Decommissioning or restoring costs are recognized at the present value of the expected costs of canceling out the obligation using estimated cash flows. Cash flows are discounted at a particular rate before taxes, which should be determined by taking as a reference the market yield of Bonds issued by the National Government. In Colombia, for risk-free rates, the yield of TES Bonds (public debt securities issued by the National Treasury) must be used.

Future estimated decommissioning or restoring costs are annually revised. Changes in the future estimated costs, on the estimated dates for expenditure, or the discount rate applied are added or deducted from the asset cost, without exceeding the recorded value of the asset. Any surplus is immediately recognized in profit or loss. The change in the provided value associated with the time elapsed is recognized as a financial expense in profit or loss in the Statement of comprehensive income.

Onerous Contracts

The company recognizes as provisions the current obligations that are derived from an onerous contract, as provisions, and their offsetting is in the statement of profit or loss. An onerous contract is the one in which the unavoidable costs of complying with the obligations it implies, exceed the economic benefits that are expected to receive therefrom.

Contingent Liabilities

The possible obligations that arise from past events and the existence of which shall be only confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under control of the company or the current obligations, that arise from past events, but that it is not probable, but possible, that an outflow of resources including economic benefits shall be required to liquidate the obligation or the amount of the obligation cannot be measured with enough reliability, are not recognized in the Statement of financial position, they are rather disclosed as contingent liabilities. Contingent liabilities generated in a business combination are recognized at fair value on the acquisition date.

Contingent Assets

Assets of a possible nature, that arise from past successes, the existence of which must be confirmed only by the occurrence, or the non-occurrence, of one or more uncertain events in the future, that are not entirely under the company's control, are not recognized in the Statement of financial position, they are instead disclosed as contingent assets when their occurrence is probable. Whenever the contingent fact is true, the asset and the income associated are recognized in the profit or loss for the period. Contingent assets acquired in a business combination are initially measured at their fair values, on the acquisition date. At the end of subsequent periods being reported, those contingent liabilities are measured at the greatest amount it would have been recognized, and the amount initially recognized less the accrued amortization recognized.

2.20 Employee Benefits

2.20.1 Post-Employment Benefits

Defined Contribution Plans

Contributions to defined contribution plans are recognized as expenses in the statement of comprehensive income in the section results for the period at the time the employee has rendered the service that gives him the right to make the contributions.

Defined benefit plans

Post-employment benefit plans are those in which the Group has the legal or implicit obligation to respond for the payment of the benefits that remained at its expense.

For defined benefit plans, the difference between the fair value of plan assets and the present value of the plan obligation is recognized as an asset or liability in the statement of financial position. The cost of providing benefits under the defined benefit plans is determined separately for each plan, through the actuarial valuation method of the projected credit unit, using actuarial assumptions at the date of the reporting period. Plan assets are measured at fair value, which is based on market price information and, in the case of listed securities, is the published purchase price.

Actuarial gains or losses, return on plan assets and changes in the effect of the asset ceiling, excluding from these values included in net interest on the net defined benefit liability (asset), are recognized in the other Integral result. Actuarial gains or losses comprise the effects of changes in actuarial assumptions, as well as experience adjustments.

Net interest on the net defined benefit liability (asset) comprises interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling and is recognized in profit or loss of the period.

The cost of current service, the cost of past service, any liquidation or reduction of the plan is recognized immediately in the statement of comprehensive income in the section results for the period in which they arise.

2.20.2. Short-term benefits

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

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

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

The amounts already paid in advance correspond, for example, to salary advances and per diem advances, among others, which, if they exceed the corresponding liability, the Group must recognize the difference as an asset in the expense account paid in advance, to the extent that the payment in advance gives rise to a reduction in payments to be made in the future or to a cash refund.

In accordance with the foregoing, the accounting recognition of short-term benefits is made at the time the transactions occur, regardless of when they are paid to the employee or third parties to whom the Group has entrusted the provision of certain services.

2.20.3. Long-term benefits

The Group classifies as long-term employee benefits those obligations that it expects to settle after the twelve months following the end of the accounting year or the period in which the employees provide the related services, that is, from the thirteenth month onwards; they are different from short-term benefits, post-employment benefits, and termination benefits.

The Group measures the long term benefits the same way that it measures post employment benefit plans. Although its measurement is not subject to the same degree of uncertainty, the same methodology will be applied for its measurement, as follows:

- The Group must measure the surplus or deficit in a long-term employee benefit plan, using the technique that is applied for post-employment benefits both for the estimation of the obligation and for the assets of the plan.

- The Group must determine the value of the net long-term employee benefits (liabilities or assets) by finding the deficit or surplus of the obligation and comparing the asset ceiling.

The benefits received by employees year after year throughout their working lives should not be considered "long-term", if at the close of the accounting year of each year the Group has delivered them in full.

2.20.4. Termination Benefits

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

2.21 Service concession arrangements

The company recognizes the service concession arrangements pursuant to the interpretation requirements of the IFRIC 12 Service Concession Arrangements.

This interpretation is applicable to those concessions where:

- The grantor controls or regulates which services the operator with the infrastructure should provide, to whom and at what price.

- The grantor controls, through the ownership, the right-of-use, or otherwise, any significant residual ownership in the infrastructure at the end of the term of the arrangement.

The company does not recognize these infrastructures as property, plant, and equipment, it recognizes the consideration received in the contracts that meet the above conditions at its fair value, as an intangible asset to the extent that the company receives an entitlement to make charges to users of the service, provided that these entitlements are conditioned to the service use level, or as a financial asset, to the extent that there is an unconditional contractual right to receive cash or other financial assets, either directly from the assignor or a third party. In those cases where the company receives payment for the construction services, partly through a financial asset and partly through an intangible asset, each component of the consideration is recorded separately.

Financial assets of service concession arrangements are recognized in the statement of financial position and subsequently are measured at amortized cost, using the effective interest rate. Assessment of impairment of these financial assets is made according to the value impairment policy of the financial assets.

Intangible assets of service concession arrangements are recognized in the Separate statement of financial position as intangible assets denominated "intangible assets for service concession agreements" and are amortized on a linear basis within the term of duration thereof.

Revenue and costs related to the operating services are recognized according to the accounting policy of revenue and the services related to construction or improvement services according to the accounting policy of construction contracts. Contractual obligations assumed by the company for maintenance of the infrastructure during its operation, or for its return to the assignor at the end of the concession arrangement in the conditions specified therein, to the extent that it does not assume an income-generating activity, are recognized following the provisions of accounting policy.

2.22 Fair Value

The fair value is the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another assessment technique.

When estimating the fair value, the company considers the characteristics of the asset or liability in the same way market participants will consider them when setting the value of the asset or liability on the measurement date. Fair value for measurement and disclosure purposes in the present financial statements is determined on that basis, except for the transactions of stock-based payments, lease transactions, and measurements that have certain similarities with fair value, but that are not fair value, such as the net realizable value or the value at use.

The fair value of all financial assets and liabilities is determined on the date of presentation of the financial statements, for recognition or disclosure in the notes to the financial statements.

Fair value is determined:

- Based on prices quoted in assets or liabilities markets identical to those the company can access on the measurement date (level 1).
- Based on inputs applied to valuation methodologies commonly used by market participants, which are different from observable quoted prices for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by the company that are non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

Note 43 Measurement of fair value on a recurring and non-recurring basis provides an analysis of the fair values of financial instruments and non-financial assets and liabilities and more detail of their measurement.

2.23 Cash dividends distributed to the owner of the company

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

2.24 Changes in accounting policies

2.24.1 Application of new and revised standards

2.24.1.1 Changes in accounting policies

As of December 31, 2021, the accounting practices applied in the Company's separate financial statements are consistent with 2020, except for the following changes:

New standards implemented

During 2021, the Company implemented the changes adopted by Resolutions 035 and 197 of 2021, issued by the General Accounting Office of the Nation, which incorporate the changes in IFRS (new standards, amendments or interpretations) issued by the International Accounting Standards Board (IASB), which are mandatory for the annual period beginning on January 1, 2021.

IFRS 9 IAS 39 IFRS 7 - IBOR - Benchmark Interest Rate Reform - Phase 1.

This amendment, issued in September 2019, is intended to provide relief from the highly probable and prospective assessments required by IFRS 9 and IAS 39 for hedging relationships that are affected by the uncertainties of the IBOR reform. With the same objective, the amendments provide relief from retrospective assessment under IAS 39. The exceptions described in the amendments apply only to those hedging relationships directly affected by IBOR reform uncertainties, including cross-currency interest rate swaps (for the affected interest component).

For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4-6.8.12 of IFRS 9 or paragraphs 102D-102N of IAS 39, the entity shall disclose:

a. the significant benchmark interest rates to which the entity's hedging relationships are exposed.
b. the measure of risk exposure that the entity manages that is directly affected by the change in the benchmark interest rate.
c. how the entity is managing the process of transitioning to alternative benchmark rates; and how the entity is managing the process of transition to alternative reference rates.
d. a description of the significant assumptions or judgements made by the entity in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from the reform of the benchmark interest rate ceases to be present with respect to the timing and amount of cash flows based on the benchmark interest rate).
e. the notional amount of the hedging instrument in such hedging relationships.

The company had no impact on the financial statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - IBOR - Benchmark Interest Rate Reform - Phase 2.

This amendment, issued in August 2020, which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, added paragraphs 5.4.5 to 5.4.9, 6.8.13, Section 6.9 and paragraphs 7.2. 43-7.2.46.

The amendments refer to:

- **The practical solution for contract modifications:** even if there are changes in contractual cash flows due to the adopted reform, companies will not have to derecognize or adjust the carrying value of financial instruments, but the Company will update the effective interest rate to reflect the change to the alternative reference rate.
- **Specific exemption for not having to discontinue certain hedging relationships:** even if the company makes the required changes in hedge accounting for adopting the reform, it will not have to discontinue its hedge because the company can update the hedge documentation to reflect the new benchmark. Once the new benchmark has been implemented, the hedged items and hedging instruments must be valued using the new index, and any ineffectiveness that may exist in the hedge will be recognized in profit or loss.
- **Disclosures:** the company shall disclose information about

    a. How the entity is managing the transition to alternative reference rates, its progress at the reporting date, and the risks to which it is exposed arising from financial instruments due to the transition.

    b. Quantitative information about financial instruments that have yet to transition to an alternative reference rate at the end of the reporting period, showing separately:

        (i) non-derivative financial assets.
        (ii) non-derivative financial liabilities.
        (iii) derivatives.

    c. The nature and extent of the risks to which the entity is exposed arising from the financial instruments subject to the interest rate benchmark reform, and how the entity manages these risks.

The Company identified financial instruments (such as financial assets, financial liabilities, and derivatives) that have a relationship with the LIBOR reference interest rate impacted by the reform.

For further details,

See note 42 Financial risk management objectives and policies.

IFRS 16 - Rent reductions related to Covid-19 beyond June 30, 2021.

This amendment, issued in March 2021, extends the deadline for this practical expedient by changing the year of reduction of lease payments from 2021 to 2022.

The Company is not impacted by this amendment because it does not and will not apply lease concessions.

The lessee will apply this amendment for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted, including in financial statements not authorized for issue as of March 31, 2021.

2.24.1.2 Application of new and revised standards

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

Rule	Application Date is required	Exchange rate
IFRS 17 - Insurance Contract	january 1, 2023	New
IFRS 17 - Insurance Contract - Initial application with IFRS 9 e Comparative information-MASs	january 1, 2023	Modification
IAS 1 - Presentation financial statements and modification Presentation and Disclosure, including liabilities as current or non-current	january 1, 2023	Modification
IFRS 3 - Reference to the Conceptual Framework	january 1, 2022	Modification
IAS 37 - Inexpensive Contract - Costs of fulfilling a contract	january 1, 2022	Modification
NIC 16 - Property, Plant and Equipment - Product prior to intended use	january 1, 2022	Modification
IFRS 1 - Annual Cycle 2018-2020 - Adoption for the first time.	january 1, 2022	Modification
IFRS 9 - Annual Cycle 2018-2020 - Financial instrument rates on the "10 percent" test for Derecognition the market in financial liability accounts.	january 1, 2022	Modification
IAS 1 - Dissemination of accounting policies and IFRS Statement of Practice 2	january 1, 2023	Modification
IAS 8 - Definition of accounting estimates	january 1, 2023	Modification
IAS 12 - deferred tax related to assets and liabilities arising from a single transaction.	january 1, 2023	Modification

IFRS 3 - Reference to the Conceptual Framework

This amendment, issued in May 2020, updates the reference to the Conceptual Framework for Financial Reporting, since IFRS 3 referred to a previous version of the Conceptual Framework, and in turn adds an exception to the principles of recognition of contingent liabilities that require the application of the criteria of IFRIC 21 or IAS 37 respectively to determine whether there is a present obligation at the acquisition date, in addition, it prohibits the recognition of contingent assets acquired in a business combination.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be mandatorily applied prospectively for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

IAS 37 - Onerous contract - Costs of fulfilling a contract

This amendment, issued in May 2020, included in the measurement and recognition rules the way to measure an onerous contract in a more reliable way through the directly related cost approach, which includes all costs that an entity cannot avoid for the performance of a contract, these direct costs also include the incremental costs of the contract and an allocation of other costs incurred in the activities required to fulfill it; the incremental cost approach -the one contemplated by IAS 37 before this amendment- included only the costs that an entity would avoid if it did not have the contract.

To date, there are no contracts classified as onerous in the company, therefore it is not possible to measure the impact of the effects that the application of this amendment could cause in the presentation of liabilities in the statement of financial position, in the event of a contract of this nature, it will be analyzed in the light of the amendment.

The amendment to IAS 37 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

IAS 16 Property, plant, and equipment - Product before intended use

This amendment, issued in May 2020, modifies the elements of analysis for the determination of the components of the cost of property, plant, and equipment by eliminating from paragraph 17 (e) the possibility of "deducting the net sales values of any items produced during the process of installation and commissioning of the asset (such as samples produced while the equipment was being tested)" and including that the revenues and costs associated with the production during the installation and commissioning process be recognized directly in the results for the period in accordance with the applicable standards.

The amendment aims, in a simple and effective way, to eliminate the diversity that may arise in the practice adopted by companies when deciding whether to deduct the value of production during the installation and commissioning process and thus improve the homogeneity of financial information.

The Company is evaluating the effects that the application of this amendment could have on the presentation of assets in the statement of financial position.

The amendment to IAS 16 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

IFRS 1 - Annual cycle 2018-2020 - First-time adoption

This amendment, issued in May 2020, establishes how assets, liabilities and cumulative translation differences should be measured for a subsidiary that becomes a first-time adopter of IFRS subsequent to its parent.

The company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment to IFRS 1 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

IFRS 9 - Annual Cycle 2018-2020 - Financial instrument rates in the "10 percent" test for derecognition of financial liabilities

This amendment, issued in May 2020, consists of clarifying the fees that an entity includes when assessing whether the terms of a new or modified financial liability are materially different from those of the original financial liability and then defines a borrower to include only fees paid or received between the borrower and the lender, including those paid or received by one or the other on behalf of the other.

The Company is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IFRS 9 will be mandatory for annual periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies the amendment for an earlier period, it shall disclose this fact.

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

This amendment, issued in February 2021, requires companies to disclose significant accounting policy information rather than a description of their accounting policies. The amendment also makes an adjustment to Statement of Practice 2 Making materiality judgments on how to apply the concept of materiality to accounting policy disclosures and adjusts paragraph 21 of IFRS 7 Disclosures of financial instruments, clarifying the disclosure of significant accounting policies.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be applied prospectively for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 8 - Definition of accounting estimates

This amendment, issued in February 2021, updates the definition of accounting estimates in order to differentiate between changes in estimates and changes in accounting policies, given their prospective or retrospective effect, respectively. To this end, it indicates that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. Sometimes the application of accounting policy will require the application of estimates.

The Company is evaluating the impacts that could be generated by the application of this new standard, it is estimated that the future adoption will not have a significant impact on the financial statements.

The amendment will be applied prospectively for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

IAS 12 - Deferred taxes related to assets and liabilities arising from a single transaction

This amendment, issued in April 2021, clarifies that the exception in IAS 12 of not applying deferred tax when an asset or liability that generates equal temporary differences is recognized initially and simultaneously would not apply in the case of leases (IFRS 16) and decommissioning (IAS 37 and IAS 16), cases in which IAS 12 must be applied for deferred tax. Paragraph 22A, which has been added, states that, depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such a transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognizes any resulting deferred tax liabilities and assets.

The Company is not impacted by this amendment because it has been applying deferred tax in this manner in such transactions.

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

IFRS 17 Insurance Contracts

Issued in May 2017, replacing IFRS 4 which was approached as an interim standard, which was being developed in phases.

IFRS 17 solves the inconveniences of comparison generated by the application of IFRS 4, given that it was allowed to apply local standards and historical values in insurance contracts, now with this new standard, all insurance contracts will be recorded consistently and at current values, generating more useful information for stakeholders, which will allow a better understanding of the financial position and profitability of insurance companies, providing a more uniform approach to presentation and measurement for all insurance contracts.

The company is evaluating the impacts that could be generated by the application of this new standard.

The amendments will be mandatory for annual periods beginning on or after January 1, 2021, but at the request of international insurers, the IFRS Foundation has extended its application for two additional years, to be enforceable in 2023. Earlier application is permitted if IFRS 9 and IFRS 15 are applied.

IFRS 17 - Insurance Contract - Initial application with IFRS 9 and comparative information

Issued in December 2021, in order to reduce temporary accounting mismatches between financial assets and liabilities of insurance contracts that may arise in the comparative information presented by the initial application of IFRS 17, when IFRS 9 also applies to the entity, the overlapping classification of financial assets is allowed, in order to improve the usefulness of comparative information for investors.

This will allow insurers to have an option for the presentation of comparative information on financial assets. The classification overlay allows the entity to align the classification and measurement of a financial asset in the comparative information with what the entity expects the classification and measurement of that financial asset would be performed in the initial application of IFRS 9, considering the business model and the characteristics of the cash flow it generates. Any difference for this application would go to retained earnings.

If, for example, using the classification overlay, an entity presented a financial asset previously measured at amortized cost rather than measured at fair value through profit or loss, the carrying amount of that asset at the date of transition to IFRS 17 would be its fair value measured at that date. Applying paragraph C28D of IFRS 17, any difference in the carrying amount of the financial asset at the date of transition resulting from the application of the classification overlay would be recognized in opening retained earnings.

This amendment adds paragraphs C28A to C28E and C33A; and will become effective on the date of initial application of IFRS 17, i.e. January 1, 2023.

IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current

This amendment, issued in January 2020, clarifies that the classification of liabilities as current or non-current is based on the rights that existed at the end of the reporting period, specifies that the classification as current or non-current liabilities is not affected by expectations about whether or not the entity will exercise the right to defer settlement of the liability, specifies that the rights exist if at the end of the reporting period the payment arrangements were complied with; In addition, the amendment clarifies that settlement of liability refers to the transfer to the counterparty of cash, equity instruments or other economic resources.

IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current

The Company is evaluating the effects that the application of this amendment could have on the presentation of liabilities in the statement of financial position.

The amendment to IAS 1 will be mandatory for annual periods beginning on or after January 1, 2023, on a retrospective basis. Earlier application is permitted.

Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements.

The following are the significant judgments and assumptions, including those that involve accounting estimates that the company's management used in the application of the accounting policies under IFRS adopted in Colombia, and that have significant effect on the values recognized in the separated financial statements.

Estimates are based upon historic experience and as a function of the best information available on the facts analyzed by the cut-off date. These estimates are used for determining the value of the assets and liabilities in the separated financial statements when it is not possible to obtain such value from other sources. The company assesses its estimates on a regular basis. Actual results may differ from those estimates.

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

- **Assessment of impairment indicators for assets, goodwill, and asset valuation for determining impairment.**

  The condition of the assets is revised on each report presentation date, in order to determine whether there are indications that any of them has suffered an impairment loss. If there is impairment loss, the recoverable amount of the asset is affected, if the estimated recoverable amount is lower, its value is reduced to its recoverable value and impairment loss is immediately recognized in profit or loss for the period.

  Assessment of impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. Assessment is based on financial results, on the legal, social and environmental settings, and on market conditions; significant changes in the scope or in the way in which the asset or CGU is used or expected to be used and evidence of obsolescence or physical deterioration of and asset or CGU, among others.

  Determining whether goodwill has suffered impairment implies the calculation of the value at use of the CGUs to which it has been assigned. The calculation of the value at use, requires that the entity determines future cash flows that should arise from CGUs and a discount rate appropriate to calculate the current value. When the actual future cash flows are lower than expected, an impairment loss may arise.

See note 11 Impairment of Assets.

- **The assumptions used in the actuarial calculation of post-employment obligations to employees.**

  The assumptions and hypotheses used in actuarial studies include demographic assumptions and financial assumptions, the former refer to the characteristics of current and past employees, and relate to mortality rates and employee turnover rates, the latter relate to the discount rate, future salary increases and changes in future benefits.

See note 25 Employee benefits.

- **Useful life and residual values of the properties, plant, equipment and intangibles.**

  The assumptions and hypotheses used to determine the useful lives consider technical aspects such as periodic maintenance and inspections performed on the assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, obsolescence factors, manufacturers' recommendations, weather and geographical conditions and experience of the technicians knowledgeable about the assets. To determine the residual value, aspects such as market values, reference magazines, and historical sales data are considered.

See note 5 Property, plant, and equipment; note 7 Goodwill and other intangible assets.

- **Assumptions used to calculate the fair value of financial instruments including credit risk.**

  The Company discloses the fair value corresponding to each class of financial instrument in a manner that allows comparison with the carrying amounts. Macroeconomic projections calculated within the Company are used. The investment portfolio is valued at market price. When there is no market price, a similar one is sought in the market and if not, the following assumptions are used:

  - Derivatives are measured at fair value. **(See note 24 Derivatives and hedging).**
  - Accounts receivable are estimated at the prevailing market rate for similar loans **(See note 12 Trade and other accounts receivables).**
  - Accounts receivable from employees are valued in a manner similar to that of other accounts receivable, except for housing loans. **(See note 12 Trade and other accounts receivables).**
  - For equity investments, the methodology is based on cash flow; those listed on the stock exchange are valued at market price. **(See note 13 Other financial asset).**

- **The probability of occurrence and the value of liabilities of uncertain or contingent value.**

The assumptions used for uncertain or contingent liabilities include the qualification of the legal process by the "Expert judgment" of the professionals of the areas, the type of contingent liability, possible legislative changes, and the existence of jurisprudence of the high court's applicable to the specific case, the existence within the company of similar cases, the study, and analysis of the merits of the matter, the guarantees existing at the time of the occurrence of the events. The Company discloses and does not recognize in the financial statements those obligations classified as possible; obligations classified as remote are neither disclosed nor recognized.

See note 27 Provisions, contingent assets, and liabilities

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

In the assumptions and hypotheses used for the determination of future disbursements for dismantling and asset retirement obligations, aspects such as estimated future disbursements in which the company must incur for the execution of the activities associated with the dismantling of assets for which legal or implicit obligations have been identified, the initial date of dismantling or restoration, the estimated date of completion and the discount rates were considered.

See note 27 Provisions, contingent assets, and liabilities

- **Determination of the existence of finance or operating leases based on the transfer of risks and rewards of the leased assets.**

The significant assumptions considered in determining the existence of a lease include the evaluation of the conditions if the right to control the use of the asset for a period in exchange for consideration is transferred, i.e., the existence of an identified asset is evaluated; the right to obtain substantially all of the economic benefits from the use of the asset throughout use; the right to direct how and for what purpose the asset is used throughout use; the right to operate the asset throughout use without changes in operating instructions.

See note 14 Leases.

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

The deferred tax asset has been generated by temporary differences, which generate future tax consequences in the company's financial position. These differences are mainly represented in tax assets that exceed the assets under IFRS adopted in Colombia, and in tax liabilities, which are lower than the liabilities under IFRS adopted in Colombia, as is the case of the components of pension liabilities, amortized cost of bonds, financial leasing and other miscellaneous provisions and provisions for contingencies.

The company's deferred tax asset is recovered in the net taxable income on the current income tax generated.

See note 39 Income tax

- **Assessment of portfolio impairment.**

For the calculation of the expected credit loss, each obligation is assigned an individual probability of non-payment, which is calculated based on a probability model involving sociodemographic, product, and behavioral variables.

The model will be applied based on the Scorecard developed considering the company's information. The models are defined according to the information available and the characteristics of the population groups for each one. Although the methodology is applied to all accounts with a balance, some exclusions must be taken into consideration, such as written-off accounts; self-consumption; contributions; public lighting, and, in general, third-party collections. For its calculation, the moment from which an obligation is considered defaulted and will not be recovered is previously defined.

The following formula is used to calculate the credit loss on trade and other accounts receivable (except for accounts receivable between related parties):

PE = SE x PI x PDI, where:

Where, Exposed Asset Balance (SE): corresponds to the principal balance, interest balance, and other current charges of the obligations. Probability of Default (PD): corresponds to the result of a statistical model that provides the probability that each account will default in the following twelve months. This individual probability is placed within a range found to mitigate fluctuations in the value of the general provision from one month to the next and stabilize its behavior, resulting in a standard PI per range.

Loss given default (LGD): this is defined as the economic impairment that the entity would incur if any of the default situations materialize. It is a percentage obtained from the historical analysis of the balances in default and their respective monthly collection, which is applied to the population according to their payment behavior.

See note 12 Trade and other accounts receivable

- **Estimated revenues.**

The company recognizes income from the sale of goods and the rendering of services to the extent that the performance requirements for the company are met, regardless of the date on which the corresponding invoice is issued, to carry out this estimate information from contracts or agreements with customers is taken and so the value to be recognized in revenue is established.

When the moment at which revenue should be recognized is uncertain, the company determines to recognize revenue at the moment in which the performance obligation is satisfied, for those performance obligations that are satisfied over time it is common to use the method of the measured resource as the actually executed costs compared to the estimated costs.

For other concepts different from the supply of residential public utilities, the company estimates and recognizes the value of revenue from sales of goods or rendering of services based on the terms or conditions of interest rate, period, etc., of each contract that causes the sale.

In the month after recording the estimated revenue, its value is adjusted by the difference between the value of the actual revenue already known against the estimated revenue.

- **Risks and uncertainty arising from climate change**

Given that EPM's major participation in the energy market in Colombia is from a hydraulic generation that may be affected by climate changes, currently in the corporate financial scheme, we have a risk hedge called "Climate Derivative" whose objective is to have the risk hedge coverage in income due to the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments of energy generation. It also serves to hedge the risk exposure for the purchase of energy in the energy exchange in such periods, which consequently also increases.

It is important to note that under this coverage, all the impact that the company could receive due to non-generation and non-compliance with contractual commitments is transferred to the reinsurance market.

Note 4. Significant transactions and other relevant aspects during the period

As of December 31, 2021, the significant transactions and other relevant aspects that occurred during the period, different from those of the normal course of EPM's business, are related to:

4.1 Expenses and others related to the contingency of the Ituango Hydroelectric Project:

- Progress continues to be made on the work to put the project into operation following the proposed schedules.
- The project is 86.9% complete (December 31, 2020: 80.62%).
- The protocol for dealing with events and crises (PADEC) to prevent the spread of the coronavirus (COVID-19) continues.
- On March 11, 2021, the Administrative Court of Antioquia disallowed the lawsuit filed by EPM for $9.9 billion pesos against the Consorcios Constructor, Interventor, and Consultant Designer of the future Ituango hydroelectric power plant, as well as the insurance companies Suramericana de Seguros and CHUBB. Against this decision, EPM filed an appeal for reconsideration on the 17th of the same month and year. As of the date of the period for which the separate financial statements are reported, the resolution of the appeal is pending.

- In December 2021 EPM signed with Mapfre Seguros Generales De Colombia S.A., a transaction contract for the payment of the indemnity under the All-Risks Construction and Erection policy, for the contingency of the future Ituango hydroelectric power plant, for USD 983.8 million. As of that date, EPM had received as an advance payment USD$ 350 million.

See notes 5 and 12.

- Regarding the arbitration claim filed against Mapfre Seguros Generales - construction all-risk policy, with the signing of the settlement agreement EPM was obliged to withdraw the claim once the payment of the totality of the amounts subject to indemnification was made, taking into account that the arbitration tribunal was not constituted, and the claim was not admitted.

- In December 2021 EPM received the following payments under the directors' and administrators' policies: $402,454 (USD 100.67 million) from Seguros Generales Suramericana S.A., $21,500 from Axa Colpatria Seguros S.A., and $2,000 from Sbs Seguros Colombia S.A.

See note 5.

Regarding the contingency, EPM has recognized the following items in its separate financial statements as of December 31, 2021:

- Cost and progress of property, plant, and equipment associated with the construction of the future Ituango hydroelectric power plant for $10,334,272.

See note 5.

- Accounts receivable from the insurance company Mapfre for $2,529,331 derived from the transaction contract for the payment of the indemnity under the all-risk construction and assembly policy, of which $51,524 correspond to the difference in exchange of the accounts receivable expressed in dollars and $5,953 for the tort liability policy.

See note 5.

- Provision balance of $29,042 for the attention of those affected in Puerto Valdivia, for compensation for consequential damages, loss of profits, and moral damages, due to the rising waters of the Cauca River as a result of the plugging of the project on April 28, 2018. In 2021 the provision was adjusted by $14,624 as recovery income and $1,051 for financial expense and payments of $3,370 have been made.

See note 27.1.6.

- A provision of $699 was recorded for the care of the people who had to be evacuated as a result of this event. During 2021 the provision was adjusted by $2,758 as recovery income and $114 financial expense and payments of $2,272 have been made.

See note 27.1.6.

- Provision balance of $103,635 for environmental and social contingency, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the Cauca river detour tunnel that the project had on April 28, 2018, and by the closing of floodgates that decreased the flow of the river downstream of the project. In 2021, $44,954 has been recognized as a provision and financial expense, and payments of $29,867 have been made.

See note 27.1.1.

- Provision balance of $201,919 for the non-compliance from November 2021 to September 2023, to the transporter Intercolombia for the months after the entry into operation of the connection infrastructure of the future Ituango hydroelectric power plant. During 2021 the provision has been adjusted by $42,918 as provision expense and financial expense and payments have been made for $15,318.

See note 27.1.5.

- In 2021, the provision for environmental sanctions imposed by the National Authority of Environmental Licenses – (hereinafter "ANLA" for its Spanish initials) was updated by $86, and payments have been made for $5,595, leaving the balance of such provision at zero.

See note 27.

- Additionally, other expenses of $4,822 and recoveries of $7,483 have been recognized in the statement of comprehensive income during 2021 for the attention of the community affected by the contingency.

See notes 31 and 35

Note 5. Property, plant, and equipment, net

The breakdown of the recorded value for property, plant, and equipment is as follows:

Property, plant and equipment, net	2021	2020
Cost	33,320,617	33,040,921
Accumulated depreciation and impairment loss	(5,184,095)	(4,761,342)
Total	**28,136,522**	**28,279,579**

Amounts stated in millions of Colombian pesos

The following is the breakdown of the recorded value for temporarily idle property, plant and equipment:

Properties, plant and equipment temporarily out of service	2021	2020
Networks, lines and cables	1,293	1,045
Plants, ducts and tunnels	110,680	5,132
Grounds and buildings	15,654	15,617
Machinery and equipment	3,285	355
Other properties, plant and equipment	13	824
Total properties, plant and equipment temporarily out of service	**130,925**	**22,973**

Amounts stated in millions of Colombian pesos

The company possesses property, plant, and equipment retired from use, and it has not been classified as non-current assets held for sale, corresponding to the Caracolí power plant, the La Sierra power plant, the Rio Piedras power plant that went from Generation to Water Provision, whose business strategy is to recover the mini power plant; Los Cucarachos -Los Naranjos pumping station that is expected to be modernized and the land of the Porce IV project and the Espiritu Santo project that has not yet been started up. The book value of these assets is as follows: for 2021 the cost amounts to $130,925 (2020 $22,973), accumulated depreciation is $60,196 (2020 $4,385) and accumulated impairment is $893 (2020 $895).

The most significant variation in the Plants, Ducts and tunnels item corresponds to the equipment of the Caracolí power plant, which is in the process of modernization and is expected to be put into operation in May 2022, the assets of the La Sierra power plant due to the accident occurred in 2021, the assets of Substations and lines that are left as reserve on-site in case of any technical damage or are stored; in the machinery and equipment item, the variation is represented by Sealing equipment.

The following is the movement of cost, depreciation and impairment of property, plant and equipment:

2021	Networks, lines and cables	Plants, ducts and tunnels	Construction in progress [1]	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other property, plant and equipment [2]	Total
Initial balance	6,616,310	7,962,373	12,569,240	5,051,090	270,717	250,061	96,786	224,344	33,040,921
Additions[3]	20,017	14,961	3,263,718	4,873	11,776	21,759	1,503	82,179	3,420,786
Advances delivered (amortized) to third parties	-	-	(3,709)	-	-	-	-	-	(3,709)
Transfers (-/+)	470,047	286,412	(894,751)	75,753	45,987	9,006	-	(2,110)	(9,656)
Provisions (-) (sales)	-	-	-	(26)	-		-	(645)	(671)
Withdrawals	(10,594)	(29,911)	(15,537)	(804)	(2,101)	(22,827)	(502)	(1,096)	(83,372)
Other changes [4]	(20,675)	61,058	(2,870,706)	(101,197)	(85,787)	(21,631)	757	(5,501)	(3,043,682)
Cost final balance	**7,075,105**	**8,294,893**	**12,048,255**	**5,029,689**	**240,592**	**236,368**	**98,544**	**297,171**	**33,320,617**
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	
Initial balance of accumulated depreciation and impairment loss	(1,764,719)	(1,928,133)	-	(675,544)	(118,636)	(150,225)	(52,112)	(71,973)	(4,761,342)
Period depreciation	(198,018)	(207,907)	-	(55,358)	(15,856)	(32,370)	(8,764)	(6,297)	(524,570)
Provisions (-) (sales)	-	-	-	-	-	-	-	560	560
Withdrawals	7,340	19,733	-	764	1,506	22,485	501	940	53,269
Other changes	(97)	(8,501)	-	25,766	13,651	19,829	(164)	(2,496)	47,988
Final balance accrued depreciation and impairtment loss	**(1,955,494)**	**(2,124,808)**	**-**	**(704,372)**	**(119,335)**	**(140,281)**	**(60,539)**	**(79,266)**	**(5,184,095)**
Total final net balance property, plant and net equipment	**5,119,611**	**6,170,085**	**12,048,255**	**4,325,317**	**121,257**	**96,087**	**38,005**	**217,905**	**28,136,522**
Advances delivered to third parties									-
Initial Balance	-	-	62,596	-	-	-	-	497	63,093
Movement (+)	-	-	30,697	-	-	-	-	-	30,697
Movement (-)	-	-	(34,406)	-	-	-	-	-	(34,406)
Final balance	**-**	**-**	**58,887**	**-**	**-**	**-**	**-**	**497**	**59,384**

Amounts stated in millions of Colombian pesos

2020	Networks, lines and cables	Plants, ducts and tunnels	Construction in progress [1]	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other properties, plant and equipment [2]	Total
Initial balance	6,089,644	7,670,703	11,049,463	5,045,873	232,120	233,971	88,584	246,919	30,657,277
Additions[3]	26,911	22,939	2,464,661	5,312	6,187	25,409	906	50,113	2,602,438
Advances delivered (amortized) to third parties	-	-	24,191	-	-	-	-	-	24,191
Transfers (-/+)	485,589	177,210	(726,689)	9,222	31,580	1,262	7,262	(9,689)	(24,253)
Provisions (-) (sales)	(9)	-	-	-	-	-	-	-	(9)
Withdrawals	(5,529)	(10,129)	(19,550)	(48)	(656)	(11,036)	(59)	(129)	(47,136)
Societarian reorganizations	19,979	3,740	31,261	28,966	193	377	93	990	85,599
Other changes	(275)	97,910	(254,097)	(38,235)	1,293	78	-	(63,860)	(257,186)
Cost final balance	**6,616,310**	**7,962,373**	**12,569,240**	**5,051,090**	**270,717**	**250,061**	**96,786**	**224,344**	**33,040,921**
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	
Initial balance of accumulated depreciation and impairment loss	(1,580,844)	(1,689,009)	-	(609,235)	(105,459)	(132,709)	(42,714)	(65,532)	(4,225,502)
Period depreciation	(180,062)	(206,427)	-	(56,410)	(13,155)	(27,804)	(9,312)	(5,648)	(498,818)
Provisions (-) (sales)	1	-	-	-	-	-	-	-	1
Withdrawals	4,036	7,808	-	44	611	10,685	59	108	23,351
Societarian reorganizations	(8,193)	(1,607)	-	(9,742)	(1)	(159)	(63)	(801)	(20,566)
Other changes	343	(38,898)	-	(201)	(632)	(238)	(82)	(100)	(39,808)
Final balance accrued depreciation and impairtment loss	**(1,764,719)**	**(1,928,133)**	**-**	**(675,544)**	**(118,636)**	**(150,225)**	**(52,112)**	**(71,973)**	**(4,761,342)**
Total final net balance property, plant and net equipment	**4,851,591**	**6,034,240**	**12,569,240**	**4,375,546**	**152,081**	**99,836**	**44,674**	**152,371**	**28,279,579**
Advances delivered to third parties									-
Initial Balance	-	-	38,405	-	-	-	-	497	38,902
Movement (+)	-	-	42,964	-	-	-	-	-	42,964
Societarian reorganizations	-	-	8,000	-	-	-	-	-	8,000
Movement (-)	-	-	(26,773)	-	-	-	-	-	(26,773)
Final balance	**-**	**-**	**62,596**	**-**	**-**	**-**	**-**	**497**	**63,093**

Amounts stated in millions of Colombian pesos

[1] Includes capitalized borrowing costs of $608,351 (2020 $336,803), of which 177,206 corresponds to exchange difference on capitalizable debt. The weighted average rate used to determine the amount of borrowing costs was 8.682% (2020 7.64%) in pesos and the rate in dollars was 4.530% (2020 4,195%). Additionally, it includes right-of-use assets associated with construction in progress amounting to $577 (2020 $2,032).

