

Sustainability Report

2021

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



Grupo•epm

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



Grupo•epm

Our Group



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



SUSTAINABLE GOALS



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Who we are



About us 2021



We are already
16,850
employees in the
Grupo EPM

Our Business Lines

6
Countries8
Business Lines45
CompaniesPower
GenerationPower
TransmissionPower
Distribution


Gas

Water
SupplyWastewater
ManagementSolid Waste
ManagementCommercialization
of New Solutions*


*This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly clients, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders.

As of December 31, this business has not started operations because it is in the formulation and study of initiatives stage, and it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore, it has not generated effects in the financial statements.


How we provide services




Power Generation



View process >



Transmission, Distribution, and Commercialization of Energy




View process >



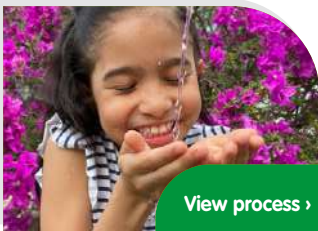
Natural Gas



View process >



Water Provision



View process >



Wastewater Management



View process >

Some key performance metrics



Environmental
Management
Index

99%



Grupo EPM's
CSR track
record

92%

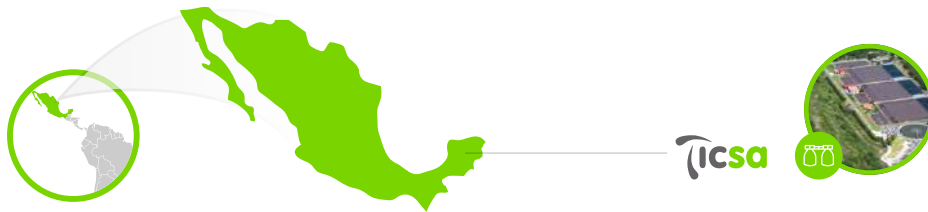


Our footprint in LATAM

Bermudas



México



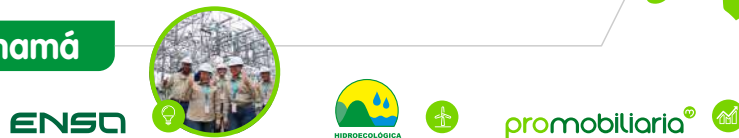
Guatemala



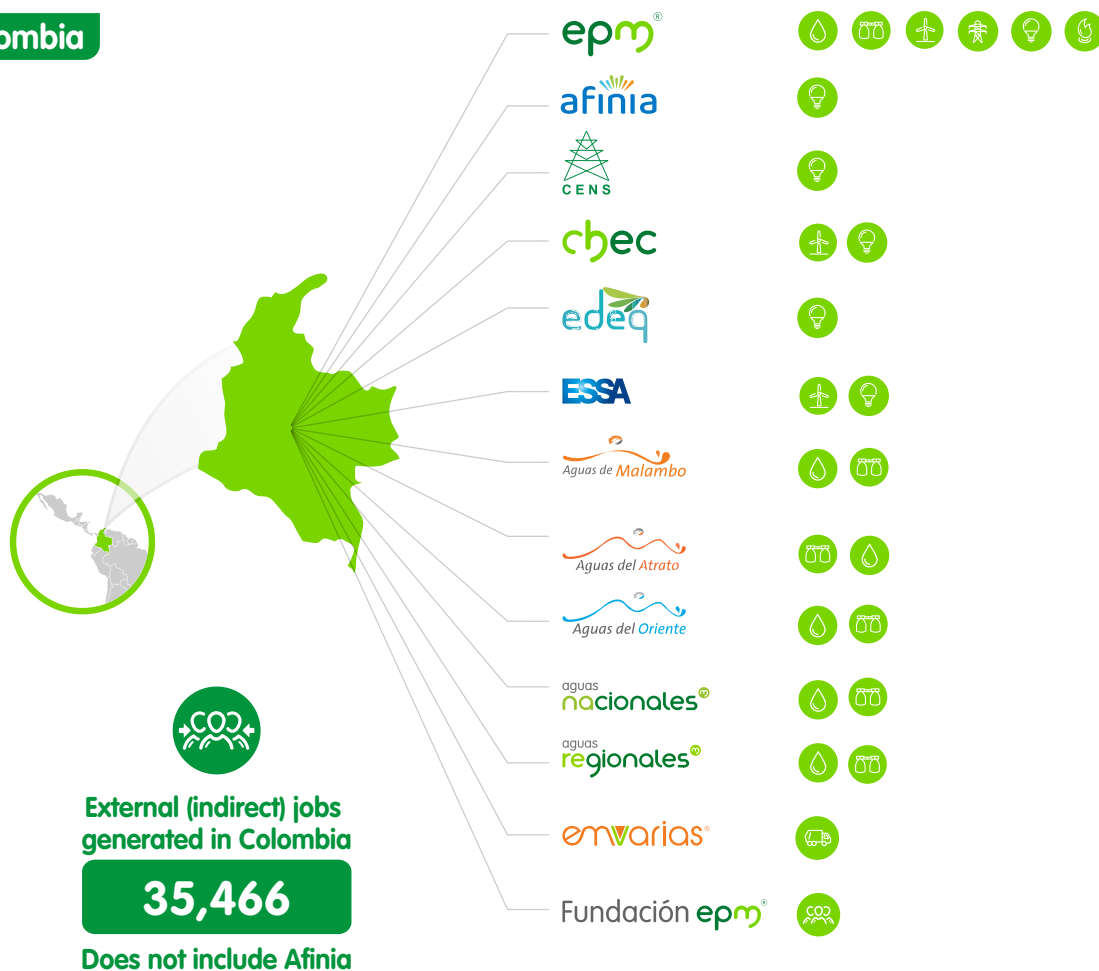
El Salvador



Panamá



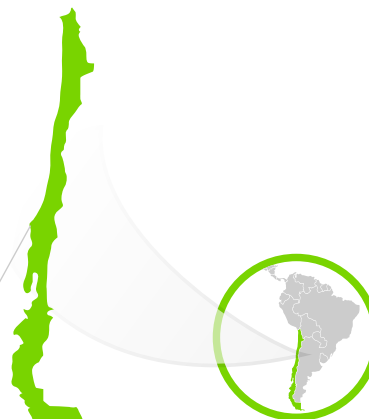
Colombia



Chile

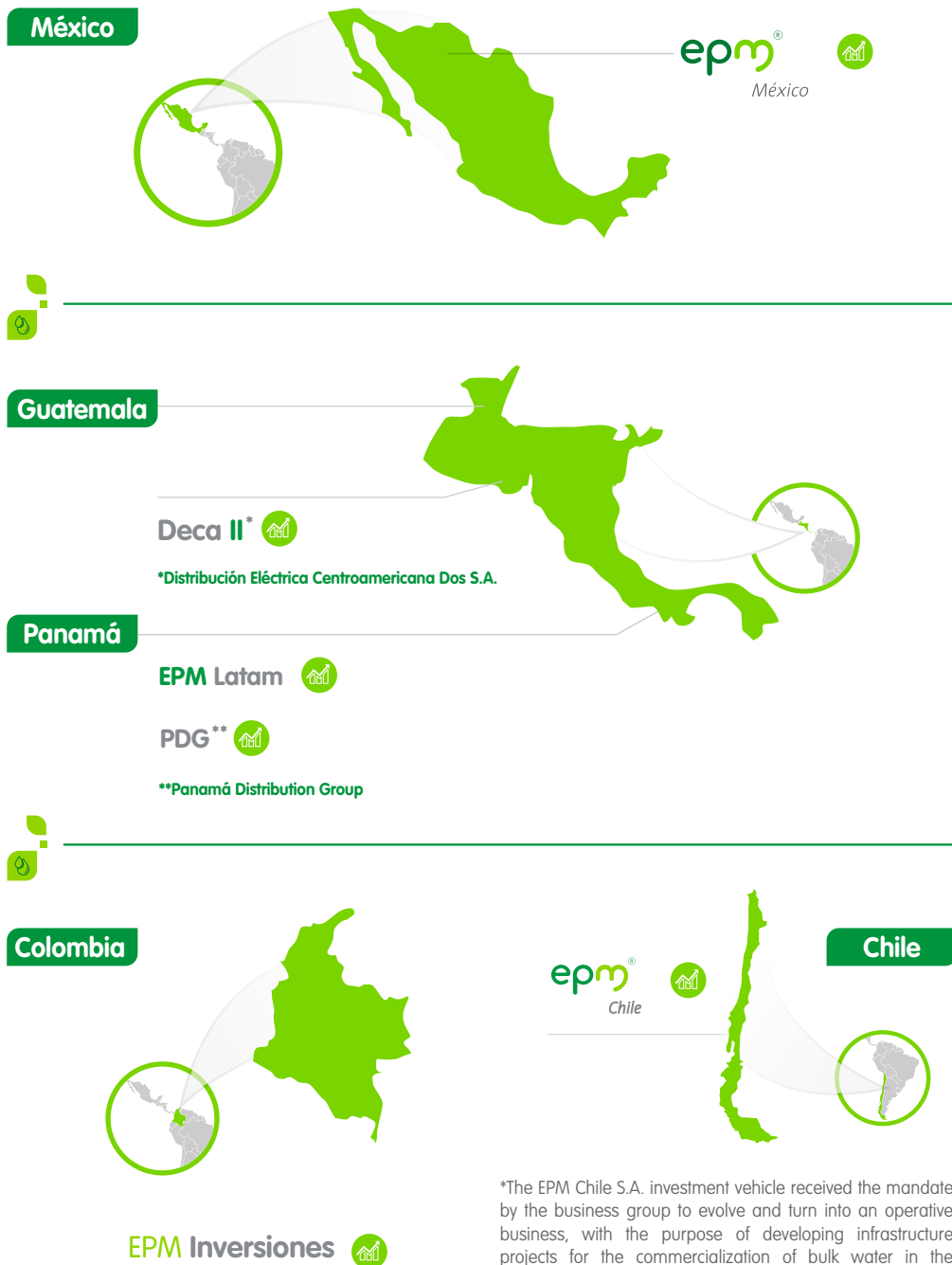
Hidrosur 

aguas antofagasta  



Investment Vehicles

The Grupo EPM has **six companies** that facilitate growth in the different territories in which it operates, five of them abroad and one in Colombia.