The main projects under construction are as follows:

Project	2021	2020
Ituango building project [1.1]	10,334,272	11,140,307
Caldas Interconnection - La Estrella	93,970	145,294
Western chain	82,434	64,552
Modernization Ayura plant	72,068	46,067
Expansion circuit Yulimar Manantiales	71,437	38,750
Refills Postes and Trafos	65,430	23,057
Adequacy of drinking water plant	52,506	42,202
Update Presa Miraflores	48,127	4,855
Envigado Expansion Capiro Sector	44,926	32,073
SDL Expansion E.R Coverage	44,430	17,043
Connection Uraba Substation New Hill Apartado	40,338	22,025
Northern Iguana Basin	37,314	20,115
San Nicolas Valley	34,018	60,995
Beaches Recovery Project	30,662	72,596
Measure code	29,706	29,718
Modernization of Central Substation	28,458	32,019
Santo Domingo Project	27,635	27,635
United water sanitation agreement	27,386	24,298
Modernization Driving Sant Elena-Cascada	25,960	11,978
South Interceptor	24,908	13,686
Caracoli mini-center	23,075	10,804
AmplicationSanta Rosa Substation 110 kV	22,659	6,524
Plans Expansion of Coverage	22,539	17,114
Modernization Refilling Porce II Central Equipment	21,974	5,786
Modernization of Guayabal substation	21,097	14,392
Other projects [1.2]	720,926	645,355
Total	**12,048,255**	**12,569,240**

Amounts stated in millions of Colombian pesos

[1.1] As of December 31, 2021, the future Ituango hydroelectric power plant presented physical progress of 86.9% (December 31, 2020: 80.62%), the physical progress presented as of the date of the period for which the separate financial statements are reported, corresponds to the version of the contingency, stabilization and commissioning schedule of the project approved in January 2021.

It is estimated that the commissioning of the first two energy generation units could begin in 2022. However, this start-up date is very dynamic, due to changes in the technical variables, the evolution, and efficiency of the measures implemented to address the contingency and the effects caused by the COVID-19 pandemic on the project.

In January 2021, the concrete patching was completed in gate wells 1, 3, and 4, the construction of the gable wall downstream of units 5 and 6, the regularization of floor concrete in units 1 and 2 of the powerhouse, the pouring of concrete lining in gallery 285, The access to the floodgate chamber of the Auxiliary Diversion Gallery - GAD, the construction of the support pillar in the cavity between the powerhouse and beacon 1, and the area of unit 1 were handed over to General Electric for the assembly of the vacuum pipe of this unit.

In February 2021, the assembly of the suction pipe of unit 1 began, a section of the suction pipe was installed in which a total of three ferrules were joined, in addition, the elbow that is part of the suction pipe was placed on site. Six 112 MVA power transformers entered the powerhouse and were deposited in each of their cells, three for each unit of those planned to operate in 2022. After the transport operation and transportation to the powerhouse, the installation of the beams of the definitive bridge cranes, each weighing 300 tons, began. The manufacture of ferrules for the armoring of the lower pipelines began, and the arrival of sheets for the manufacture of the armoring of pressure shafts 1 to 4 was completed. The pouring of the upstream wall for the portico of units 1 and 2 was completed, and the concrete pouring of the downstream wall of unit 1 began.

In March 2021, the drilling and installation of piping in the 58 micropiles of pre-cap 2 were completed, the lining of the acceleration window in the intermediate discharge was completed, the concrete pouring of the downstream wall of unit 1 to level 217.50 was completed, and the assembly and testing of the first 300 t bridge crane in the powerhouse was completed. Pouring of the second stage of the cavity between the powerhouse and beacon 1 was started, assembly of the inclined elevator in the cable exit shaft was started, assembly of the suction pipe of unit 1 was completed, the area was freed for civil works, and assembly of the suction pipe of unit 2 was started.

SUSTAINABLE DEVELOPMENT GOALS

On March 24, 2021, the company received from the insurance company Mapfre the terms of continuity of the insurance for the future Ituango hydroelectric power plant, concerning all-risk coverage for assembly, sabotage, and terrorism, and Seguros Generales Suramericana received the continuity for the extra-contractual civil liability policy.

In April 2021, the assembly and testing of the 300-ton bridge crane were completed. Construction of the 58 micropiles and the respective grouting for pre-plug 2 was completed, in the intermediate discharge the concrete coating works in plug A, in the access gallery 285, and in the acceleration window 260 were completed, the pouring of massive concrete in the suction pipe of Unit 1 was started, the construction of the wall downstream of Unit 2 was completed, the assembly of the elevator for the inclined shaft of power cables was completed.

Between May 9 and 12, 2021, activities were suspended throughout the project due to the demonstrations carried out by the communities in different surrounding areas, where there were blockades on their access roads, which prevented personnel from entering the worksite.

As of May 2021, the assembly of the suction pipe of unit 1 was completed, civil works continued, the pouring of concrete in the suction pipe of unit 2 was completed, up to elevation 199, the construction of the portico upstream of unit 1 and 2 was completed, the demolition of concrete and the removal of equipment from units 3 and 4 was completed, the construction of the upstream portico of units 1 and 2 was completed, and the demolition of concrete and the removal of equipment from units 3 and 4 were completed, completed testing of the elevator in the inclined cable shaft, cast the foundation slab for the north service building at elevation 193, began drilling and installation of piping for the five additional micropiles for pre-cap 2, as requested by the designer.

In June 2021, the filling of the cavity between the powerhouse and beacon 1 was completed, the drilling and installation of pipes for the five additional micropiles of pre-cap 2, requested by the designer, also, the drilling of holes for slurries of pre-cap 2 was completed, the entry of spheres for pre-cap 2 began, which are being placed on the platform of the intermediate discharge tunnel, personnel of the National Navy, started the scanning of the down boring wells for the by-pass and launching of spheres, completed the assembly of the suction pipe of unit 2, completed the pouring of the second stage concrete of the suction pipes of units 1 and 2, up to elevation 199.86, completed the pouring of the rail beam of the gantry of the bridge crane, downstream of unit 2 in the north powerhouse, concrete was cast in the U-shaped enclosure of unit 1, the entry of the ferrule No. 4 was carried out, the concrete of the U-shaped enclosure of unit 2 was cast, and the concrete of unit 3 was cast. 4 The concrete was poured for the replacement of the lower beam modules 2, 3 and 4 of the outlet structures of the discharge tunnel 2.

In July 2021 the concrete pouring of plug 12 of the intermediate discharge was completed, the drilling of holes for slurries of pre-plug 2 was completed, the entry of components and parts for the second 300-ton bridge crane in the powerhouse began, two transformers of unit No. 4, located in cells Nos. 9 and 10, respectively, were entered into the cavern, two transformers of unit No. 4, located in cells Nos. 9 and 10, were completed, respectively. The straight section, spiral chamber, and stationary ring of unit 1 were hoisted and lowered from the assembly room to the final assembly site at elevation 204.10. Activities began for the assembly of the armored extension in the suction tunnel No. 1, started the entry and unloading of ferrules in the powerhouse, for the assembly of the suction pipe of unit 3.

In August 2021, the spiral chamber and stationary ring of unit No. 2 were moved and lowered from the assembly room to level 204.1, the assembly of the 300-ton bridge crane No. 2 on the rail beams of the powerhouse gantry began, in the pressure wells, the activities for the assembly of the hoisting equipment began, by the contractor ATB, in the pipelines, the demolition of the upper conduction elbow 1 was completed, the removal of sediments from pressure well 3, in addition, the demolition of the lower conduction elbow 4 was started, the pouring of the first confining wall type 2 was completed and the pouring of the second confining wall type 2 in unit 4 of the powerhouse was started, the pouring of pedestals type 1 to support the suction pipe in unit 4 of the powerhouse was completed, the arrival and unloading of power cables from the transformers in the 500 kV substation were started.

In August 2021, a third payment of $383,171 (USD 100 million) was received from the MAPFRE insurance company, which was recorded in the financial statements as follows: $268,965 in the property, plant, and equipment item as a lower value of the civil works and $114,206 was recognized as a lower value of the account receivable from the insurance company for equipment write-offs recognized in previous years.

In September 2021, the spiral chamber and stationary ring of unit No. 2 were moved and lowered from the assembly room to level 204.1, the pouring of massive concrete in unit 1 between elevation 204.1 to 205.5 was completed, the construction of channel CR2 was completed in the downstream embankment of the dam, the pouring of the channel wall to free flow in the intermediate discharge was completed, the depressurization of the left detour tunnel - TDI was completed, the water drainage continues, the water drainage is continuing, the water drainage is being carried out, the water is being drained, the water is being drained, and the water is being discharged, water drainage continues, access to the left detour tunnel is achieved through plug III, 90% of which has been demolished, the removal of aggraded material from the bed of the Cauca river downstream of the discharges was started, excavations in the upper part of the gate plaza were completed, the pouring of massive concrete in unit 1, between elevation 204.1 to 205.5 was completed, the construction of the beacon gantry was completed, the tandem test of the bridge cranes No. 1 was carried out, the construction of the bridge crane was completed, and the construction of the new bridge crane was completed. 1 and No.2 of the powerhouse, using the rotor hoisting device.

In October 2021, access to the left deviation tunnel is achieved through the already demolished plug III, in addition, the heightening of plug IV was completed, the pouring of massive concrete began in unit 1, at elevation 205.5, the static load tests were successfully performed at 125% of the equipment capacity in the bridge cranes No. 1 and No. 2 of the powerhouse, static load tests were successfully performed at 125% of the equipment capacity in the bridge cranes No. 1 and No. 2 of the powerhouse, the pouring of massive concrete in unit 1 was completed between elevations 208.80/210.90, and the pouring of concrete in unit 2 between elevations 204.80/210.90 was started. 2 of the powerhouse, the pouring of the massive concrete of unit 1 was completed between elevations 208.80/210.90, likewise, the pouring of concrete in unit 2 began between elevations 204.10/205.5, the installation of steel in the straight part of the suction pipe of unit 4 was started, the first stator room of the generator is entering the assembly room of the powerhouse, started pouring concrete for the re-growth of the spillway basin plug inside the left detour tunnel, massive concrete was poured in unit 2 up to elevation 205.5.

As of November 2021, concrete pouring was completed in unit 2 up to elevation 205.5, mass concrete pouring was completed for unit 1, between elevations 210.9/211.9, slab pouring was completed, sections 2, 3 and 4 of suction tunnel 3, drilling was started towards pre-plug 1, from the left detour tunnel, water control was completed in conduit No.1, finished pouring the concrete plug in the spillway basin, finished the water control in the pipeline No.1, finished pouring the concrete plug in the spillway basin, finished the water control in the pipeline No.1, the concrete pouring of the plug in the spillway basin was completed, the transfer of ferrules 5 and 6 to the definitive site for the extension of suction pipe 2 was completed, the demolition of the lower elbows of pipelines 3 and 4 between elevations 214 to 203 was completed, the construction of the protection sill in discharge tunnel No. 4 was completed, the installation of instrumentation for the GAD by-pass was completed, the concrete for the restitution of plug 9 of the left detour tunnel was completed, and the pouring of the concrete for the lining of the suction pipe of unit 3 was started.

In December 2021, activities began for the construction of the boarding platform located at the dam, left margin, the activation of the Bypass system to the intermediate discharge - free flow channel was completed, the launching of nylon spheres through the PR3 well for the pre-cap 2 began, pouring of the first stage for the embedding of the armor of the lower elbow of conduction 2 is performed, pouring of the wall of the generator enclosure of unit 1 is completed, between elevations 214.30 and 216.65, - arrival on site of the cylindrical valve for unit 1, assembly of plates for the rotor of unit 1 started, - concrete pouring of the concrete for the generator enclosure of unit 1 is completed, - assembly of plates for the rotor of unit 1 started, the concrete pouring of the main slab level 217,45 of the powerhouse unit 1 is finished, the concrete pouring up to level 211,9 of the powerhouse unit 2 is finished, the massive concrete pouring of the suction pipe of unit 3 is finished, up to level 197, the concrete pouring of the suction tunnel section 4 is started, the first part of the metallic structure of the north services building was received and verified, the assembly of metallic columns in the north services building began, and the pouring of the overhead beams of the gate gantry of the Almenara was completed.

On December 10, 2021, EPM signed with MAPFRE SEGUROS GENERALES DE COLOMBIA S.A., a transaction contract for the payment of the indemnity under the All Risks Construction and Assembly policy, for the contingency of the future Ituango hydroelectric power plant, for USD 983.8 million, thus definitively closing the adjustment process and any possible controversy about it. At that date, EPM had received as an advance payment USD$ 350 million, which had been recorded in the Financial Statements, as a lower value of the property, plant, and equipment item.

The remaining value of USD 633.8 million was recorded in the financial statements as a lower value in the property, plant, and equipment caption and as an account receivable in the name of the insurance company at the exchange rate in effect on the day the transaction contract was subscribed, equivalent to $2,471,853.

In addition, on December 21, 2021, EPM received the following payments: $21,500 from AXA COLPATRIA SEGUROS S.A., under the directors and administrators policy N°6158013902, and $2,000 from SBS SEGUROS COLOMBIA S.A., under the directors and officers policy N°1002911 in which the insured are the directors and officers of HIDROITUANGO S.A. E.S.P. and on December 23 EPM received a payment for $402,454 (USD 100.67 million) from SEGUROS GENERALES SURAMERICANA S.A., under the directors and officers civil liability policy No. 475631 issued to cover the directors and officers of the Grupo EPM. These payments were recorded in the financial statements as a lower value of property, plant, and equipment.

[1.2] Other projects: it is due to the other projects that the company has, of which the most significant are goods for projects for $118,670, Modernization of the Manantial Plant for $19,430, among others.

[2] Includes equipment and vehicles of the vehicle fleet, medical and scientific equipment, property, plant and equipment in assembly, property, plant and equipment in transit and replacement assets, transportation, traction and lifting equipment, dining room, kitchen, pantry, and hotel equipment.

[3] Includes purchases, capitalizable disbursements that meet the recognition criteria, goods received from third parties and costs for dismantling and removal of items of property, plant and equipment. At the end of December 2021 and December 2020, no government grants were received.

[4] Corresponds mainly to -$2,746,128 (2020: $271,875) for the lower value of the construction in progress of the future Ituango hydroelectric power plant, which is originated by the higher indemnified value in relation to the value of the damaged asset. Additionally, there are other items such as the amortized cost for -$106,578, reclassifications to rights of use for -$148,784.

Additions to property, plant and equipment of $3,420,786(2020 $2,602,438) less the movement of advances of $3,709 (2020 $24,191), capitalized interest on debt of $608,351 (2020 $336,803), additions to right of use of $577(2020 $2,032) plus environmental and decommissioning provisions of $25,283 (2020 $18,579) from the statement of cash flows are taken as effective items.

Assets subject to operating leases are as follows: Electrical infrastructure for the installation of networks by telecommunications operators specifically poles.

At the end of the period, the assets related to the Generation, Distribution, Transmission, Gas, Water Provision and Wastewater Management CGU and which have intangible assets with indefinite useful life were tested for impairment, which did not show any impairment.

As of December 31, 2021, there are restrictions on the realization of property, plant and equipment, associated with some equipment of the vehicle fleet for a net book value of $2 (2020 $2). These restrictions are due to theft and have been pledged as collateral for the fulfillment of obligations.

The Company's most significant commitments for the acquisition of property, plant and equipment on December 31, 2021 amount to $3,546,862 (2020 $2,809,340).

The following is the historical cost of the fully depreciated property, plant and equipment still in operation on December 31, 2021, and 2020.

Group	2021	2020
Communication and computer equipment	16,459	18,574
Plants, ducts and tunnels	21,464	15,340
Machinery and Equipment	13,828	14,946
Networks, lines and cables	8,033	7,808
Furniture, fixtures and equipment Office	4,435	3,695
Other properties, plant and equipment	3,348	3,524
Buildings	2,174	1,437
Total	**69,741**	**65,324**

Amounts stated in millions of Colombian pesos

Note 6. Investment property

The fair value of investment property is based on an appraisal made by experts with recognized professional capacity and recent experience in the category of real estate investments subject to assessment; this value has been determined by Valores Ingeniería Inmobiliaria S.A.S and TecniTasa Colombia. This activity is performed at least once a year. To determine the fair value of investment property, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand, and valuations of similar or comparable properties, previous time adjustments, conformation, and location; the residual method, which applies only to buildings and is based on the determination of the updated cost of the construction less the depreciation for age and state of conservation; and the renting method, which is used to determine the possible value of a good according to its capacity to generate income, taking into account the probable monthly rental fee that tenants would be willing to pay in the lease market.

See note 43. Fair value measurement on a recurring and non-recurring basis.

Investment property	2021	2020
Initial balance	152,365	126,822
Purchases	200	-
Net profit or loss due to the adjustment of fair value	(226)	(17,040)
Dispositions - sales (-)	-	(256)
Transfers (-/+)	-	42,839
Total	**152,339**	**152,365**

Amounts stated in millions of Colombian pesos

The valuation obtained has been adjusted for use in the financial statements, as shown in the following reconciliation:

Concept	2021	2020
Estimated market value per independent valuer	152,339	152,365
Used for financial reporting purposes fair value measurement	152,339	152,365

Amounts stated in millions of Colombian pesos

As of December 31, 2021, income from the leasing of investment properties for the period amounted to $2,150 (2020: $478) and direct expenses for the period related to investment properties amounted to $247 (2020: $71).

As of December 31, 2021, there are restrictions on the property located in the Mamatoco sector of the municipality of Santa Marta, currently, a direct reparation process is being carried out against said municipality since by omission of the municipal administration a massive invasion process was generated to the property, which makes its recovery difficult through police protection processes; the fair value is $1,501 (2020: $1,392).

Note 7. Goodwill and other intangible assets

The breakdown of the recorded value for Goodwill and other intangible assets is as follows:

Intangible	2021	2020
Cost	**1,364,965**	**1,266,953**
goodwill	**260,950**	260,950
Concessions and franchises	483,507	469,032
Rights of use	8,488	8,488
Licenses	118,628	99,393
Software	285,640	218,493
Easements	176,217	168,866
Disbursements Development Phases	30,150	40,346
Other intangibles	1,385	1,385
Accrued amortization and impairment	**(514,771)**	**(455,108)**
Concessions and franchises	(304,733)	(279,736)
Rights of use	(2,528)	(2,118)
Licenses	(58,230)	(48,548)
Software	(147,420)	(122,955)
Easements	(1,279)	(1,261)
Other intangibles	(581)	(490)
Total	**850,194**	**811,845**

Amounts stated in millions of Colombian pesos

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

2021	Goodwill	Similar concessions and rights	Capitalized development disbursements	Software and computer applications	Licenses	Rights	Other intangible assets[1]	Total
Initial balance cost	260,950	469,032	40,346	218,493	99,393	8,488	170,251	1,266,953
Additions[2]	-	3,467	6,618	46,263	14,776	-	852	71,976
Transfers (-/+)	-	6,883	(16,814)	8,693	5,053	-	5,746	9,561
Disposal	-	(24)	-	(2,083)	(718)	-	-	(2,825)
Other changes	-	4,149	-	14,274	124	-	753	19,300
Final balance cost	**260,950**	**483,507**	**30,150**	**285,640**	**118,628**	**8,488**	**177,602**	**1,364,965**
Initial balance accrued amortization and impairment	-	(279,736)	-	(122,955)	(48,548)	(2,118)	(1,751)	(455,108)
Amortization for the period 3	-	(25,020)	-	(26,449)	(10,191)	(410)	(986)	(63,056)
Disposal	-	23	-	2,074	593	-	-	2,690
Other changes	-	-	-	(90)	(84)	-	877	703
Final balance accrued amortization and impairment	**-**	**(304,733)**	**-**	**(147,420)**	**(58,230)**	**(2,528)**	**(1,860)**	**(514,771)**
Final balance of intangible assets, net	**260,950**	**178,774**	**30,150**	**138,220**	**60,398**	**5,960**	**175,742**	**850,194**

Amounts stated in millions of Colombian pesos

2020	Goodwill	Similar concessions and rights	Capitalized development disbursements	Software and computer applications	Licenses	Rights	Other intangible assets[1]	Total
Initial balance cost	260,950	452,743	33,522	186,842	85,491	7,984	170,150	1,197,682
Additions[2]	-	2,093	6,824	29,535	8,433	-	1,517	48,402
Transfers (-/+)	-	13,021	-	3,971	5,483	-	137	22,612
Disposals	-	-	-	(1,860)	(495)	-	(1,593)	(3,948)
Societarian reorganizations [4]	-	-	-	5	400	504	38	947
Other changes	-	1,175	-		81		2	1,258
Final balance cost	**260,950**	**469,032**	**40,346**	**218,493**	**99,393**	**8,488**	**170,251**	**1,266,953**
Initial balance accrued amortization and impairment	-	(251,226)	-	(102,039)	(41,015)	(1,727)	(3,228)	(399,235)
Amortization for the period[3]	-	(27,966)	-	(22,702)	(7,691)	(391)	(983)	(59,733)
Disposals	-	-	-	1,808	489	-	1,593	3,890
Societarian reorganizations [4]	-	-	-	(5)	(265)	-	(24)	(294)
Other changes	-	(544)	-	(17)	(66)	-	891	264
Final balance accrued amortization and impairment	**-**	**(279,736)**	**-**	**(122,955)**	**(48,548)**	**(2,118)**	**(1,751)**	**(455,108)**
Final balance of intangible assets, net	**260,950**	**189,296**	**40,346**	**95,538**	**50,845**	**6,370**	**168,500**	**811,845**

Amounts stated in millions of Colombian pesos

[1] Includes easements, customer-related intangibles, and other intangibles corresponding to premiums at Gas Service Stations.

[2] Includes purchases, capitalizable expenditures that meet the recognition criteria, and concessions. In 2021, purchases associated with capitalized development disbursements were allocated to IT projects: Project b2b-b2c, Project sentinel, Project treasury digital transformation.

[3] See note 33 Costs of provision of services and note 34 Administrative expenses.

[4] In 2020 corresponds to the merger with the subsidiary EP Rio on January 1, 2020, represented as follows: cost of $947, accumulated depreciation, and impairment of $-294.

At the end of the period, impairment testing was performed on assets for those intangibles with an indefinite useful life, which showed no evidence of impairment.

Amortization of intangibles is recognized as costs and expenses through profit or loss in the Statement of comprehensive income, in the item Costs of services rendered and administrative expenses.

The historical cost recorded at the cut-off date and the remaining amortization period for significant assets is:

Significant intangible assets	Useful Life	Remaining Amortization period	2021	2020
Ituango Generation Plant Project	Indefinite	-	177,666	177,666
Espirítu Santo	Indefinite	-	82,980	82,980
Easement Corridor Lines 53	Indefinite	-	63,040	63,040
Bello circuit distribution network	Defined	492	58,337	58,337
Loca and Hato secondary network	Defined	32	35,086	35,086

Amounts stated in millions of Colombian pesos

The following intangible assets have an indefinite useful life: goodwill and easements, the latter is agreed upon in perpetuity. An easement is the real, perpetual or temporary right over another property, under which it can be used, exercise certain rights of disposal, or prevent the owner from exercising some of their property rights (Art. 2970 of the Colombian Civil Code). In EPM, easements are not treated individually, since they are constituted for public utility projects, where the general interest prevails over the individual, considering that the objective is to improve the quality of life of the community; the projects do not have a definite temporality, that is why they are constituted in perpetuity supported in their use. However, there are some easements with a definite useful life, because they are tied to the useful life of the main asset required by the easement.

As of December 31, 2021, they have a historical cost of $436,377 and 2020 for $429,778.

Intangible assets with indefinite useful life	2021	2020
Goodwill		
Ituango Generation Plant Project	177,667	177,667
Espirítu Santo	82,980	82,980
Necocli Surtigas	303	303
Subtotal goodwill	**260,950**	**260,950**
Other intangible assets		
Easements	175,427	168,828
Subtotal other intangible assets	**175,427**	**168,828**
Total intangible assets with indefinite useful life	**436,377**	**429,778**

Amounts stated in millions of Colombian pesos

Note 8. Investment in subsidiaries

The breakdown of the subsidiaries of the EPM at the date of the reporting period is the following:

Name of the subsidiary	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Empresa de energia del Quindio S.A. E.S.P. EDEQ	Colombia	It provides public utilities for electric power, purchase, sale, and distribution of electric power.	19.26%	19.26%	12/22/1988
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	Colombia	It provides public power services, operating power generating plants, transmission and subtransmission lines, and distribution networks, as well as the marketing, import, distribution and sale of electric power.	24.44%	24.44%	09/09/1950
Electrificadora de Santander S.A. E.S.P. ESSA	Colombia	It provides public electricity services, the purchase, sale, marketing and distribution of electrical energy.	0.28%	0.28%	9/16/1950
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	Colombia	It provides public electricity services, purchase, export, import, distribution and sale of electric power, construction and operation of generating plants, substations, transmission lines and distribution networks.	12.54%	12.54%	10/16/1952
Caribemar de la Costa S.A.S. ESP AFINIA	Colombia	It provides public electricity distribution and marketing services, as well as the implementation of all related activities, works, services and products.	85.00%	85.00%	10/1/2020
Hidroecológica del Teribe S.A. HET	Panama	It finances the construction of the Bonyic hydroelectric project, required to meet the growth of the energy demand of the Panama isthmus.	99.68%	99.68%	11/11/1994
Gestion de Empresas Electricas S.A. GESA	Guatemala	It provides consulting and consulting services to electricity distribution, generation and transportation companies.	99.98%	99.98%	12/17/2004
Aguas Nacionales EPM S.A. E.S.P.	Colombia	It provides residential public services of aqueduct, sewerage and toilet, waste treatment and use, complementary activities, and engineering services that are specific to these public services.	99.97%	99.97%	11/29/2002
Aguas Regionales EPM S.A. E.S.P.	Colombia	It guarantees the provision of public domestic services of aqueduct, sewerage and toilet, and compensates for the lag in the infrastructure of these services in the partner municipalities.	72.45%	72.45%	1/18/2006
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	Colombia	It provides residential public services of aqueduct and sewerage, as well as other complementary activities of each of these public services.	56.01%	56.01%	11/22/1999
Aguas de Malambo S.A. E.S.P. [1]	Colombia	Dedicated to ensuring the provision of domestic public services of aqueduct, sewerage and toilet in the jurisdiction of Malambo municipality, department of the Atlantic.	98.10%	98.03%	11/20/2010
Empresas Varias de Medellin S.A. E.S.P.	Colombia	A subsidiary dedicated to the provision of the public toilet service within the framework of the integral management of solid waste.	64.98%	64.98%	1/11/1964
EPM Inversiones S.A.	Colombia	Dedicated to capital investment in domestic or foreign companies organized as utilities.	99.99%	99.99%	8/25/2003
Maxinsurances EPM Ltd.	Bermuda	Negotiation, contracting and management of reinsurance for policies that cover the estate.	100.00%	100.00%	4/23/2008
Panama Distribution Group S.A. PDG	Panama	Capital investment in companies.	100.00%	100.00%	10/30/1998
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	Guatemala	It makes capital investments in companies engaged in the distribution and marketing of electrical energy, and provides telecommunications services.	99.99%	99.99%	3/12/1999
EPM Capital Mexico S.A. de CV	Mexico	Develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, drinking water plants, sewage, sewage treatment, buildings, as well as their operation and services.	51.28%	51.28%	04/05/2012
EPM Chile S.A.	Chile	Develops projects in energy, lighting, gas, telecommunications, sanitation, drinking water plants, sewage and wastewater treatment, as well as the provision of such services and participation in all types of tenders.	99.99%	99.99%	2/22/2013
Patrimonio Autónomo Fundación Social	Colombia	Manages the resources and payments of the social financing program created to facilitate the purchase of appliances, appliances and information technology products by users.	100.00%	100.00%	4/14/2008

[1] In May and March 2021 EPM capitalized Aguas de Malambo S.A. E.S.P. for $567 and $1,433, respectively.

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

Subsidiaries in which less than 50% of direct participation, control is obtained through the indirect participation that the other companies of the Grupo EPM have.

The value of investments in subsidiaries at reporting date was:

Subsidiary	december 31, 2021					december 31, 2020				
	Investment value				Total	Investment value				Total
	Cost	Equity method	Depreciation	Dividends[1]		Cost	Equity method	Depreciation	Dividends[1]	
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,009,257	1,448,361	-	(381,710)	2,075,908	1,009,257	914,538	-	(12,740)	1,911,055
Aguas Nacionales EPM S.A. E.S.P.	1,665,513	403,307	-	(39,371)	2,029,449	1,665,513	225,321	-	(58,794)	1,832,040
EPM Inversiones S.A.	1,561,331	358,202	-	(124,366)	1,795,167	1,561,331	163,254	-	(233,678)	1,490,907
EPM Chile S.A.	1,044,935	388,960	-	-	1,433,895	1,044,935	309,135	-	-	1,354,070
Caribemar de la Costa S.A.S. E.S.P.	1,716,561	215,938	(879,062)	-	1,053,437	1,721,528	(63,770)	(879,062)	-	778,696
Panama Distribution Group S.A. PDG	238,116	460,611	-	(28,259)	670,468	238,116	336,755	-	-	574,871
Hidroecológica del Teribe S.A. HET	524,536	(166,718)	(86,963)	-	270,855	524,536	(226,059)	(86,963)	-	211,514
Maxinsurances EPM Ltd.	63,784	178,256	-	-	242,040	63,784	135,839	-	-	199,623
Patrimonio Autónomo Fundación Social (2)	61,914	132,670	-	-	194,584	71,914	106,314	-	-	178,228
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	140,663	29,457	-	(19,975)	150,145	140,663	25,698	-	(34,292)	132,069
Empresas Varias de Medellin S.A. E.S.P.	32,967	94,050	-	(11,138)	115,879	32,967	96,213	-	(13,921)	115,259
Aguas Regionales EPM S.A. E.S.P.	60,816	36,379	-	-	97,195	60,816	26,130	-	-	86,946
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	57,052	7,163	-	-	64,215	57,052	(9,621)	-	-	47,431
Gestion de Empresas Electricas S.A. GESA	25,782	24,252	-	(4,248)	45,786	25,782	17,167	-	(4,370)	38,579
Empresa de energia del Quindio S.A. E.S.P. EDEQ	28,878	13,794	-	(5,563)	37,109	28,878	12,489	-	(6,989)	34,378
Aguas de Malambo S.A. E.S.P.	72,718	(43,823)	(1,641)	-	27,254	70,718	(34,623)	(1,641)	-	34,454
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	2,774	3,121	-	-	5,895	2,774	2,576	-	-	5,350
Electrificadora de Santander S.A. E.S.P. ESSA	2,514	597	-	(190)	2,921	2,514	290	-	(410)	2,394
EPM Capital Mexico S.A. de C.V.	177,436	(177,436)	-	-	-	177,436	(177,436)	-	-	-
Total	**8,487,547**	**3,407,141**	**(967,666)**	**(614,820)**	**10,312,202**	**8,500,514**	**1,860,210**	**(967,666)**	**(365,194)**	**9,027,864**

Amounts stated in millions of Colombian pesos

[1] Dividends were declared for $614,820 (2020 $365,194), which were paid in full.
[2] A reimbursement of contributions for autonomous patrimony social financing (SOMOS card) for $10,000 was made.

The detail of the equity method recognized in the result for the period and in the other comprehensive income for the period is as follows:

Subsidiary	december 31, 2021			december 31, 2020		
	Period share method		Total	Period share method		Total
	Period Result	Another comprehensive result		Period Result	Another comprehensive result	
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	360,253	185,674	545,927	210,220	131,565	341,785
EPM Inversiones S.A.	380,072	48,551	428,623	224,323	40,269	264,592
Aguas Nacionales EPM S.A. E.S.P.	236,780	-	236,780	133,769	-	133,769
EPM Chile S.A.	143,943	(64,169)	79,774	79,534	170,719	250,253
Panama Distribution Group S.A. PDG	60,189	66,475	126,664	37,603	46,881	84,484
Maxinsurances EPM Ltd.	9,744	32,645	42,389	25,288	5,541	30,829
Hidroecológica del Teribe S.A. HET	29,785	29,530	59,315	(49,709)	15,416	(34,293)
EPM Capital Mexico S.A. de CV	1,240	21,122	22,362	(1,767)	(2,229)	(3,996)
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	36,117	1,935	38,052	18,838	(354)	18,484
Patrimonio Autónomo Fundación Social	27,663	-	27,663	19,776	-	19,776
Empresas Varias de Medellin S.A. E.S.P.	9,832	1,925	11,757	13,216	(2,478)	10,738
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	13,428	3,356	16,784	8,517	(1,403)	7,114
Aguas Regionales EPM S.A. E.S.P.	10,250	-	10,250	6,740	-	6,740
Gestion de Empresas Electricas S.A. GESA	8,535	2,920	11,455	4,968	(9)	4,959
Empresa de energia del Quindio S.A. E.S.P. EDEQ	7,541	753	8,294	5,347	43	5,390
Aguas de Malambo S.A. E.S.P.	(9,190)	-	(9,190)	(2,441)	-	(2,441)
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	544	-	544	814	3	817
Electrificadora de Santander S.A. E.S.P. ESSA	651	66	717	382	(10)	372
Caribemar de la Costa S.A.S. E.S.P.	279,559	150	279,709	(63,702)	(69)	(63,771)
Total	**1,606,936**	**330,933**	**1,937,869**	**671,716**	**403,885**	**1,075,601**

Amounts stated in millions of Colombian pesos

SUSTAINABLE DEVELOPMENT GOALS

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

december 31, 2021	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result continuing operations	Other comprehensive result	Total comprehensive income
Empresa de energia del Quindio S.A. E.S.P. EDEQ	103,775	234,203	65,187	93,104	295,185	38,866	3,911	42,777
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	288,653	977,153	202,999	509,105	920,769	148,255	7,916	156,171
Electrificadora de Santander S.A. E.S.P. ESSA	388,898	1,840,249	484,737	873,006	1,464,882	235,644	24,027	259,671
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	313,913	1,036,048	264,205	604,966	985,344	107,107	26,774	133,881
Hidroecológica del Teribe S.A. HET	33,451	467,114	22,763	178,506	61,643	28,941	38,522	67,463
Gestion de Empresas Electricas S.A. GESA	23,242	-	193	-	9,331	8,537	2,920	11,457
Caribemar de la Costa S.A.S. ESP AFINIA	2,143,228	1,566,650	794,616	641,734	3,799,964	328,893	176	329,069
Aguas Nacionales EPM S.A. E.S.P.	180,088	2,150,100	46,688	260,705	380,131	175,624	-	175,624
Aguas Regionales EPM S.A. E.S.P.	48,934	195,541	33,654	71,103	71,425	14,227	-	14,227
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	5,247	6,828	971	578	4,175	972	1	973
Aguas de Malambo S.A. E.S.P.	4,212	38,644	5,962	5,211	17,820	(9,380)	-	(9,380)
Empresas Varias de Medellin S.A. E.S.P.	142,656	218,006	153,775	146,171	265,554	15,254	2,962	18,216
EPM Inversiones S.A.	1,873	1,744,230	292	9,005	-	374,265	53,527	427,792
Maxinsurances EPM Ltd.	418,990	171,460	82,791	265,619	36,346	9,744	32,645	42,389
Panama Distribution Group S.A. PDG	616,951	2,711,849	960,030	1,401,980	2,029,939	120,959	76,395	197,354
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,641,004	4,187,316	1,237,069	2,126,700	3,995,855	380,207	592,594	972,801
EPM Capital Mexico S.A. de CV	408,114	532,339	263,169	291,202	217,382	33,840	41,473	75,313
EPM Chile S.A.	357,119	3,828,008	220,741	2,530,326	734,016	143,960	(64,176)	79,784

Amounts stated in millions of Colombian pesos

december 31, 2020	Current Assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Period Result continuing operations	Other comprehensive result	Total comprehensive income
Empresa de energia del Quindio S.A. E.S.P. EDEQ	100,519	224,823	78,856	80,686	258,682	27,739	221	27,960
Central Hidroelectrica de Caldas S.A. E.S.P. CHEC	285,823	913,502	340,088	379,975	832,197	77,062	(1,447)	75,615
Electrificadora de Santander S.A. E.S.P. ESSA	335,426	1,688,591	516,386	826,830	1,268,295	138,137	(3,613)	134,524
Centrales Electricas del Norte de Santander S.A. E.S.P. CENS	286,548	1,024,373	243,313	720,700	856,035	67,938	(11,193)	56,745
Hidroecológica del Teribe S.A. HET	20,715	417,035	16,837	189,106	51,483	(50,793)	18,162	(32,631)
Gestion de Empresas Electricas S.A. GESA	15,973	-	132	-	7,479	4,969	(9)	4,960
Caribemar de la Costa S.A.S. ESP AFINIA	2,758,089	560,676	486,607	881,855	783,380	(74,944)	(82)	(75,026)
Aguas Nacionales EPM S.A. E.S.P.	140,308	1,936,991	55,382	135,364	264,676	152,943	-	152,943
Aguas Regionales EPM S.A. E.S.P.	55,267	175,462	38,346	66,890	60,355	9,294	-	9,294
Empresas Aguas del Oriente Antioqueño S.A. E.S.P.	5,049	6,301	1,363	434	3,871	1,454	6	1,460
Aguas de Malambo S.A. E.S.P.	4,218	49,503	7,674	6,983	14,437	(2,504)	-	(2,504)
Empresas Varias de Medellin S.A. E.S.P.	158,260	202,056	145,164	155,513	249,378	20,607	(3,814)	16,793
EPM Inversiones S.A.	4,018	1,438,131	470	8,300	9	224,823	7,653	232,476
Maxinsurances EPM Ltd.	291,721	174,402	266,499	-	32,073	25,288	5,541	30,829
Panama Distribution Group S.A. PDG	755,021	2,140,089	1,240,398	868,903	2,076,607	74,435	(2,478)	71,957
Distribución Eléctrica Centroamericana DOS S.A. DECA II.	1,135,205	3,214,700	1,265,884	1,240,847	3,516,067	280,624	34,510	315,134
EPM Capital Mexico S.A. de CV	241,735	522,088	157,328	299,745	181,164	7,988	(4,613)	3,375
EPM Chile S.A.	268,773	3,802,449	177,674	2,539,322	639,210	79,543	170,688	250,231

Amounts stated in millions of Colombian pesos

8.1 Changes in Participation of Subsidiaries that did not result in Loss of Control

During 2021, there were changes in the participation of the subsidiary Aguas de Malambo S.A. E.S.P., which increased to 98.10%, due to the capitalization of EPM. This variation influenced the application of the equity method, decreasing the investment in $10 recognized directly in equity.

Note 9. Investments in associates

The breakdown of Investment in Associates of EPM at the date of the reporting period is:

Name of associate	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy at the national and international levels of the Ituango hydroelectric plant.	46.33%	46.33%	12/29/1997
Hidroeléctrica del Río Aures S.A. E.S.P.	Colombia	Generation and commercialization of electric power through a hydroelectric power plant, located in the jurisdiction of the municipalities of Abejorral and Sonson, department of Antioquia.	32.99%	32.99%	5/14/1997
UNE EPM Telecomunicaciones S.A.	Colombia	Provision of telecommunications services, information and communication technologies, information services and follow-up activities.	50.00%	50.00%	6/29/2006
Inversiones Telco S.A.S.	Colombia	Invest in companies whose social object is the provision of telecommunications services, information and communication technologies, information services and complementary activities, as well as in companies based on the provision of services for the terciarization of business processes.	50.00%	50.00%	11/5/2013

The amount of investment in associates at the reporting date was:

Name of associated	2021			2020		
	Investment value		Dividends[1]	Investment value		Dividends[1]
	Cost	Total		Cost	Total	
Hidroeléctrica Ituango S.A. E.S.P.	34,227	34,227	-	34,227	34,227	-
Hidroeléctrica del Río Aures S.A. E.S.P.	2,478	2,478	-	2,478	2,478	-
UNE EPM Telecomunicaciones S.A.	2,342,488	2,342,488	-	2,342,488	2,342,488	12,547
Inversiones Telco S.A.S.	55,224	55,224	8,805	55,224	55,224	14,508
Total investments in associates	**2,434,417**	**2,434,417**	**8,805**	**2,434,417**	**2,434,417**	**27,055**

Amounts stated in millions of Colombian pesos

[1] In 2021, dividends of $19,073 were received from Telco Investments, of which $10,268 were declared in 2020.

Note 10. Investment in joint ventures

The breakdown of joint ventures of EPM at the reporting date is as follows:

Name of the join venture	Location (Country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2021	2020	
Parques del Río S.A.S. [1]	Colombia	Construction, operation, administration and support of the Medellin River Parks project, as well as acting as urban project manager.	33%	33%	12/26/2015

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

The value of investments in joint Ventures at the reporting date was:

Name of the join venture	2021		2020	
	Investment value		Investment value	
	Cost	Total	Cost	Total
Parques del Río S.A.S.	99	99	99	99
Total investments in joint ventures	**99**	**99**	**99**	**99**

Amounts stated in millions of Colombian pesos

Note 11. Impairment of Assets

11.1 Impairment of investments in subsidiaries, associates and joint ventures

At the date of presentation of the financial statements, no impairment losses were recognized in the statement of comprehensive income related to investments in subsidiaries, associates and joint ventures.

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

Investment	Recorded Value	
	2021	2020
Subsidiary		
Hidroecólogica del Teribe S.A. HET	86,963	86,963
Aguas de Malambo S.A. E.S.P.	1,641	1,641
Caribemar de la Costa S.A.S. E.S.P.	879,062	879,062
Total Subsidiaries	**967,666**	**967,666**

Amounts stated in millions of Colombian pesos

11.2 Impairment of cash generating units (CGU)

The recorded value of goodwill and intangible assets with indefinite useful life associated with each CGU is broken down below:

SUSTAINABLE DEVELOPMENT GOALS

Cash Generating Unit	Value in Books	
	2021	2020
Segment Energy Generation		
Goodwill	260,647	260,647
Easements	444	444
CGU - Energy Generation-	**261,091**	**261,091**
Energy Transmission Segment		
Easements	128,637	128,555
CGU - Energy Transmission-	**128,637**	**128,555**
Energy Distribution Segment		
Easements	35,942	29,473
CGU - Energy Distribution-	**35,942**	**29,473**
Gas segment		
Good Will	303	303
Easements	3,692	3,692
CGU - Natutal Gas-	**3,995**	**3,995**
Water Provision Segment		
Easements	5,160	5,112
CGU Water Supply-	**5,160**	**5,112**
Sanitation segment		
Easements	1,552	1,552
CGU - Sanitation-	**1,552**	**1,552**

Amounts stated in millions of Colombian pesos

Description of the CGUs is broken down below:

- CGU Energy Generation, whose activity consists of the production of energy and commercialization of large blocks of electric energy, based on the acquisition or development of a portfolio of energy proposals for the market.
- CGU Energy Distribution, whose activity consists of transporting electric energy through a set of lines and substations, with their associated equipment, operating at voltages lower than 220 KV, the commercialization of energy to the end-user of the regulated market, and the development of related and complementary activities. It includes the Regional Transmission System (STR), the Local Distribution System (SDL), the public lighting service, and the provision of associated services.

- CGU Energy Transmission, whose activity consists of transporting energy in the National Transmission System (Sistema de Transmisión Nacional -STN-), is composed of a set of lines, with their corresponding connection equipment, operating at voltages equal to or higher than 220 KV. The National Transmitter (TN) is the legal entity that operates and transports electric energy in the STN or has incorporated a company whose purpose is the development of such activity.
- CGU Distribution and Commercialization of Natural Gas, whose activity consists of transporting gas from the city gate to the end-user, through medium and low-pressure pipelines. It includes the sale of gas through different systems, including distribution by the network, natural gas for vehicles, compressed natural gas, and service stations.
- CGU Water Supply, whose activity consists of conceptualizing, structuring, developing, and operating water supply systems. It includes the commercial management of the portfolio of services related to the supply of water for different uses, in addition to the use of the production chain, specifically in the production of energy, and the supply of raw water.
- CGU Sanitation, includes the activities of conceptualizing, structuring, developing, and operating wastewater and solid waste management systems, in addition to the exploitation of the production chain, specifically in the production of energy and gas.

Goodwill is mainly assigned to the segment/Generation CGU, which presented a balance as of December 31, 2021 for $260,647, as a result of the liquidation of the subsidiary EPM Ituango S.A E.S.P. and Espíritu Santo whose assets were transferred to EPM, additionally, goodwill in the Natural Gas CGU, as a result of the business combination with Surtidora de Gas del Caribe S.A. E.S.P. in the municipality of Necoclí for $303.

The intangible easement with indefinite useful life is assigned to the CGUs: Eergy Generation, Energy Transmission, Energy Distribution, Natural Gas, Water Supply, and Sanitation, which have a balance of $175,427 (2020 $168,828).

As of December 31, 2021, and 2020, impairment tests were performed on the CGUs that had associated intangible assets with indefinite useful lives, but there was no evidence of impairment associated with them.

The value in use and carrying value of the CGUs at the end of 2021 with indefinite useful lives are detailed below:

CGU	Value in use	Recorded value
Energy Generation	25,744,212	18,338,578
Eenrgy Distribution	7,627,538	4,637,674
Energy Transmission	1,215,189	788,720
Natural Gas	1,695,744	748,805
Water Supply	3,674,470	3,056,164
Sanitation	1,752,611	1,302,579
Total UGE	**41,709,764**	**28,872,520**

Amounts stated in millions of Colombian pesos

Note 12. Trade and other accounts receivables

The breakdown of trade and other receivables as of the dates of the periods being reported is as follows:

Trade and other account receivables	2021	2,020
Non-current		
Public utility debtors[1]	410,696	465,156
Impairtment loss of public utilities	(157,287)	(154,032)
Related parties[2]	934,372	1,148,697
Employee loans	108,480	96,224
Impairtment loss of public employee loans	(41)	(10)
Indemnities[3]	-	110,865
Other account Receivable[4]	71,347	63,081
Impairtment loss of other debtors	(3,500)	(3,626)
Non-current total	**1,364,067**	**1,726,355**
Current		
Public utility debtors[1]	2,339,682	1,735,304
Impairtment loss of public utilities	(223,704)	(217,395)
Related parties[2]	-	15,079
Employee loans	34,198	25,325
Dividends and shares receivable	-	10,269
Impairtment loss of public employee loans	(33)	(58)
Construction contracts	-	245
Indemnities[3]	2,529,759	317,620
Other services	6,347	7,827
Other account receivable[4]	373,487	335,118
Impairtment loss of other debtors	(190,394)	(56,757)
Total current	**4,869,342**	**2,172,577**
Total	**6,233,409**	**3,898,932**

Amounts stated in millions of Colombian pesos

The portfolio presents a variation of $2,334,477, equivalent to 60%, mainly explained by an increase in the account receivable for severance payments.

[1] The account Receivables from public utilities show a variation of $549,918 mainly explained by an increase in the accounts receivable of the energy service affected by the recognition of estimated revenues for the application of the tariff option since March 2020 in attention to a national mandate, as a consequence of the pandemic; in accounting terms, it has been recorded since April 2021.

In relation to the accounts receivable generated by the financing granted in the framework of the pandemic by the decrees of the central government and those granted by EPM, a decrease in the balance of $124,912 is observed, which, in turn, leads to a lower value of its accumulated impairment of $7,638.

[2] The balance of the economic-related parties account is represented by the account receivable from the subsidiary HIDROSUR. The decrease was mainly explained by the full payment of the debt of the subsidiary HET.

[3] The increase in the indemnities account is mainly due to the accounts receivable from the insurance company Mapfre for damage to civil works and the total loss of machinery and equipment covered by the all-risk and construction policy.

[4] Other accounts receivable increased mainly due to balances collected that, as a result of the accounting closing, are still in the possession of the collecting entities.

The accounts receivable from public utilities debtors do not generate interest and the term for their collection depends on the type of use of the utility. In residential use, the collection of invoices is projected to occur 10 days after the invoice is generated. Individual contracts with large customers or in the energy sector contemplate terms agreed in particular negotiations; in the latter case, the term is generally 30 days.

Long-term accounts receivable are measured at amortized cost under the effective interest rate method and short-term accounts receivable are presented at their nominal amount, except for accounts receivable that are measured at fair value of: (i) Municipality of Rionegro originated by the merger with Empresas Públicas de Rionegro, for its valuation is considered the discount of payment flows applying the weekly capture rates for 360-day CDT published by Banco de la República; and (ii) the account receivable associated with the firm supply contract of liquid fuel (ACPM) for the Termoeléctrica La Sierra and Termodorada plants whose update is made according to the value of the fuel unit stipulated in the contract.

See note 43. Fair value measurement on a recurring and non-recurring basis.

Expected credit losses over the life of the asset

The company measures portfolio impairment for expected losses using the simplified approach, which consists in taking the present value of credit loss arising from all possible default events at any time during the lifetime of the operation.

This alternative is taken given that the volume of customers is very high and the measurement and control of the risk by stages can lead to errors and to an underassessment of impairment. The expected loss model corresponds to a forecasting tool that projects the probability of portfolio default in the next twelve months. Each obligation is assigned an individual probability of default calculated from a probability model that involves sociodemographic, product and behavioral variables.

Although the forecast of impartment for the annual period is obtained based on payment behavior data of customers during the period under consideration; it is not the same when the monthly records that comprise the annual period register impairment. In the latter case, impairment recorded for the month under assessment is obtained with the payment behavior data of the previous month.

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

	2021		2020	
	Gross book value	Credit loss value	Gross book value	Credit loss value
Public utility debtors				
Without Mora	2,362,986	(172,247)	1,874,779	(169,469)
Less than 30 days	141,173	(8,447)	105,558	(7,989)
30-60 days	23,444	(3,299)	17,081	(3,749)
61-90 days	14,281	(6,688)	6,856	(3,027)
91-120 days	8,491	(4,317)	5,216	(3,076)
121-180 days	9,769	(5,305)	4,528	(3,182)
181-360 days	17,866	(12,933)	13,026	(11,077)
Greater than 360 days	172,368	(167,755)	173,416	(169,858)
Total debtors for public utility	**2,750,378**	**(380,991)**	**2,200,460**	**(371,427)**
Other debtors				
Without Mora	3,841,086	(7,595)	2,054,058	(7,001)
Less than 30 days	11,477	(1,559)	2,607	(534)
30-60 days	1,593	(386)	1,819	(455)
61-90 days	1,295	(466)	1,008	(324)
91-120 days	474	(309)	818	(282)
121-180 days	2,062	(1,555)	1,530	(996)
181-360 days	136,117	(135,610)	6,245	(3,187)
Greater than 360 days	63,886	(46,488)	62,265	(47,672)
Total Other Debtors	**4,057,990**	**(193,968)**	**2,130,350**	**(60,451)**
Total debtors	**6,808,368**	**(574,959)**	**4,330,810**	**(431,878)**

Amounts stated in millions of Colombian pesos

Concerning the age of delinquency, it is observed that the portfolio is concentrated in the current age range of the concepts related to other debtors. Also, noteworthy is the increase in the balances in the age range of 181 to 360 days explained by the rolling of the account receivable for goodwill on the land of the Aguas Claras Treatment Plant to the Municipality of Bello.

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

Expected credit losses over the life of the assets	2021	2020
Value correction at the beginning of the period	(431,878)	(370,981)
Changes in impairtement of accounts receivable were held at the beginning of the period(1) (3)	(367,974)	(284,426)
Write-off	2,760	784
Cancellation policy(3)	208,842	225,257
Social Reorganization	-	(2,648)
Changes in Risk Models/Parameters (2)(3)	13,281	-
Other movements	11	135
Final Drive Account Balance	**(574,958)**	**(431,879)**

Amounts stated in millions of Colombian pesos

The increase of $143,079, equivalent to 33.13%, is mainly due to the following:

[1] The application of the impairment to the account receivable associated to the recognition of the goodwill to the Municipality of Bello, generated by the valuation of the land owned by EPM associated to the Aguas Claras treatment plant. This account presents a balance of $131,733 and is one hundred percent impaired.

[2] The amount of $13,281 indicated in the item "changes in risk models/parameters", corresponds to the result of adjustments to the portfolio impairment model. In this case, the Loss Given Default (LGD) component was modified by extending the age ranges of default and their expected loss percentages.

[3] It is disclosed as part of the account receivable impairment, net of the statement of cash flows.

The reconciliation of the portfolio is as follows:

Portfolio balance	2021	2020
Initial balance	4,330,810	4,107,586
New financial assets originated or purchased	21,002,999	13,463,717
Financial asset cancellation	(18,642,928)	(13,342,709)
Write-offs	(2,760)	(784)
Social Reorganization	-	9,315
Valuation at amortized cost	22,438	(17,631)
Difference in Chargeable Change	97,809	111,316
Final balance	**6,808,368**	**4,330,810**

Amounts stated in millions of Colombian pesos

The Company writes off, against the impairment of value recognized in an allowance account, the values of the impaired financial assets when it is evidenced that there are obligations that cannot be recovered through enforcement, coercive collection, or ordinary channels, actions of which the supports must be attached in the files where the write-off request is documented.

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

- The accounts receivable recorded do not represent certain rights, goods, or obligations for EPM.
- The rights or obligations lack documents and suitable support that allow advancing the pertinent procedures for their collection or payment.
- It is not possible to collect the right or obligation, by coercive or judicial collection, once the pre-legal collection stage has been exhausted.
- When it is impossible to identify and individualize the natural or legal person to collect the portfolio.
- When, having evaluated and established the cost-benefit ratio, it is more onerous to pursue the collection process than the value of the obligation.
- When there is a statute of limitations of the security and enforceable title or the expiration of the right.
- When having advanced the executive process, there are no assets to make effective payment of the obligation.
- When having advanced the liquidation process of the natural or legal person in terms of the law, and the assets received instead of payment are not sufficient to cover the total amount of the debt; in this case, the unpaid balance is written off.

Responsible instances for punishment

Write-offs in EPM are approved by the Portfolio Write-off Committee, which is chaired by the Accounting and Financial Services Manager, assisted by the Director of Financial Transactions and the head of the Credit and Portfolio Management Unit. The Committee meets periodically or when a particular situation warrants it.

SUSTAINABLE DEVELOPMENT GOALS

Note 13. Other financial assets

The breakdown of other financial assets at the closing of the period is as follows:

Other financial assets	2021	2020
Non-current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts[1] (see note 27)	100,009	46,269
Total derivatives designated as hedging instruments under hedge accounting	**100,009**	**46,269**
Financial assets measured to Fair Value Measurement market with changes in the period result		
Equity securities[2]	137,030	119,210
Fiduciary rights[2]	362,316	423,094
Total financial assets measured at Fair Value Measurement through profit or loss	**499,346**	**542,304**
Financial assets designated to Fair Value Measurement the market with changes through the other end-to-end result		
Investment property [3]	2,195,900	2,518,382
Total financial assets designated to Fair Value Measurement TAPs with changes through the other end-to-end result	**2,195,900**	**2,518,382**
Financial leasing	-	-
Total other non-current financial assets	**2,795,255**	**3,106,955**
Current		
Derivatives designated as hedging instruments under hedge accounting		
Swap Contracts[1] (see note 27)	31,568	16,105
Option Contracts (see note 27)	3,673	-
Total derivatives designated as hedging instruments under hedge accounting	**35,241**	**16,105**
Financial assets measured to Fair Value Measurement market with changes in the period result		
Derivatives that are not under hedge accounting[4]	102,209	128,204
Fixed income securities[1] [5]	165,709	1,994,631
Investments pledged	704	796
Total financial assets measured at Fair Value Measurement through profit or loss	**268,622**	**2,123,631**
Total other current assets	**303,863**	**2,139,736**
Total other financial assets	**3,099,118**	**5,246,691**

Amounts stated in millions of Colombian pesos

[1] Corresponds to the right of the swaps under hedge accounting, the net value of the swaps is disclosed in note 24. Derivatives and hedges.

Includes derivative principal payments for cash flow hedging purposes of $25,604; reflected in the statement of cash flows.

[2] Includes the following items: acquisition of investments in financial instruments for $417,055, disposition of investments in financial instruments for $2,523,443 reflected in the statement of cash flows.

[3] The decrease was originated by the decrease in the price of Interconexión Eléctrica S.A. E.S.P. shares since their fair value is determined by the market price.

[4] Corresponds to the weather derivative contracted to hedge the existing risk of dry seasons that imply a decrease in the hydraulic generation and the increase in energy prices in the stock exchange. This financial instrument is intended to provide a hedge to EPM parent company when events materialize that may prevent the fulfillment of contractual commitments that imply buying energy in the stock exchange at market prices that may be unfavorable. With the weather derivative, part of this impact is transferred to the market, which would allow reducing the effect on the company's financial results.

[5] The variation was mainly explained by the disinvestment in fixed income securities in dollars (Time Deposit), which was used to prepay the IDB loan for US$450 million.

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

13.1 Other financial assets measured at fair value with changes in other comprehensive income

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

The breakdown of other financial assets measured at fair value through other comprehensive income, different from equity investments, is:

Equity investment	2021	2020
Interconexión Eléctrica S.A. E.S.P. [1]	2,189,027	2,511,518
Other investments	6,873	6,864
Total	2,195,900	2,518,382
Dividends recognized during the period related to investments that remain recognized at the end of the period [2]	134,081	72,825
Dividends recognized during the period	134,081	72,825

Amounts stated in millions of Colombian pesos

[1] As of December 31, 2021 the stock exchange price of Interconexión Eléctrica S.A. E.S.P. closed at $22,400 (2020: $25,700) pesos, respectively.

[2] Dividends from financial instruments have been caused in 2021 for $134,081 (2020: $72,825) which are disclosed in the item dividends from investments in the statement of cash flows.

The equity investments indicated in the table above are not held for trading purposes, instead they are held for medium and long-term strategic purposes. The Company's Management considers that the classification for these strategic investments provides more reliable financial information, which reflects the changes in their fair value immediately in the result for the period.

13.2 Reclassifications of financial assets

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

Note 14. Leases

14.1 Finance lease as a lessor

At the cut-off date, the recorded value of assets with right-of-use is as follows (excluding assets with right-of-use associated with construction in progress, which are included in note 5 Property, plant, and equipment):

2021	Right to use land	Right to use buildings	Right I use plants, ducts and tunnels	Right I use networks , lines and cables	Right to Use Machinery and Equipment	Right to use computer and communication equipment	Right-hand use Transport equipment Traction and lift	Total
Cost opening balance	5,701	482,291	1,727,738	16,787	8,796	4,109	10,775	2,256,197
Additions[1]	238	17,649	136,241	1,420	566	91	1,756	157,961
Transfers	-	94	-	-	-	-	-	94
Disposal (-)	-	(3,387)	-	-	-	-	(533)	(3,920)
Other changes[2]	7	148,777	-	-	-	-	-	148,784
Cost final balance	**5,946**	**645,424**	**1,863,979**	**18,207**	**9,362**	**4,200**	**11,998**	**2,559,116**
Accrued amortization and impairment								
Beggining balance of accumulated amortization and impairment	(686)	(103,316)	(85,069)	(1,706)	(2,337)	(2,095)	(7,819)	(203,028)
Amortization of the period	(426)	(18,504)	(45,394)	(954)	(1,094)	(289)	(3,694)	(70,355)
Disposal (-)	-	1,994	-	-	-	-	533	2,527
Other changes[2]	-	(51,564)	-	-	-	-	(16)	(51,580)
Final balance accrued Amortization and impairment	**(1,112)**	**(171,390)**	**(130,463)**	**(2,660)**	**(3,431)**	**(2,384)**	**(10,996)**	**(322,436)**
Total balance assets per net use right	**4,834**	**474,034**	**1,733,516**	**15,547**	**5,931**	**1,816**	**1,002**	**2,236,680**

Amounts stated in millions of Colombian pesos

2020	Right to use land	Right of use of buildings	Right of use plants, ducts and tunnels	Right of use networks , lines and cables	Right of use machinery and equipment	Right of use communication and computing equipment	Right of use transport, traction and lifting equipment	Total
Cost opening balance	5,370	461,274	1,696,549	15,983	3,859	4,006	10,775	2,197,816
Additions[1]	331	21,335	31,189	804	4,937	103	-	58,699
Transfers	-	1,758	-	-	-	-	-	1,758
Disposal (-)	-	(717)	-	-	-	-	-	(717)
Other changes	-	(1,359)	-	-	-	-	-	(1,359)
Cost final balance	**5,701**	**482,291**	**1,727,738**	**16,787**	**8,796**	**4,109**	**10,775**	**2,256,197**
Accrued amortization and impairment								
Beggining balance of accumulated amortization and impairment	(289)	(87,720)	(41,975)	(806)	(1,325)	(1,813)	(3,769)	(137,697)
Amortization of the period	(397)	(15,710)	(43,094)	(900)	(1,012)	(282)	(4,029)	(65,424)
Disposal (-)	-	118	-	-	-	-	-	118
Other changes	-	(4)	-	-	-	-	(21)	(25)
Final balance accrued amortization and impairment	**(686)**	**(103,316)**	**(85,069)**	**(1,706)**	**(2,337)**	**(2,095)**	**(7,819)**	**(203,028)**
Total final balance assets for net right of use	**5,015**	**378,975**	**1,642,669**	**15,081**	**6,459**	**2,014**	**2,956**	**2,053,169**

Amounts stated in millions of Colombian pesos

[1] Corresponds to the subsequent measurement of the liability for finance leasing, which generates increases each time there are changes in the tariff in its component Average Cost of Investment in pesos per cubic meter charged by Aguas Nacionales to EPM, this increase is regulated every time the Consumer Price Index (CPI) accumulates 3% and additional on the dates when the increases by tariff are applied.

[2] This includes reclassifications of assets due to changes in their use, in operating conditions and identification of improvements in accounting classification.

As of the cut-off date, the minimum future payments and the present value of the minimum lease liability payments are distributed as follows:

Finance lease	2021		2020	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
One year	211,789	202,026	191,870	182,920
More than one year and up to five years	779,095	585,197	717,211	539,408
More than five years	16,677,609	1,764,820	16,304,571	1,623,258
Total leases	**17,668,493**	**2,552,043**	**17,213,652**	**2,345,586**
Minus - Value of unearned interest	15,116,450	-	14,868,066	-
Present value of minimum lease payments	**2,552,043**	**2,552,043**	**2,345,586**	**2,345,586**

Amounts stated in millions of Colombian pesos

The most relevant finance lease arrangements are:

Sewer Interconnection Contract CT- 2013-002297-A421 dated November 26, 2018, entered into between EPM (THE BENEFICIARY) and Aguas Nacionales EPM (THE PROVIDER), regulates the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by Aguas Nacionales, for the provision of service by EPM of the public sewage service to users of the interconnected system of the Aburrá Valley. This interconnection will also allow the drying and final disposal of the biosolids resulting from the treatment of wastewater from the entire interconnected system.

The termination of the contract is July 1, 2021, date on which the validity of the tariff formula ends, in accordance with the provisions of Article 113 of Resolution CRA 688 of 2014, modified by Article 41 of Resolution CRA 735 of 2015. If, in accordance with the provisions of the last paragraph of Article 126 of Law 142 of 1994, the validity of the tariff formula is extended, the contract will be understood to be in force as long as the Drinking Water and Basic Sanitation Regulatory Commission does not determine a new formula.

The contract was renewed effective July 1, 2021 for 5 years.

Before the expiration of the term of the contract, the parties by mutual agreement may extend or extend the term of the contract by means of a written document, so it is understood that there will be no automatic extension of the term of the contract.

EPM has no intention of financially acquiring the Aguas claras wastewater treatment plant or (PTAR for its Spanish initials) or agreeing any purchase option for such asset.

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

- **Paragraph first.** The supplier will apply to the reference costs an update factors per Average Investment Cost every time the Consumer Price Index, reported by National Administrative Department of Statistics (DANE, by its Spanish initials) accumulates a variation of at least three percent (3%).

- **According to Annex No. 4 of the contract:** the increases per tariff path are as follows:

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

The Lease Contract for the Empresas Públicas de Medellín Building CT-085 of February 12, 2002, executed between EPM (THE COMPANIES) and the MUNICIPALITY OF MEDELLIN (MUNICIPALITY), the MUNICIPALITY is obliged to deliver by way of lease to THE COMPANIES and the latter are obliged to receive by the same title, the use and enjoyment of the real property of their property called "Edificio Empresas Públicas de Medellín", with all its constructions and improvements.

The term of the contract is 50 years from December 21, 2001, date on which the MUNICIPALITY OF MEDELLIN began to appear as owner of the property.

The lease payments under the contract are readjusted each year by a percentage equal to the Consumer Price Index (CPI) at the national level, certified by DANE for the immediately preceding year.

Lease liabilities are included in other financial liabilities in the statement of financial position. Interest arising from lease liabilities amounts to $240,141 (see note 36 Financial income and expenses).

Total cash outflows for leases during the period are $189,476.

14.2 Operating lease as lessor

The most significant operating lease agreements are for electrical infrastructure for the installation of networks by telecommunications operators. These can be renewed for a term not exceeding five years. Lease payments are updated according to the pole support rates regulated by the CRC (resolution 5890/2020) and multiplied by the number of poles that each customer uses; this charge is made monthly, and the rate is updated annually according to the PPI.

The value of non-cancelable operating lease payments is:

Operating Lease	2021	2020
Year One	51,887	62,223
Year Two	17,135	2,811
Year Three	15,864	1,553
Year Four	15,539	1,494
Year five	15,958	1,494
More than five years	-	11,952
Total leases	**116,383**	**81,527**

Amounts stated in millions of Colombian pesos

14.3 Leases that do not generate assets by right-of-use as a lessee

The most significant operating lease agreements are for space for the installation and operation of antennas at the meteorological stations, shift management system, user printing infrastructure, among others, which are unrestricted.

As of the cut-off date, future short-term lease commitments are $5,692.

Total future minimum non-cancelable sublease payments for assets acquired under operating leases are $47. Lease payments recognized as expenses for the period are $5,733.

Total cash outflows from leases during the period are $4,402.

Note 15. Guarantees

The Company has not given collateral on which the third party is authorized to sell or pledge without default on the part of the Company.

The company has not received collateral in which it is authorized to sell or pledge without default by the owner of the collateral.

Note 16. Other assets

The breakdown of other assets at the end of the periods being reported is as follows:

Concept	2021	2020
Non-current		
Employee benefits	43,556	41,005
Prepayments[1]	22,783	7,631
Deferred loss due to retro lease or lease back operation	20,257	20,933
Advances delivered to suppliers[2]	5,369	9,088
Goods received in payment allocation	1,285	1,286
Total other non-current assets	**93,250**	**79,943**
Current		
prepayments[1]	90,525	67,714
Advances delivered to suppliers[2]	54,942	67,097
Other Account Balances taxes in favor	221	388
Other advances or Account Balances taxes and contributions in favor	94	93
Sales tax	-	99
Total other current assets	**145,782**	**135,391**
Total Other Assets	**239,032**	**215,334**

Amounts stated in millions of Colombian pesos

[1]The non-current portion includes the premium on legal stability contracts for $5,575 (2020: $6,466), all risks for $17,208. For 2021 there is no non-current portion of leases (2020: $1,165).

The current portion includes insurance for $73,349 (2020: $55,333), consisting mainly of all risk policies for $59,677 (2020: $37,655), and other insurance for $13,672 (2020: $17,678); goods and services for $9,803 (2020: $8,274) and leases and maintenance for $7,373 (2020: $4,108).

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

Non-current portion: Empresa de Desarrollo Urbano - EDU for $5,369 (2020: $9,067), current portion: advances for goods and services for $28,230 (2020: $39,975), advances XM for $12,745 (2020: $17,377), Corporación Cuenca verde for $2,868 (2020: $2,242) advance agreement Ruta N for $3,224 (2020: $1,081) and other advances for $7,875 (2020: $6,422).

Note 17. Inventories

Inventories at the end of the period were represented like this:

Inventories	2021	2020
Material for rendering of service 1	164,407	141,583
Goods in stock 2	7,300	4,105
Goods in transit	1,002	4,501
Total inventories at cost or net realizable value, whichever is lower	**172,709**	**150,189**

Amounts stated in millions of Colombian pesos

[1]Includes materials for the rendering of services held by third parties, which are those delivered to contractors that perform activities related to the rendering of services.

[2]Includes goods in stock that do not require transformation, such as electricity, gas and water meters, and supply goods, as well as those held by third parties.

Inventories of $35,989 (2020: $75,948) were recognized as cost of goods sold or cost of providing service during the period.

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

The Company has not pledged inventories as collateral for liabilities.

Note 18. Cash and cash equivalents

The composition of cash and cash equivalents at the end of the period is as follows:

Cash and cash equivalents	2021	2020
Cash in cash and banks	586,424	610,057
Other cash equivalents	1,211,663	254,574
Total cash and cash equivalents presented in the financial position	**1,798,087**	**864,631**
Cash and cash equivalents presented in the state of Statement of cash flows	**1,798,087**	**864,631**
Restricted cash[1]	**523,042**	**97,417**

Amounts stated in millions of Colombian pesos

[1]Of this $21,588 (2020: $71,708) corresponds to non-current restricted cash and $501,454 (2020: $25,709) to current cash.

Cash investments mature in a term equal to or less than three months from the date of acquisition and bear interest at market rates for this type of investment.

The Company has restrictions on cash and cash equivalents detailed below. At December 31, 2021 the fair value of restricted cash equivalents is $523,042 (2020: $97,417).

Fund or agreement	Destination	2021	2020
Recursos proyecto hidroituango	Receipt of the resources paid by the insurers AXA, SBS and SURA and whose destination is exclusive for the Hidroituango project.	426,174	-
Fondo de Vivienda Sinpro	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	37,760	27,943
Fondo de Vivienda Sintraemdes	To contribute to the acquisition of housing and the improvement of housing, of the servers that are beneficiaries of the conventional agreement between EPM and the unions.	27,910	28,506
Renta premio Corpb. 6972005469	Attend to possible contingencies after the acquisition of EPRIO by EPM	8,871	8,797
Ministerio de Minas y Energía - Fondo Especial Cuota Fomento	Co-financing agreement for the construction, distribution infrastructure and connection to lower-income users in the municipalities of Amaga, Santafé de Antioquia, Sopetran, San Jeronimo and Ciudad Bolivar. Compressed Natural Gas and connection to users of Don Matias, Entrerrios, San Pedro, Santa Rosa and Yarumal. Convention No 106: Construction of the infrastructure for connecting users of the Valley of Aburra, the Bee, the Union and the Retiro. Convention 179: Includes the municipality of Sonson.	5,414	5,771
Contrato No. CT-2019-001105	Contract for the supply of energy and electric power for the unregulated market and support of contracts from energy distributor and distributor S.A. E.S.P, DICEL S.A. E.S.P.	2,589	2,478

Fund or agreement	Destination	2021	2020
Fondo de Educación Sinpro	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,552	2,389
Fondo de Educación Sintraemdes	To promote the welfare of the servers to meet the needs of payment of tuition, texts and endowment that are required to advance studies of own and of the family group.	2,252	2,172
Fondo Entidad Adaptada de Salud y Fondo Fosyga	Mechanism of control and follow-up to the collection of contributions from the contributory scheme of the General Social Security System in Health.	2,210	2,283

Amounts stated in millions of Colombian pesos

Fund or agreement	Destination	2021	2020
Convenio puntos SOMOS	Provision of services for the operation of the key capabilities associated with the Points element of the Large-Scale Loyalty Program for the EPM Group.	1,809	1,775
Fondo de Calamidad Sintraemdes	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,637	1,587
Fondo de Calamidad Sinpro	Promote the well-being of your servers to meet your urgent and unforeseen needs or those of your primary family group.	1,420	1,397
Procesos judiciales o administrativos	Accounting garnishment by judicial or administrative proceedings	986	45
Fondo de Reparación de motos	To promote the welfare of official workers who operate in the regional market and use motorcycles of their own for the performance of their duties.	409	396
Convenio Marco Municipio Medellín No. 4600049285	Construction by EPM of platforms and other road elements in the city center, taking advantage of the Centro Parrilla project, that is, the renovation of aqueduct and sewerage networks.	222	-
Programa Aldeas	To take advantage of the wood that completes its cycle of maturation in the forests planted by EPM around its reservoirs, to build housing of social interest in the municipalities of Antioquia outside the Valley of Aburra and to deliver them to families of scarce resources, preferably in situations of forced or voluntary displacement.	219	217
Convenio 5 Esc. Indígenas 2019-20	Co-finance the development of indigenous education centers within the framework of the Villages program to improve the quality of life of indigenous communities in the Department of Antioquia	196	413
Convenio interadministrativo CT -2017-001388 (460007009)	Convention for the construction of 7 indigenous schools in 5 municipalities	92	292

Amounts stated in millions of Colombian pesos

Fund or agreement	Destination	2021	2020
Depósitos Ley 820	Guarantee required by the landlord to the tenant for payment of public services. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	82	75
Administración de recursos para la construcción de infraestructura en Madera para Emvarias en el relleno sanitario La Pradera.	Management of resources for the construction of infrastructure in Wood for Emseveral in the sanitary landfill La Pradera.	65	64
Municipio de Medellín - Terrenos	Acquisition of sites identified and characterized within the protection zones of watersheds supplying aqueduct systems in the municipality of Medellin.	64	63
Espíritu Santo	EPM - Holy Spirit Liquidation	64	63
Municipio de Medellín - Aguas	Integrated water management for human consumption of the inhabitants of the municipality of Medellin.	24	205
Convenios tasas de alumbrado público y de aseo con los municipios	Agreement to manage the resources of the territorial authorities for payment to the municipalities with agreements to collect the fees of public lighting and toilet, are resources exempt from 4x1000.	20	202
IDEA Convenio 4600003283	Join efforts to build gas home operations in the different subregions of the Department of Antioquia under the "Gas Without Borders" program.	1	1
cuenta de garantia Ituango	Deposit the resources (approximately 6.00,000,000) that EPM must contribute, in order to support the issuance of a bank guarantee for the Ituango project.	-	6,666
Convenio firmado entre el Área Metropolitana del valle de aburra y Empresas Públicas de Medellín E.S.P., Acta de ejecución N°4 del convenio marco No. CT 2015-000783 de 2015	Support the construction of the southern interceptor of the Aburra River - Medellin	-	2,654
Contrato interadministrativo Número Pc-2017-001532 De 2017,	Construction and intervention of aqueduct and sewerage network connections in Pepe Sierra I, Barrios de Jesus, El Progreso and Canada del Nino neighborhoods	-	611
Crédito BID 2120	Disbursement for the construction of the Bello Wastewater Treatment Plant (WWTP).	-	351
Aporte Municipios de Pueblorrico y Ciudad Bolívar	Convention for the Construction of 7 Rural Indigenous Schools	-	1
Total Restricted Resources		523,042	97,417

Amounts stated in millions of Colombian pesos

Note 19. Equity

19.1 Capital

The company does not have its capital divided into shares and has not had any increase or decrease in capital in the period reported.

19.2 Reserves

Of the items that conform equity, the reserves at the cut-off date were constituted by:

Reserves	2021	2020
Legal reserves		
Initial balance	1,027,697	1,123,219
Release	(56,304)	(95,521)
Final balance of legal reserves	**971,393**	**1,027,698**
Occasional reserves		
Initial balance	574,008	574,008
Final balance of occasional reserves	**574,008**	**574,008**
Other reserves		
Initial balance	7,591	7,591
Final balance other reserves	**7,591**	**7,591**
Total reserves	**1,552,992**	**1,609,297**

Amounts stated in millions of Colombian pesos

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

Legal Reserves

The company has constituted legal reserves, in compliance with the tax provisions of Colombia that were contained in Articles 130 of the Tax Code, which was repealed by Law 1819 of 2016 (reserve of 70% for the excess of tax depreciation over the accountable) and Decree 2336 of 1995 (for revenue incorporated to income or loss in the application of the equity method applied under local regulation).

Occasional Reserves

In accordance with article 211 of the Tax Code, the company has created the reserves in order to enjoy the special tax treatment and obtain cuts in the income and complementary taxes.

Other Reserves

Includes equity funds (resources appropriated prior to 1999 for granting housing loans to workers, Financing plan, self-insurance fund, housing fund).

The Board of Directors, at its meetings of March 23, 2021 and March 26, 2020, approved:

- Release reserves of $56,304 (2020: $95,521) appropriated in prior periods as authorized by the Board of Directors.

19.3 Retained Earnings

The changes in retained earnings during the period were as follows:

Retained Results	2021	2020
Initial balance	20,555,215	19,408,329
Movement of reserve	56,304	95,521
Surpluses or divident decreed	(1,396,953)	(1,488,319)
Equity method for change in equity	(2,783)	(231)
Total cumulative profit before net income or loss for the year	**19,211,783**	**18,015,300**
Net profit for the period	**3,365,046**	**2,539,915**
Total retained profit	**22,576,829**	**20,555,215**

Amounts stated in millions of Colombian pesos

Surpluses paid during the year were $1,396,953 (2020: $1,488,319), $761,974 (2020: $811,810) ordinary and $634,979 (2020: $676,509) extraordinary.

Note 20. Accumulated other comprehensive income

The breakdown of each component of the other comprehensive income for the separated statement of financial position and the corresponding tax effect is as follows:

Acumulated other comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Reclassification of property, plant and equipment and other assets reclassified to investment property	13,439	(1,360)	12,079	13,439	(1,360)	12,079
New measurements of defined benefit plan	569	1,575	2,144	(65,393)	25,314	(40,079)
Equity investments measured to Fair Value Measurement the estate through the estate	3,037,953	-	3,037,953	3,360,436	(1)	3,360,435
Participation in the other comprehensive income of subsidiaries	1,234,934	(19,562)	1,215,372	861,965	21,604	883,569
Cash flows hedges	(533,604)	169,464	(364,140)	(16,064)	(19,795)	(35,849)
Coverage of net investments in foreign business	(61,509)	21,106	(40,403)	-	-	-
Total	**3,691,782**	**171,223**	**3,863,005**	**4,154,383**	**25,762**	**4,180,155**

Amounts stated in millions of Colombian pesos

During the period, net losses of $889,289 (2020: net gains of $375,299) previously recognized in other comprehensive income were reclassified to profit or loss for the period, as a result of cash flow hedges.