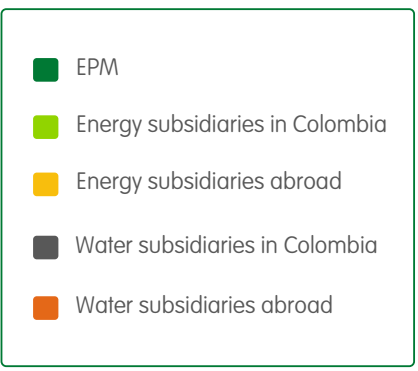


Financial results

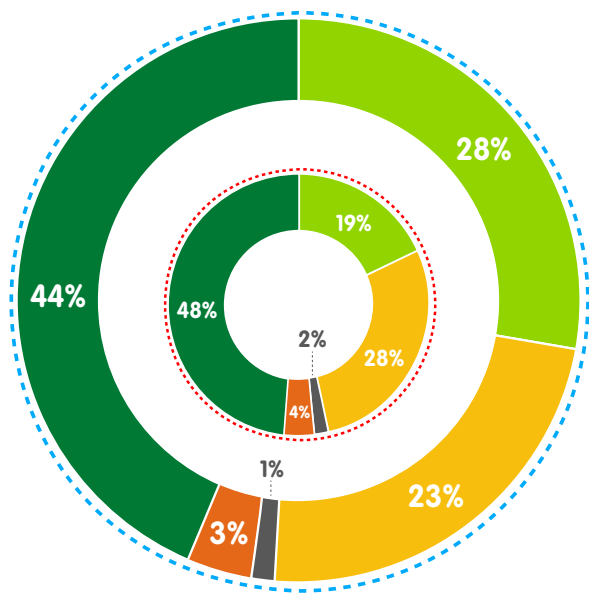
Grupo EPM 2021

Year 2021

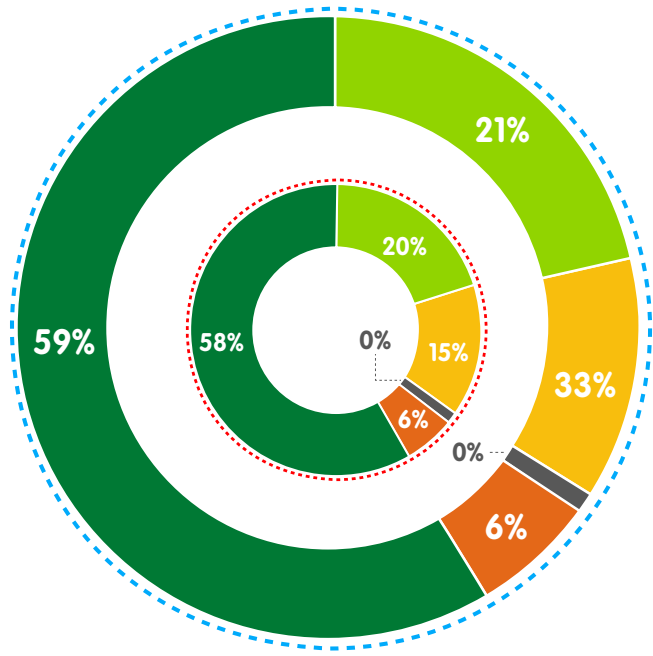
Year 2020



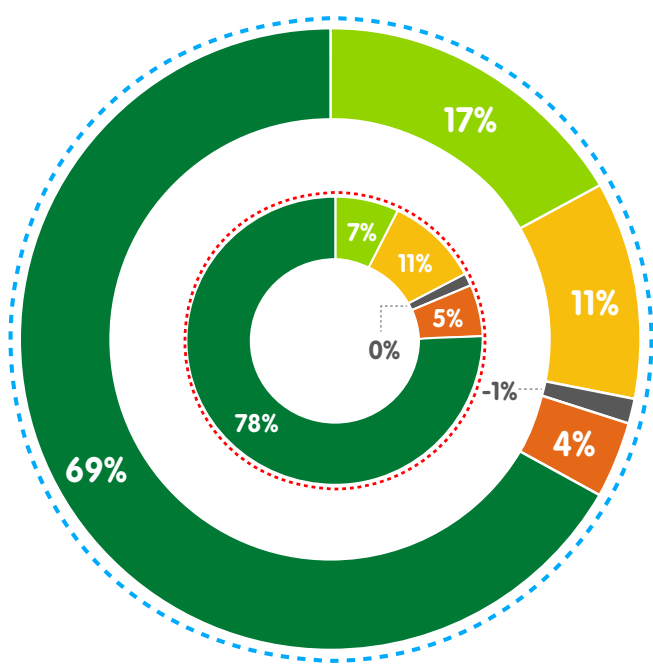
Revenues



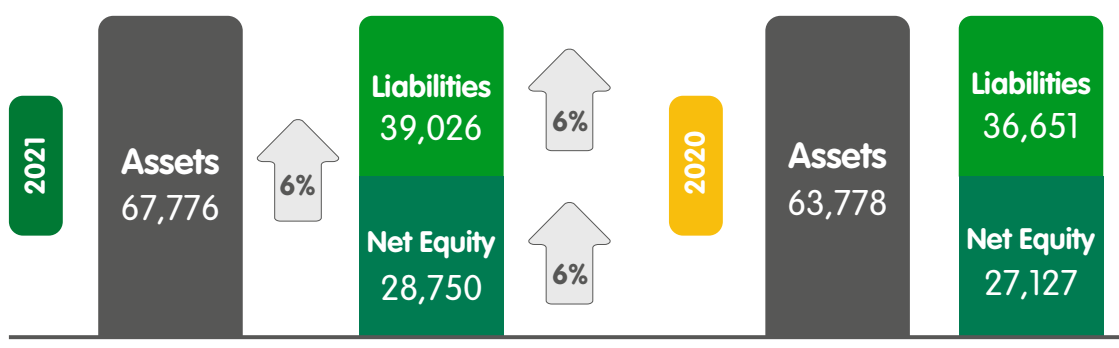
EBITDA



Result for the period



Grupo EPM



Figures in COP thousand million.



Energy

Grupo EPM 2021

Power Generation Efficiency Indicators



EPM ESSA CHEC HET



Thermal energy efficiency

Current availability/
projected availability

EPM

83.8%

CHEC

102.8%

Energy penalized/
energy generated

0.38%

1.24%



Hydropower efficiency

Current availability/
projected availability

EPM

98.9%

CHEC

90.6%

HET

108%

Energy penalized/
energy generated

0.08%

0.14%

N.A.

Major Plants (>20 MW)

Current availability/
projected availability

EPM

99.6%

ESSA

123.6%

CHEC

103%

Smaller Plants (<20 MW)



Wind energy efficiency

EPM

94.9%

Source: Energy Generation Business Unit

Power Generation Mix

Type of source	Generation system			Net production (GWh)			Net effective capacity (MW)		
	2021			2021			2021		
	Grupo EPM	EPM		Grupo EPM	EPM		Grupo EPM	EPM	
Wind	1	1		60	60		18	18	0
Solar	0	0		0	0		0	0	83
Distributed generation (Solar)	6	6		1	1		3	3	24
Thermal	2	1		1.342	1.294		397	353	399
	1	0		2	0		5	0	5
Hydraulics	11	8		13.639	13.141		2.887	2.690	
	25	18		728	492		171	129	
	36	26		14.367	13.633		3.058	2.819	
Total	46	34		15.774	14.988		3.481	3.193	5.669
Source: Energy Generation Business Unit									

Installed energy transmission and distribution capacity 2021



Grupo EPM

EPM



Universal service - Colombia

6,481,986 Total customers

97.17% Service coverage (%)


Coverage of the service - Other countries (El Salvador, Guatemala y Panamá)

2,337,805 Total customers

93.83% Service coverage (%)


Transmission networks and electric power distribution (km)

294,565
98,745


Power distribution and transmission transformers

413,699
146,644


Substation transformation capacity (MVA)

24,101
8,760


Source: Energy Transmission & Distribution Business Unit and Commercial Business Unit

Electric power transmission and distribution networks Grupo EPM 2021 (in kilometers)

Tension level	Area	Subway	Total
Ultra-high transmission voltage (Voltage ≥ 220 kV)	1,373	6	1,081
High transmission voltage (57.5 kV \leq Voltage < 220 kV)	5,360	43	5,403
Medium transmission voltage (30 kV \leq Voltage < 57.5 kV)	8,308	89	8,398
Medium voltage transmission and distribution (1 kV \leq Voltage < 30 kV)	132,343	2,879	135,222
Low distribution voltage (Voltage < 1 kV)	138,868	5,296	144,164
Total kilometers	286,253	8,313	294,565

Source: Energy Transmission and Distribution Business Unit



Classification according to international standards based on RETIE standard NTC 1340. The length of the lines is according to the guidelines developed internally for cable measurement in the field.

Electric power transmission and distribution networks Grupo EPM 2021 (in kilometers)

Tension level	Area	Subway	Total
National Transmission System (STN) (Voltage ≥ 220 kV)	1,075	6	1,081
Level 4: Regional Transmission System (RTS) (57.5 kV \leq Voltage < 220 kV)	1,641	0	1,641
Level 3: Local Distribution System (LDS) (30 kV \leq voltage < 57.5 kV)	2,312	17	2,329
Level 2: Local Distribution System (LDS) (1 kV \leq Voltage < 30 kV)	48,967	1,008	49,975
Level 1: Local Distribution System (LDS) (Voltage < 1 kV)	41,340	2,378	43,718
Total kilometers	95,336	3,409	98,745

Source: Energy Transmission and Distribution Business Unit



Classification according to CREG Resolution 025 of 1995 and CREG 097 of 2008.
Level 4 (STR) is remunerated in the distribution business together with levels 1, 2 and 3.
Line lengths are determined according to the internally developed guide for cable measurement in the field.

Energy service detail by company 2021

Universal service - Colombia		
	Total customers	2,662,104
	Universalization (%)	97.29
	Total customers	525,420
	Universalization (%)	99.44
	Total customers	208,053
	Universalization (%)	99.18
	Total customers	572,573
	Universalization (%)	93.95
	Total customers	873,216
	Universalization (%)	97.00
	Total customers	1,640,620
	Universalization (%)	96.96
Service Coverage - Other Countries		
	Total customers	426,187
	Service coverage (%)	95.00
	Total customers	510,293
	Service coverage (%)	87.70
 Guatemala	Total customers	1,401,325
	Service coverage (%)	98.78
Total customers		8,819,791
Source: Water and Sanitation Business Unit		

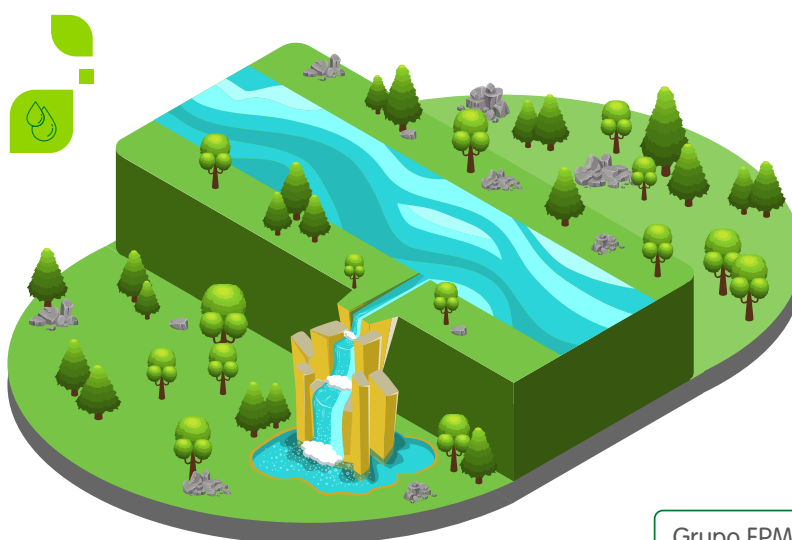


Total customers: includes homes or facilities that enjoy residential public service and those that are without service due to non-payment.

Water and Sanitation

Grupo EPM 2021

Indicators of installed water capacity



Grupo EPM EPM



Installed capacity

Drinkable water
treatment plants

39

13

Drinkable water
treatment capacity (m³/s)

20.29

15.46



Water distribution

Primary distribution
networks (km)

540

309

Secondary distribution
networks (km)

6,063

4,009

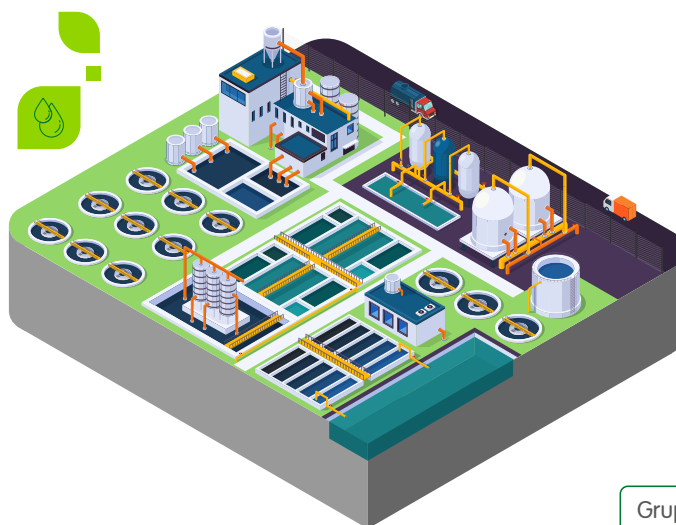


Drinkable water net production

393

300

Indicators of installed sanitation capacity



Grupo EPM	EPM
■	■

Installed capacity

Wastewater treatment plants	22	4
Wastewater treatment capacity (m³/s)	11.97	2.01

Collection and transportation

Transportation networks (km)	730	416
Transportation networks (secondary) (km)	5,809	4,493