A reconciliation of the beginning and ending balances at the balance sheet date is presented below for each component of comprehensive income:

20.1 Component: reclassification of property, plant and equipment to investment property

The reclassification of property, plant and equipment to investment property component of other comprehensive income corresponds to transfers from property, plant and equipment to investment property, which are measured at fair value. Changes in fair value are not reclassified to profit or loss.

Reclassification of property, plant and equipment to investment property	2021	2020
Initial balance	12,079	12,079
Total	**12,079**	**12,079**

Amounts stated in millions of Colombian pesos

20.2 Component: new measurements of defined benefit plans

The component of new measurements of defined benefit plans represents the accrued value of actuarial profits or losses, the return on plan assets and changes in the effect of the asset ceiling, excluding the values included in the net interest on the liability (asset) of net defined benefits. The net value of the new measurements is transferred to retained profit and does not reclassify to the results of the period.

Component new measurements of defined benefit plans	2021	2020
Initial balance	(40,079)	(28,926)
Profit or loss for the period due to new measurements of defined benefit plans	65,962	(17,430)
Associated income tax (or equivalent)	(23,739)	6,277
Total	**2,144**	**(40,079)**

Amounts stated in millions of Colombian pesos

20.3 Component: Fair value of equity investments

The component of other comprehensive income from equity investments measured at fair value through equity represents the accumulated value of the profits or losses from the assessment at fair value less the values transferred to retained profit when these investments have been sold. Changes in fair value do not reclassify to the result of the period.

Equity investments measured at fair value througt equity	2021	2020
Initial balance	3,360,435	2,766,176
Net profit (losses) due to changes in fair value measurement of investment property	(322,482)	596,096
Associated income tax (or equivalent)	-	(1,837)
Total	**3,037,953**	**3,360,435**

Amounts stated in millions of Colombian pesos

20.4 Component: participation in other comprehensive income of subsidiaries

The component of other comprehensive income from participation in other comprehensive income of subsidiaries represents the accumulated value of applying the equity method to profits or losses of other comprehensive income of subsidiaries. The accrued value of the profits or losses will be reclassified to the profit or loss for the period or to the accrued profit or loss, depending on the items that originated the equity method, when these investments have been sold.

Participation in the other comprehensive income of subsidiaries	2021	2020
Initial balance	883,569	479,732
Reclassification of property, plant and quipment and other assets	139	-
New defined benefit plan measurements	77,951	(30,673)
Equity investments measured at fair value through equity	(87,762)	191,471
Hedging operations	3,605	(2,759)
Result for conversion of foreign operation	356,438	243,207
Assets held for sale or to be distributed to owners	-	51
Associated income tax (or equivalent)	(19,438)	2,586
Total other comprehensive income for the period	**330,933**	**403,883**
Acumulative profit (losses) transferred to retained profit/loss - new defined benefit plan measurements	24	(1)
Acumulative profit transferred to retained profit - equity investments measured at fair value through equity	(13)	(51)
Acumulative profit (losses) transferred to retained profit/loss - Hedge Operations	401	-
Acumulative profit (losses) transferred to retained profit/loss - results from conversion to foreign business	583	40
Associated Income Tax (or Equivalent) - retainded profit (losses) transferred to acumulated profit/Loss	(125)	(34)
Total acumulated other comprehensive income	**870**	**(46)**
Total	**1,215,372**	**883,569**

Amounts stated in millions of Colombian pesos

20.5 Component: cash flow hedges

The component of other comprehensive income from cash flow hedges represents the accumulated value of the effective portion of the gains or losses that arise from changes in the fair value of hedged items in a cash flow hedge. The accumulated value of the profits or losses will reclassify to the profit or loss for the period only when the hedged transaction affects the profit or loss for the period or the highly probable transaction is not expected to occur, or is included, as part of its recorded value, in a heading non-financial item.

Cash flow hedges	2021	2020
Initial balance	(35,849)	(21,864)
Profit (loss) due to changes in fair value of hedging instruments	371,740	(399,370)
Income tax (or equivalent) due to changes in fair value of hedging instruments	(98,537)	121,948
Accumulated profit (loss) due to changes in fair value of hedging instruments reclassified as a profit /loss for the period	(889,289)	375,299
Income tax (or equivalent) of fair value for the reclassified hedging instruments at the profit or loss statement	287,795	(111,862)
Total	**(364,140)**	**(35,849)**

Amounts stated in millions of Colombian pesos

20.6 Component: hedges of net investment in a foreign operation

The component of other comprehensive income of hedges of net investments in foreign operations represents the cumulative value of the effective portion of the gains or losses arising from changes in the value of the hedging instrument. The cumulative gain or loss is reclassified to profit or loss for the period only when the total or partial disposal of the hedged foreign investment affects profit or loss for the period.

Coverage of net investments in foreign business	2021	2020
profit (loss) from changes in fair value of hedge instruments	(61,509)	-
Associated income tax (or equivalent)	21,106	-
Total	**(40,403)**	**-**

Amounts stated in millions of Colombian pesos

Note 21. Credits and loans

The following is the breakdown of the recorded value of loans and borrowings:

Loans and borrowings	2021	2020
Non-current		
Commercial bank loans	1,076,618	539,567
Multilateral bank loans	1,128,180	2,765,208
Development bank loans	1,568,450	835,299
Bonds and securities issued	13,010,320	12,274,729
Total other non-current loans and borrowings	**16,783,568**	**16,414,803**
Current		
Commercial bank loans	1,294,929	1,004,022
Multilateral bank loans	198,770	196,978
Development bank loans	229,750	698,992
Bonds and securities issued	326,079	332,028
Total other current loans and borrowings	**2,049,528**	**2,232,020**
Total other loan and borrowings	**18,833,096**	**18,646,823**

Amounts stated in millions of Colombian pesos

SUSTAINABLE DEVELOPMENT GOALS

The company's new credits and loans were acquired for the purpose of:

Entity	Destination of resources
END	To finance exclusively liquidity to relieve the pressure arising from the reduction in ordinary income resulting from the Economic, Social and Ecological Emergency provided for in Decree 417 of 2020
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the bills of users of strata 1 and 2 above basic or subsistence consumption; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the bills of users of strata 1 and 2 above basic or subsistence consumption; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
BBVA	Contract for general corporate uses such as working capital or liquidity, given the deferment of the invoices of users of strata 3 and 4; In accordance with External Circular No. 14 of 7 September 2020 of the Financial of Territorial Development S.A.-FINDETER – Tax-Compensated Rediscount Credit Line: Article 5 of Decree 798 of 2020.
JP MORGAN	Debt management operation
BANCO SANTANDER SA	Working Capital
BNP PARIBAS	Working Capital

During 2021

the following loan disbursements were received:

January

- TER Development Loan for COP 60,677.

May

- Long-term loans with BBVA (Findeter Rediscount Line) for COP 50,324.

September

- BNDES long-term loan for USD 8.9 million (COP 34,317).

November

- Long-term loan BNDES for USD 6.5 million (COP 26,184).
- EPM carried out a Debt Management Operation consisting in contracting a loan with JPMorgan and Bank of Tokyo -MUFG- to make a voluntary prepayment for an amount of USD250 million (COP 986,093) of the HSBC loan.

December

- Long-term loan BNDES for USD 6.7 million (COP 26,465).
- Short-term loan with Banco Santander for USD 200 million (COP 800,908).
- Short-term loan with BNP Paribas for USD 115 million (COP 448,485).

The detail of credits and loans is as follows:

Entity or loan	Original currency	Start Date	term	Nominal interest rate	2021				2020			
					IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value
IPC III BONDS TRANCHE	COP	4/21/2009	15	CPI + 6.24%	11.83%	198,400	4,273	202,673	7.66%	198,400	3,728	202,128
IPC IV TRAM BONDS 2	COP	12/14/2010	12	CPI + 4.2%	10.03%	119,900	166	120,066	5.56%	119,900	715	120,615
IPC IV TRAM BONDS 3	COP	12/14/2010	20	CPI + 4.94%	10.53%	267,400	29	267,429	6.47%	267,400	1,291	268,691
CPI BONDS V TRANCHE II.	COP	12/4/2013	10	CPI + 4.52%	10.28%	96,210	270	96,480	6.26%	96,210	(31)	96,179
IPC V TRAM III BONDS	COP	12/4/2013	20	CPI + 5.03%	10.73%	229,190	(980)	228,210	6.72%	229,190	(1,399)	227,791
CPI BONDS VI TRANCHE II.	COP	7/29/2014	12	CPI + 4.17%	9.91%	125,000	869	125,869	5.88%	125,000	277	125,277
IPC VI TRAM III BONDS	COP	7/29/2014	20	CPI + 4.5%	10.19%	250,000	771	250,771	6.17%	250,000	(205)	249,795
CPI V TRAM IV BONDS	COP	3/20/2015	9	CPI + 3.65%	10.12%	130,000	707	130,707	6.11%	130,000	458	130,458
CPI BONDS VII TRANCHE II.	COP	3/20/2015	12	CPI + 3.92%	9.48%	120,000	(128)	119,872	5.43%	120,000	425	120,425
IPC VII TRAM III BONDS	COP	3/20/2015	20	CPI + 4.43%	9.94%	260,000	258	260,258	5.94%	260,000	1,500	261,500
IDB-1664-1	COP	3/31/2016	10	7.8%	8.98%	189,846	1,089	190,935	8.68%	237,308	2,415	239,723
IDB 2120-1	COP	5/27/2014	9	6.272%	8.56%	190,295	(144)	190,151	8.32%	190,295	(1,454)	188,841
BANK OF TOKYO-MITSUB	USD	9/29/2008	15	LIBOR 6M + 0.95%	0.59%	132,652	1,252	133,904	1.18%	171,584	3,225	174,809
GLOBAL 2021 COP	COP	1/31/2011	10	8.375%	0.00%	-	-	-	14.04%	130,822	9,484	140,306
GLOBAL 2024 COP	COP	9/10/2014	10	7.625%	7.73%	965,745	19,616	985,361	7.73%	965,745	18,867	984,612
AGRICULTURAL	COP	6/24/2014	16	IBR + 2.4%	6.85%	96,273	(953)	95,320	4.55%	110,200	(1,944)	108,256
AFD	USD	8/10/2012	15	4.311%	4.40%	673,204	11,752	684,956	4.40%	677,165	11,580	688,745
IDB 2120-2	COP	8/23/2016	18	7.5%	9.10%	312,980	(75)	312,905	8.96%	338,019	(68)	337,951
BNDES	USD	4/26/2016	24	4.887%	5.01%	273,977	(1,096)	272,881	5.36%	166,345	(4,892)	161,453
GLOBAL 2027 COP	COP	11/8/2017	10	8.375%	8.45%	4,165,520	51,358	4,216,878	8.45%	4,165,519	51,489	4,217,008
IDB 2120-3	COP	12/8/2017	16	6.265%	7.61%	155,819	656	156,475	7.47%	168,285	873	169,158
CAF	USD	10/3/2016	18	LIBOR 6M + 3.1%	3.70%	796,232	(1,770)	794,462	3.58%	686,500	(2,407)	684,093
IDB INVEST SECTION 12 YEARS	USD	12/29/2017	12	LIBOR 6M + 2.75%	0.00%	-	-	-	4.01%	1,287,188	(54,183)	1,233,005
IDB INVEST SECTION 8 YEARS	USD	12/29/2017	8	LIBOR 6M + 2.125%	0.00%	-	-	-	3.70%	257,438	(9,669)	247,768
BANCOLOMBIA	COP	2/11/2019	3	IBR 6M + 2.5%	0.00%	-	-	-	3.90%	450,000	4,962	454,962
HSBC	USD	11/26/2018	3	LIBOR 6M + 1.65%	0.00%	-	-	-	2.60%	858,125	1,536	859,661
1023 USD BONUSES	USD	7/18/2019	10	4.25%	4.39%	3,981,160	52,805	4,033,965	4.39%	3,432,500	43,268	3,475,768
POPULAR BANK	COP	5/5/2020	1	IBR 6M + 2.1%	0.00%	-	-	-	3.81%	120,000	710	120,710
IDB 2120-4	COP	6/17/2020	14	5%	6.04%	338,243	4,336	342,579	5.88%	365,302	5,628	370,931
BONDS USD 2030	USD	7/15/2020	11	4.375%	4.60%	2,289,168	8,693	2,297,861	4.60%	1,973,688	12,516	1,986,204
Financial of Territorial Development S.A	COP	1/28/2021	3	0%	0.00%	45,967	-	45,967	0.00%	-	-	-
BBVA	COP	5/18/2021	3	IBR 1M + 0.1%	3.02%	1,145	2	1,147	0.00%	-	-	-
BBVA	COP	5/18/2021	3	IBR 1M + 0.1%	3.02%	14,907	28	14,935	0.00%	-	-	-
BBVA	COP	5/18/2021	2	IBR 1M + 0.1%	3.01%	25,704	44	25,748	0.00%	-	-	-
JP MORGAN	COP	11/24/2021	5	IBR OIS + 2.477%	5.54%	979,250	(401)	978,849	0.00%	-	-	-
1052 BANCO SANTANDER TESORERIA	USD	12/1/2021	1	LIBOR 1M + 1.45%	1.55%	796,232	1,062	797,294	0.00%	-	-	-
1053 BNP TESORERY	USD	12/10/2021	1	LIBOR 1M + 1.4%	1.50%	457,833	420	458,253	0.00%	-	-	-
1051 Commissions	COP	9/15/2021	0	LIBOR 6M + 1.62%	0.00%	-	(65)	(65)	0.00%	-	-	-
						18,678,252	154,844	18,833,096		18,548,128	98,695	18,646,823

Amounts stated in millions of Colombian pesos

At the end of the period, the following movements associated with credits and loans are disclosed in the statement of cash flows:

i) obtaining public credit and treasury $2,426,610 (2020: $4,612,201).

ii) payments of public credit and treasury $3,809,887 (2020: $1,225,080).

iii) transaction costs for issuance of debt instruments $37,492 (2020: $28,553).

Interest paid on loan transactions was for 2021: $1,102,595 and (2020: $998,372).

The net foreign exchange loss related to debt recognized in profit or loss for the period was for 2021 $349,110 and $334,034 for 2020 and the capitalized foreign exchange difference on qualifying assets was 2021: $177,206.

As of the cut-off date, the loans used as hedging instruments for net investments in foreign operations are CAF, JBIC and AFD and have been designated 2021 USD 374 million and the exchange difference has been reclassified from profit or loss for the period to other comprehensive income for 2021 $61,509.

Information on the bonds issued is as follows:

Subseries	Original currency	Start Date	Term	Nominal interest rate	2021				2020				Amount awarded						
					IRR	Nominal value	Amortized Cost Value	Total value	IRR	Nominal value	Amortized Cost Value	Total value	Amount awarded to 2019	Amount awarded to 2018	Amount awarded to 2017	Amount awarded to 2016	Amount awarded to 2015	Amount awarded to 2014	Amount awarded to 2013
A10A	COP	12/4/2013	10	CPI + 4.52%	10.28%	96,210	270	96,480	6.26%	96,210	(31)	96,179	96,210	96,210	96,210	96,210	96,210	96,210	96,210
A10A	COP	3/20/2015	9	CPI + 3.65%	10.12%	130,000	707	130,707	6.11%	130,000	458	130,458	130,000	130,000	130,000	130,000	130,000	-	-
A12a	COP	12/14/2010	12	CPI + 4.2%	10.03%	119,900	166	120,066	5.56%	119,900	715	120,615	119,900	119,900	119,900	119,900	119,900	119,900	119,900
A12a	COP	7/29/2014	12	CPI + 4.17%	9.91%	125,000	869	125,869	5.88%	125,000	277	125,277	125,000	125,000	125,000	125,000	125,000	125,000	-
A12a	COP	3/20/2015	12	CPI + 3.92%	9.48%	120,000	(128)	119,872	5.43%	120,000	425	120,425	120,000	120,000	120,000	120,000	120,000	-	-
A15a	COP	4/21/2009	15	CPI + 6.24%	11.83%	198,400	4,273	202,673	7.66%	198,400	3,729	202,129	198,400	198,400	198,400	198,400	198,400	198,400	198,400
A20a	COP	12/14/2010	20	CPI + 4.94%	10.53%	267,400	29	267,429	6.47%	267,400	1,291	268,691	267,400	267,400	267,400	267,400	267,400	267,400	267,400
A20a	COP	12/4/2013	20	CPI + 5.03%	10.73%	229,190	(980)	228,210	6.72%	229,190	(1,399)	227,791	229,190	229,190	229,190	229,190	229,190	229,190	229,190
A20a	COP	7/29/2014	20	CPI + 4.5%	10.19%	250,000	771	250,771	6.17%	250,000	(205)	249,795	250,000	250,000	250,000	250,000	250,000	250,000	-
A20a	COP	3/20/2015	20	CPI + 4.43%	9.94%	260,000	258	260,258	5.94%	260,000	1,500	261,500	260,000	260,000	260,000	260,000	260,000	-	-
A5A	COP	3/20/2015	5	CPI + 2.72%	0.00%	-	-	-	0.00%	-	-	-	120,000	120,000	120,000	120,000	120,000	-	-
A6A	COP	7/29/2014	6	CPI + 3.57%	0.00%	-	-	-	0.00%	-	-	-	125,000	125,000	125,000	125,000	125,000	125,000	-
International bond	COP	1/31/2011	10	8.375%	0.00%	-	-	-	14.04%	130,822	9,484	140,306	130,822	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
International bond	COP	9/10/2014	10	7.625%	7.73%	965,745	19,619	985,364	7.73%	965,745	18,867	984,612	965,745	965,745	965,745	965,745	965,745	965,745	-
International bond	COP	11/8/2017	10	8.375%	8.45%	4,165,518	51,358	4,216,876	8.45%	4,165,519	51,489	4,217,008	3,530,000	2,300,000	2,300,000	-	-	-	-
International bond	USD	7/18/2019	10	4.25%	4.39%	3,981,160	52,805	4,033,965	4.39%	3,432,500	43,268	3,475,768	3,277,140	-	-	-	-	-	-
International bond	USD	7/15/2020	11	4.375%	4.60%	2,289,166	8,693	2,297,859	4.60%	1,973,688	12,516	1,986,204	-	-	-	-	-	-	-
TOTAL						**13,197,689**	**138,710**	**13,336,399**		**12,464,373**	**142,382**	**12,606,756**	**9,944,807**	**6,556,845**	**6,556,845**	**4,256,845**	**4,256,845**	**3,626,845**	**2,161,100**

Amounts stated in millions of Colombian pesos, the exchange rate used was the TRM at the end of each period

- **Covenant debt / EBITDA**

EPM has different financial commitments (covenants), established in the loan agreements signed with the French Development Agency - AFD, Inter-American Development Bank, CAF- Development Bank of Latin America, National Bank for Economic and Social Development - BNDES, JPMorgan, and Bank of Tokyo - MUFG, and Guarantee of Japan Bank for International Cooperation - JBIC. These contracts include one or more of the following covenants: Debt/EBITDA LTM, Net Debt/EBITDA LTM, EBITDA/Financial Expenses, Net EBITDA/Financial Expenses, and Long-Term Debt/Equity.

Contractually, one of the management schemes to avoid incurring non-compliance with this type of commitment is the issuance of waivers by creditors.

It should be noted that when Grupo EPM exceeds the Debt/EBITDA covenant agreed, it does not generate a direct activation of the declaration of default by the banks, nor of prepayment, since it is an action contractually subject to the decision of the bank(s) to exercise or not that declaration and additionally to the fact of having remedial periods agreed in the contracts to meet an eventual default.

The Grupo EPM must report compliance with the Long-Term Financial Debt/EBITDA indicator as follows: to the Japan Bank for International Cooperation -JBIC- quarterly and the French Development Agency -AFD- on a semi-annual basis.

The Grupo EPM obtained the waiver required for the JBIC loan for the entire 2021 term for the Debt/EBITDA covenant, additionally, it was established that, during this year, the Net Debt/EBITDA covenant will be reported as stipulated in the other contracts, it is highlighted that this indicator complies as of December 2021. In addition, on September 30, an amendment to the credit agreement with AFD was signed where the current financial covenant Debt was contractually modified, leaving the measurement as of that date in Net Debt/EBITDA <=4 times.

- **IDB Invest contract management**

  In connection with the credit agreement signed with IDB Invest on December 29, 2017 intended for the partial financing of the future Ituango hydroelectric power plant, on December 1, 2021, EPM and the bank agreed on the voluntary and early prepayment of the total outstanding balance of this credit. Therefore, on December 22, 2021, in compliance with the aforementioned agreement, EPM paid the principal balance of the loan for USD $450 million (COP 1,798,326).

- **Bancolombia contract management**

  In connection with the credit agreement signed with Bancolombia on November 22, 2018, EPM voluntarily paid in advance the principal balance of the loan (Ps. 450 thousand million) on December 27, 2021.

Compliance

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

Note 22. Creditors and other accounts payable

Creditors and other accounts payables are measured at amortized cost and consist of:

Creditors and other accounts payable	2021	2020
Non-current		
Adquisition of goods and services	628	628
Deposits received as collateral	11,570	11,329
Resources received for management	998	998
Construction contracts	57	57
Total creditors and other non-current accounts payable	**13,253**	**13,012**
Current		
Creditors[1]	663,808	383,378
Adquisition of goods and services[2]	741,630	570,611
Assigned grants	40,509	24,152
Deposits received on collateral	310	310
Received advanced payments	506	506
Resources received for management	1,679	5,562
Other accounts payables	318	318
Construction contracts	557	713
Fees payable	2,110	2,110
Total creditors and other current Accounts payable	**1,451,427**	**987,660**
Total Creditors and other Accounts payable	**1,464,680**	**1,000,672**

Amounts stated in millions of Colombian pesos

[1] The most significant increase is reflected in the account payables for compensation, due to the purchase of energy resulting from the commercial operation, the others, due to the increase in temporary liabilities for both domestic and imported purchases.

[2] The increase corresponds to invoices payable for the execution of the future Ituango hydroelectric power plant caused in December.

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

- Payments less than ten (10) (SMMLV).
- Those intended to cover penalties, fines and indemnities and taxes.
- And others that apply according to business rule 2019-RN-107.

Non-compliance

During the accounting period, the Company has not defaulted on payments of creditors and other accounts payable.

Note 23. Other financial liabilities

The other financial liabilities consist of:

Other financial liabilities	2021	2020
Non-current		
Finance leases	2,483,975	2,323,709
Financial liabilities measured to fair value market with changes in the period result	43,742	79,410
Pension bonds	177,141	214,099
Derivatives for the purpose of the coverage of Statement of cash flows [1] (see note 24)	164,270	347,399
Total other non-current financial liabilities	**2,869,128**	**2,964,617**
Current		
Finance leases[2]	68,071	21,877
Financial liabilities measured to fair value market with changes in the period result	47,574	41,018
Pension bonds[2]	372,839	346,619
Derivatives for the purpose of the coverage of Statement of cash flows[1] (see note 24)	-	69,196
Total other current financial liabilities	**488,484**	**478,710**
Total other financial liabilities	**3,357,612**	**3,443,327**

Amounts stated in millions of Colombian pesos

[1] Within the market risk management plan, the company finalized the closing of hedging operations for US$475 million in 2021, of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

[2] Includes the following items: payment of pension bonds for $40,660 and payment of lease liabilities for $12,746 reflected in the statement of cash flows.

23.1 Financial liabilities designated at fair value through profit or loss

Financial liability for premiums payable for the weather derivative, which has been contracted to hedge against dry seasons that imply a decrease in hydroelectric generation and the increase in energy prices in the stock market. It is measured at fair value through profit or loss, in order to achieve the asymmetry or "matching" of the financial asset (derivative/option, measured at fair value through profit or loss) with the financial liability (premiums payable).

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

Concept	2021	2020
Gain (loss) from changes in fair value measurement the term attributable to changes in credit risk recognized in the period result	1,139	2,057
Difference between book value and value payable at time liquidation:	(3,833)	(2,626)
Recorded value of liability(ies)	91,317	120,429
Value to be paid at the time of settlement	95,150	123,055
Total	**91,317**	**120,429**

Amounts stated in millions of Colombian pesos

The Company has determined that presenting the effects of changes in the credit risk of a liability in other comprehensive income would create or increase an accounting asymmetry in the result for the period, this asymmetry is generated given that EPM's rating is BBB and NewRe is AA. It should be clarified that this liability arises from a contract that is linked to an option type derivative instrument, which represents an asset for EPM. The derivative instrument (asset) is valued at fair value (including credit risk) with changes in results since it is not designated in hedge accounting.

Note 24. Derivatives and hedging

The company has the following types of coverage:

- Cash flow hedges, which consist of hedging the variation in future cash flows attributable to certain risks, such as interest rate and foreign exchange rate that may impact results, whose fair values at the end of the reporting period amount to:

   - Swaps: A right of $131,577 **(see note 13. Other financial assets)** and a liability of $164,270 **(see note 23. Other financial liabilities)** for a net $32,693 liability (2020: $354,221 liability).
   - Options: a right of $3,673 (2020: $0) **(see note 13. Other financial assets).**

- Hedges of net investments in foreign operations, whose objective is to hedge the equity for the exchange rate risks that EPM may have, by the equity method in the effect of translation of financial statements in the investments in subsidiaries with functional currency dollar for further details **see note 21 Credits and loans and note 20 Accumulated other comprehensive income.**

The risks that have been hedged in these operations are presented below, for further details see note 42 Financial risk management objectives and policies:

Coverage Presentation and Disclosure	Description	Risk Covered	Leg	Covered heading	Value in books Item covered	Value in books instrument of coverage	Changes in Fair Value Measurement the time period of the hedging instrument	Changes in Fair Value Measurement the item's time-frame covered	Coverage ineffectiveness recognized in the outcome of the period	Effectiveness of coverage recognized in the other end result	Reclassification of the other result integral to the result of the period[1]
Swaps	Cross Currency Swap	Exchange rate USD/COP and debt service fixed/libor interest rate	Part of the AFD loans and international bonds	Credit in Dollars	7,016,781	(32,693)	321,528	6,265,574	N.A.	321,528	889,289
Collar	Zero Cost Collar Option	Exchange rate USD/COP	50% of the account per square in USD	Account to balance in USD	2,523,378	3,673	3,673	N.A.	N.A.	3,673	N.A.
Net investment coverage abroad	Coverage of net investments in foreign operations	Exchange rate USD/COP	Investments in subsidiaries in HET, PDG and MaxSeguros.	Investments in subsidiaries with USD reporting currency	1,183,364	1,488,091	147,867	72,600	16,723	61,509	N.A.

Amounts stated in millions of Colombian pesos

[1]The reclassification of the other comprehensive income to the income for the period, for the swap instruments affected the interest, exchange difference, interest exchange difference and principal of the right. Additionally, $15,075 were capitalized as loan costs mainly for the future Ituango hydroelectric power plant.

The exchange risk hedging operations are part of the public indebtedness regulated in Decree 1068 of 2015, therefore, they require the general approval of the operation via resolution and additionally of official authorization of each of the confirmation letters of the financial entities that may possibly have the participation of the respective specific operations. This approval process, according to the concept of the entities that govern the subject in the country, can only be initiated once the respective resources have been disbursed.

This means that during the period in which the approval process is carried out, the company is exposed to the exchange risk without having the possibility of executing this type of exchange hedging operation.

In 2021 the company finalized the closing of hedging operations for US$475 million of the authorizations obtained in 2020 before the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

Cash flow hedges

The Company expects cash flows under cash flow hedge accounting to be realized in the period from January 1, 2022 to February 15, 2031, for further details see note 42 Financial risk management objectives and policies, paragraph 42.1 Market risk.

The characteristics of the main cash flow hedging instruments that are under hedge accounting are as follows:

Current Hedges

Characteristics									
Covered underlay	AFD Credit	AFD Credit	AFD Credit	AFD Credit	AFD Credit	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029
Close Date	03-feb-17	06-feb-17	10-feb-17	24-mar-17	30-mar-17	08-jun-20	07-jul-20	10-jul-20	15-jul-20
Derivative type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	BNP Paribas	BNP Paribas	BNP Paribas	CITI BANK	CITI BANK	BNP PARIBAS	JP Morgan	JP Morgan	Scotia Bank
Nominal (USD)	64,750,000	47,381,250	85,312,500	13,164,375	85,312,500	100,000,000	50,000,000	100,000,000	100,000,000
Strike	2,850	2,855	2,850	2,899	2,878	3,597	3,627	3,617	3,606
Maturity date	31-jul-22	31-jul-22	31-jul-22	31-jul-22	31-jul-22	18-jul-29	18-jul-29	18-jul-29	18-jul-29

* CCS : Cross Currency Swap

Current Hedges

Characteristics									
Covered underlay	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2029	Bonds 2031	Bonds 2031	Bonds 2031
Close Date	15-jul-20	09-nov-20	12-nov-20	18-may-21	02-jun-21	03-jun-21	11-sep-20	16-sep-20	22-oct-20
Derivative type	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS	CCS
Counterparty	Goldman Sachs	Goldman Sachs.	BBVA	Merrill Lynch International	BBVA	Merrill Lynch International	JP Morgan	JP Morgan	Sumitomo Mitsui Banking Corporation, New York Branch
Nominal (USD)	100,000,000	125,000,000	125,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Strike	3,608	3,657	3,642	3,649	3,638	3,647	3,709	3,708	3,774
Maturity date	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap

Current Hedges

Characteristics				
Covered underlay	Bonds 2031	Bonds 2031	Bonds 2031	Bonds 2031
Close Date	23-oct-20	29-ene-21	11-mar-21	04-jun-21
Derivative type	CCS	CCS	CCS	CCS
Counterparty	JP Morgan	BNP Paribas	Goldman Sachs	CITIBANK
Nominal (USD)	100,000,000	75,000,000	75,000,000	25,000,000
Strike	3,774	3,568	3,525	3,602
Maturity date	15-feb-31	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap

Characteristics		
Covered underlay	50% insurance CXC MAPFRE	50% insurance CXC MAPFRE
Close Date	20-dic-21	21-dic-21
Derivative type	Zero Cost Collar Option	Zero Cost Collar Option
Counterparty	Goldman Sachs	Bank of America
Nominal (USD)	250,000,000	66,000,000
Strike PUT	3,899.87	3,899.87
Strike CALL	4,138.00	4,141.00
Maturity Date	31-ene-22	31-ene-22
Settlement Date	01-feb-22	01-feb-22

Termination of hedge

It is reported that during 2021 the hedging operation for USD250 million corresponding to the underlying loan with HSBC matured.

Non-hedging weather derivative

EPM currently has a risk hedge called "Derivative Climate" which is based on a put option and whose objective is to have the risk hedge coverage in revenues for the occurrence of extreme weather events that affect rainfall and therefore the contractual commitments of energy generation. It also serves to hedge the exposure to risk due to the purchase of energy in the stock exchange during such periods, which consequently also increases. Under this coverage, all the impact that the company could receive due to non-generation and non-compliance with contractual commitments, is transferred to the reinsurance market.

Embedded derivatives

The Company has not entered into any contracts containing embedded derivatives.

Note 25. Employee benefits

The item of employee benefits recognized at the reporting date have the following composition:

Employee Benefits	2021	2020
Non-current		
Post-employment benefits	327,648	344,000
Long-term benefits	46,978	50,712
Total emproyee benefits non-current	374,626	394,712
Current		
Short-term benefits	146,788	119,271
Post-employment benefits	17,942	51,749
Total emproyee benefits current	164,730	171,020
Total	539,356	565,732

Amounts stated in millions of Colombian pesos

25.1 Post-employment benefits

Consists of the defined benefit plans and the defined contribution plans detailed below:

25.1.1 Defined benefit plans

Defined benefit plans	Pensions[1]		Retroactive severances[2]		Educational assistance plan[3]		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Current value of liabilities due to defined benefit								
Initial balance	470,107	460,939	92,711	92,986	49	66	562,867	553,991
current service cost		-	2,753	2,889		-	2,753	2,889
Profit or (loss) sue to interests cost	27,944	29,346	4,241	5,115	1	2	32,186	34,463
Assumptions by experience	(10,279)	(561)	15,827	22	(15)	6	5,533	(533)
Financial assumptions	(70,100)	17,535	(10,837)	4,101	-	1	(80,937)	21,637
Payments made by the plan 4	(37,636)	(37,152)	(13,526)	(12,402)	(13)	(26)	(51,175)	(49,580)
Current value of liabilities as at December 31	**380,036**	**470,107**	**91,169**	**92,711**	**22**	**49**	**471,227**	**562,867**
Fair Value of plan assets								
Initial balance	167,118	194,531	-	-	-	-	167,118	194,531
Contributions made to the plan							-	-
Payments made by the plan 4	(40,753)	(42,551)	-	-	-	-	(40,753)	(42,551)
Interest income	8,711	11,464	-	-	-	-	8,711	11,464
Expected plan yields (excluding profit due to interests)	(9,438)	3,674	-	-	-	-	(9,438)	3,674
Fair value of plan assets os of December 31	**125,638**	**167,118**	**-**	**-**	**-**	**-**	**125,638**	**167,118**
Surplus or (deficit) of the defined benefit plan	**254,398**	**302,989**	**91,169**	**92,711**	**22**	**49**	**345,589**	**395,749**
Net assets (or liabilities) of the defined benefit plan	**254,398**	**302,989**	**91,169**	**92,711**	**22**	**49**	**345,589**	**395,749**
Total defined benefits	254,398	302,989	91,169	92,711	22	49	345,589	395,749

Amounts stated in millions of Colombian pesos

[1] Includes a plan of retirement pensions recognized prior to the effective date of the General Pension System of Law 100 of 1993 with their respective substitutions, which are distributed in the actuarial calculation by groups, differentiating the life pensions, those shared with Colpensiones, pension substitutions, and those that generate pension quota. The plan is comprised of EPM retirees and retirees belonging to the pension commutation for the liquidation of Empresa Antioqueña De Energía EADE. It includes social security contributions and funeral allowance. Retirement pensions are of legal order under the parameters of Law 6 of 1945 and Law 33 of 1985. No risks have been identified for EPM, generated by the plan. During the period the plans have not suffered modifications, reductions, or liquidations that represent a reduction in the present value of the obligation.

[2] Includes a plan for retroactive severance payments, a post-employment benefit that applies to approximately 8% of EPM's employees, consisting of the recognition of an average monthly salary multiplied by the years of service, payable through advances and at the time of termination of the contract. The source of the plan is the "Law Six" of 1945 which establishes certain provisions on

labor agreements, professional associations, collective conflicts and special labor jurisdiction, and National Decree 1160 of 1989, which partially regulates Law 71 of 1988, which establishes rules on pensions and other provisions. For the retroactive severance plan, no possible risks or significant modifications are identified during the period.

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

[4] Includes $51,175 (2020: $49,580) of amounts paid for plan settlements, corresponding to pensions, retroactive severance payments and educational assistance plan.

The weighted average duration in years of the defined benefit plan obligations at the balance sheet date is presented below:

Benefit	2021		2020	
	From	To	From	To
EPM Pension	7.3	9.8	8.5	11.5
EPM Educational Assistance	0.9	0.9	1.1	1.1
Retroactive Severance	4.2	4.2	5.2	5.2

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

The Company made no defined benefit contributions during 2021 and does not expect to make contributions for the next annual period.

The fair value of plan assets is composed as follows:

Assets that support the plan	2021		2020	
	% participation	Fair Value Measurement	% participation	Fair Value Measurement
Cash and cash equivalents	0.18%	223	3.25%	5,437
Equity instruments				
AAA	86.68%	108,902	85.01%	142,075
AA+	1.16%	1,459	0.97%	1,621
AA	7.09%	8,907	5.81%	9,713
No rating	3.56%	4,474	-	-
Investment funds	1.33%	1,673	4.95%	8,272
Total debt instruments	**99.82%**	**125,415**	**96.75%**	**161,681**
Other assets				
Total assets that support the plan	**100.00%**	**125,638**	**100.00%**	**167,118**

Amounts stated in millions of Colombian pesos

The main actuarial assumptions used to determine the defined benefit plan obligations are as follows:

Assumptions	Post-employment benefits	
	2021	2020
Discount rate (%)	8.40 - 5.50	6.10 - 2.70
Annual Salary Increase Rate (%)	4.6	4.6
Real rate of return of the assets plan	0.48	6.96
Future rate of increase in annual pension	3.5	3.5
Annual inflation rate (%)	3.5	3.5
Mortality rate table	Valid Rentiers 2008	

The following table shows the effect of a plus 1% and a minus 1% change in the salary increase, in the discount rate and in the increase in the benefit on the defined benefit post-employment benefit obligation:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%	Increase in profit by +1%	Decrease in profit increase by -1%
Pension EPM	269,126	307,810	-	-	-	-
Social Security Contributions EPM	19,585	22,262	-	-	-	-
EPM Educational Relief	22	22	-	-	22	22
Pension EADE	64,532	77,584	-	-	-	-
Contributions to social security EADE	826	964	-	-	-	-
Retroactive Cesantias	87,915	94,656	97,411	85,235	-	-
Total Post-Employment Benefits	442,006	503,298	97,411	85,235	22	22

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of the Obligations (DBO) were performed using the same methodology as for the actuarial calculation as of December 31, 2021: Projected Unit Credit (PUC). The sensitivity does not present any limitations or changes in the methods and assumptions used to prepare the analysis for the current period.

Calculation of pension liabilities and pension commutations in accordance with tax requirements.

Resolution 037 of 2017 issued by the General Accounting Office of the Nation established the obligation to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and Decree 1833 for pension commutations; therefore, the figures presented below do not correspond to the requirements of IFRS adopted in Colombia.