Cleanliness











Tons transported	687,252
Tons entered at La Pradera for final disposition	1,239,701
Leachate treatment plants	1
Leachate treated (m³)	351,940

Treated water in wastewater plants

(million m³)	296	60
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Source: Water and Sanitation Business Unit

Water and Sanitation service detail by company 2021

Company		 Aqueduct	 Sewer	 Cleaning
	Total customers	1,362,502	1,341,700	N.A.
	Universalization (%)	98.05	96.11	N.A.
	Total customers	6,147	6,078	N.A.
	Universalization (%)	100	100	N.A.
	Total customers	105,076	83,555	N.A.
	Universalization (%)	93.05	76.08	N.A.
	Total customers	24,939	22,883	N.A.
	Universalization (%)	93.79	81.29	N.A.
	Total customers	N.A.	N.A.	906,667
	Universalization (%)	N.A.	N.A.	99.29
	Total customers	184,055	183,132	N.A.
	Universalization (%)	100	100	N.A.
	Total customers	1	N.A.	N.A.
Total customers		1,682,720	1,637,348	960,667
Universalization (%) in Colombia		97.63	94.95	99.29
Source: Water and Sanitation Business Unit				



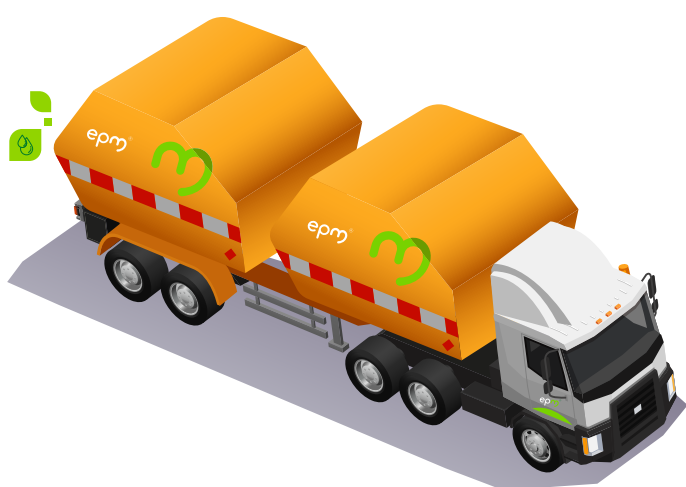
TICSA has no direct customers, but indirectly serves 2,365,560 customers (population covered) through the operation of 11 wastewater treatment plants.

Gas

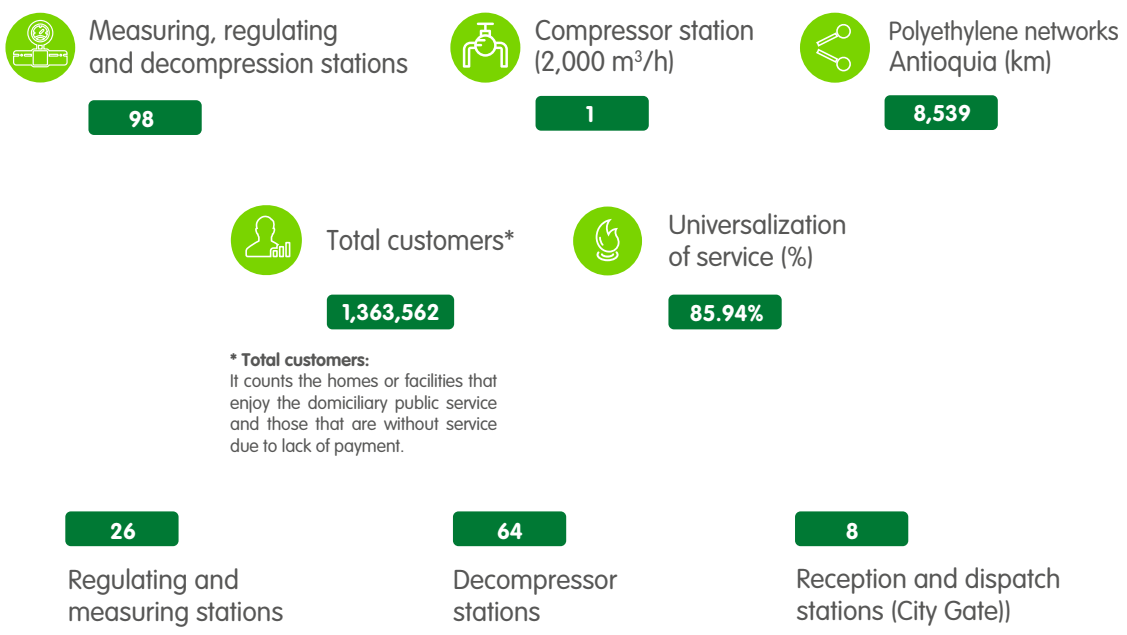
Grupo EPM 2021

Installed Capacity for gas

EPM gas service coverage



Grupo EPM



*** Total customers:**
It counts the homes or facilities that enjoy the domiciliary public service and those that are without service due to lack of payment.

Source: Gas Business Unit



Our history

SUSTAINABLE GOALS
DEVELOPMENT

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Our History epm®

1955



Grupo EPM has its origin in EPM, a **public** company owned by the Municipality of Medellín.