Pension liabilities

The pension actuarial calculation was prepared using the following technical bases:

Actuarial assumptions - Pensionary obligation	2021	2020
Real technical interest rate	4.8	4.8
Rate of salary increase	2.6	3.64
Pension increase rate	2.6	3.64
Mortality table	RV08 (Valid Rentlists)	

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

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Personnel pensioned entirely by the Company	603	149,507	627	155,709
Personnel pensioned with amounts share with Colpensiones (state pension system)	358	50,177	389	55,820
Personnel benefit shared with Colpensions	471	60,720	469	61,440
Personnel pensioned with amounts share with other institutions	431	44,722	384	42,753
Total	**1,863**	**305,126**	**1,869**	**315,722**

Amounts stated in millions of Colombian pesos

The pension bonds related to pension obligations are detailed below:

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Retirement payment type A Modality 1	240	3,040	243	2,832
Retirement payment type A Modality 2	3,962	181,399	4,080	179,414
Retirement payment type A	2,074	308,415	2,227	315,403
Retirement payment type T	5	311	5	280
Contributions_Law 549	174	5,834	174	5,349
Difference	**6,455**	**498,999**	**6,729**	**503,278**

Amounts stated in millions of Colombian pesos

The differences between pension liabilities calculated under IFRS as adopted in Colombia and tax pension liabilities are shown below:

	2021	2020
Pension commutation liabilities	308,640	377,122
Fiscal pension commutation liabilities	804,147	819,000
Difference	**(495,507)**	**(441,878)**

Amounts stated in millions of Colombian pesos

Pension commutation liabilities

The actuarial calculation of pension commutation was prepared on the following technical basis:

Actuarial assumptions - Pensionary commutation	2021	2020
Real technical interest rate	4.8	4.8
Rate of salary increase	2.6	3.64
Pension increase rate	2.6	3.64
Mortality table	RV08 (Valid Rentlists)	

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

Concept	2021		2020	
	Number of people	Obligation Value	Number of people	Obligation Value
Personnel pensioned entirely by Company	66	16,560	86	21,911
Personnel pensioned with amounts share with Colpensiones (state pension system)	341	44,718	355	47,999
Personnel benefit shared with Colpensions	60	6,658	42	4,284
Personnel pensioned with amounts share with other institutions	24	3,318	21	2,510
Total	**491**	**71,254**	**504**	**76,703**

Amounts stated in millions of Colombian pesos

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

Concept	2021		2020	
	Number of people	Reserve value	Number of people	Reserve value
Retirement payment type A modality 1	12	43	12	39
Retirement payment type A modality 2	241	11,596	255	11,309
Retirement payment type B	202	21,572	206	20,662
Retirement payment type T	3	7	3	22
Other -Include type of pension bond-	1	45	1	42
Difference	**459**	**33,263**	**477**	**32,074**

Amounts stated in millions of Colombian pesos

The differences between the pension commutation liability calculated under IFRS as adopted in Colombia and the tax pension commutation liability are shown below:

	2021	2020
Pension commutation liabilies	71,418	93,034
Fiscal pension commutation liability	104,516	108,777
Difference	**(33,098)**	**(15,743)**

Amounts stated in millions of Colombian pesos

The Company's accounting police is to prepare actuarial calculations for the annual closing of the period, therefore, the estimated data for 2020 is presented.

25.1.2 Defined contribution plans

The company made contributions to defined contribution plans of $71,523 (2020: $65,726) recognized in the result for the period as expense $22,176 (2020: $20,573), cost $38,742 (2020: $35,909) and investment projects $10,604 (2020: $9,244).

25.2 Long-term employee benefits

Long-term benefits	Seniority Premium[1]	
	2021	2020
Current value of liabilities due long-term benefits		
Initial Balance	50,711	46,049
Cost of the present service	5,534	4,848
Income or (expenses) by interest	2,909	2,902
Assumptions by experience	3,346	1,420
Financial assumptions	(7,949)	1,960
Payments made by the plan	(7,573)	(6,468)
Final balance of current value of liabilities	**46,978**	**50,711**
Net liabilities due to long-term benefits	**46,978**	**50,711**

Amounts stated in millions of Colombian pesos

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

[1] Includes a seniority premium plan. It is a long-term benefit granted to employees through the Collective Bargaining Agreement, in EPM it is granted based on the years of continuous or discontinuous service. It is recognized and paid only once in the respective period and according to the established terms: every 5 years 12, 17, 23, 30, 35 and 40 days of basic salary will be paid, respectively. The form of payment may be in cash, time off or a combination of the two at the employee's choice. For personnel who resign from the company to access the old age or disability pension, they are entitled to proportional payment for the time of service, if they are less than one year short of the next five-year period at the time of termination. No potential risks have been identified for the Seniority Premium plan.

The weighted average duration in years of the long-term benefit plan obligations at the balance sheet date is presented below:

Benefit	2021		2020	
	From	To	From	To
Seniority Premium	6.3	6.3	7	7

The Company does not expect to make contributions to the plan for the next annual period.

The main actuarial assumptions used to determine the obligations for long-term employee benefit plans are as follows:

Assumptions	Concept	
	2021	2020
Discount rate (%)	8.3	5.8
Annual Salary Increase Rate (%)	4.85	4.85
Annual inflation rate (%)	3.5	3.5
Survival tables	RV08 (Valid Rentlists)	

The following table shows the effect of a plus 1% and a minus 1% change in the salary increase, in the discount rate and in the increase in the benefit on the long-term benefit obligation:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Increase in salary increase by +1%	Decrease in salary increase by -1%
Seniority Premium	44,398	49,873	50,181	44,082
Total long-term benefits	**44,398**	**49,873**	**50,181**	**44,082**

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis of the Present Value of the Obligations (DBO) were performed using the same methodology as for the actuarial calculation as of December 31, 2021: Projected Unit Credit (PUC). The sensitivity does not present any limitations or changes in the methods and assumptions used to prepare the analysis for the current period.

25.3 Short-term employee benefits

The composition of the short-term benefits is as follows:

Short-term benefits	2021	2020
Payroll to be paid	28,034	8,249
Severance	46,575	42,193
Interests to the severances	5,465	4,956
Holidays	21,048	20,126
Vacation Premium	42,365	41,175
Christmas bonus	256	27
Bonuses	2,573	2,460
Other premiums	472	85
Total short-term benefits	**146,788**	**119,271**

Amounts stated in millions of Colombian pesos

Note 26. Taxes, contributions and fees payable

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

Taxes, contributions and fees payable	2021	2020
Current		
Tax withholdings at source and stamp tax[1]	162,860	79,669
Industry and commerce tax	25,092	21,543
Customs tax and surcharges	170	2,939
Control tax and audit fees	-	2,726
Contributions[2]	2,516	81,855
Fees	32,313	28,895
National consumption tax	6	5
Other national taxes	26,246	696
Other municipal taxes	9	2
Value added tax	4,444	4,063
Total taxes, fees and current contributions	**253,656**	**222,393**

Amounts stated in millions of Colombian pesos

[1] The increase is explained by the higher values calculated for self-withholdings (Income and Special Income), due to the compensation received for the future Ituango hydroelectric power plant, higher energy income and realized exchange difference.

[2] The decrease is explained by the causation of the additional contribution to the SSPD for the year 2020, which was paid in 2021 for $81,314.

Note 27. Provisions, contingent assets and liabilities

27.1 Provisions

The reconciliation of provisions is as follows:

Concept	Dismantling or restoration	Litigation	Contingent - Business combination and Compensation	Subsidiary Implicit Obligations	Guaranties	Other provisions	Total
Initial balance	**182,543**	**206,558**	**155,378**	**63,024**	**174,318**	**93,246**	**875,067**
Additions	1,250	305,900	-	-	-	55,964	**363,114**
Uses	(33,628)	(9,122)	(791)	-	(15,318)	(60,741)	**(119,600)**
Reversals, Unused Amounts (-)	(124)	(40,464)	(13,266)	-	-	(20,221)	**(74,075)**
Adjustment for changes in estimates	47,412	750	-	(22,391)	39,230	1,605	**66,606**
Capitalizable decommissioning	(25,283)	-	-	-	-	-	**(25,283)**
Exchange rate difference	-	(344)	21,910	-	-	-	**21,566**
Other Changes_Financial Expense_	6,359	4,015	1,983	-	3,689	2,091	**18,137**
Final balance	**178,529**	**467,293**	**165,214**	**40,633**	**201,919**	**71,944**	**1,125,532**
Non-current	96,214	317,615	163,572	40,633	42,659	47,805	**708,498**
Current	82,315	149,678	1,642	-	159,260	24,139	**417,034**
Total	**178,529**	**467,293**	**165,214**	**40,633**	**201,919**	**71,944**	**1,125,532**

Amounts stated in millions of Colombian pesos

As of December 31, 2021, the significant behavior of EPM's provisions is as follows:

- Increase in the provision for Litigations for $260,735, which was mainly explained in seven group actions against Empresas Públicas de Medellín and Hidroeléctrica Ituango S.A. E.S.P., which went from possible to probable probability of success. (numeral 27.1.2.)
- Increase in the provision Guarantee for $27,601, which contemplates the default from November 2021 to September 2023, to the transporter Intercolombia for the months after the entry into operation of the connection infrastructure for the future Ituango hydroelectric power plant (Item 27.1.5).
- Decrease in the provision Implicit Obligations in Subsidiaries for $22,391, which was originated by the adjustment to the valuation of the investment in EPM Mexico in the fourth quarter of 2021 (Numeral 27.1.4).
- Decrease in Other Provisions for $9,203, mainly in the provision for Contingency destined for the attention of the injured people and the recovery of the infrastructure affected by the plugging of the future Ituango hydroelectric power plant, since the estimate of the valuations in the long term was reviewed and adjusted, since some activities are being closed, such as the economic support to the evacuated families. (Numeral 27.1.6).

27.1.1. Decommissioning or environmental restoration

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

- **Environmental provision in the construction of infrastructure projects:** this arises as a legal obligation derived from the granting of the environmental license to compensate for the loss of biodiversity during the construction phase, as well as compensation for the subtraction of reserve areas, the affectation of banned species and forest exploitation; obligations that are formalized through resolutions of the ANLA (National Environmental Licensing Authority), CAR - Regional Autonomous Corporation and/or MADS - Ministry of Environment and Sustainable Development.

The execution of the project's biotic environmental compensations extends beyond the time in which the asset begins to operate technically, being necessary to implement the figure of the provision with the intention that such disbursements remain as a greater value of the construction in progress. The company has committed to compensate the loss of biodiversity, subtraction and closures from 2016 to 2019 according to the resolutions: Res. 1313/2013 ANLA, Res. 519/2014 ANLA, Res LA. 0882/04/08/2014 ANLA, Res. 1166/2013 MADS, Res. 1852/2013 CAR, Res. 2135/2014 CAR, Resolution 1189/22/07/2104 MADS, Res. 1120907/17-03-2015 CORNARE, Res. 141011201207/17-03-2015 CORNARE, Res. LA. 0882/04/08/2014 ANLA, Res LA. EIA1-9872 21/04/2014 CVS, among others. The provision is recognized for the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are estimated costs, CPI _Consumer Price Index_ and fixed rate of return TES (Colombian Government debt security).

- **Environmental compensation and 1% mandatory investment:** Law 99 of 1993, established the mandatory nature of environmental licensing for the development of any activity that may produce serious deterioration to renewable natural resources or the environment, or introduce considerable or notorious modifications to the landscape and depending on the type of activity, the size and location of the project, and assigned the competencies in relation to environmental licensing to the National Environmental Licensing Authority, the Regional Autonomous Corporations, or the metropolitan areas.

  Article 321 of Law 1955 of 2019, indicates that all holders of an environmental license that had pending investments as of May 25, 2019 may benefit from the percentage increase in the value of the liquidation base of the forced investment of not less than 1%, according to the year of commencement of activities authorized in the environmental license and defined the requirements and procedures to update pending investments and benefit from new terms of execution subject to the approval of the ANLA.

For EPM, the obligations related to the use of water taken directly from natural sources in the projects carried out in La Sierra, Porce II, Porce III and the future Ituango hydroelectric power plant are contemplated.

- **Jepírachi:** The Jepírachi Wind Farm will generate until 2023, when it will be removed or disconnected from the operation of the National Interconnected System and the respective dismantling will be carried out. The main assumptions considered in the calculation of the provision are estimated costs, CPI and TES fixed rate. As of December 31, 2021, the provision was recorded for $579.

For environmental contingency of the future Ituango hydroelectric power plant, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the Cauca river detour tunnel, due to the closing of floodgates; and for the contingency events that may arise in the technical milestones pending to be reached, as well as for the execution of the project itself, this item has been adjusted by $44,954, during 2021, to reach a provision of $103,635 as of December 31, 2021.

The social and environmental recovery plan for the future Ituango hydroelectric power plant took into account the evaluation of the concentrations of mercury, lead, nickel, chromium, cadmium and arsenic, methylmercury in fish, water, sediments and suspended material, cyanobacteria in water and possible effects on the health of the riverside inhabitants of the middle and lower Cauca river basin; and the Humboldt Framework Agreement: Biodiversity (Standardization of monitoring in the middle and lower Cauca River basin, compliance with pending commitments in the compensation plan, analysis of possible reserve area) which was adjusted to December 2021 by $17,581.

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

a. Recovery of affected bogs.
b. Recovery of affected fish fauna.
c. Reestablishment of aquatic habitats located in the affected area.

These three programs correspond to the environmental component as a response to the identification of the impacts caused, as well as discretionary actions. They also include social programs, economic activities, infrastructure, risk management, among others.

The different actions are developed between the municipalities of Valdivia and Nechí; however, if impacts are identified in the municipalities that are part of La Mojana, they will also be the object of the intervention.

27.1.2. Litigation

This provision covers the estimated probable losses related to labor, civil, administrative and tax litigation arising from EPM's operations. The main assumptions considered in the calculation of the provision are: CPI (Consumer Price Index) average to actual data in previous years and projected data in future years, fixed rate TES (Colombian Government debt security) in pesos to be discounted, estimated value to be paid, start date and estimated date of payment, for those litigations qualified as probable. To date, there is no evidence of future events that could affect the calculation of the provision.

In order to reduce the uncertainty conditions that may arise with respect to the estimated payment date and the estimated value payable of a lawsuit classified as probable, the company has business rules based on statistical studies with which it obtained the average duration of the processes per action and also the application of case law to the maximum limits that it defines for the value of non-pecuniary or immaterial claims when they exceed their amount, as described below:

Average duration of processes per action

Administrative and tax

Action	Average years
Abbreviated	4
Compliance Action	4
Group Action	6
Popular Actions	4
Preliminary conciliation	2
Constitution of a civil party	4
Contractual	13
Delinade and amooning	5
Executive	5
Executive singular	3
Exporpiation	4
Integral (criminal) reparation incident	2
Imposition of servitude	4
Invalidity of administrative acts	5
Nullity and restoration of law	10
Nullity and restoration of labor law	11
Ordinary	7
Ordinary membership	5
Criminal Prosecution (Law 906 of 2004)	4
Divisive processes	4
Protection of consumer law	6
Police charges	3
Vindication	7
Direct repair	12
Verbal	5

Labor proceedings

Action	Average years
Solidarity	3.5
Pension	3.5
Overtime	3.5
Refund	4
Salary step leveling	3.5
Compensation Unfair dismissal	3.5
Relaxation Social benefits	3.5
Indeminization work accident	4
Return Health_Pension Contributions	4

Application of case law

- **Typology:** the values of the claims for compensation for non-pecuniary damages will be recorded according to the following typology:
  - Moral damage.
  - Damage to health (physiological or biological damage), derived from a bodily or psychophysical injury.
  - Damage to relationship life.
  - Damages to constitutional and conventional goods.

The values of other non-pecuniary claims not recognized by jurisprudence will not be recorded, unless it can be inferred from the claim that, despite being denominated otherwise, they correspond to one of the admitted typologies. Claims for non-pecuniary compensation for damage to property will not be recorded either.

- **Quantification:** the amount of non-patrimonial claims shall be recorded uniformly as follows, regardless of their typology:

For direct victim	100 Minimum statutory monthly salaries in force
For indirect victim	50 Minimum statutory monthly salaries in force

The following are the recognized litigations:

Third	Pretension	Value
Maikol Arenales Chaves	To declare the defendants administratively responsible, as the perpetrators of the antilegal damage having destroyed the fishing resource of the Montecristo Cienagas Complex, which is due to the construction of the IHP.	221,777
Oscar Elias Arboleda Lopera	It includes 173 claimants who worked for EADE; and, they say that in the dissolution and liquidation of this company there was an employer replacement with EPM, which obliges it to all the work credits.	108,228
Roger Alberto Gil Barragan	To recognize as compensation for each of the members of the group “ASOBAPEBEL”, which are one hundred and ninety-three (193) for the anti-legal damage caused, the moral, material injury and the violation of fundamental rights such as decent living, vital minimum, decent housing, work, Food security and the destruction of its source of subsistence, the displacement of its territory and the antilegal psychic and physical transformation of its lives, bearing as a title of imputation the exceptional risk due to the emergency that caused the damage to the Cauca river.	15,420
Miscellaneous Administrative	litigation with an average of 29 and less than 1,956.	15,281
Luis Fernando Anchico Indaburo	To declare EPM administratively responsible, as the cause of the antilegal damage due to the destruction of the fishing resource of the Montecristo cienagas complex, which is due to the construction of the IHP (Ituango Hydroelectric Project) and it requests recognition and payment of a minimum wage for each household from february 2019 until the sentence is handed down, this is called by the defendants as consolidated loss of profits.	15,208
Various workers	125 processes with average of 110m7s and less than 200m7s.	13,715
Santiago Andrés Ortiz Mora	To declare administrative and extra-contractually liable to EPM for the unlegal damage caused, the moral, material and the violation of fundamental rights, caused to members of the “SAN ROQUE” group, for the destruction of their source of subsistence, The displacement of their territory and the unjuridical psychic and physical transformation of their lives by the affectation originated in the project "Hidroituango" in April 2018. The amount to be recognized as compensation for each of the 161 members of the group is fixed at 100 Minimum Legal Monthly Salaries in force (SMMLV), giving a total of fourteen thousand one hundred thirty-two million six hundred twenty-eight thousand three hundred pesos (5,14,132,628,300). One hundred and forty-six million four hundred and thirty-one thousand and thirty-four pesos are claimed for loss of profits (1 146,431,034.oo).	12,093
Rodrigo Antonio Munoz Arenas	To declare the State's out-of-contract patrimonial responsibility for the deficiencies or omissions in which the defendants incurred, by not measuring the danger, threat and damage, which would be caused by the indiscriminate felling of trees in the area of influence of the dam, to which, communities attribute changes in river behavior and landslides in the area. To condemn the defendants, who, as an emergent injury, pay the claimants and members of the group concerned the sums corresponding to the minimum life lost during the time that the emergency lasted, Settled for family groups on the date of filing of the group action FOUR THOUSAND TEN SEVEN MILLION HUNDRED THREE THOUSAND TWO HUNDRED PESOS (307.103.200.00).	10,451
Javier Maure Rojas	To declare EPM administratively responsible, as the cause of the antilegal damage when it destroyed the fishing resource of the Montecristo cienagas complex, which is due to the construction of the IHP (Ituango Hydroelectric Project); that a minimum wage be recognized and paid for each household from february 2019 until the sentence is passed and the recognition of a future loss of profits from the time of the sentence to the probable life of each of the claimants.	9,568
Departamento del Valle del Cauca	In order to restore the right, the Department of Cauca Valley is ordered to return the amounts withheld from Estampillas Pro-Hospitals of Public University and Pro-Universities of the Valley with the respective interests to which there is place.	8,316
Esilda Rosa Romero Aguas	They request that EPM be declared administratively responsible as a result of the damages caused to the claimants and that the amount of SMLMV 80 be recognized in the form of moral injury for each of the claimants: 39 in total.	6,580
Gustavo Jiménez Perez	To declare EPM E.S.P. responsible for the unlegal damage caused, moral, material and fundamental rights violations caused to the 75 members of the “ASOMIBA” group; for the destruction of their source of subsistence, the displacement of their territory and the repair of the damage; The members of the group “ASOPEISLA” are asked to pay the intangible and material damages caused since the beginning of the emergency arising from the project “Hidroituango”, of compensation for each of the members of the group “ASOMIBA”, is set at one hundred (100 SMLV).	6,256
Municipio de Yumbo (Valle)	Industry and trade and its complementary notices and panels and street lighting.	5,254
John Walter Jaramillo	That the invalidity of the dismissal, with their respective salaries and increases, be declared the social benefits for as long as they remain unlinked; likewise it will be on the account of the demanding social security contributions until it is effectively reintegrated.	4,400
General Fire Control Ltda.	To declare the nullity of the Communications subscribed by EPM, by which the fines imposed, on the day 04/07/2011 to USD 153.957,00, on 09/03/2009, for breach of delivery, by USSE263,368,60, are updated, based on the number 5.13 Conditions of the Recruitment Process No. 029158, and on the occasion of the execution of Contract No. 29990329557.	2,378
Multiple prosecutors	processes with an average of 11 and less than 5.253.	2,156
Temporary Union Solar Energy S.A. and Arbi Ltda Structures.	That it be stated that the tender submitted by the complainants to tender No. ES-2043-GI, convened by EPM, was legally eligible to take it into account at the time of awarding the respective contract of tender No. ES-2043-GI.	2,056
Pico and Pala Ltda constructions.	That resolutions 95070 of 05/04/1999, issued by EPM, which unilaterally liquidated contract 1/DJ-682/15 concluded between EPM and Consorcio Trainco S.A., and 113701 of 15/03/2000, likewise issued by EPM, are null and void, by which the appeal for replenishment brought against resolution 95070 of 05/04/1999 was negatively resolved.	1,956

Third	Pretension	Value
Francisco Javier Munoz Usman	That the nullity of the conciliation act signed by vice in the consent is decreed and consequently the reinstatement of the contract of employment, the reinstatement, the payment of all the salaries and benefits left to receive, in the same way that social security contributions are canceled from the moment of dismissal and even when the actor is actually reintegrated.	1,751
Carlos Olimpo Cardona	That the shareholders are reinstated to the same position or office or another of equal or higher category that they have been performing, that as a consequence of compensation must be canceled all wages and legal social benefits that have been left to receive, In addition, all contributions caused in favor of the Integral Social Security System.	1,365
EP Account Balances RIO PPA load	EPRIO's PPA. Account Balance	1,195
Omar Augusto Lugo Hoyos	That the nullity of the conciliation act signed by vice in the consent is decreed and consequently the reinstatement of the contract of employment, the reinstatement, the payment of all the salaries and benefits left to receive, in the same way that social security contributions are canceled from the moment of dismissal and even when the actor is actually reintegrated.	1,100
General Fire Control Ltda.	EPM is condemned to the return of monies held in connection with the imposition of fines for not meeting the technical specifications and guaranteed characteristics, Plus the delinquent interest caused from the date of the withholding and to the date of the actual refund based on the number 5.13 DEDUCTIONS FOR NON-COMPLIANCE (FINES), of the contract process specifications No. 029158, and on the occasion of the execution of contract No. 29990329557.	870
Manual reclassify of payment	CNC-526.3_2068 Accounting adjustment in December 2021 _due to incorrect account usage.	-63
July payments	Partial payment process in July 2021 that remains in effect.	-18
Total disputes recognized		**467,293**

Amounts stated in millions of Colombian pesos

27.1.3. Contingent consideration - Business combinations

Corresponds to the contingent consideration related to the acquisition of the following group of assets that constitute a business: subsidiary Espíritu Santo Energy S. de R.L. and subsidiary Empresas Varias de Medellín S.A E.S.P. - EMVARIAS, the balance on December 31, 2021, is $152,924 (2020: $141,590) and $12,290 (2020: $13,788), respectively.

The main assumptions considered in the calculation of the contingent consideration related to the acquisition of Espiritu Santo are the estimated date of occurrence of the milestones associated with the contingent payment, the associated probability of occurrence; and, additionally, the discount of the payment flows was considered by applying a discount rate (Libor rate) according to the risk of the liability. To date, there is no evidence of future events that could affect the calculation of the provision.

The main assumptions used on the future events of the contingent consideration related to the EMVARIAS acquisition are litigation in progress against EMVARIAS at the date of the transaction, the definition of the year of materialization of each of the litigations, the definition of the value linked to each of the litigations, estimate of the future contingent disbursements linked to the litigations estimated for each year and discount rate (TES fixed rate) to discount the flows of future contingent disbursements. To date, there is no evidence of future events that could affect the calculation of the provision.

27.1.4. Subsidiary constructive obligations

Corresponds to the implicit obligation of the subsidiary EPM Capital México S.A. de CV derived from the application of the equity method.

27.1.5. Guarantees

The provision for guarantees is related to the reliability charge. According to Resolution CREG 061 of 2017, the guarantees of the reliability charge for the entry of new generation projects are executed when the start in commercial operation of the plant is delayed for more than one year. As of December 31, 2021, the provision has been adjusted $75,728 and the final balance is $201,919.

27.1.6. Other provisions

The company maintains other provisions for:

- **Affected by the contingency of the future Ituango hydroelectric power plant:** For the attention of the affected people of Puerto Valdivia who were evacuated and sheltered, and to whom compensation for consequential damages, loss of profits and moral damages was recognized; the recovery of the families affected by the total or partial loss of their homes and economic activities caused by the future Ituango hydroelectric power plant. As of December 31, 2021, this provision has been adjusted by $13,572 and the final balance is $29,042.

- **Environmental sanctioning procedure:** Corresponds to sanctions imposed for not implementing environmental management measures for the execution of works or executing them without the respective authorization or modification of the environmental license.

- **Penalties:** These are fines imposed by the competent authority for not applying the law or regulation indicated by the respective agency. As of December 31, 2021, there are only $1,216 in fines in effect.

Other provisions aimed at the welfare and quality of life of EPM employees and their families:

- **Employer's policy:** Granted to EPM employees as an extra-legal benefit. An aggregate deductible was contracted from July 1, 2021, to June 30, 2022, for $4,100. The main assumptions considered in the calculation for each type of provision are discount rate TES fixed rate, estimated value to be paid and estimated payment date. To date, no future events have been evidenced that could affect the calculation of the provision.

- **Multiplier points:** The points obtained during the year must be recognized at the request of the interested party or by decision of the Human Talent Development Department each time the accounts close for the year and must be paid through the payroll. The value of each point is equivalent to 1% of the SMMLV and there should not be a process of accumulation of points from one year to another.

- **High cost and catastrophic diseases:** The basis for calculating said provision is that corresponding to the analysis of the entire population served of affiliates and beneficiaries of the Adapted Health Entity (EAS) of EPM, who suffer from any of the authorized pathologies.

- **Technical reserve:** The basis for calculating the reserve is that corresponding to all service authorizations issued and that on the cut-off date on which the reserve is to be calculated have not been collected, except those corresponding to authorizations issued more than twelve months ago or those that after at least four 4 months of having been issued, there is evidence that they have not been used.

- **Contingency attention:** Created for the reconstruction of the community infrastructure destroyed by the rising waters of the Cauca River due to the unclogging of the detour tunnel of the future Ituango hydroelectric power plant. As of December 2021, there is an adjustment of $2,645 and an accumulated provision of $699.

- **Union contribution:** Created to advance the collective bargaining process between EPM and the union organization UNIGEEP. The parties did not reach an agreement for the signing of a Collective Bargaining Agreement, an Arbitration Court was convened, as established in the Substantive Labor Code.

27.1.7. Estimated payments

The estimate of the dates on which the Company considers that it will have to make payments related to the provisions included in EPM's statement of financial position as of the cutoff date is as follows:

Estimated Payments	Dismantling or restoration	Litigation	Contingent compensation	Subsidiary Implicit Obligations	Warranties	Other provisions	Total
2022	79,735	153,180	2,433	-	159,260	26,749	421,357
2023	54,169	4,650	1,135	-	42,659	22,024	124,637
2024	29,133	882	130	-	-	4,253	34,398
2025 and others	38,959	417,451	161,516	43,282	-	9,627	670,835
Total	**201,996**	**576,163**	**165,214**	**43,282**	**201,919**	**62,653**	**1,251,227**

Amounts stated in millions of Colombian pesos

27.2 Contingent liabilities and assets

The composition of contingent liabilities and assets is as follows:

Description	Contingent liabilities	Contingent assets	Net
Litigation	1,297,185	32,347	(1,264,838)
Total	**1,297,185**	**32,347**	**(1,264,838)**

Amounts stated in millions of Colombian pesos

The Company has litigation or proceedings currently pending before jurisdictional, administrative and arbitration bodies. Taking into consideration the reports of legal advisors, it is reasonable to estimate that such litigation will not significantly affect the financial situation or solvency, even in the event of an unfavorable conclusion of any of them.

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

Contingent liabilities

Third	Pretension	Value
ISAGEN S.A. E.S.P.	Grant EPM to compensate ISAGEN for the damages it suffered as a result of the fire and the consequent unavailability of the Guatape Central.	286,823
Miscellaneous Administrative	Litigation less than 528 with an average of 537s.	283,374
Hydroelectric Ituango S.A.	To declare that between ITUANGO SA ESP, and EPM, there is a Contract for the financing, construction, assembly, development, start-up and operation of the Pescadero Ituango Hydroelectric Project, known as BOUNWTO – corresponding to the construction, financing, possession and/or appropriation scheme, operation, maintenance and transfer, In the EPM, it was forced to comply with what was agreed at MILESTONE 7 and 9; but, it did not meet within the time limit, or it has partially failed and/or has executed late or defective for what it is obligated to pay USSE450'000.000.	267,645
Neighborhood Villa Esperanza	Immaterial injury in proportion to SMLMV 100 for each of the members of the group, that is, for one hundred and ninety-six (1296) persons, which in total is equivalent to one hundred and thirteen thousand seven hundred and sixty-three million and thirty-nine thousand two hundred pesos (6,113,763,139,200). Material injury resulting from the destruction of each of the houses, calculated at an individual value per house of five million pesos (the 5,000,000), which in total indicates are 377, for a total of one thousand eight hundred and eighty-five million pesos (1,885 million pesos).	97,173
CCC Ituango consortium	To declare that the Claimants built the GAD in accordance with the detailed plans and designs and the Technical Specifications of Construction, and to the satisfaction of EPM, that the contingency that occurred in the project as of April 28, 2018 is not attributable to a contractual breach, Nor are the Claimants otherwise responsible for the contingency of the project or the required plans and detail designs, nor are they responsible for the operation of the works delivered to EPM. Requests to condemn EPM to pay Consortium 70,000,000,000.	71,292
Aura of Jesus Salazar mallet	Collective law Approximately 113 people each claim 133,400 for consolidated loss of profits and 78,753,854 for future loss of profits, for destroying, interrupting and cutting the ancestral paths of the horseshoe leading from the Alto Chiri Vereda of the municipality of Briceno to the Toledo Valley corregiment.	32,672
Guzman Bayona E Sons S IN C	To declare the Mining Energy Planning Unit (UPME) and Medellin Public Enterprises ESP responsible for extra-contractual, patrimonial and solidarially responsible for the de facto way in which they incurred in awarding and installing electric wiring towers over a mining concession area without previously coordinating and without meditating administrative act or judicial resolution for the affectation of the acquired rights.	24,319
Civil and Real Estate Works S.A - Oceisa	That it be stated that EPM's failure to comply with the primary obligation to deliver studies and designs prevented OCEISA from executing the contract and that it is not contractually responsible for those portions of work that could not be executed by third parties for acts other than the parties that prevented the normal execution of the contract.	16,075
TEMPORARY UNION NEW HOPE	To declare that EPM violated and unbalanced the contract CT-2013-000641 whose object was the execution of the construction and electromechanical assembly works of the transmission lines to 230KV Guavio - New Hope and associated reconfigurations PARADISE - New Hope - Circus and Paradise - New Hope - San Mateo.	11,033

Third	Pretension	Value
Various workers	176 processes lower than the average of the 61st.	10,682
Dayron Alberto Mejia Zapata	Material damages: Loss of profits: Calculated in´000.923 100, sum to be updated according to the proven; Moral damage: Estimated at 100 s.m.; Damage to health: Estimated at s.m.; And, Damage to Constitutional Goods: they estimate in an amount of 100 s.m., all of the above for each of the shareholders, or in its absence, the maximum granted by the case law for similar cases, for a total as of the date of 4.500 s.m.m.l.v.	10,105
Martha Cecilia Arango Usme	That it be declared that EPM occupied the land area or lot located in the urban area of Medellin called ASOMADERA owned by the plaintiff without having exhausted in front of my mandant process or legal mechanism; this is, by means of a way of fact, to install in this abusive way electric power towers and electric lines, leading to irreversible damage and damage that must be repaired.	8,215
Osmalia Beatriz Atencio Chaves	That EPM and others be held jointly and administratively responsible for all the property and extratraital damages caused to the actors, As a result of the emergency originated in the Hidroituango project that generated the overflow of the Cauca river until July 26, 2019. That the entities sued be sentenced to payment, for each of the claimants, of $ 87.780.300; loss of profits of 14.633 SMLMV, loss of profits until the end of the alerts; for the affectation to constitutional goods, 100 SMLV. For a subsidiary conviction of M7 5,00,000,000.	8,136
INMEL Engineering S.A.S.	To condemn EPM to repair to the Consortium Linea BGA for the damages suffered, in proportion to its participation in the contracting consortium (80%), after Presentation the time of the tender, conclusion, execution and improvement of the contract CT 2016 001695, where unforeseen situations and circumstances were not attributable to the contractor that substantially changed the conditions of execution defined and made its fulfillment more onerous for the contractor and that the contractor failed to comply while refusing to restore the financial balance of the contract.	7,324
Radian Colombia S.A.S.	That it be stated that between EPM and Radian Colombia SAS existed and that working record No. CT-2015-002500-A1: “Construction, replacement and maintenance of networks, operations and ancillary works of the infrastructure of EPM aqueduct networks”. That EPM failed to comply specifically with clause 1.4 , PC- 2015-003025, and its obligation to pay the additional administrative and location resources required of Radian Colombia SAS for the attention of the northern zone that was assigned to it after the improvement of the working record.	7,304
Darius of Jesus Perez Piedrahita	To declare the defendant responsible for the violation of the fundamental and collective rights to life, health, family privacy, the enjoyment of a healthy environment, the existence of ecological balance and the rational management and use of natural resources, they led to the causation of the antilegal damage caused to the claimants/by the imposition of easements in compliance with an energy generation plan that has produced significant damage to the actors, both material and moral.	6,748
VELPA COMPREHENSIVE SOLUTIONS S.A.	EPM is condemned to pay the amount of damages suffered by VELPA Soluciones because its proposal has been raked into the hiring process No. 2009-0927 and have been awarded to the firms ELECTROLUMEN Ltda and MELEC S.A.; as well as the amount of the sums that VELPA WILL no longer receive SOLUCIONES INTEGRALES S.A., given the impossibility of contracting with the State for a period of 5 years, as a result of the decision taken by EPM.	6,540
Aures under S.A.S. E.S.P	That the contract CT-2015-00363, for energy supply, concluded between AURES UNDER SAS and EPM, be declared void; The first incurred an error that changed his consent because having known that the circumstances of time of entry into operation of Hidroituango would not affect the price agreed in the supply contract and its variation through the duration, he would not have concluded it. That the parties be ordered to be returned to the same state as they were before the celebration.	5,996
VELPA COMPREHENSIVE SOLUTIONS S.A.	That EPM's decision to reject the proposal submitted by VELPA SOLCIONES INTEGRALES S.A., in the framework of the PC-2009-0974 contracting process opened by EPM, be declared null and void, For being allegedly disabled to contract with EPM and to condemn it to pay the amount of damages suffered when the claim was rejected in the hiring process No. 2009 - 0974 and of the sums that it will cease to receive as a result of the impossibility of contracting with the State for a period of 5 years, as a result of the decision taken by EPM.	5,849
Matthew Aristide Tuberqui	That EPM is administratively responsible for the material and intangible damages in its integrity caused to the claimants OSCAR AUGUSTO ARISTIZABAL VILLEGAS, ILDA MARIA TUBERQUIA SEPULVEDA, MATEO ARISTIZABAL TUBERQUIA, MARISOL ARISTIZABAL, For the damage that occurred during the months of November and December of the year 2009 and that results from the operation of the hydroelectric plant Guatape, which in turn uses the reservoir Penol-Guatape.	5,838
Temporary Union Montz Ltda. Conteams Ltda. Gagas Ltda.	That in execution of contract No. 6100508 of 1997 and its amendments, concluded between EPM and THE CONEQUIPOS TEMPORARY UNION ING.LTDA.- MONTECZ LTDA. - SAGAS LTDA. Contractual breach was filed against the Contracting Consortium and has not been covered or resolved by EPM; and that, by virtue of the economic imbalance of the Contract and its corresponding modifications, EPM owes the TEMPORARY UNION CONEQUIPOS ING. LTDA. - MONTECZ LTDA. - SAGAS LTDA, the sum of the year 512'.725.31. Figure settled at 12/1998.	5,558
SMARTGROWTH S.A.S	To declare that EPM is responsible for the legal damages and material damages caused to the plaintiffs by the actions and omissions in the constitution of the unformalized electric servitude on the rural property called La Cascajera, Of the municipality of Madrid (Cundinamarca) and of the material damages caused to the claimants by the affectation to the economic activity of mining developed. That EPM be condemned to the removal of the electrical power wiring through the property; and to repair for the damage caused by the méque 1,477.586.746.	5,287
Martha Lucelly Arboleda Betancur	That the convoers be recognized and canceled the damages that have been caused by the death of Mr. RAMIRO DE JESUS ARBOREDA MONSALVE and the injuries to Mrs. MARTHA LUCELLY ARBORLEDA BETANCUR, in view of the quality in which each of the claimants acts, concreting them in moral damages, damage to health, psychological damage, by affectation to conventional and constitutionally protected goods and material damages in the modality of loss of profits and emergent damage.	5,146
VELPA COMPREHENSIVE SOLUTIONS S.A.	That EPM be condemned for the amount of damages suffered from loss of profits and emerging damage, as the contract CT 2009 0220 has been declared suspended, And the eventual decision to have terminated the contract based on foundations as a non-existent causal and for the sums that will cease to receive VELPA SOLCIONES INTEGRALES S.A., in the face of the impossibility of contracting with the State for a period of 5 years, and this, On the basis of contracts concluded exclusively with the State during the year 2009 and their projection for the next period of 5 years.	4,666
International Bussines Group S.A.S.	THE COMPLAINANT requests the declaration of responsibility of the convoked for the damages suffered by the facts described and the conviction of the payment of the material damages, as follows: Emerging damage, consolidated loss of profits and future loss of profits.	4,586
Carmen Ercilia Rua Duque	That public COMPANIES IN MEDELLIN be DECLARED administratively and civilly responsible for all the property and extratelimonial damages caused by the death by electrocution of ALEJANDRA CAMILA HENAO RUA on September 10, 2016.	4,295
AXEDE S.A.	Loss of profits for having affected their right to free concurrency, given the actions and omissions advanced by PUBLIC COMPANIES OF MEDELLIN EPM and the company MVM SOFTWARE ENGINEERING.	4,280
Investments Gallego Tobon SAS	Material damages resulting from: Construction of two synthetic courts, Ketla 408,000,00; dismantling of the courts, Ketla 30,000,000; assembly of gym Ketla 400,000,000; canon of lease for 48 months, Ketla 336,000,000; labor expenses Ketla 700,000,000; advertising and marketing expenses, Ketla 400,000,000; payment of public services, Ketla 210,000,000; stationery and toilet Seven 400,000,000; Buy gym equipment, seven hundred thousand; future loss of profits, seven thousand and four thousand. Moral damages, 500 SMLMV, Physiological damage 500 SMLMV, Loss of opportunity, for the 5 natural persons, 500 SMLMV.	4,142
Zandor Capital S.A. Colombia	Requests the nullity of administrative acts No. 0156SE-20170130033319 of March 14, 2017, 015ER-20170130045192 of April 8, 2017 and SSPD-20178300036125 of June 20, 2017 and as reinstatement of duty an initial claim of five thousand (5.000) million pesos.	3,735
Albeiro de Jesus Valencia Perez	The complainant applies for the payment of social benefits and the moratorium penalty, from 09 July 2010, until the total value of all claimants' arrears is canceled, In order to obtain the payment of the judgment issued by the Eighth (08) Labor Decongestion Court of the Circuit of Medellin in the labor lawsuit filed with 05001-31-05-005-2011-0135-00, in which EPM was not party to the proceeding.	3,690
Buses Coonatra SAS Cup Deposit	PROFIT CESANTE. Estimated from the entry into operation of the logistics center (1 January 2019), until 30 September 2019, at an estimated monthly level of 280.740.048. CONSEQUENTIAL DAMAGE, by payment of salaries and social benefits of personnel who have provided permanent custody services of the property and its maintenance, from December 2018, until September 30, 2020, at any time, that, as holder of the real right of domain, in any case, he is responsible for the conservation and preservation of the good.	3,659

Third	Pretension	Value
OPTIMA S.A.	That CORANTIOQUIA And EPM, are jointly and administratively responsible for the totality of the damages, patrimonial and extra-statimonial, caused to OPTIMA S.A. CONSTRUCTION And HOUSING And PROMOTROA ESCODIA S.A., as a consequence of the failure to fulfill the duty of care, prevention, protection, maintenance, recovery and other actions, They ensured the balance and sustainable development of the environment in the Bruges Basin, the Loma of Bruges and the Ayura Basin in the municipality of Envigado.	3,358
Humberto de Jesus Jiménez Zapata	That the process be pursued as a group action in accordance with Law 472 of 2008, against Hidroelectrica Ituango S.A. ESP and EPM ITUANGO S.A. ESP, so that the living conditions of the shareholders that were stable are respected, And the values that are relative to each of the censed families and persons are given, stating that EPM Proyecto Hidroituango did not pay in due form the values and compensation to each of the families and persons who were censed, in accordance with the manual of unit values.	3,084
Diversion Center S.A.	Declare that EPM is administratively responsible for material damages and loss of profits caused to the Sociedad FUN CENTER S.A., for acts and omissions, that is, failure in the service, having ordered in an arbitrary, unilateral and abusive manner, The disconnection of the public energy service that supplied the ice rink called PARD ON ICE, owned by the demanding company FUN CENTER S.A., from day 23/07/2009 at 11:50 a.m., by doing so, it prevented him from carrying out all the activities that constituted his social object up to that time.	3,063
Hilos Hebratex S.A.S	Claims for: A profit or profit for the five months of the year 2012, K7 474,987,000; for the twelve months of the year 2013, K7 1,271,857,000; for the six months of the year 2014, K7 1,17,634,000; For the paralysis during the 25 days that it took to repair the motors and the arrangement and delivery of the machines, the 82,125,000, for the arrangement of the machines, the 2,400,000, for the payment of payroll during the 25 days of paralysis of the company, 4,172,646; For the production materials that were damaged, M7 2,312.000; for rent payment during the twenty-five days of paralysis of the company, M7 2,348,000.	3,033
Oscar Jaime Restrepo Molina	Because of the frustrated profits, because of the decrease in the contracts he may have had with EPM and his inability to contract with it, following the presentation complaint made with the company, the suspension of the contracts that were in effect was suspended.	2,968
INCILÉS S.A.	Declared void EPM Resolutions 0041 of 21 January 2005 and 00283 April 21 of 2005 stating the risk of non-compliance with contract No 020113590 between EPM and INCILVILES.	2,918
Carlos Augusto Jiménez Vargas	That it be stated that the defendants are jointly responsible for all damages suffered by the plaintiffs due to the sewage works of THE GRILLE CENTER.	2,797
Maria Isabel Lora Lopez	That EPM be administratively held responsible for all property and extra-statelessness damages incurred by the plaintiffs on the grounds of the death of the minor under the name MONICA ANDREA LORA LOPEZ and for the injuries suffered and suffered by MARIA ISABEL LORA LOPEZ; For the events that occurred on 02/02/2000 in the CAFES neighborhood of the oriente municipality of Medellin.	2,758
Gustavo Velez Correa	That EPM be declared administratively responsible for the economic damages caused to the plaintiff in the fact that the actor is the holder of a mining concession contract over the area that EPM required for the imposition of servitude and expropriation, related to the Valle de San Nicolas Project, In the jurisdiction of the municipality of El Retiro.	2,648
Luis Fernando Uribe Benjumea	That EPM be held administratively responsible for the damages caused to the actor as a result of the omission in the full payment of the infrastructure in rock, Dynamite and vetted labor in the La Bramadora area of the municipality of Guadalupe. The aconada is ordered to recognize and pay for the emergent damage, the sum of the 3,000,000 for each of the 600 meters drilled inside the undermining.	2,532
José Duvan Munoz Echeverri	Declare EPM contractually liable for consequential damages and loss of profits.	2,441
Ingieneria total Servicios Publicos S.A. E.S.P.	That EPM be declared to have failed to comply with Contract CT-2010-0499, the object of which was the "Construction and replacement of aqueduct and sewerage networks in the Moravia district of the municipality of Medellin and paving of the roads affected by these works... ". That, as a result, of such non-compliance, the economic balance of the Contract was broken and is responsible for the restoration of that balance.	2,371
Consorcio Redes Cuenca	To declare that EPM was unjustly or unlawfully enriched by the execution of contract CT-2014-000377-A1, not perfected, reason why it must compensate for the alleged impoverishment suffered by the CORSORCIO BASIN NETWORKS.	2,366
German Alcides Blanco Alvarez	It requests the recognition of 100 SMLMV on the occasion of the diagnosed and firm work disability, of 17.79%, causing a decrease of its work and physical activity, causing a detriment to the estate that will enter Mr. German Blanco Alvarez for the accident of 29/04/2011, where damages were caused to the plaintiffs.	2,356
Dario Sepulveda Hernandez	The convener requests to be covered the damages generated by the construction of PH PORCE III, for the abandonment that he had to make of his ranch and of his activity as barequero to the height of the Las BRISAS and SWIRINO landscapes, In the face of non-compliance with the agreements reached with EPM.	2,350
Municipio de Copacabana	That the defendant EPM be condemned to the payment of the money no longer collected for partially breached contract 8405949 of 14/10/1999 of tax obligations by not collecting the public lighting tax from the industrial and commercial sectors during the periods of 2007, 2008, 2009, 2010 and part of 2011; and, for that reason, is responsible for the economic prejudices suffered by the municipality of Copacabana.	2,325
Euroceramica S.A.	EPM is expected to recognize and pay the sum of THREE THOUSAND ONE HUNDRED AND THREE MILLION QUINESTOS SEVENTY-EIGHT THOUSAND NINE HUNDRED AND THREE M/L pesos (SET3,103,578.903), allegedly poorly billed by EPM.	2,276
Rafael Segundo Herrera Ruiz	It is stated that EPM and others are jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,262
Wilfer de Jesus Sosa Alvarez	The entities are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,180
Ruby Susana Arrieta	The entities jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors are declared on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,180
Dennis Esther Sehuanes Angulo	Declare that THE MUNICIPALITY OF MEDELLIN, the government of Antioquia, PUBLIC COMPANIES OF MEDELLIN, the municipality of Ituango and the municipality of Taraza are administratively responsible for the legal damages caused to the plaintiffs, on the occasion of the immediate evacuation of their properties, leaving their commercial activities by the overflow of the cauca river has brought a great alteration to the constitutional and conventional rights of the shareholders.	2,169
Wilfran Enrique Gonzalez Castro	The entities are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,165
Javier David Cortés Vanegas	For past and future loss of profits and consolidated emerging damage and for EPM to make commitments to the community for the adoption of necessary measures to improve security conditions and the selection of its contractors.	2,159
Edwin David Yepes Garcia	EPM and others are declared jointly and administratively responsible for all the property and extratraymonial damages caused to the actors on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,149
Vidal Antonio Banquez Polo	The Defendants are declared jointly and administratively responsible for the totality of the property and extra-statelessness damages caused to the actors, on the occasion of the overflow of the Cauca river that originated in the Ituango Hydroelectric Project.	2,143
Luis Guillermo de Bedout Piedrahita	That it be declared that it belongs to the full and absolute domain of the plaintiffs the building Lot No. 2, real estate registration no. 01N-445794, and that by virtue of the foregoing, EPM be ordered to restore that real property to them; that EPM be condemned to the payment of the civil or natural fruits obtained from the very moment of the beginning of the possession, until the moment of the delivery of the property.	2,111

Third	Pretension	Value
Katerine Miranda Miranda	To declare to THE CCC ITUANGO consortium, EPM, ALCALDIA OF MEDELLIN and others, jointly and administratively responsible for all the property and extratelimonial damages caused to the actors, As a result of the emergency generated by the overflow of the Cauca River and until July 26, 2019, when the Ituango Hydroelectric Project, Dimension 435, was completed and the National Disaster Risk Management System changed the red alert status to Orange. Moral damages 100 SMLMV; loss of profits 100 SMLMV; and, damage of assets.	2,106
Moraine Olave de Larios	Relatives of the former Integral worker who died in Ituango, claim for full compensation of damages, for moral damages caused. Solidarity.	1,484
RUBEN DARIO ESCOBAR VILLA	It is stated that within the employment relationship the complainant executed working hours in the form of availability, without these times being paid.	1,205
Rosa Disney Quintero Florez	The families of former workers who died from the consortium OF SOCIEDAD REDES DE IGUANA, formed by the companies sanear S.A. and Paecia S.A.S. were also demanded Seguros del Estado S.A., Sociedad Estudios Técnico S.A.S. and Seguros Generales Suramericana S.A.	1,168
Juliana Urrea Giraldo	It is intended to declare the responsibility of the MISPE Consortium and in solidarity with EPM, for the payment of property and extra-patrimonial damages	825
Glenis Margoth Martinez Paternina	Applicant applies for the pension of survivors of professional origin, together with the moratory interests. Definitive social benefits. Contributions to integral social security. Compensation Moratorium of Art. 65 of the CST. Compensation for full damages of art. 216 of the CST, for employer's fault; immaterial damages for moral damage (in the amount of 100 SMLV for each child) and physiological damages (in the amount of 100 SMLV for each child). Costs and expenses of the process; all of the above, due to accident of type of work and death of your spouse.	654
EPHRAIM VILLA ESCOBAR	Wage leveling. A former EPM worker, states that during the period from 1 January 2007 to 31 August 2014 he served as a Professional B, When paid as a Professional A and for the period from 1 September 2014 to 31 March 2017, he served as a Professional C and was paid as a Professional B and is therefore entitled to such pay recognition.	580
Ledy Xiomara Patiño Bedoya	Spouse of ROR Engineering Worker seeks compensation for a couple's work accident who died.	557
Luis Eduardo Henao Ospina	Former contractor worker Radian Colombia seeks relief from the payment of social benefits and compensation for unfair dismissal.	500
JORGE ALBERTO LOPEZ GUZMAN	That it be stated that the functions that the shareholder performed in EPM are of another position, as technologist operation and maintenance and services in category and salary , consecutively condemned to reliquidar and/or readjustment to the act, wages, social, legal and extralegal benefits, On remuneration for night work, overtime, Sunday and public holidays, and the IBC for pensions for Colpensions.	478
Ciudadela Comercial Unicentro Medellin PH	To declare the nullity of the administrative act issued by EPM with registered 20190130037817 of 2019-02-27. Order the restoration of the right to the complainant by the cessation of the collection of the electric energy tax provided for in Law 142 of 1994, Law 143 of 1994 and Law 223 of 1995; and, to make the refund of the payment for this item from january 1, 2017, and until the date of judicial notification that ends the process.	279
Total contingent liabilities		**1,297,185**

Amounts stated in millions of Colombian pesos

With respect to the uncertainty in the estimated date of payment and the estimated value to be paid, for contingent liabilities the same business rules indicated in note 27.1.2.

EPM also has as a contingent liability, Environmental Sanction Proceedings, with the following information:

Third	Pretension	Value
Metropolitan Area of the Valley of Aburra	Discharge of wastewater from the San Fernando WWTP in violation of the minimum 80% removal level for parameters DBO5_Biochemical Oxygen Demand_, SST_Total Suspended Solids_, fats and oils established in Article 72, new user, Decree 1594 of 1984._ Metropolitan Resolution No. S.A. 000415 of April 28, 2014. A plea for conclusion was presented.	It is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Construction of a mini-center without authorization and use the ecological flow to generate energy without being authorized in environmental license (Porce III hydroelectric plant)_Auto 4335 of December 17, 2013.	It is not possible to know the sanction to be imposed
National Environmental Licensing Authority "ANLA"	Termosierra 1. To carry out the air quality samples reported in ICA 13, 14 and 15, without the periodicity established by the Industrial Air Quality Monitoring System, authorized in the environmental instrument corresponding to this project. 2. For conducting environmental noise monitoring reported in ICA 13, 14 and 15, with an Environmental Laboratory not accredited by IDEAM._Auto 350 of February 5, 2018.	Charges were made, but it is not possible to know the sanction to be imposed.
National Environmental Licensing Authority "ANLA"	Use of explosives in construction of Nueva Esperanza tower. The environmental license granted by this resolution does not cover any kind of work or activity other than those described in the Environmental Impact Study, the Environmental Management Plan, and in this administrative act. _ Auto 02574 of June 27, 2017 ANLA_	It is not possible to know the sanction to be imposed; disclaimers were
Metropolitan Area of the Valley of Aburra	Dumping of domestic wastewater from the rupture of the sewage pipe that leads to these waters, on a potrero and later on the gorge Dona Maria, a property called Torremolino.	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	In an authorized channel occupation over the La Malpaso gorge, a bed covering was observed and the walls of it in particular cyclopeo, work was not approved by the environmental authority. Metropolitan Resolution N° S.A. 1002 of June 4, 2020 aburra "by means of which an administrative procedure of an environmental sanction is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Metropolitan Area of the Valley of Aburra	Alleged environmental affectation to the flora resource due to the severe pruning of one (1) individual tree of the species Cheflera (Schefflera actinophylla). Metropolitan Resolution No. S.A. 1050 of June 8, 2020 "through which an environmental sanction procedure is initiated".	It is not possible to know the sanction to be imposed; no charges have been made.
Corantioquia - South aburra Territorial Office	Non-compliance with the permit for forest harvesting and harvesting of species in good condition and in closed conditions without permission. Administrative Act 160AS-1506-12031 of June 17, 2015.	It is not possible to know the sanction to be imposed; disclaimers were filed
Corantioquia - Tahamies Territorial Office	To make charges against PUBLIC COMPANIES IN MEDELLIN, identified with NIT 890.904.996-7, for the alleged commission of environmental offenses on the basis of guilt and for the effects caused to the flora resource, derived from the events consisting of the burning of a sector of approximately 10 hectares, being 2,5 hectares of natural forest and stubble. Resolution 160TH-ADM1903-1901 of March 29 and 2019- TH4-2013-8	It is not possible to know the sanction to be imposed.
CORPOGUAJIRA	For failing to comply with Article 2,2,6,1,3,1(f) of Decree 1076 of 2015 as regards the obligations of the generator of hazardous waste or waste at the Jepirachi wind farm (register with the competent environmental authority for one time and keep the registration information updated annually). Auto 976 of October 2, 2017; Resolution 1373 of September 29, 2020.	It is not possible to know the sanction to be imposed; no charges have been made.
National Environmental Licensing Authority "ANLA"	For having disposed of surplus material from the excavation activities of the construction of the Via Puerto Valdivia (Presa Site - Ituango) on the channel and protection strip of the "Quebrada Tamara"; And, having carried out the replacement of the bridges located along the Via Puerto Valdivia to build two (2) Box culverts without the authorization to do so; and, having made discharges of wastewater to a field of infiltration in the "El Ciruelar" field. (SAN0143-00-2018_Auto 3196 of 2018). Auto 964 of March 12, 2019 ANLA understands by not filed the disclaimers, But later it issues the Auto 2792 of May 13, 2019 by which it leaves the Auto 964 of 2019 without effect and orders to take into account the disclaimers submitted and evaluate the request for evidence.	It is not possible to know the sanction to be imposed. Vital-registered decadal 35000811014798 19080 of February 18, 2019. Presentation

Third	Pretension	Value
National Environmental Licensing Authority "ANLA"	Not having implemented the environmental management measures established in the Environmental License granted for the Development of the Project "Construction and Operation Hydroelectric Pescadero - Ituango related to the management and the proper disposal of the residual excavation material of the construction of the route Puerto Valdivia by throwing them On the slopes of the road and the water sources "Cauca River" and "Quebrada La Guamera"; and, to have formed the deposits "La Planta" and "Cacharime" less than thirty meters (30 Mts) from the water source "Cauca River". (SAN0046-2019_Auto 0523 of 2016).	It is not possible to know the sanction to be imposed. Vital-registered Descargo-based Earnings No 35000811014798 18053 of 1 June 2018. Presentation
National Environmental Licensing Authority "ANLA"	Having carried out inadequate practices with respect to surface water sources in the project's area of influence; having carried out the collection of the water resources from the Quebradas "El Roble", "Burunda" "Bolivia" and "Guacimal", at flows higher than those authorized and/or concessioned for the development of the project; not having implemented in each of the concessioned water bodies, the infrastructure that would allow monitoring of the remaining flows, for the purpose of being presented in the environmental compliance reports; Not having carried out and delivered water quality monitoring and hydrobiological communities in the "Cauca River", under the conditions set out in the environmental license. For not having carried out the reformation and recovery of the channel of the "San Andrés River" and of its flood zone to its natural conditions, within the time granted; having carried out the exploitation of stone materials coming from "San Andrés River", without the updated environmental permits; For not having delivered the results of the sediment monitoring of "Rio Cauca", in order to establish the baseline of comparison at the time of the start of the project's operation phase. Having exceeded the maximum permissible levels of PST (particulate matter) and atmospheric pollutants in the asphalt plant located in the "El Valle" Industrial Zone; for not having built the necessary facilities and infrastructures in the asphalt plant chimney for monitoring emissions from fixed sources; For failing to comply with the management measures of the "Management and Disposal Plan of Materials and Botadero Areas" disposition of plant material mixed with inert material within the deposits and lack of signaling of the material disposal zones that remain active. All this in the area of influence of the project "construction, filling and operation of the Pescadero - Ituango Hydroelectric Project... (SAN0033-00-2019_Auto 2920 of 2015).	It is not possible to know the sanction to be imposed. Decadergo-on-the-file 2018041852-1-000, April 10, 2018 Presentation
Forest, Biodiversity and Ecosystem Services Division of the Ministry of Environment and Sustainable Development	For having intervened 100 HECTARES that contained forest species subject to national closure without the previous Resolution authorizing their lifting and that were in the reservoir area of the Ituango Hydroelectric Project. (SAN027 (Minambient)_Resolution 835 of 2017). Discargo duty with registered E1-2017-032747 of November 28, 2017_Probation period Auto June 273, 2018. Presentation	It is not possible to know the sanction to be imposed. Summary of allegations of conclusion on 9 June 2021. Presentation
National Environmental Licensing Authority "ANLA"	Auto 00009 of January 8, 2021 La ANLA initiates the environmental sanction procedure for the contingency associated with the auxiliary deviation system, to verify the following facts: 1. Not to have reported within the term provided for in the law (24 hours) the contingent event that occurred on April 28, 2018. 2. To have continued the construction of the SAD and its infrastructure, without having sufficient technical information related to the environmental characterization of the area operated for the geology and geotechnical components. 3. For allegedly generating negative impacts on renewable natural resources. 4. Not having guaranteed for the first days of the month of May of the year 2018 and before the evacuation of the water dam of the Cauca River by the project's machine house, the ecological flow of that source downstream of the dam site, to ensure the integrity of ecosystem services and environmental protection goods that are part of the water source. By the contingency associated with the Auxiliary Deviation System. *No charges are available; however, a request was made for a cessation of the sanctioning procedure by Communiqué No. 2018064395-1-000 of 24 May 2018 (SAN0097-00-2018_Auto 02021 of 2018)	Without any charges, counsel considers it possible. The opinion of the expert expert expert expert (Poyry) for the lifting of the preventive measure was submitted on 30 December 2021. To date, no charges have been made.
National Environmental Licensing Authority "ANLA"	*Initiation of sanction procedure for not guaranteeing downstream water of the dam of the project "Construction and operation of the Pescadero - Ituango hydroelectric project" The ecological flow to ensure the integrity of the ecosystem services and the environmental protection goods that are part of the water source "Rio Cauca". *No charge formulation available. (SAN0001-2019_Auto 0060 of 2019)	Without any charges, counsel considers it possible.

Third	Pretension	Value
National Environmental Licensing Authority "ANLA"	1. Dumping on intermittent dry channel X=1157241 and Y=1281506 coordinates 2. Discharge to the rain water channel from the mixer wash system located in the industrial zone of main works THE ANLA opened a sanctioning file but it has not been formally initiated. By Resolution No. 1222 of December 03, 2013, THE ANLA imposed preventive measures to suspend dumping. By Resolution No. 1363 of October 31, 2017, the ANLA lifted the preventive measure mentioned. Through Auto No. 01282 of March 22, 2019, THE ANLA breaks down the proceedings related to this preventive measure of the license file LAM2233 so that they work in file SAN0031-2019.	Without any charges, counsel considers it possible.
National Aquaculture and Fisheries Authority_"AUNAP"	*Start preliminary investigation for affects to fishing activity during the closing of the machinery house gates. *No charge formulation available. (No file AUNAP_Auto 002 of February 14, 2019).	Without any charges, counsel considers it possible.
National Environmental Licensing Authority "ANLA"	Repeated non-compliance with imposed obligations. Auto 11359 of December 19, 2019. SAN0284-00-2018 _December 19, 2019_.	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Non-compliance Contingency Obligations: - Not having permanently carried out the proper management of non-domestic wastewater and filtration in the left margin of the Gallery 380 MI. - Not having presented the hydrogeological model of the right margin of the project. - Not to have presented the cartographic information related to water quality and hydrobiological monitoring to be carried out at different points downstream of the project dam site. - Not having presented the results of the monitoring of offensive odors, water quality and physiochemical sludge quality during the pumping activity of the machine house. Auto No. 2423 of March 30, 2020, by which environmental sanction procedure is initiated. SAN0030-00-2020_ March 30, 2020_ To date no charges have been filed.	Situation not resolved. Charges were filed by Auto 9812 of 18 November 2021 and charges were filed on 13 December 2021.
National Environmental Licensing Authority "ANLA"	HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. Repeated non-compliance with the obligations imposed under the contingency. Initiation of the environmental sanction procedure by means of Auto No. 06576 of July 13, 2020 SAN1285-00-2019 _ July 13, 2020_ To date no charges have been filed.	Situation not resolved. To date, they have not made any charges.
National Environmental Licensing Authority "ANLA"	HYDROELECTRIC ITUANGO S.A. E.S.P. - HIDROITUANGO S.A. E.S.P. _ Pass air quality and odor monitoring without meeting protocols established by the Minambiente. _Perform sample analysis for air quality and odor sampling by laboratories not accredited to IDEAM. Initiation of the environmental sanction procedure by means of Auto No. 07774 of August 14, 2010 SAN1258-00-2019 _ August 14, 2020_ To date no charges have been filed.	Situation not resolved. To date, they have not made any charges.

Contingent Assets

Third	Pretension	Value
The National Ministry of Health and Social Protection	MINSALUD has a legal and constitutional obligation to recognize and cancel the value of services rendered to affiliates in relation to drugs and/or procedures, interventions or elements not included in the Mandatory Health Plan (POS).	8,619
Constructora Monserrate de Colombia SAS	Expropriation in favor of PUBLIC COMPANIES OF MEDELLIN E.S.P. for the project "Expansion of Primary Distribution Capacity in the Western Sector of Medellin-Western Chain Calazans Tank" is decreed by judicial means. This property is known as Lot 7, located in the Altos de Calazans sector. Of the municipality of Medellin owned by the MONSERRATE CONSTRUCTION company OF COLOMBIA SAS.	6,984
Varius Administrative	Litigation less than 97 with an average of 59th.	5,702
Interconexión Eléctrica S.A. E.S.P. ISA	That it be declared that Interconexo Eléctrica S.A. E.S.P., ISA soperaté is civilly reponsible for not recognizing EPM, the value that corresponds to it, of the remuneration ISA that was received by the company between the years 1995 and 1999, For the line modules that correspond to assets of use of the STN in the Playas and Guatape substations represented by it, in which there is shared property, value that to date has not been realized, it generates an enrichment without cause by increasing the estate of the defendant at the expense and to the detriment of the claimant's estate.	3,865
Poblado Club Campestre Executive S.A.	To declare the town Club Campestre Executive S.A., Optima S.A. Housing and Construction and the Municipality of Envigado responsible for the damage of the collector owned by EPM, which collects and transports the residual water from the sanitary basin of La Honda Gorge in the municipality of Envigado, And indemnify EPM for the value of all property damage proven by the damage to the collector collecting and transporting the wastewater from that sanitary basin.	3,634
Fiduciaria Bogota S.A. - FIDUBOGOTA S.A.	To impose in favor of PUBLIC COMPANIES OF MEDELLIN E.S.P. servitude of conduction of energy, on the lot of land or property called THE MOUTH OF THE SWAMP, with real estate registration No. 50 C-1497258 located in rural area of the municipality of Madrid (Cundinamarca) for transmission lines at 500 kV, And for one (1) tower point (with its earthing) of the New Hope Transmission Project.	978
Municipio de Envigado	To declare nullity of the administrative act of resolutions 2656 of 2007/08/13 and 4176 of 2007/10/26 for the sanction imposed for alleged violation of Decree 259 of 2002/08/14 of the Municipality of Envigado; To declare the inapplicability of the same, "through which urban sanctions are established", as contrary to the Political Constitution, the Law and the Regime of Public Domestic Services. To order, by way of restoration of the right, that the sanction imposed on administrative acts whose nullity is requested be returned to EPM 460.000.	923
CORANTIOQUIA - Regional Autonomous Corporation of the Center of Antioquia	To declare invalidity to Article 5 of the resol. 130 TH-1302-9864 issued by the Territorial Director TAHAMIES of "CORANTIOQUIA" for the surface water use fee for 2011, from the Rio Grande source; to reintegrate with EPM, the highest canceled value of the surface water use fee Dec. 155 - 4742, Hydrological Unit: MAGDALENA River - CAUCA, for 2011 made with invoice TH - 1927 of 2012/04/30. To condemn Corantioquia to recognize and pay EPM the legal, current and delinquent interests that have been caused; to the payment of the costs and agencies in law of conformity.	796
Municipio de Caloto	That the nullity of: -Resolution No. 035 of 2012, (declares unproven the exceptions proposed by EPM against the payment order and orders to proceed with the execution) and, - Resolution No. 039 of 2012, (Solves Replenishment Appeal).//2)That, as a reinstatement, the Municipality of Caloto shall reinstate to EPM any sum that, by virtue of ICA, has canceled to it, pursuant to the present claim, And that this sum be returned with commercial interests.//3)That the municipality is condemned on the coasts.	778
Other prosecutors	Process of less than the amount of the same amount as the 78th.	68
Total contingent assets		**32,347**

Amounts stated in millions of Colombian pesos

As of December 31, 2021, the value determined by the experts to be indemnified is $32,347.

Estimated payments and collections

The estimate of the dates on which the Company considers that it will have to make the payments related to the contingent liabilities or will receive the collections for the contingent assets included in this note to EPM's statement of financial position as of the cutoff date is as follows:

Year	Contingent liabilities	Contingent Assets
2022	418,030	12,969
2023	22,185	3,648
2024	44,674	10,429
2025 and others	1,705,057	10,375
Total	**2,189,946**	**37,421**

Amounts stated in millions of Colombian pesos

Note 28. Other liabilities

The composition of other liabilities is as follows:

Other liabilities	2021	2020
Non-current		
Revenue received in advance[2]	2,271	2,478
Assets received from customers or third parties	7,818	7,904
Other deferred credits	20,950	21,019
Retreading in favor of third parties[1]	10	10
Subtotal other non-Current Liabilities	**31,049**	**31,411**
Current		
Revenue received in advance[2]	126,664	71,254
Retreading in favor of third parties[1]	141,204	123,844
Subtotal other current liabilities	**267,868**	**195,098**
Total	**298,917**	**226,509**

Amounts stated in millions of Colombian pesos

[1] Corresponds to the collections received from public works and UdeA stamp, from the employees' fund, from the Emvarias sanitation fee, public lighting to the different municipalities of Antioquia, the commercial representation contract that EPM has with ESSA and CHEC, and the collections to be classified according to IAS32.

[2] Corresponds to the collection associated with the sale of long-term energy, reliability charge and compensations of the biller.

28.1 Payment received in advance

The detail of income received in advance as of the cut-off date was as follows:

Payment received in advance	2021	2020
Non-current		
Leases	1,684	1,857
Sale of energy utility	587	621
Total non-current payment received in advance	**2,271**	**2,478**
Current		
Leases	173	173
Sales[1]	67,225	40,797
Sale of energy utility	6,683	9,578
Sale of gas fuel utility	3,564	2,483
Sale of aqueduct utility[2]	22,215	2,534
Sale of sewerage utility[2]	16,848	-
Other income income received in advance	9,956	15,689
Total current income received in advance	**126,664**	**71,254**
Total payment received in advance	**128,935**	**73,732**

Amounts stated in millions of Colombian pesos

[1] The increase was explained by higher values received in long-term energy contracts.

[2] The increase was explained by the tariff structure of Aguas and corresponds to the provision of the Regulated Works and Investment Plan (POIR) as established by the Drinking Water and Basic Sanitation Regulatory Commission in resolution CRA 688 of 2014, an income received in advance of $39,063 was recognized: in the Water Provision segment $22,215 and Wastewater Management $16,848.

Note 29. Changes in liabilities due to financing

The reconciliation of liabilities due to financing activities is as follows:

Reconciliation of funding activities 2021	Initial Balance	Statement of cash flows	Changes other than cash		Other changes	Total
			Foreign exchange	Changes in fair value		
Loans and borrowings (See note 21)	18,646,822	(1,420,769)	1,274,687	-	332,356	18,833,096
Lease liabilities (See Notes 14 and 23)	2,345,586	(12,746)	-	-	219,204	2,552,044
Pension bonds (see note 25)	560,717	(40,660)	-	-	29,924	549,981
Hedging instruments (See Notes 13, 23 and 24)	354,221	25,604	-	(368,070)	17,265	29,020
Dividends or surpluses paid (see note 19)	-	(1,396,953)	-	-	1,396,953	-
Other finance cash flows	-	5,046	-	-	(5,046)	-
Total liabilities for financing activities	**21,907,346**	**(2,840,478)**	**1,274,687**	**(368,070)**	**1,990,656**	**21,964,141**

Amounts stated in millions of Colombian pesos

Reconciliation of funding activities 2020	Initial Balance	Statement of cash flows	Changes other than cash		Other changes [1]	Total
			Foreign exchange	Changes in fair value		
Loans and borrowings (See note 21)	15,192,611	3,358,568	24,286	-	71,356	18,646,821
Lease liabilities (See Notes 14 and 23)	2,242,689	(11,580)	-	-	114,477	2,345,586
Pension bonds (see note 25)	542,206	(6,435)	-	-	24,945	560,716
Hedging instruments (See Notes 13, 23 and 24)	(45,062)	19,586	-	399,283	(19,586)	354,221
Dividends or surpluses paid (see note 19)	-	(1,488,319)	-	-	1,488,319	-
Other finance cash flows	-	177,618	-	-	(177,618)	-
Total liabilities for financing activities	**17,932,444**	**2,049,438**	**24,286**	**399,283**	**1,501,893**	**21,907,344**

Amounts stated in millions of Colombian pesos

[1] Includes interest paid during the year of $1,102,595 (2020: $998,372), which by company policy is classified as operating activities in the statement of cash flows; the change in the measurement at amortized cost of loans and borrowings of $780,166 (2020: $729,002); and dividends paid and not paid during the year are classified as investing activities in the statement of cash flows.

Note 30. Revenue from contracts with customers

For presentation purposes, the company breaks down its income from the services it provides according to the lines of business in which it participates and the way in which management analyses them. The detail of revenue is as follows:

Revenue from contracts with customers	2021	2020
Sale of goods	5,557	4,922
Rendering of services		
Energy Generation utility[1]	4,492,637	3,833,028
Energy distribution utility[2]	4,106,727	3,404,025
Energy transmission utility	197,512	174,261
Natutal Gas utility[3]	1,038,246	907,076
Sanitation service[4]	571,330	531,682
Aqueduct service[4]	759,969	683,198
Computer services	12,665	9,474
Construction contracts	197	71
Fees	4,170	737
Commissions	1,035	804
Billing and collection services	32,319	30,102
Funding component	105,242	55,287
Other services	90,047	52,627
Returns	(381,048)	(217,179)
Total service rendered	**11,031,048**	**9,465,193**
Leases	51,558	43,565
Total	**11,088,163**	**9,513,680**

Amounts stated in millions of Colombian pesos

[1] The increase in generation service is due to higher energy sales to the non-regulated market, higher sales in long-term contracts and higher units sold in the stock exchange due to high generation.

[2] The increase in the distribution service is due to higher demand for commercialization of energy at a higher price, due to the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for $248,408 and due to higher income from SDL and STR mainly due to the behavior of macroeconomic variables.

[3] The increase in gas service is due to higher consumption, customers and growth in the business's own markets.

[4] In aqueduct and sanitation, the increase is explained by the application of the tariff path and the PAG (gradual application plan) recognized in May.

The Company recognizes all revenues upon satisfaction of performance obligations and most of its contracts with customers have a term of less than one year.

The Company recognized the following amounts in the period, for the contracts in force as of the cut-off date described in the preceding paragraph:

Other contracts with customers

December 2021	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability
Uniform terms contract for regulated services[1]	405,449	728,987	6,851	42,879	3,599
Unregulated market - MNR or large customers[2]	126,329	163,104	8,365	7,019	8,365
Total	**531,778**	**892,091**	**15,216**	**49,898**	**11,964**

Amounts stated in millions of Colombian pesos

December 2020	The tenor of the contract asset at the beginning of the period Account Balance	The tenor of the contract asset at the end of the period Account Balance	The amount of the liability at the beginning of the period Account Balance	The post-point of the liability at the end of the period Account Balance	Revenue recognized during the period corresponding to the prior period liability	Revenue recognized during the period from performance obligations fulfilled in previous periods
Uniform terms contract for regulated services[1]	504,423	405,449	13,875	6,851	3,190	9,615
Unregulated market - MNR or large customers[2]	126,680	126,329	10,098	8,365	3,072	-
Total	**631,103**	**531,778**	**23,973**	**15,216**	**6,262**	9,615

Amounts stated in millions of Colombian pesos

[1] The purpose of this contract is to define the uniform conditions through which the company provides residential public utilities in exchange for a price in money, which will be set according to the rates in force and in accordance with the use given to the service by the users, subscribers or owners of real estate, hereinafter the user, who by benefiting from the services provided by the company, accepts and accepts all the provisions defined herein.

The increase in assets in the uniform conditions contracts was explained in the Distribution segment by the recognition of the tariff option, CREG resolutions 102 and 058 of 2020 for $248,408.

The increase in liabilities in the standard conditions contracts corresponds to the provision of the Regulated Works and Investment Plan (POIR) as established by the Drinking Water and Basic Sanitation Regulatory Commission in resolution CRA 688 of 2014, an income received in advance of $39,063 was recognized: in the Water Provision segment $22,215 and Wastewater Management $16,848.

[2] Resolution 131 of December 23, 1998 of the Energy and Gas Regulatory Commission (CREG) establishes the energy and power supply conditions for large consumers and indicates in Article 2 the power or energy limits for a user to be able to contract the supply of energy in the competitive market; the aforementioned resolution allows the execution of contracts with large consumers to establish by mutual agreement the energy and power supply prices; the purpose of the contract is to supply energy and electric power to the consumer, as a non-regulated user, to meet its own demand.

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

Note 31. Other income

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

Other income	2021	2020
Recoveries[(1)]	144,414	239,740
Valuation of investment properties	14,416	5,694
Leverages	10,362	5,085
Other regular income[(2)]	7,951	45,019
Sell signatures	770	660
Leftovers	-	302
Indemnities[(3)]	-	88,110
Total	**177,913**	**384,610**

Amounts stated in millions of Colombian pesos

[1] In 2021 the most significant recoveries were: i) provision for administrative litigation $33,454: due to a second instance ruling in favor of EPM, with claims in pesos and dollars; ii) wealth tax $32,094: which was originated by the refund request, for the payment of what was not due for the years 2016 and 2017, supported in the legal stability contract; iii) provision affected contingency of the future Ituango hydroelectric power plant: $17,382; iv) provision contingent consideration Espíritu Santo:$12,534 and v) contingency attention of the future Ituango hydroelectric power plant:$7,483.

In 2020 includes: i) recovery of $89,527: for the reimbursement sentence in favor of EPM of the judicial process, advanced by the company against the Municipality of Bello, based on the lawsuit filed against the administrative act that determined the participation and liquidation of the capital gain generated by the change of use of the land in the area where some properties owned by the company are located; ii) $73,832 for the start-up of the assets of the Jepírachi Wind Farm allowed by resolution CREG 136 of 2020; iii) indemnification for consequential damage $14,630: for the loss occurred in 2017 in the Playas Hydroelectric Power Plant; iv) recovery provisions for administrative litigation $8,597 and provision for high cost illnesses $8,011.

The value of the effective recoveries amounts to $66,247 (2020: $141,289) and the non effective ones $78,168 (2020: $98,451), disclosed in the statement of cash flows.

[2] The variation was explained by the combined effect of: i) a decrease of $42,206 from the processing of the judicial proceeding filed by EPM against the Municipality of Bello, due to the indexation from December 29, 2009, date on which the payment of the tax was made and until the execution of the December 10, 2020 judgment, and ii) an increase of $7,949 resulting from the calculation of the actuarial gain for seniority premium, due to the updating of the assumptions based on experience and financial assumptions.