1997



EPM is transformed into an **industrial and commercial company of the State** to comply with Law 142 of 1994.

1999



● **Aguas del Oriente is created** to meet the water and sewage demand of the municipality of El Retiro.

2000



● **EPM becomes the parent company** of a **corporate group**.

2002

● **EPM Bogotá Aguas is created**, which would later become:

aguas
nacionales[®]

2003

● **EPM creates EPM Inversiones S.A.** and purchases the subsidiaries **CHEC, EDEQ y HET**.

chec

Central Hidroeléctrica
de Caldas

edeq

Empresa de Energía
del Quindío



Hidroecológica del
Teribe, Panamá



2005



EPM adopts a new strategy **changes its organizational structure.**

2006



UNE EPM Telecomunicaciones S.A. E.S.P. is created.

2006
2007



EPM becomes a partner in the regional companies **Aguas de Urabá** and **Aguas de Occidente.**

2007

- The regional **energy** market of **Antioquia** is integrated.



2009

- EPM participates in the **creation of Empresas Públicas de Oriente** and purchases the subsidiaries **CENS** and **ESSA**.



Centrales Eléctricas del
Norte de Santander



Electrificadora de
Santander S.A.

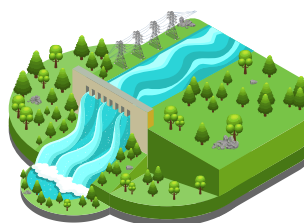
2010

- EPM invests in **Central American energy companies** that already have a position in the region and acquires the **holding** company **DECA II** and its **subsidiaries**.

Deca II

2011

● **EPM acquires, through DECA II, El Salvador Holdings Ltda.** which in turn is the owner of the company DELSUR (Distribuidora de Electricidad del Sur) in El Salvador, and through the purchase of the company Panamá Distribution Group S.A. ENSA (Elektra Noreste S.A.) in Panamá.



● **EPM formally assumes the financing, construction, maintenance, operation, and commercial exploitation of the Ituango Hydroelectric Project,** which will be the largest power generation plant in Colombia, with a capacity of 2,400 megawatts.

Acquisition of 85% of the public company **Aguas de Malambo S.A. E.S.P.**



2012



● **EPM Mexico is created** as a platform for the different projects that may be developed in that country.

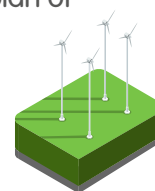
Following the early achievement of its large and ambitious goal in 2011, **the Group defined a new strategic direction with a 2022 horizon** and embarked on a transformation process.

2013



● **EPM Chile is born as a holding company** to leverage the growth plan of the Entity in the south of the American continent.

Through it, the Grupo EPM begins the construction of the **wind farm Los Cururos**, a 109.6 megawatt plant in the Coquimbo region of northern Chile, under a turnkey contract with the Danish firm Vestas.



2013



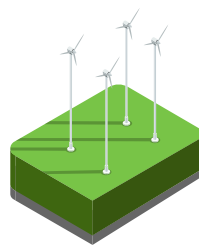
- The Grupo EPM is transforming itself to meet its goals for the year 2022.

In Mexico, it acquires a majority stake in Ticsa, holding company dedicated to the design, construction, operation and commissioning of wastewater treatment plants.



- With the acquisition of Emvarias, **Grupo EPM** expands its portfolio to include cleaning and collection services, transportation and final waste disposal.

2014



The **Grupo EPM**, through its subsidiary EPM Chile, **inaugurates the 110 MW Los Cururos wind farm.**



Grupo EPM consolidates its **new management structure.**



MILLICOM

UNE - Millicom merger to create a new digital alternative in Colombia.

2015



EPM strengthens its presence in **Chile** with the **purchase of Aguas de Antofagasta**.

2016



Regional de Occidente and Aguas de Urabá merge and the corporate name is changed to **Aguas Regionales EPM**.

2017



EPM acquires **100% of the shares of EP Rio**.

This is how Grupo EPM arrives in the **municipality of Rionegro** with the provision of **water and sewage services**.

2018

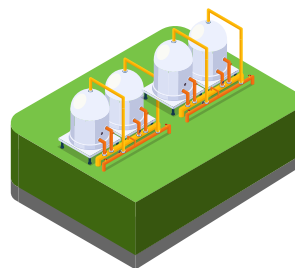


EPM responds to the social, environmental, and technical aspects of the Ituango Hydroelectric Project contingency, and achieves a decrease in the risk to downstream communities with the progress in the construction of the dam and the completion of the spillway works.

2019

EPM continues with the works aimed at reducing the risk for the communities downstream of the Ituango Hydroelectric Project: The beginning of the recovery of the powerhouse, the commissioning of the spillway, and the completion of the dam, as well as the delivery of the road over the dam to the municipality of Ituango.

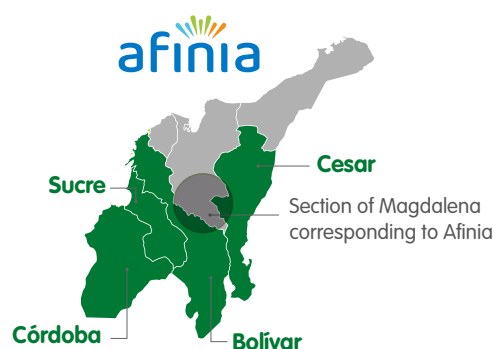
2019



Aguas Claras wastewater treatment plant starts operations in the northern part of the Aburrá Valley.

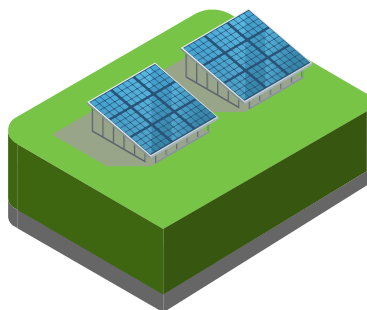
The EP Rio - EPM merger process culminates, which makes **EPM** the provider of **water and sewage services** in the municipality of Rionegro.