[3] The decrease was due to the fact that, in the previous year, the following were received: i) compensation for loss of profits for the low hydro policy of $65,848 (USD 17.6 million); ii) loss of profits for the loss of profits for the incident that occurred in 2017 at the Playas hydroelectric plant for $9,241; ii) tort liability for the future Ituango hydroelectric plant for $8,000 and iii) loss of profits for the Jepírachi Wind Farm for $4,107.

Note 32. Income from sale of assets

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

Income from sale of assets	2021	2020
Income from sale of properties, plant and equipment (1) (2)	715	2
Income from derecognition of right-of-use (3)	459	73
Income from sale of investment properties (2)	-	45
Total	**1,174**	**120**

Amounts stated in millions of Colombian pesos

[1] The increase corresponds to the sale of vehicles for $417 and the sale of a strip of land of the Oriente Substation located in the Municipality of Rionegro for $298.

[2] The income from sale of assets for $715 (2020: $2) and the gain on sale of investment properties (2020: $45), are non-cash and are disclosed as part of the result of disposal of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

[3] The gain on derecognition of rights of use of $459 (2020: $73) is ineffective and is disclosed as part of the result of disposal of property, plant and equipment, right-of-use assets, intangible assets and investment properties.

Note 33. Costs of provisions of services

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

Costs of provisions of services	2021	2020
Block purchases[1]	1,352,185	1,300,670
Use of lines, networks and pipelines [2]	1,188,086	1,063,665
Personal services [3]	605,139	540,785
Purchase in stock market [4]	604,371	762,702
Cost of distribution and/or marketing of natural gas [5]	600,585	540,410
Depreciations [6]	485,499	462,226
Orders and contracts for other services [7]	320,087	287,511
Licenses, contributions and royalties	219,140	238,358
Maintenance and repair orders and contracts [8]	207,467	141,572
Materials and other operating costs [9]	124,391	88,026
Insurance	85,038	84,643
General	75,786	72,559
Cost per connection	55,726	53,133
Right-of-use assets Amortization [6]	53,370	50,847
Amortizations[6]	44,094	43,415
Taxes and fees	40,617	37,000
Fees	34,141	25,030
Commercial and financial management of the service	30,268	25,763
Consumption of direct inputs	18,871	23,193
Others	17,777	6,002
Liquefied natural gas	11,342	7,477
Public services	7,887	10,013
Leases	4,490	4,263
Costs associated with Class of Transactions the wholesaler market	2,480	1,707
Gas compression	46	-
Total	**6,188,883**	**5,870,970**

Amounts stated in millions of Colombian pesos

[1] Increase due to higher long-term energy purchases, due to the high demand in the residential and non-residential sector, as a result of the recovery of the economy after the pandemic.

[2] The increase is due to higher network costs mainly in the STN due to the accumulated behavior of the IPP, in the external SDL, due to higher demand and in the external STR due to the application of Resolution CREG 015 of 2018.

[3] Increase due to the hiring of personnel for the execution of new projects.

[4] Decrease due to lower energy purchases in the Exchange, due to higher generation given the high hydrology.

[5] Increase explained by the higher cost of gas supply and transportation impacted by a higher price due to the behavior of the TRM and higher quantities executed.

[6] Corresponds to non-cash costs.

[7] Increase explained by higher costs in contracts associated with installation, de-installation, portfolio services, reading, cleaning and other contracts.

[8] The increase was due to higher costs in contracts for repairs and maintenance of: i) constructions and buildings and ii) lines, networks and ducts.

[9] The increase was explained by higher costs of energy elements and accessories and environmental management costs.

Note 34. Administrative expenses

The breakdown of administrative expenses is as follows:

Administrative Expenses	2021	2020
Employee benefits expense		
Wages and salaries (1)	280,294	261,009
Social security expenses (1)	90,000	83,482
Pension expenses (2) (3)	19,232	17,881
Employee interest rate benefits	7,176	6,308
Other long-term benefits	4,443	4,004
Other post-employment benefit plans other than pensions (2) (3)	1,120	1,506
Total employee benefits expense	**402,265**	**374,190**

Administrative Expenses	2021	2020
General Expenses		
Provision for contingencies (2)(3)(4)	307,910	58,909
Taxes, contributions and fees (5)	124,943	104,213
Intangible (6)	73,044	52,720
Commissions, fees and services	63,066	70,091
Maintenance	56,405	57,545
Provision Dismantling, withdrawal and rehabilitation (2) (3) (7)	48,661	55,672
Provision of guarantees (2) (3) (8)	39,229	60,099
Depreciation (3)	39,072	36,593
General insurance	36,333	33,621
Other general expenses	29,258	30,575
Intangibles Amortization (3)	18,962	16,320
Right-of-use Amortization (3)	16,985	14,576
Christmas lighting	11,685	10,731
Other Miscellaneous Provisions (2) (3) (9)	10,783	37,175
Advertising and propaganda	9,739	7,010
Surveillance and security	8,085	7,519
Promotion and dissemination	7,655	7,503
Studies and projects	6,620	9,017
Provision of the Technical Reserve of the Adapted Health Entity (EAS) (2) (3)	4,842	3,430
Provision of expensive contracts (2) (3)	-	5,945
Total general expenses	**913,277**	**679,264**
Total	**1,315,542**	**1,053,454**

Amounts stated in millions of Colombian pesos

[1] Increase explained by the hiring of personnel for the execution of new projects.

[2] It is disclosed under provisions, post-employment and long-term defined benefit plans in the statement of cash flows.

[3] Corresponds to non-cash expenses.

[4] The variation was explained by the combined effect of: i) increase in administrative litigations for $282,510 mainly for seven group actions against EPM and Hidroeléctrica Ituango S.A. E.S.P and ii) decrease in the provision for the attention of those affected by the future Ituango hydroelectric power plant for $33,509, the previous year represented an expense.

[5] Increase due to the valuation contribution to the Government of Antioquia and the increase in the industry and commerce tax and in the tax on financial movements.

[6] The increase is due to the acquisition of licenses for the hiring of personnel and the updates made to them.

[7] The decrease was explained by the combined effect of: i) the update of the environmental and social provision of the future Ituango hydroelectric power plant, with respect to 2020, decreased by $12,807; ii) increase of the forced provision of the future Ituango hydroelectric power plant by $4,546 and iii) increase of the dismantling or environmental restoration provision by $1,250.

[8] Corresponds to the update of the provision of guarantees to the transporter Intercolombia for the months following the entry into operation of the connection infrastructure of the future Ituango hydroelectric power plant.

[9] Decrease explained by the updating of the provisions for the contingent consideration Espíritu Santo and the provision for the attention of the contingency of the future Ituango hydroelectric power plant that in the previous year represented expenses of $19,634 and $7,050 respectively; as of December 2021, both provisions represented a recovery.

Note 35. Other expenses

The detail of other expenses is as follows:

Other expenses	2021	2020
Loss in retirement of property, plant and equipment	15,054	15,869
Contributions in non-societarian entities [1]	14,641	22,734
Loss in removal of property, plant and equipment [2] [3]	13,455	4,073
Other regular expenses	7,978	11,868
Effective interest financing services	2,079	128
Arbitral awards and extrajudicial reconciliations	1,594	2,598
Intangible withdrawal loss [2] [3]	129	3
Statements	119	1,099
Loss in inventory retirement [3] [4]	18	42
Loss in sale of investment property [3] [5]	-	2,413
Total	**55,067**	**60,827**

Amounts stated in millions of Colombian pesos

[1] The decrease was explained because the fair value of some investment properties showed a recovery with respect to the previous year.

[2] Disclosed in the result from retirement of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

[3] Corresponds to non-cash expenses.

[4] Disclosed in the inventory write-downs, net in the statement of cash flows.

[5] Disclosed in the result on disposal of property, plant and equipment, rights of use, intangible assets and investment properties in the statement of cash flows.

Note 36. Financial income and expenses

36.1 Financial income

The breakdown of finance income is as follows:

Financial income	2021	2020
Interest Income:		
Interest from debts and delinquency interests [1] [2]	109,569	96,206
Income in trust rights [3] [4]	15,026	34,907
Income by valuation of financial instruments at fair value [3] [4]	11,926	32,741
Bank deposits [1]	5,732	9,219
Other financial income [1]	3,747	6,329
Total financial income	**146,000**	**179,402**

Amounts stated in millions of Colombian pesos

[1] Disclosed as part of interest income and yields in the statement of cash flows.

[2] The increase was explained by higher amortized cost and interest associated with accounts receivable from other debtors and economic related parties and by late payment interest on other concepts.

[3] Disclosed as part of the results from valuation of financial instruments and hedge accounting in the statement of cash flows.

[4] The decrease in the profit in trust rights and in the valuation of financial instruments at fair value was explained by the behavior of the market that has presented significant devaluations and is thus reflected in the temporary investments of the portfolio.

36.2 Financial expenses

The breakdown of finance expenses is as follows:

Financial expenses	2021	2020
Interest expense:		
Interest on tenancy obligations (1)	240,141	222,721
Other interest expenses (1)	638	146
Total Interest	**240,779**	**222,867**
Short-term internal financing operations (1)	1,572	3,632
Long-term internal financing operations (1)	111,084	114,419
Short-term external financing operations (1)	1,481	7,190
Long-term external financing operations (1) (2)	666,028	603,762
Financial instruments for hedging purposes (1) (2)	89,327	42,777
Other financial costs		
Fees other than the amounts included when determining the effective interest rate (1)	1,851	1,892
Interest on financial liabilities and losses for valuation of investments and other assets (3)	120,743	104,981
Total financial expenses	**1,232,865**	**1,101,520**

Amounts stated in millions of Colombian pesos

[1] Disclosed as part of interest expense and commissions in the statement of cash flows.

[2] Increase due to higher indebtedness and number of financial hedges contracted.

[3] Increase explained by the loss in trust rights.

For purposes of presentation in the statement of cash flows: $102,606 (2020: $83,993) is disclosed in the result from valuation of financial instruments and hedge accounting and $18,137 (2020: $20,988) is disclosed in provisions for tax liabilities, insurance and reinsurance and financial restatement.

Note 37. Exchange difference, net

The effect of transactions in foreign currency is the following:

Exchange difference, net	2021	2020
Revenue by exchange difference		
Own position		
For goods and services and others	7,411	29,658
For liquidity	356,286	65,511
Accounts receivable	210,203	117,526
Provisions	353	-
Other adjustments by exchange difference	20,663	121
Financing operations		
Gross income	81,073	358,392
Debt Coverage [(1)]	925,578	-
Total revenue by exchange difference	**1,601,567**	**571,208**
Expenses by exchange difference		
Own position		
For goods and services and others	38,294	3,752
For liquidity	101,524	213,249
Accounts receivable	112,394	1,002
Provisions	21,920	-
Other adjustments by exchange difference	-	24,924
Financing operations		
Gross expense	1,355,760	382,679
Debt Coverage	-	309,748
Total expenses by exchange difference	**1,629,892**	**935,354**
Total exchange difference, net	**(28,325)**	**(364,146)**

Amounts stated in millions of Colombian pesos

[(1)] As part of the market risk management plan, the company finalized the closing of hedging operations for US$475 million in 2021, of the authorizations obtained in 2020 from the Ministry of Finance and Public Credit for bond issues in 2019 and 2020.

The accumulated net expenditure by exchange difference rises to $28,325, the main expense corresponds to the restatement of the debt in dollars for $1,355,760 and the income from the debt hedge of $925,578, associated with the accumulated devaluation of the Colombian peso of 15.98% (2020: 4.74%) and the closing rate of $3,981.16 (2020: $3,432.50).

The rates used for foreign currency translation in the separate financial statements are as follows:

Currency	Currency Code	Direct conversion to USD		Closing exchange rate		Average exchange rate	
		2021	2020	2021	2020	2021	2020
United States Dollar	USD	1.00	1.00	3,981.16	3,432.50	3,963.13	3,693.36
Quetzal	GTQ	7.72	7.79	515.75	440.41	512.94	478.29
Mexican Peso	MXP	20.46	19.93	194.54	172.27	189.58	172.27
Chilean Peso	CLP	852.00	710.50	4.67	4.83	4.67	4.67
Euro	EUR.	0.88	0.82	4,527.38	4,199.84	4,424.84	4,214.08
Pound	GBP	0.74	0.73	5,392.28	4,692.06	5,147.51	4,735.59
Swiss Franc	CHF	0.91	0.88	4,369.38	3,883.14	4,094.26	3,937.95

Note 38. Effect of participation in equity investments

The Participation on Equity Investments is as follows:

Participation in equity investments	2021	2020
Dividends and participations [1]	142,886	99,880
Result per Business combination-product [2]	(8,533)	1,353,203
Company of investments in subsidiaries, associates and joint ventures Depreciation[3]	-	(879,062)
Total	**134,353**	**574,021**

Amounts stated in millions of Colombian pesos

[1] Corresponds to dividends from: i) investments classified in financial instruments for $134,081 (2020: $72,825) **see note 13. Other financial assets** and ii) dividends from investments in associates for $8,805 (2020: $27,055) **see note 9. Investments in associates.**

[2] In 2020, a business combination result of $1,353,203 was recognized for the acquisition of control on October 1, 2020 of the subsidiary AFINIA, originated by the difference between the consideration transferred and the fair value of the identifiable net assets acquired, during 2021 the value recognized was reviewed and $8,533 was recognized as an expense.

[3] This corresponds to the subsidiary AFINIA, **(see note 11).**

Note 39. Income tax

39.1 Tax provisions

The applicable and current tax provisions provide as follows:

- The nominal income tax rate is 31%.
- Taxable income from occasional gains tax is taxed at a rate of 10%.
- The domiciliary public utilities companies in Colombia are excluded from determining income tax by the presumptive income system calculated based on fiscal net worth of the immediately preceding year.
- On June 11, 2008, EPM and the Nation (through the Ministry of Mines and Energy) entered into a legal stability contract for the Energy Generation activity for a period of 20 years. Among the stabilized tax rules are ordinary income tax rate, equity tax, presumptive income, tax cost of fixed assets, depreciation deduction, special deduction of 40% for investments in real productive fixed assets.
- Special treatments are considered to be those granted by the Colombian Holding Companies Regime (CHC), a special tax regime for national companies that have as one of their activities the holding of securities, investment or holding of shares or participations in Colombian or foreign companies or entities.

New regulations

On September 14, 2021, Law 2155 of 2021 was published in Official Gazette No. 51,797, as a law of social investment and other provisions, by means of which the national government sought to establish a series of measures aimed at providing continuity and strengthening the social programs that were created to address the state of emergency derived from the pandemic. Among others, the purpose of this law is to contribute to economic reactivation, employment generation, and fiscal stability.

Among the most relevant measures is the increase in the income tax rate for companies taxed under the ordinary regime, which for the taxable period 2022 is set at 35%, this modification has a significant impact on the current tax as from that period and a greater and immediate effect on the calculation of the deferred tax, in accordance with the provisions of Concept 0657 of December 16, 2021, issued by the Technical Council of Public Accounting.

In the case of the discount in income for the payment of the industry and commerce tax, which was projected to be used at 100% from the taxable period 2022, as a result of the issuance of Law 2155, paragraph 1 of article 115 of the Tax Statute -ET- is repealed, with which this discount is maintained at 50% of the amount of the industry and commerce tax paid, for the following taxable periods.

A relevant aspect of the operations carried out by the Company is related to the stamps, which have been proliferating in the last years to such an extent that there are energy sale operations in the stock exchange and long-term contracts, in which the tax charge for stamps is higher than 5%. In this sense, Article 32 of Law 2155 of 2021 modified article 14 of Law 2052 of 2020 stating that for a maximum of two years as from January 1, 2022, the national government must promote before the Congress of the Republic modifications in the matter of stamps in such a way that limits are imposed to the requirement of this tax.

On the other hand, the social investment law, as its predecessor Law 2010 of 2019 had already done, incorporates in Article 689-3 ET the benefit of auditing with some changes with respect to the previous version. This new version of the regulatory text allows that the income tax returns of those taxpayers who increase the net income tax by 35% in relation to this same item of the immediately preceding period, become final in a term of six (6) months and for those who increase it by 25% become final in twelve (12) months.

In procedural matters, the law incorporated some benefits in relation to the reduction of penalties and late payment interest for obligations with the tax authority, which term ended on December 31, 2021; contentious-administrative conciliation procedures, as well as the figure of termination by mutual agreement whose request may be made until March 31, 2022, at the latest, and the application of the principle of favorability in the collection stage.

Regarding electronic invoicing, the tax authority made important advances during 2021, the first of which was the implementation of the electronic payroll system, which is in operation in the Company; Regarding the support document in acquisitions made from parties not obliged to issue sales invoices or equivalent documents, which is currently issued in physical form in compliance with current regulations, we are currently working on its implementation in electronic form, in order to comply with the maximum date for its generation and transmission in electronic form, which would be May 2, 2022, in accordance with the provisions of article 6 of DIAN Resolution 000167 of December 30, 2021.

Another issue that has been addressed by the tax authority in recent years, is related to the definition of the beneficial owner, which was developed by DIAN Resolution 000164 of December 27, 2021, in which numeral 1 of Article 5, provides that decentralized entities in which the capital is 100% public, as is the case of EPM, are not required to identify, obtain, preserve, provide an update in the Sole Registry of Beneficial Owners -RUB the information referred to in that resolution

In relation to the jurisprudence and doctrine with impacts on the determination of the tax burden of the company, it is important to highlight the decision of the Council of State of October 21, 2021, judge Stella Jeannette Carvajal Basto, file 24435 in which it declares the nullity of Concept DIAN 001054 of October 12, 2014, whereby the exclusion of the sales tax on residential public utilities is applicable both to the initial connection of the service to the user, as well as to the reconnections that occur in those cases, for example, in which there are delays in payment by the users. Although the ruling is directed to the public water service, it is applicable to energy and gas services.

Another aspect worth highlighting is related to the use of the income tax discount for VAT paid on investments related to real productive fixed assets; according to the doctrine issued by the tax authority, this benefit may be used in the period in which the investment is made or in the following periods, however, it clarifies that the discount may not be used in a fractional manner, that is, taking a part in a taxable period and using the remainder in another period. This position is enshrined in DIAN Official Letter 100208221-1130, filed 907362 of July 26, 2021.

Regarding regulations that had an impact on the determination of the company's tax burden for the taxable period 2020 and the following, we find the following:

In 2020 and 2021, due to the situations derived from the declaration by the National Government of the economic, social, and ecological emergency, added to the declaration and extension of the sanitary emergency decreed by the Ministry of Health and Social Protection, which is in force until February 28, 2022, in accordance with Resolution 1913 of 2021; various norms with tax scope were issued that generate effects on the recognition of economic facts by the company and the determination of its tax burden.

A favorable aspect was the decrease in the value-added tax from 19% to 5%, effective until December 31, 2021, for passenger air transportation, a situation that occurred through the issuance of Decree 575 of April 15, 2020. This reduction favors the execution of costs and expenses of the entity in the use of air transportation by employees. The validity of this measure was extended until December 31, 2022, by Law 2068 of 2020.

Through Decree 789 of June 4, 2020, it was determined the exclusion of the value-added tax to all hotel and tourism services in the country until December 31, 2020, this situation also generates benefits in the execution of costs and expenses in the cases in which the employees make use of the lodging service. The validity of this rule was extended by Law 2068 of 2020 until December 31, 2021, and subsequently by Article 65 of Law 2155 of 2021 with validity until December 31, 2022.

Legislative Decree 799 of 2020 ordered the temporary suspension, until December 31, 2020, of the payment of the surcharge or special contribution in the electricity sector, referred to in paragraph 2 of Article 211 of the Tax Statute -ET- for the providers of tourist services with active and current registration in the National Tourism Registry and that develop as a main economic activity one of those described by the regulation. Although this decision constitutes a relief in the costs of the hotel sector, it may generate an imbalance in the reconciliation of subsidies and contributions for the domiciliary public utility companies, to the extent that these are contributions that are no longer collected. The validity of this rule was extended until December 31, 2021, according to Law 2068 of 2020.

On the other hand, a circumstance that favors the growth and massification in the use of non-conventional renewable energy sources, a business of high importance for the company, is the incorporation as exempt goods in Article 477 of the Tax Statute by Law 2069 of 2020, of components for electricity generation through solar panels.

Law 2069 of 2020 incorporates as a deduction and tax discount, in articles 158-1 and 256 of the Tax Statute, the donations made in favor of INNpulsa Colombia by taxpayers.

On the other hand, Law 2070 of 2020 adds a subsection to Article 392 of the Tax Statute in order to establish a withholding tax rate of 4% for cultural and creative activities.

It is also important to mention the enactment of Law 2099 of 2021, which amends Law 1715 of 2014, among others, and under this regulation allows investments in equipment, machinery, and civil works necessary for the pre-investment, investment, and operation of generation projects with non-conventional energy sources (FNCE), as well as for the measurement and evaluation of potential resources and actions or measures for efficient energy management, including smart metering equipment, may be depreciated over up to 3 years and thus accelerate depreciation.

Finally, under the same provision, VAT exclusion may be requested for national or imported equipment, elements, machinery, and services intended for pre-investment and investment, for the production and use of energy from non-conventional sources, as well as for the measurement and evaluation of potential resources, and to advance actions and measures for efficient energy management, including smart metering equipment; as, for the exclusion of tariffs, the new provision provides that this benefit may be chosen for the importation of goods for energy efficiency and smart metering.

Thus, among the main modifications, we can highlight:

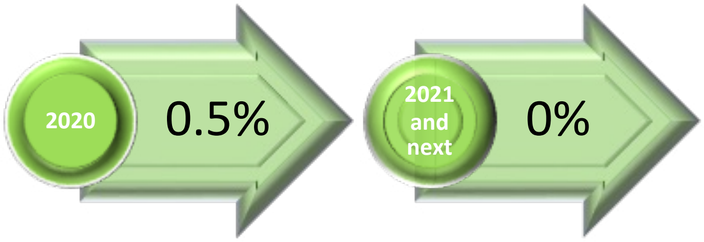
- General rate of income tax and supplementary taxes

The income and complementary tax rate is modified as follows:

- **2021:** Thirty-one percent (31%).
- **2022 onward:** Thirty-five percent (35%).

In application of the legal stability contract, EPM's energy generation business is taxed as from 2022 at a rate of thirty-three percent (33%) and will be so as long as the rate established by the tax law is higher than this percentage.

Presumptive income



The exoneration in the determination of presumptive income for domiciliary public utilities companies is maintained.

Sales tax

The general rate of 19% is maintained.

The 5% rate is maintained for electric vehicles and their components, parts and accessories, as well as for components and spare parts of the gas vehicle plan.

The VAT rule of Article 192 of Law 1819 of 2016 remains, according to which, the VAT rate of contracts in which a public entity is a contractor will be the one corresponding to the date of the resolution or act of awarding, or subscription of the respective contract, the rate increases once they are added.

Other aspects

- In accordance with the provisions of Article 258-1 ET, the VAT paid on the acquisition, importation, construction and formation of real productive fixed assets, including the services necessary to put the good in conditions of use, and the assets acquired through leasing, is maintained as a tax discount in the income tax. It is important to point out that the Constitutional Court by Ruling C-379/20 of September 2, 2020 declared conditionally executory this article under the understanding that the benefit is also applicable for taxpayers not responsible for sales tax.
- The possibility of taking 50% of the industry and commerce tax paid as a tax discount is preserved. The economic growth law establishes that as from the year 2022 this discount will be 100%.
- The tax on dividends received by national companies at the general rate of 7.5% as withholding at source on income, which will be transferable and imputable to the resident individual or investor residing abroad, continues to be in force.
- The sale of electric energy generated based on wind energy, biomass or agricultural waste, solar, geothermal or from the sea will continue to be considered exempt income for a term of 15 years as from 2017, only by generating companies, according to the definitions of Law 1715 of 2014 and Decree 2755 of 2003.
- The Colombian Holding Companies (CHC) regime is ratified as an instrument to promote foreign investment in the country.

- Through Decree 1157 of 2020, the requirements to access the tax benefits of the Mega-Investments mechanism with the possibility of accessing a tax stability regime were regulated.
- The amendments made by Law 1943 of 2018 to the thin capitalization rule of Article 118-1 of the Tax Statute remain, limiting the deductibility of interest paid when there is over indebtedness, specifying that such limitations only apply with respect to debts contracted between economic related parties.
- Article 117 of Law 2010 of 2019 modified the finality term for income tax returns in which tax losses are liquidated or compensated, or which are subject to the transfer pricing regime, remaining such term in 5 years.

It should be clarified that this term of finality contained in article 714 of the tax statute was modified by law 1819 of 2016 remaining in 6 years. For this reason, the income tax returns filed by EPM from the year 2017 will be covered by the aforementioned provision, but the one for the year 2019 to be filed in 2020, will be subject to the change established in the 2010 law.

39.2 Effective rate Reconciliation

The reconciliation between the applicable tax rate and the effective tax rate and the composition of the income tax expense for the periods 2021 and 2020 is as follows:

Income and supplementary taxes	2021	%	2020	%
Result before tax	4,188,006		2,813,463	
Nominal income tax rate		31%		32%
Income tax Nominal rate	1,298,282		900,308	
Effect of permanent tax differences:	**(678,729)**	**-16%**	**(505,688)**	**-18%**
Dividend income	193,777	5%	113,576	4%
Impairtment of subsidiary investments	-	0%	281,300	10%
Tax-only revenue	1,005,222	24%	118,304	4%
Special deduction refund	-	0%	37,307	1%
Non-deductible provisions	103,577	2%	37,566	1%
Loss of assets	4,171	0%	1,303	0%
Equity method	(498,150)	-12%	(214,949)	-8%
Gain purchase on advantageous terms	-	0%	(433,025)	-15%
Untaxes dividends	(109,665)	-3%	(140,063)	-5%
Compensation for consequential damage	(993,016)	-24%	(125,794)	-4%
Exempt income	(132,048)	-3%	(15,403)	-1%
Special deduction of real productive fixed assets	(262,130)	-6%	(184,580)	-7%
Net result Other permanent differences	9,532	0%	18,769	1%
Rate Difference Adjustment (Cust/Deferred Tax)	53,974	1%	13,912	0%
Tax adjustment deferred tax tax reform	234,972	6%	-	0%
Tax discounts	(32,906)	-1%	(31,163)	-1%
Occasional profits	32	0%	2487	0%
Prior years for income adjustments	(52,666)	-1%	(106,308)	-4%
Income tax at effective rate	**822,960**	**20%**	**273,548**	**10%**
Detail of current and deferred expenditure				
Current Tax	494,651	12%	397,757	14%
Deferred tax	328,309	8%	(124,209)	-4%
Income tax	**822,960**	**20%**	**273,548**	**10%**

Amounts stated in millions of Colombian pesos

The best indicator to measure the tax burden is the effective tax rate. This directly measures the total tax burden imposed by national regulations on companies, in proportion to the profits they obtain from their activities.

In accordance with the above, to arrive from the theoretical tax to the effective tax that will affect the result of the company, starting from the nominal rate, tax adjustments are made in accordance with the regulations in force and the result is the tax payable by the Entity.

Thus, in the years 2021 and 2020, it can be observed in the purification, that there are several items that decrease the tax calculated at the nominal rate and that cause the theoretical tax to be modified as a result of the application of the tax provisions. Among the most important items in the reconciliation of the effective rate and which cause it to be 8 points below the nominal rate, is the special deduction of real productive fixed assets by virtue of the application of the Legal Stability contract. Another important point in this purification is the treatment of exempt income granted to dividends received from foreign subsidiaries, an exemption allowed under the Colombian Holding Companies Regime (CHC).

As a relevant fact during the year 2021, we have the recognition of the indemnity under the All-Risks Construction and Erection policy for the contingency that occurred in the future Ituango hydroelectric power plant, the treatment of income not constituting income or occasional gain given to the indemnity for the emerging damage, is supported by the reinvestment of resources in the Project as provided by Article 45 of the Tax Statute. It is also important to mention as a relevant item that affects the variation of the rate from one year to another, that corresponding to the gain on purchase in advantageous conditions, as an extraordinary operation in the year 2020 that significantly affected the effective rate of that year, a fact that does not occur in the taxable year 2021.

Another aspect to consider and impacts the income tax for the period reported is the effect on the deferred tax due to the change in the income rate incorporated by Law 2155 of 2021, going from 30% to 35% as from the taxable year 2022. At this point it is important to highlight that the Energy Generation business calculates its tax at a rate of 33%, a rate stabilized in the Legal Stability Agreement. This adjustment meant for the company a higher expense of $234,972.

39.3 Income tax recognized through profit or loss

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

Income tax	2021	2020
Current income tax		
Expenditure (income) for current income tax	580,223	535,228
Adjustments recognized in the current period related to prior period current income tax	(52,666)	(106,308)
Tax benefits from tax losses, tax credits, or temporary differences used in the period	(32,906)	(31,163)
Total current income tax	**494,651**	**397,757**
Deferred tax		
Net expense (revenue) for deferred tax related to source and reversal of temporary differences	(194,458)	(12,347)
Net deferred tax expense (income) related to changes in tax rates or laws	234,972	
Reclassification of deferred tax from the other integral result to the result of the year	287,795	(111,862)
Total deferred tax	**328,309**	**(124,209)**
Income tax	**822,960**	**273,548**

Amounts stated in millions of Colombian pesos

[1] The deferred tax expense (income) related to changes in tax rates was originated by the new rates incorporated by Law 2155 of 2021, going from 30% to 35% as of the taxable year 2022. The rate used for the determination of the deferred tax is 35% for 2021 (33% Energy Generation Business), which varied with respect to the rate used the previous year, being 30%.

In this regard, it is important to indicate that the Company recorded the effect of the rate change in the result for the period, thus applying the provisions of paragraph 58 of IAS 12; in this way it did not avail itself of the voluntary exception established in Decree 1311 of October 20, 2021, which allows recognizing this update within the entity's equity in the retained earnings of previous years.

The rates used to determine deferred tax are:

Year	2021	2022	2023
Income	31%	35%	35%
Total rate	**31%**	**35%**	**35%**

The deferred tax generated by temporary differences associated with the Energy Generation business is determined by applying the stabilized rate of 33%. For land, the rate considered is 10%, corresponding to the current rate for occasional gains on the sale of assets owned for more than 2 years.

39.4 The value of the current income tax asset or liability is as follows:

Concept	2021	2020
Current income tax asset or liability		
Total income tax liability	**56,027**	**118,757**
Income tax	56,027	118,757
Total income tax assets	**322,496**	**232,864**
Please market for rent Account Balances	322,496	232,864
Total assets (or liabilities) income tax	**266,469**	**114,107**

Amounts stated in millions of Colombian pesos

39.5 Income tax recognized in other comprehensive income

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

Other comprehensive income	2021			2020		
	Gross	Tax Effect	Net	Gross	Tax Effect	Net
Items which will not be reclassified after the result of the period						
New defined benefit plan measurements	65,962	(23,739)	42,223	(17,431)	6,277	(11,154)
Equity investments measured at fair value through equity	(322,482)	-	(322,482)	596,096	(1,837)	594,259
Participation in the other comprehensive income of subsidiaries	(9,672)	(18,340)	(28,012)	160,798	1,722	162,520
Items that can be reclassified later than the result of the period						
Cash flow hedges	(517,549)	189,258	(328,291)	(24,071)	10,086	(13,985)
Participation in the other integral result of subsidiaries	360,043	(1,099)	358,944	240,499	866	241,365
Hedges of net investment in a foreign operation	(61,509)	21,106	(40,403)	-	-	-
Total	**(485,207)**	**167,186**	**(318,021)**	**955,891**	**17,113**	**973,004**

Amounts stated in millions of Colombian pesos

39.6 Deferred tax

The detail of deferred taxes is as follows:

Deferred tax	2021	2020
Deferred tax active	1,213,356	873,760
Deferred tax liability	3,214,550	2,733,270
Total net deferred tax	**(2,001,194)**	**(1,859,510)**

Amounts stated in millions of Colombian pesos

39.6.1 Deferred tax asset

Deferred tax assets	Initial 2020 Account Balance	Net changes included in profit or loss 2020	Changes included in the OCI 2020	Recognized directly to equity	Final 2020 Account Balance	Net changes included in profit or loss 2021	Changes included in the OCI 2021	Final 2021 Account Balance
Assets	**216,549**	**146,932**	**(1,837)**	**4,096**	**365,740**	**39,901**	**-**	**405,641**
Property, Plant and Equipment	2	(3,266)	-	3,266	2	(1)	-	1
Intangible	-	(2)	-	2	-	-	-	-
Assets by right of use	51,801	87,674	-	-	139,475	65,822	-	205,297
Investments and derivative instruments	1,836	75,635	(1,837)	-	75,634	(72,657)	-	2,977
Accounts receivable	124,807	23,551	-	828	149,186	47,997	-	197,183
Cash and cash equivalents	-	1,231	-	-	1,231	(1,231)	-	-
Other assets	38,103	(37,891)	-	-	212	(29)	-	183
Liabilities	**293,358**	**191,970**	**21,477**	**1,215**	**508,020**	**80,195**	**219,500**	**807,715**
Loans and borrowings	97,377	7,344	-	-	104,721	358,330	21,106	484,157
Accounts payable	6,031	17,929	-	404	24,364	(24,364)	-	-
Employee Benefits	38,519	(4,089)	6,276	-	40,706	4,363	(18,957)	26,112
Derivatives	-	111,860	15,201	-	127,061	(287,795)	217,351	56,617
Provisions	139,754	53,330	-	-	193,084	16,359	-	209,443
Other liabilities	11,677	5,596	-	811	18,084	13,302	-	31,386
Deferred tax active	**509,907**	**338,902**	**19,640**	**5,311**	**873,760**	**120,096**	**219,500**	**1,213,356**

Amounts stated in millions of Colombian pesos

39.6.2 Deferred tax liability

Deferred tax liability	Initial 2020 Account Balance	Net changes included in profit or loss 2020	Changes included in the OCI 2020	Recognized directly to equity	Final 2020 Account Balance	Net changes included in profit or loss 2021	Changes included in the OCI 2021	Final 2021 Account Balance
Assets	**2,489,660**	**197,334**	**5,115**	**974**	**2,693,083**	**483,233**	**28,093**	**3,204,409**
Property, Plant and Equipment	2,425,868	99,186	-	3	2,525,057	430,547	-	2,955,604
Intangible	29,402	9,069	-	50	38,521	7,294	-	45,815
Investment properties	12,270	2,739	-	-	15,009	(27)	-	14,982
Assets by right of use	-	54,988	-	-	54,988	48,830	-	103,818
Investments and derivative instruments	14,009	(98)	5,115	-	19,026	6,102	28,093	53,221
Accounts receivable	-	34,337	-	921	35,258	(12,979)	-	22,279
Cash and cash equivalents	-	-	-	-	-	1,651	-	1,651
Other assets	8,111	(2,887)	-	-	5,224	1,815	-	7,039
Liabilities	**22,411**	**17,359**	**-**	**417**	**40,187**	**(34,828)**	**4,782**	**10,141**
Credits and loans	316	33,798	-	-	34,114	(29,928)	-	4,186
Accounts payable	19,245	(13,589)	-	417	6,073	(4,900)	-	1,173
Employee Benefits	2,850	(2,850)	-	-	-	-	4,782	4,782
Deferred tax liability	**2,512,071**	**214,693**	**5,115**	**1,391**	**2,733,270**	**448,405**	**32,875**	**3,214,550**
Total deferred tax asset/liability	**2,002,164**	**(124,209)**	**(14,525)**	**(3,920)**	**1,859,510**	**328,309**	**(186,625)**	**2,001,194**

Amounts stated in millions of Colombian pesos

39.6.3 Temporary differences

Temporary differences associated with investments in subsidiaries, associates, and joint ventures, for which no deferred tax liabilities have been recognized, amount to $7,102,285 (2020 $5,832,720).

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

As for liabilities, the items that most impact the calculation of deferred tax are: accounting provisions, long-term employee benefits, and the unrealized exchange difference in receivables and accounts payable. Another relevant point to consider is the deferred tax recognized in the result for the period, in the concept of hedges, due to the reclassification of the exchange difference and interest from the other comprehensive income to the result for the period and in the debt, due to the reclassification from the statement of income to the other comprehensive income for the application of hedge accounting of net investment abroad.

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

The approval of dividends after the presentation date and before the financial statements was authorized for publication does not generate income tax consequences, since the policy established for domestic subsidiaries is that only untaxed profits and reserves are distributed. The tax effects that may be generated by dividends declared by foreign subsidiaries, with the entry into force of Article 69 of Law 1943/2018, will be considered capital exempt income in the application of the Colombian Holding Companies (CHC) regime.

Note 40. Related party disclosures

EPM is a decentralized entity of the municipal order, whose sole owner is the Municipality of Medellín. The capital with which it was established and operates, as well as its assets, is public. The Mayor of Medellín chairs the Board of Directors of EPM.

Subsidiaries, associates, and joint ventures, including subsidiaries of associates and joint ventures, key management personnel, as well as entities over which key management personnel may exercise control or joint control and post-employment benefit plans for the benefit of employees are considered related parties of EPM.

The total value of transactions carried out by the Company with its related parties during the corresponding period is presented below:

Transactions and accounts with related parties	Income[1]	Costs/ Expenses[2]	Values receivable[3]	Values to be paid	Guarantees and guarantees received
EPM subsidiaries:					
december 31, 2021	813,097	445,051	1,086,469	108,935	-
december 31, 2020	916,908	400,702	1,348,495	133,236	-
EPM associate:					
december 31, 2021	53,525	35,595	6,261	8,123	-
december 31, 2020	75,033	38,448	2,132	7,498	-
Key Management personnel from the company or its controller:					
december 31, 2021	-	11,066	803	2,944	213
december 31, 2020	-	9,807	1,068	2,784	288
Other related parties:					
december 31, 2021	131,968	92,831	56,994	4,084	-
december 31, 2020	84,253	87,076	23,646	8,992	-

Amounts stated in millions of Colombian pesos

Transactions between EPM and its related parties are carried out under conditions equivalent to those existing in transactions between independent parties, as regards their purpose and conditions.