2020



Afinia, the new subsidiary of the Grupo EPM, assumed on October 1 the provision of electric power service to 1.5 million customers in the departments of Bolívar, Cesar, Córdoba, Sucre and 11 municipalities in southern Magdalena.

2021



EPM strengthens its non-conventional renewable energy portfolio with the **award of 83 MW of energy from the Tepuy solar project**, located in the municipality of La Dorada - Caldas, in the third auction organized by the National Government.

With the adjustment to the strategic direction and as a glance towards the future, a new business is born called **Commercialization of New Solutions***, which will offer a comprehensive and innovative portfolio through different mechanisms and platforms, generating positive experiences and benefits for our stakeholders.



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Integral risk management

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Integral risk management

Framework

Grupo EPM applies comprehensive risk management, under the policy contained in the internal regulatory framework: “EPM manages the risks that affect its activity and its environment, adopting the best practices and international standards of Comprehensive Risk Management (GIR) as a way to facilitate compliance with the purpose, strategy, objectives and business purposes, both of statutory and legal origin”. In pursuit of continuous improvement, a review was conducted to validate the validity of this policy, and it was found to be still valid. Additionally, other components of the regulatory framework such as guidelines and business rules have been reviewed and adjusted given the degree of maturity of the risk management scheme.

The Risk Management Business Unit, to achieve adequate protection and assurance of assets, resources, infrastructure, and interests, advanced the project **“Design and implementation of the new Integrated Risk Management (GIR) model”**, which aims to implement a new model to strengthen decision making, optimize operations and comply with regulatory requirements, by adjusting and consolidating the components of the corporate architecture.

In 2021, the **risk map of the Grupo EPM was monitored**, considering internal and external environment elements, the presence of COVID-19, and situations that arose around Hidroituango. Such follow-ups were presented in different governance bodies of the Company: the Steering Committee (Core Committee), the Audit Committee of the BoD, and the Board of Directors.

EPM’s risk map was updated, with emphasis on EPM as a service provider -operating company- and was incorporated in the Company Plan 2022-2025. Likewise, **the maps of the different management levels were updated**: business, processes, and accompaniment to project risk analysis.

The risks contained in this map are categorized as strategic, operational, financial, and compliance risks, which facilitates a comprehensive analysis of the situations to which the business group may be exposed.

Likewise, each of the operating subsidiaries, in Colombia and abroad of the Grupo EPM, has **risk matrices** in their respective plans, which are monitored periodically by the Management Committee or the Audit Committee of each company.

To analyze and assess the risks to which the organization is exposed, a formal methodology and associated tools are applied for the identification, qualitative and quantitative assessment of risks. The risks identified in these maps are assessed considering information on the context and the perceived exposure in each update.

Specialized risk analyses were carried out that provided elements to support the decision-making of different governing bodies, a situation that motivated the Risk Business Unit to establish new tools that made it possible to carry out these analyses and incorporate them into the documentation that supports the Integral Risk Management process.

Regarding the **Operational Safety program** that the organization has been carrying out, the Risk Business Unit participates in the risk pillar in each business project, leading the analysis of inducers and global vulnerability of the facilities, prioritized according to their criticality. This work has allowed the identification of improvement opportunities for EPM's main facilities.

EPM is aware of its responsibility before the materialization of risks that may affect the provision of its services, as well as possible effects on its environment. This is why the VP of Risks led the structuring of a matrix team to comply with Decree 2157 of 2017, which regulates Article 42 of Law 1523 of 2012 to formulate Disaster Risk Management Plans in the Company's facilities and projects.

In terms of physical security, analytical activities are supported by the Information System for the Analysis of the Environment (SIAE), which consists of: a set of public databases obtained

from more than 27 sources, both external and internal; three business intelligence software solutions; a Georeferenced Information System and an open-source code. The SIAE produced products such as the Market Potential Index (MPI), input for EPM's Target Market; the calculation of socio-political risk for Country Risk scoring, and the analysis of the environment with a focus on security for projects.

The closed-circuit television and access control systems were updated based on the architecture defined for the applications that support the physical security process. Additionally, in compliance with agreement 1502 of the National Operation Council (CNO), which defines the cybersecurity and cyber defense guidelines, **security was implemented with technological means in facilities of the Energy Generation, Energy Transmission, and Distribution businesses**, classified as critical cyber assets for the operation.

As can be seen, **EPM's security is aimed at contributing to the protection of people, infrastructure, and the Company's reputation.** All this is support for the effective operation and viability of businesses and projects.

Concerning **financial risk management**, the renewal of the insurance program of the Grupo EPM continued with the upward trend, typical of the hardening cycles of the world insurance and reinsurance market, which was severely impacted by the pandemic, with increases in premiums for all lines in general and restriction for the granting of some coverage and more conservative underwriting policies. Even so, it was possible to **renew the insurance program of the entire Grupo EPM** without deterioration in technical conditions and with economic market conditions.

The **subsidiary Maxseguros** increased its retentions in the Property Damage and Loss of Profit and Directors and Administrators lines. In addition, it is retaining an important portion of the policy contracted to cover the completed civil works of Hidroituango. The retentions in the other lines of business were maintained and the placement of the policies that the Grupo EPM transfers to the reinsurance market was managed.

Maxseguros' participation in the risk transfer strategy, articulated with EPM's Risk Business Unit, is considered fundamental to achieving the placement and renewal of the Grupo EPM's insurance program under the best possible terms and conditions in the reinsurance markets

Events materialized in 2021

The efforts made in 2021 allowed obtaining indemnities for claims in the policies of the corporate insurance program for the Grupo EPM, which include compliance insurance that guarantees the execution of contracts.