[1] The detail of the income obtained by the Company from its related parties is as follows:

	Income	december 31, 2021	december 31, 2020
Subsidiaries	Sale of goods and services	632,709	706,701
	Interests	138,053	168,562
	Fees	6,414	4,492
	Others	35,921	37,152
Total Subsidiaries		**813,097**	**916,907**
Associates	Sale of goods and services	43,460	49,333
	Interests	6	-
	Others	10,059	25,700
Total associates		**53,525**	**75,033**
Other related parties	Sale of goods and services	128,981	81,014
	Interests	134	1,526
	Fees	78	28
	Others	2,775	1,685
Total Other Related Parties		**131,968**	**84,253**

Amounts stated in millions of Colombian pesos

[2] The detail of costs and expenses incurred by the Company with its related parties is as follows:

	Costs and expenses	2021	2020
Subsidiaries	Procurement of goods and services	439,980	396,188
	Fees	751	753
	Others	4,320	3,761
Total Subsidiaries		**445,051**	**400,702**
Associates	Procurement of goods and services	33,003	36,013
	Fees	2,563	2,393
	Others	29	42
Total associates		**35,595**	**38,448**
Other related parties	Procurement of goods and services	40,930	39,365
	Interests	-	4
	Fees	992	242
	Others	50,909	47,465
Total Other Related Parties		**92,831**	**87,076**

Amounts stated in millions of Colombian pesos

[3] The detail of loans granted by the Company to its related parties is as follows:

	Loans granted	Original currency	Term	Nominal interest rate	december 31, 2021			december 31, 2020		
					Nominal value	Amortized Cost Value	Total value	Nominal value	Amortized Cost Value	Total value
HYDROSUR	Loan 1	CLP	8,5 YEARS	0.072	935,551	(1,182)	934,369	958,355	1,377	959,732
Hidroecológica del Teribe S.A. HET	loan 1	USD	25 years	LIBOR 3M + 4.43	-	-	-	190,803	11,816	202,620
Aguas de Malambo S.A. ESP	Loan 1	COP	1 YEAR	IBR 6M + 3.47	-	-	-	1,000	20	1,020
	Loan 2	COP	1 YEAR	IBR 6M + 3.47	-	-	-	402	4	406

Amounts stated in millions of Colombian pesos

[4] Transactions between the Company and its related parties are carried out under conditions equivalent to those existing in transactions between independent parties, in terms of their purpose and conditions.

Transactions and balances with related government entities

The total financial surplus paid to the Municipality of Medellin as of December 2021 was $1,396,953 (2020 $1,488,319).

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

Members of key management personnel in the company include:

Concept	2021	2020
Wages and other short-term benefits to employees	10,026	9,073
Other long-term benefits to employees	1,041	734
Remuneration to key management staff	**11,067**	**9,807**

Amounts stated in millions of Colombian pesos

The amounts disclosed are the amounts recognized as a cost or expense during the reported period for compensation of key management personnel.

Note 41. Capital management

The company's capital includes indebtedness through the capital market, commercial banks, development banks, development agencies and multilateral banks, both nationally and internationally.

The company manages its capital through planning and management processes for obtaining monetary resources in domestic and international financial markets, to meet strategic investments and investment projects, through different alternatives that minimize cost, which tend to maintain adequate financial indicators and an adequate risk rating, as well as minimizing financial risk. To this end, it has defined the following capital management policies and processes:

Financing management: financing management comprises the execution of all long-term credit operations, in order to guarantee the timely availability of the resources required for the normal operation of the company and to materialize investment and growth decisions, seeking efficient financing costs.

The company has not made any changes to its objectives, policies and processes of capital financing management during the periods ended December 31, 2021 and December 31, 2020.

In order to face changes in economic conditions, the company implements proactive mechanisms to manage its financing, enabling, to the extent feasible, different financing alternatives, so that when it is required to execute a long-term credit operation, it has access to the source that is available at any time in the market under competitive conditions and with the necessary timeliness.

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

	2021	2020
Loans and borrowings		
Commercial bank loans	2,371,547	1,543,589
Multilateral bank loans	1,326,950	2,962,186
Development bank loans	1,798,200	1,534,291
Bonds and securities issued	13,336,399	12,606,757
Total Debt	**18,833,096**	**18,646,823**

Amounts stated in millions of Colombian pesos

Note 42. Financial risk management objectives and policies

The Company is exposed to financial risk, which is defined as the possibility of the occurrence of an event that negatively affects financial results, including market risk, liquidity risk, credit risk, and operating risk.

Market risk refers to changes or volatility of market variables that may generate economic losses. Market variables refer to exchange rates, interest rates, securities, commodities, among others; and their changes may impact, for example, financial statements, cash flow, financial indicators, contracts, project viability, and investments.

Credit risk refers to the possible non-compliance with payment obligations by third parties arising from contracts or financial transactions entered.

Liquidity risk is the shortage of funds and the inability to obtain the resources at the time they are required to meet contractual obligations and execute investment strategies. The shortage of funds leads to the need to sell assets or contract financing operations under unfavorable market conditions.

Finally, operational risk, from a financial point of view, is defined as deficiencies or failures in processes, technology, infrastructure, human resources, or the occurrence of unforeseen external events.

The purpose of EPM's Integral Risk Management is to lead the Group, the definition, and implementation of the strategy for integrated risk management, to achieve adequate protection and assurance of the assets, resources, and interests of Grupo EPM. The company's policy is to manage the risks that affect its activity and its environment, adopting the best practices and international standards of Integral Risk Management (IRM), as a way to facilitate compliance with the corporate purpose, strategy, objectives, and goals, both statutory and legal. It has an information system that facilitates integral risk management, guarantees confidentiality, availability, and reliability of the information, and allows for risk analysis and monitoring, and improvement plans. It has implemented a comprehensive risk management system and has a methodology for the identification, analysis, evaluation, control, and monitoring of risks, including those associated with money laundering and financing of terrorism, which allows for reducing vulnerability and proposing and implementing effective mechanisms for the proper development of business, processes, projects, and contracts. As valuation criteria, there are valuation tables of the consequences of the materialization of risks and probability tables, which are applicable at the different management levels defined in the methodological guide for integrated risk management.

The monitoring and review activity for integrated risk management is aligned with the management follow-up process established in the company, in order to propose and implement improvement actions. The established monitoring and review scheme evaluates, among others, the following aspects:

- The implementation strategy of integrated risk management.
- Changes in the internal and external context that imply adjusting in the treatment of identified risks or that generate new risks.
- The variation of risks in terms of frequency, probability and consequence.
- Criteria for assessing the probability and consequence of risks.
- The implementation and effectiveness of treatment plans.

EPM manages the financial risks associated with the different management levels, for which it identifies the risks within the market, liquidity, and credit groupings that are classified in the financial risk category, quantifies their impact and implements strategies for their mitigation.

Reform of the benchmark interest rate on financial instruments

The Company evaluated the items that would be affected by the change in the reference rate, with the result that currently it has instruments indexed to the Libor rate in dollars, such as: loans and contracts with suppliers.

Risks

The Company is negotiating with financial entities the transition scheme to alternative reference rates. This process will require the updating of the contractual clauses of the credits indexed to libor, a process that for the Company will require the authorization of the Ministry of Finance and Public Credit.

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

	RATE
	LIBOR
Non-derivative financial liabilities	2,183,913

Amounts stated in millions of Colombian pesos

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

risk code	Risk scenario	Relevant impact object	Probability	Consequence	Initial risk level
R1	Ineffectiveness in the coverage relationship	Reputation	Very Derecognition well-in	Minimum	Acceptable
R2	Difficulty in making credit assessment	Quality	Very Derecognition well-in	Minor	Acceptable

To date, no hedging relationships have been established, so this risk would disappear. The Company has identified the contracts and other items in the financial statements (contingent consideration) that include the Libor rate; therefore, it is in the process of updating the clauses of the contracts, internal documentation, and the changes required in the systems to perform valuations.

42.1 Market risk

42.1.1 Price risk

Market risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate due to changes in market prices. The Company has identified that financial instruments affected by market risk include:

- Cash and cash equivalents:
  - Fiduciary assignment.
- Other financial assets:
  - Fixed income securities.
  - Investments pledged or pledged as collateral.
  - Options.
  - Swaps.

The methods and assumptions used in preparing the sensitivity analysis are as follows:

- For cash and cash equivalents, fixed income securities, and investments pledged or pledged as collateral: the methodology used to measure market risk is the Value at

Risk, consisting of the quantification of the maximum loss that could be incurred by the portfolio in a month with a confidence level of 99%. A non-parametric methodology is used to quantify the VaR, in which the historical volatility of the risk factors considers three methodologies: historical volatility, EWMA volatility (exponential weighted), and Garch volatility. Additionally, the correlation of the risk factors is determined considering their daily data, considering that for assets with exposure to interest rates, the variation of rates is calculated and for currency assets, the factor is calculated with historical returns.

The sensitivity to market prices is detailed below:

	Var daily copy	Copy % Var
Var Total Portfolio	92,225	0.04%

- For the swaps, the sensitivity analyses were performed under the assumption of maintaining the contracted hedges constant according to their indexation rates.

42.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates. EPM has identified that the financial instruments affected by interest rate risk include:

- Cash and cash equivalents:
  - Fiduciary assignment.
- Other financial assets:
  - Fixed income securities.
  - Investments pledged or pledged as collateral.
  - Options.
  - Swaps.

- Loans and receivables.
- Trade and other receivables.

The concentration of interest rate risk arises when there are large individual exposures and when there are significant exposures to counterparties whose probability of default is determined by factors such as economic sector, currency and credit ratings. The management of interest rate risk seeks the conservation of capital and the maintenance or increase of profitability. EPM has defined interest rate risk policies through the identification of risks, the determination of the interest rate position and the simulation of possible hedging strategies. The above supports the decision-making process, which is oriented to maintain the position or hedge it, and subsequently an analysis of the results of the strategies executed is performed.

Interest rate sensitivity analysis

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

	Increase/decrease in basis points	Exposed value	Financial impact	
			On the result before taxes	In Equity
2021				
Financial assets measured at fair value through profit or loss				
Investments measured at fair value through profit or loss	100	1,093,721	(1,721)	(1,377)
	(100)	1,093,721	1,721	1,377
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	-	-	
	(100)	-	-	-
Financial liabilities measured at amortized cost				
Loans and borrowings	100	4,400,917	(44,009)	(35,207)
	(100)	4,400,917	44,009	35,207
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	711,284	(62,322)	(49,858)
	(100)	711,284	62,322	49,858
2020				
Financial assets measured at fair value through profit or loss				
Investments measured at fair value through profit or loss	100	2,031,798	(5,234)	(4,187)
	(100)	2,031,798	5,234	4,187
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	202,620	2,026	1,621
	(100)	202,620	(2,026)	(1,621)
Financial liabilities measured at amortized cost				
Loans and borrowings	100	3,506,307	(35,063)	(28,050)
	(100)	3,506,307	35,063	28,050
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	213,715	(46,666)	(37,333)
	(100)	213,715	46,666	37,333

Amounts stated in millions of Colombian pesos

The Company believes that the sensitivity analysis is representative of the interest rate risk exposure.

Exchange rate risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in exchange rates.

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

- Cash and cash equivalents.
- Other financial assets:
  - Fixed-income securities.
  - Options.
  - Swaps.
- Credits and loans.
- Trade and other receivables.
- Loans to related parties.

Exposure to exchange rate risk is primarily related to financing activities in a currency other than the functional currency and to hedging transactions contracted. The company manages its exchange rate risk through hedging operations in a medium-term horizon. It is EPM's policy not to close speculative hedging operations; therefore, the conditions of the hedging derivative instruments replicate the conditions of the underlying with the purpose of maximizing the effectiveness of the hedge. EPM hedges its exposure to exchange rate fluctuations using different hedging instruments among which Swaps, Forwards and Options at different terms stand out.

On July 1, 2021, the company approved the application of hedge accounting for net investments in foreign businesses. The hedge seeks to reduce the volatility of the other comprehensive income by the equity method of the effect of translation of financial statements. The net investment hedge is applied to the Company's investments in foreign currency, in this case, to investments in subsidiaries with U.S. dollar functional currency and has as hedging instrument an equivalent amount of debt denominated in U.S. dollars. The company designated as the hedged item the net investments in HET, PDG and MaxSeguros and as the hedging instrument an amount of debt denominated in USD equivalent to the value of the investment, in a total value of USD 374 million.

Exchange rate sensitivity analysis

The following table indicates the sensitivity to a reasonable change in exchange rates for $100 pesos in the currency against the U.S. dollar without considering the effect of hedge accounting. The impact is caused by the change in monetary and non-monetary assets. Holding all other variables constant, the company's income/loss before taxes and shareholders' equity would be affected by changes in exchange rates as follows:

	Increase/decrease in weights	Exposed value	Financial impact	
			On the result before taxes	In Equity
2021				
Financial assets measured at fair value through profit or loss				
Other financial assets -Fixed income securities	100	696,713	17,500	14,000
	(100)	696,713	(17,500)	(14,000)
Cash and cash equivalents	100	174,469	4,382	3,506
	(100)	174,469	(4,382)	(3,506)
Financial assets measured at amortized cost				
Currency-based Accounts receivable	100	934,369	1,620	1,296
	(100)	934,369	(1,620)	(1,296)
Financial liabilities measured at amortized cost				
Credits and loans	100	9,400,458	(236,124)	(188,899)
	(100)	9,400,458	236,124	188,899
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	6,382,528	160,318	128,255
	(100)	6,382,528	(160,318)	(128,255)
2020				
Financial assets measured at fair value through profit or loss				
Other financial assets -Fixed income securities	100	2,002,066	58,327	46,662
	(100)	2,002,066	(58,327)	(46,662)
Cash and cash equivalents	100	127,813	3,724	2,979
	(100)	127,813	(3,724)	(2,979)
Financial assets measured at amortized cost				
Currency-based accounts receivable	100	1,162,351	2,140	1,712
	(100)	1,162,351	(2,140)	(1,712)
Financial liabilities measured at amortized cost				
Credits and loans	100	9,510,531	(277,073)	(221,658)
	(100)	9,510,531	277,073	221,658
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	100	4,827,351	140,637	112,509
	(100)	4,827,351	(140,637)	(112,509)

Amounts stated in millions of Colombian pesos

The Company considers that the sensitivity analysis is representative of the exchange rate risk exposure.

42.2 Credit risk

Credit risk is the risk that one of the counterparties does not comply with the obligations arising from a financial instrument or purchase contract and this results in a financial loss. EPM has identified that the financial instruments affected by credit risk include:

- Cash and cash equivalents.
- Other financial assets:
  - Fixed income securities.
  - Investments pledged or pledged as collateral.
  - Options.
  - Swaps.
- Trade and other receivables

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

- Cash and cash equivalents, fixed-income securities and investments pledged or pledged as collateral: In EPM for credit risk management, quotas are assigned by issuer, counterparty and intermediary, taking into account the financial, risk and fundamental analysis of the entities, with emphasis on the equity support of the shareholders. The methodology considers the characteristics of the investment portfolio and the applicable regulations. The concentration of credit risk is limited since it obeys the provisions of the business rules manual for treasury operations. The description of the factors that define the risk concentration is detailed below:

- Quotas are updated quarterly based on the latest available financial statements of the entities analyzed.
- When the value of the consolidated portfolio of temporary investments exceeds the equivalent of 10,000 legal monthly minimum wages in force (SMMLV), no more than 20% of this value may be concentrated in a single issuer, counterparty or intermediary, with the exception of securities issued by governments that comply with the regulations in force.
- Securities market intermediaries, other than supervised banking establishments, may act as counterparties to carry out transactions, but may not be considered as eligible issuers.
- Broker-dealer companies acting as counterparties to treasury operations must have at least the second risk rating in strength or quality in portfolio management.
- Broker-dealer companies backed by banks, that is to say, banked counterparties, must have a minimum net worth of 30,000 SMLMV.

Finally, efforts to avoid the concentration of risk are aimed at establishing, analyzing, monitoring and controlling quotas, for which purpose the current quotas and their occupancy status are controlled. On the other hand, justifications related to the need to temporarily exceed quotas are submitted for approval.

The investments referred to are constituted with banking establishments that have the following risk rating, according to the term of the investment, as follows:

- For investments with a term equal to or less than one (1) year, the banking institution must have a current rating corresponding to the highest category for the short term according to the scales used by the rating companies that grant them and have at least the second best current rating for the long term used by the respective companies;
- For investments with a term of more than one (1) year, the banking institution must have the maximum rating in effect for the long term according to the scale used by the rating agencies and the maximum rating for the short term according to the scale used for this term.

- Options, forwards, and swaps: EPM is exposed to the risk that a counterparty does not recognize the right and in order to mitigate this risk, the risk level of each of the entities with which an operation is expected to be carried out is previously evaluated.
- Trade debtors and other accounts receivable: EPM is exposed to the risk that users of residential public utilities fall into arrears or do not pay for such services. Accounts receivable from residential public utilities debtors are classified into two large groups: those originated by default in payment and the other group corresponds to financing or payment agreements with customers that are made as a portfolio recovery strategy or for the linking of new customers.

EPM evaluates at the end of each period the behavior and value of accounts receivable to determine whether there is objective evidence that the portfolio is impaired and to identify its possible impact on future cash flows. The criteria used to determine that there is objective evidence of an impairment loss are:

- Customer default in the payment of two (2) or more accounts receivable.
- It is known or there is evidence that the customer enters into corporate restructuring processes or insolvency or liquidation.
- There are social disturbances, public order or natural disasters, which according to experience are directly correlated with the non-payment of accounts receivable.

In order to avoid an excessive concentration of risk, EPM has developed and implemented several strategies to mitigate the risk of non-payment of the portfolio, among which the following stand out:

- Persuasive collection by making telephone calls and sending letters to customers with the support of specialized collection agencies.
- Segmentation of clients to identify those with the highest risk, due to their value, in order to carry out personalized collection activities with them.
- Possibility of making payment agreements or partial payments that lead to the recovery of the capital exposed.
- Clearing of accounts receivable against accounts payable by EPM with customer suppliers.

- When the above strategies do not generate satisfactory results, coercive collection actions are taken by suspending and cutting off service.
- If the above strategies do not produce satisfactory results, we proceed with the collection of the portfolio through the judicial process.

It also seeks to expand the portfolio of products to customers in such a way as to facilitate the payment of the debt, such as energy and prepaid water.

As mentioned above, EPM makes payment or financing agreements, which are made as a portfolio recovery strategy or to link new customers. These give the right to fixed or determinable payments and are included in current assets, except for those with maturities greater than 12 months from the date of generation of the balance sheet, in which case they are classified in non-current assets.

In general terms, to guarantee customer debts, blank promissory notes with letters of instructions are constituted, and when the value of the financing exceeds amounts pre-established in the internal regulations, collateral or bank guarantees are requested, and in the cases in which the customer is a state entity, resources that EPM, prior agreement, collects from the customer are pledged.

For the credit risk management of accounts receivable in its different stages (risk cycle), methodologies, procedures, guidelines and business rules are incorporated, complying with the commercial and financial policies, in order to achieve a comprehensive and sustainable vision of the customers.

To leverage the stages of the credit risk cycle, different statistical methodologies are used to obtain an estimate of the future payment behavior of the accounts.

These methodologies are described below:

- **CREDIT SCORING**
  Allows to obtain a customer's risk profile based on their payment behavior and characteristics, which helps in segmenting the population, suggesting the optimal candidates for basic and/or value-added service allocation offers.

- **APPROVAL SCORING FOR VALUE-ADDED PRODUCTS**
  Profile customers applying for value-added credit assigns a risk level to applicants and according to the established business rules contribute to making the final decision of approval or denial.

- **PORTFOLIO CLASSIFICATION MODEL**
  Assigns the probability of default in the short term (2 months) of the services subscribed, in order to design collection prioritization strategies.

- **EXPECTED LOSS CALCULATION MODEL**
  It allows finding the probability that the underwritten services may default within 12 months, which is used to calculate the expected loss of the accounts.

The company considers that the value that best represents its exposure to credit risk at the end of the period, without considering any collateral taken or other credit enhancements is:

Concept	2021	2020
Cash and cash equivalents	1,798,087	864,631
Investments in debt instruments	166,413	1,995,427
Investments in Investment property the private sector	2,195,900	2,518,382
Accounts receivable*	(380,991)	(371,427)
Other Accounts receivable*	(193,968)	(60,451)
Maximum exposure to credit risk	**3,585,441**	**4,946,562**

Amounts stated in millions of Colombian pesos

*Corresponds to the allowance for accounts receivable.

42.3 Liquidity risk

This refers to the possibility that there may be insufficient resources for the timely payment of the entity's obligations and commitments, and therefore EPM may be forced to obtain liquidity in the market or to liquidate investments in an onerous manner. It is also understood as the possibility of not finding buyers for the portfolio securities.

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

- Cash and cash equivalents.
- Other financial assets:
  - Fixed-income securities.
  - Investments pledged or pledged as collateral.
  - Swaps.
- Trade and other receivables.

In order to control liquidity risk, temporary comparisons of figures, reference indicators and liquidity levels in different time horizons are made. Based on this analysis, investment strategies are developed that do not affect the liquidity of the Companies, considering the cash budget and market risk analysis to consider the diversification of the sources of funds, the capacity to sell assets, and the creation of contingency plans.

In general, the main aspects considered in the analysis are:

- Securities liquidity: the characteristics of the issuer, issue amount, and trading volume are analyzed.
- Market liquidity: the general behavior of the market is analyzed, and rate forecasts are made to infer its future behavior.

- Portfolio liquidity: cash flows are coordinated in order to determine investment strategies according to future liquidity requirements, and diversification is sought to avoid concentration of securities by issuer, rates, and/or terms.

The following table shows the remaining contractual maturity analysis for liabilities and non-derivative financial assets:

	Average effective interest rate	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021							
Non-derivative financial liabilities Variable interest rate	5.81%	1,550,879	394,492	291,822	88,070	3,045,044	5,370,307
Non-derivative financial liabilities Fixed interest rate	6.26%	246,290	436,585	1,191,809	224,226	11,209,036	13,307,946
Non-derivative financial assets	5.26%	648,972	9,500	11,000	-	-	669,472
Non-derivative financial assets - portfolio	7.52%	390,592	209,328	306,307	437,725	605,803	1,949,755
Total		**2,836,733**	**1,049,905**	**1,800,938**	**750,021**	**14,859,883**	**21,297,480**
2020							
Non-derivative financial liabilities variable interest rate	4.40%	1,051,434	909,154	565,409	480,441	2,897,040	5,903,478
Non-derivative financial liabilities fixed interest rate	6.47%	339,585	208,763	399,058	1,174,508	10,522,734	12,644,648
Non-derivative financial assets	2.77%	2,055,439	8,000		8,500		2,071,939
Non-derivative financial assets - portfolio	6.51%	280,850	512,543	253,152	230,468	888,843	2,165,856
Total		**3,727,308**	**1,638,460**	**1,217,620**	**1,893,917**	**14,308,617**	**22,785,921**

Amounts stated in millions of Colombian pesos

The values included in the above tables for non-derivative financial assets and liabilities may change in response to fluctuations in the variable interest rate relative to the estimated interest rate at the end of the reporting period. The Company considers that cash flows may not occur earlier than indicated above.

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

	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligation
2021						
Options	3,673	-	-	-	-	3,673
Contracts *Swap*	103,480	169,464	170,578	169,764	260,196	873,482
Total	107,153	169,464	170,578	169,764	260,196	**877,155**
2020						
Swap Contracts	157,138	61,100	90,966	91,581	766,656	1,167,440
Total	157,138	61,100	90,966	91,581	766,656	**1,167,440**

Amounts stated in millions of Colombian pesos

The main method for measuring and monitoring liquidity is the cash flow forecast, which is carried out in EPM and consolidated in the cash budget. Derived from this, a daily follow-up of its cash position is performed, and cash projections are continuously made, in order to:

- Follow up liquidity needs related to operating and investment activities associated with the acquisition and disposition of long-term assets.
- Pay, prepay, refinance and/or obtain new loans, according to EPM's cash flow generation capacity.

These projections consider EPM's debt financing plans, compliance with ratios, compliance with organizational objectives and applicable regulations.

Note 43. Fair value measurement on a recurring and non-recurring basis

The methodology established in IFRS 13 Fair Value Measurement specifies a hierarchy in valuation techniques based on whether the variables used in determining fair value are observable or unobservable. The Group determines the fair value on a recurring and non-recurring basis, as well as for disclosure purposes:

- Based on quoted prices in active markets for identical assets or liabilities that the Group can access on the measurement date (level 1).
- Based on valuation techniques commonly used by market participants that use variables other than quoted prices that are directly or indirectly observable for assets or liabilities (level 2).

- Based on internal cash flow discount valuation techniques or other valuation models, using variables estimated by the Group that are unobservable for the asset or liability, in the absence of variables observed in the market (level 3).

Valuation techniques and variables used by the Group to measure fair value for recognition and disclosure:

Cash and cash equivalents: include fixed income instruments and fiduciary charges. The latter reflects the balance of the Collective Investment Funds (FIC) owned by the Grupo EPM. These funds are used as a savings and investment mechanism and are managed by trust companies. Through these funds, resources are invested in a portfolio of assets that are updated at fair value. The Grupo EPM uses the market approach as a valuation technique for this item, these items are classified in level 1 of the fair value hierarchy.

Investments at fair value through results and through equity: corresponds to the investments made to optimize liquidity surpluses, that is, all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the companies. Additionally, it includes the resources delivered to a financial institution as collateral for the sale of the Los Cururos Wind Farm and EPM Transmission Chile. The Grupo EPM uses the market approach as a valuation technique, these items are classified in level 1 of the fair value hierarchy.

Equity investments: corresponds to the resources placed in equity securities of national or foreign entities, represented in shares or parts of social interest. The methodologies used are the market price for those listed on the stock exchange (level 1) and the discount of cash flows for the rest (level 3).

Fiduciary rights: corresponds to the rights originated by virtue of the execution of commercial fiduciary contracts. The Grupo EPM uses the market approach as a valuation technique, these items are classified at level 1. Regarding the fiduciary rights, it is understood that, the fiduciary entities must follow the law's guidelines associated to the related patrimony with pension bonds, and other fiduciaries follow internal guidelines established by EPM for the investment they perform in subjacent assets.

Derivative instruments: The Group uses derivative financial instruments, such as forward contracts, futures contracts, financial swaps (swaps), and options, to hedge various financial risks, mainly the risk of interest rate, exchange rate, and price of basic products (commodities). Such derivative financial instruments are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The Group uses discounted cash flow as a valuation technique for swaps, in an income approach. The variables used are Interest rate swap curve for rates denominated in dollars, to discount flows in dollars; and External Interest Rate Swap Curve for rates denominated in pesos, to discount flows in pesos. These items are classified in level 2 of the fair value hierarchy.

Regarding Zero Cost Collar options, the Black and Scholes model is used as a reference, which analyzes the value of options based on the price of the asset underlying the option and follows a continuous stochastic process of Gauss-Wiener evolution with mean and constant instantaneous variance. These items are classified in level 2 of the fair value hierarchy.

Additionally, for the put option of the climatic derivative, the Montecarlo method is used as a valuation technique, which simulates the non-financial variable (rainfall measured in two meteorological stations located in the basins of two of the most important rivers in EPM's area of influence: Río Abajo and Riogrande I) in a series of situations or possible scenarios for a given event, including the limits and present value of the flows defined in the contract. This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used.

Accounts receivable: made up of the account receivable originating from the business combination for the acquisition of the subsidiary Empresas Públicas de Rionegro, for its valuation the discount of the payment flows is considered, applying the weekly deposit rates for TDC at 360 days. published by the Banco de la República; and for the account receivable associated with the contract for the firm supply of liquid fuel (ACPM) for the La Sierra y Termodorada thermoelectric plants, which is updated according to the value of the fuel unit stipulated in the contract. Both items are classified in level 3 of the fair value hierarchy.

Investment properties: are properties (land or buildings, considered in whole or in part, or both) that are held (by the Group in its own name or through a financial lease) to obtain rents, capital gains, or both, in place of for:

- Its use in the production or supply of goods or services, or for administrative purposes; or
- Their sale in the ordinary course of operations.

The Group uses two valuation techniques for these items. Within the market approach, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand, and appraisals of similar or comparable real estate, prior adjustments for time, composition, and location. Within the cost approach, the residual method is used, which is applied only to buildings and is based on the determination of the updated construction cost, less depreciation due to age, and state of conservation. Both items are classified in level 3 of the fair value hierarchy.

Contingent considerations: arising from the business combinations in the acquisitions of the subsidiaries Espiritu Santo Energy S. de RL and Empresas Varias de Medellín SA ESP – EMVARIAS, the discount of the payment flows is considered by applying the discount rates: Libor rate and TES rate, respectively. These items are classified in level 3 of the fair value hierarchy.

Other accounts payable: corresponds to the premium payable for a weather derivative whose valuation technique is the average of expected future flows, discounted at a risk-free rate plus a spread that considers the possibility of default (own credit risk). This item is classified in level 3 of the fair value hierarchy because variables not obtained from observable market data are used, such as own credit risk.

The following table shows for each of the fair value hierarchy levels, the Company's assets and liabilities measured at fair value on a recurring basis 2021 and 2020:

2021	Level 1	Level 2	Level 3	Total
Assets				
Negotiable or designated to fair value measurement				-
Cash and cash equivalents	688,620	-	-	688,620
Total negotiable or deisgnated to fair value measurement	688,620	-	-	688,620
Other investments in debt securities				
Fixed Income Securities	165,709	-	-	165,709
Variable Income Securities	137,029	-	-	137,029
Investments pledged or delivered under warranty	704	-	-	704
Total other investments measured at fair value(See Note 13)	303,442	-	-	303,442
Other equity investments				
Equity securities	2,189,167	-	6,733	2,195,900
Total Other Investments (See Note 13)	2,189,167	-	6,733	2,195,900
Fiduciary Rights				
Noodle in administration	362,316	-	-	362,316
Total Trust Rights (See Note 13)	362,316	-	-	362,316
Derivatives				
Swaps	-	131,577	-	131,577
Put Option	-	-	102,210	102,210
Collar option	-	3,672	-	3,672
Total Derivatives (See Note 13)	-	135,249	102,210	237,459
Other Accounts receivables				
Other Accounts receivables	-	-	23,187	23,187
Total Debtors (See Note 12)			23,187	23,187
Urban and rural land	-	-	121,339	121,339
Buildings and houses	-	-	31,000	31,000
Total investment properties (See Note 6)	-	-	152,339	152,339
Liabilities				
Derivatives				
Swaps	-	164,270	-	164,270
Total Derived Liabilities (see note 24)	-	164,270	-	164,270
Contingent liabilities				
Provision-business combination	-	-	165,214	165,214
Total Contingent compensation (See Note 27)	-	-	165,214	165,214
Other Accounts payables.				
other accounts payables.	-	-	91,317	91,317
Total Other Accounts payable(See Note 23.1)	-	-	91,317	91,317
Total	**3,543,545**	**(29,021)**	**27,938**	**3,542,462**
Amounts stated in millions of Colombian pesos	**100%**	**-1%**	**1%**	

2020	Level 1	Level 2	Level 3	Total
Assets				
Negotiable or designated to fair value measurement				
Cash and cash equivalents	157,155	-	-	157,155
Total negotiable or deisgnated to fair value measurement	157,155	-	-	157,155
Other investments in debt securities				
Fixed Income Securities	1,994,631	-	-	1,994,631
Variable Income Securities	119,210	-	-	119,210
Investments pledged or delivered under guarantee	796	-	-	796
Total other investments measured at fair value (See Note 13)	2,114,637	-	-	2,114,637
Other equity investments				
Equity securities	2,511,649	-	6,733	2,518,382
Total Other Investments (See Note 13)	2,511,649	-	6,733	2,518,382
Fiduciary rights				
Noodle in administration	423,102	-	-	423,102
Total Trust Rights (See Note 13)	423,102	-	-	423,102
Derivatives				
Swaps	-	62,374	-	62,374
Put Option	-	-	128,204	128,204
Total Derivatives (See Note 13)	-	62,374	128,204	190,578
Other Accounts receivable s.				
Other Accounts receivable s.	-	-	23,237	23,237
Total Debtors (See Note 12)			23,237	23,237
Investment properties				
Urban and rural land	-	-	116,532	116,532
Buildings and houses	-	-	35,833	35,833
Total investment properties (See Note 6)	-	-	152,365	152,365
Derivatives				
Swaps	-	416,595	-	416,595
Total Derived Liabilities (see note 24)	-	416,595	-	416,595
Contingent liabilities				
Provision-business combination	-	-	155,378	155,378
Total Contingent compensation (See Note 27)	-	-	155,378	155,378
Other Accounts payable Gones - Disclosure				
other accounts payable s.	-	-	120,429	120,429
Total Other Accounts payable Tint (See Note 23.1)	-	-	120,429	120,429
Total	**5,206,543**	**(354,221)**	**34,732**	**4,887,054**
Amounts stated in millions of Colombian pesos	**147%**	**-10%**	**1%**	

The carrying amounts and estimated fair values of the Company's assets and liabilities that are not recognized at fair value in the separate statement of financial position, but require disclosure at fair value, as of December 31, 2021 and 2020 are as follows:

Concept	2021			2020	
	Value in books	Estimated Per-use Fair Value Measurement		Estimated Per-use Fair Value Measurement	
		Level 2	Total	Level 2	Total
Assets					
Public utility accounts receivable	2,369,387	2,374,698	2,374,698	1,821,665	1,821,665
Employee loans	142,604	148,427	148,427	126,283	126,283
Related partys	934,372	934,372	934,372	1,163,777	1,163,777
Other accounts receivables.	2,787,408	2,787,374	2,787,374	786,498	786,498
Total Assets	6,233,771	6,244,871	6,244,871	3,898,223	3,898,223
Liabilities					
Commercial bank loans	2,371,547	2,371,546	2,371,546	1,543,589	1,543,589
Multilateral bank loans	1,326,950	1,326,950	1,326,950	2,962,186	2,962,186
Bank loans for development	1,798,200	1,798,200	1,798,200	1,534,291	1,534,291
Bonds and securities issued	13,336,399	12,638,410	12,638,410	13,693,376	13,693,376
Total liabilities	18,833,096	18,135,106	18,135,106	19,733,442	19,733,442
Total	**(12,599,325)**	**(11,890,235)**	**(11,890,235)**	**(15,835,219)**	**(15,835,219)**

Amounts stated in millions of Colombian pesos

Note 44. Service concession arrangements

As of December 31, 2021, the company manages as operator several concessions that contain provisions for the construction, operation and maintenance of facilities, as well as the provision of public services such as water supply and wastewater collection and treatment, in accordance with the applicable regulations.

The remaining period of the concessions where the company acts as operator is detailed below:

Company/Agreement	Contract No	Subscription Date	Activity	Country	Grant Period	Initial Remaining Period
Empresas públicas de Medellín - Municipio de Caldas	1401288	No date	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	30 years (extendable)	7 years
Empresas públicas de Medellín - Municipio de Sabaneta	1/DJ/-7885/19	03/10/1984	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	10 years (extendable)	3 years
Empresas públicas de Medellín - Municipio de La Estrella	1/DJ/-7835/17	10/09/1984	Execution of works and provision of water supply services drinking and sewerage.	Colombia	10 years (extendable)	3 years
Empresas públicas de Medellín - Municipio de Envigado	1/DJ/-5991/30 1/DJ/-7982/5	03/08/1977 27/02/1985	Provision of aqueduct service and Sewerage and construction of works for the provision of the Aqueduct and Sewer service.	Colombia	10 years (extendable)	6 years
Empresas públicas de Medellín - Municipio de Itagüí	1/DJ/-6199/10 2/DJ/-1190/33 1/DJ/-2079/58 2801799	06/09/1978 10/10/1994 04/07/1996 02/09/1998	Construction of aqueduct networks and sewers for the provision of service of assigned neighborhoods. Collector construction parallel to the La Justa and Sewer ravine on the street 36 at the height of the Ditaires Park. Construction of the collector parallel to the cover of the La Munoz gorge. Transfer of Hydraulic Structures to provide the service of Sewer in the municipality and provide the sanitation to the Medellin River.	Colombia	30 years (extendable)	26 years
Empresas públicas de Medellín - Municipio de Bello	1/DJ/-6208/11	05/09/1978	Execution of works and provision of the aqueduct and sewerage service.	Colombia	10 years (extendable)	2 years
Empresas públicas de Medellín - Municipio de Copacabana	1/DJ-9994/9	31/10/1990	Execution of works for him drinking water supply, sewerage and provision of such services.	Colombia	20 years (extendable)	9 years
Empresas públicas de Medellín - Municipio de Girardota	1/JD-591/2	12/04/1993	Provision of aqueduct service and sewage.	Colombia	20 years (extendable)	11 years
Empresas públicas de Medellín - Municipio de Barbosa	1401287	02/10/1997	The municipality undertakes to put to provision and ease of use of networks and other infrastructure for the provision of aqueduct services and sewerage.	Colombia	30 years (extendable)	6 years

As of the balance sheet date, no revenues and costs incurred for construction services exchanged for a financial asset or an intangible asset have been recognized.

Service concession agreements

The concession agreements between EPM and the Municipalities establish the conditions under which the aqueduct and sewerage networks are managed, operated, and maintained for the provision of drinking water and wastewater sanitation services to their inhabitants, under the terms, conditions, and rates established by the Drinking Water and Basic Sanitation Regulatory Commission (CRA).

The user is charged via tariffs according to the intervention of replacement, expansion, or interventions in the networks with the execution of projects under construction (Construction in progress). Following the parameters and conditions established by the CRA (Water Regulation Commission).

The agreements indicate the following rights and obligations for EPM as an operator in the service concession agreement:

- The right to receive from the Municipality the totality of the water and sewage networks and to have exclusivity as operator of the system.
- Obligation to make exclusive use of the water and sewerage networks for the purposes for which they are intended, maintain them and return them in the conditions in which they were received.
- Some concession agreements have the option to be automatically renewed for equal periods unless one of the parties expresses its intention not to continue with the agreement.
- The concession agreements do not establish an obligation to construct items of property, plant and equipment.

Upon termination of the concession, EPM must return the water and sewage networks without any consideration to the Municipalities. There have been no changes in the terms of the concession agreement during the period.

For these agreements, the intangible asset model is applicable.

See Note 7 Goodwill and other intangible Assets.

Note 45. Events after the reporting period

Payment by Mapfre insurance company for contingency coverage of the future Ituango hydroelectric power plant:

On January 25, 2022, the company Mapfre Seguros Generales de Colombia, an insurer of the future Ituango hydroelectric power plant, made a final, total, and definitive payment for USD 633.8 million for the contingency initiated in the project in April 2018, within the coverage of the all-risk construction and assembly policy. This payment was made in compliance with the provisions of the transaction contract signed on December 10, 2021, between Mapfre and EPM, and the second instance ruling of the Comptroller General of the Republic notified on November 26, 2021. This fact does not represent an adjustment to the figures of the separate financial statements as of December 31, 2021, because it was recognized for the same amount as a lower value in the item of property, plant, and equipment with the exchange rate in effect on the day the transaction contract was subscribed, equivalent to $2,471,853.

After receiving the payment, on that same date, EPM withdrew the arbitration claim before the conciliation, arbitration, and amicable composition center of the Medellín Chamber of Commerce for Antioquia.

After the date of presentation of the separate financial statements and before the date of authorization of their publication, there were no other relevant events that imply adjustments to the figures.

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