- There were **damages to corporate assets** such as transformers, essential services equipment, electronic and computer equipment, mainly due to machinery breakage and theft. These were managed and closed with indemnifications for EPM for COP 3,873,670,502 and USD 81,969.81, and for the Colombian subsidiaries for COP 2,635,000,160.
- On the other hand, there were **non-compliances with the obligations of some contractors in the development of contracts with Group companies**, which gave rise to the activation of compliance hedges and consequent indemnities in the amount of COP 730 million.
- Due to the **contingency of the future Ituango hydroelectric power plant**, in August the insurer made a third advance payment of USD 100 million which, added to the previous advance payments, totaled a recognized value up to that moment of USD 350 million. In December 2021 EPM and MAPFRE signed an agreement to the full and final payment of the indemnity under the All Risks Construction policy, in force at the time of the occurrence of the contingency in April 2018, for a total amount of USD 983.8 million, of which, as previously mentioned, USD 350 million had already been received. The remaining payment for USD 633.8 million was received at the end of January 2022, in accordance with the payment commitment made by MAPFRE.

- **Directors and Administrators Policy:** there were several investigations by the control agencies that implied the recognition of defense expenses in favor of the policyholders. Likewise, given the fiscal responsibility ruling issued by the Comptroller General's Office of the Republic, due to the Hidroituango contingency, the directors and management civil liability insurer Seguros Generales Suramericana S.A. was bound and declared liable, which in December 2021 made the payment to EPM for COP 402,454 million.

Achievements 2021

- Accompanying senior management in the construction of risk scenarios for the different decisions associated with Hidroituango.
- Progress in the development of risk management activities of the Operational Safety program.
- Constitution of the team and development of the methodology for risk analysis for the Disaster Risk Management Plans (PGRD).
- Progress in the consolidation of the quantification team in different areas (self-insurance fund, Hidroituango risk retention, and quantification of cybersecurity risks).
- Renewal of local insurance program including Fronting and Minor Damages (third renewal).
- Placement of the Directors and Administrators policy, taking into account the hardening of the market in Latin America: country risk variables and condition of state-owned entities Grupo EPM.
- Technical improvement in the unification of insured limits for the Colombian subsidiaries in the tort liability policy.
- Final closure of the Playas hydroelectric power plant incident.
- The operating matrix policy program continues to operate, despite the high loss ratio in the compliance line of business.

- Support to subsidiaries: Afinia, ESSA, CENS, ENSA, and DECA in security architecture and implementation.
- Accompaniment and safety management in aqueduct network projects: Granizal, Piedras Blancas, El Toldo, and La Tablaza; modernization of energy substations in Valdivia, Tarazá, and Tepuy.
- Thirty-two territory management circles have been carried out to stabilize the operation and projects.
- Recovery of non-technical losses exceeding COP 28.2 thousand million.
- Securing for the transfer of Hidroituango's special equipment.
- Development of police injunctions, attention to social protests, and land invasion in Hidroituango.

Challenges for 2022

- Progress on the project "Design and implementation of the new Integrated Risk Management Model".
- Development and implementation of country risk analysis and investment track record.
- Improvement in the work scheme of the Risk Engineering Department.
- Update of risk appetite and tolerance and inclusion in the cost/financial resource impact criteria.
- Strengthening of the Business Continuity Model.
- Accompanying Hidroituango in the placement of risks in the reinsurance market.
- Strengthening the synergy network with the subsidiaries.
- Focus on analysis of new insurance needs: M&A (mergers and acquisitions); political risk, credit-compliance coverage for the energy market, extracontractual liability (RCE) projects and environmental, errors and omissions at the control center, damages and extracontractual liability for solar energy projects.

- Maintain current hedges in the face of market uncertainties.
- Maintain the coverage conditions of the Cyber policy. Try to include Afinia in such coverage.
- Updating of the alarm control system for nearly 400 EPM facilities and implementation of electronic security in 12 electric power transmission and distribution substations and 3 generation plants.
- The Environment Analysis Information System (SIAE) will continue to be strengthened with the automatic reporting of security events by the municipality and at the national level, supported by BI (Business Intelligence) tools.



View more in: [Corporate Governance Report](#).



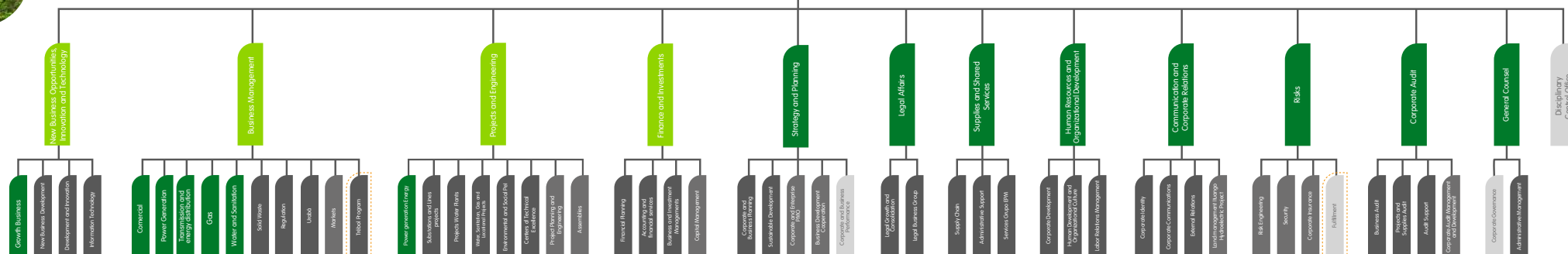
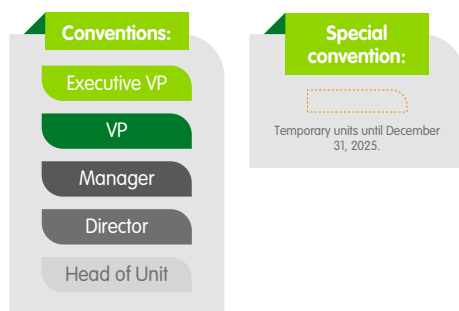


How we are organized



How we are organized

Administrative structure



To download a PDF of the administrative structure, [click here](#).



Our goods supply cycle

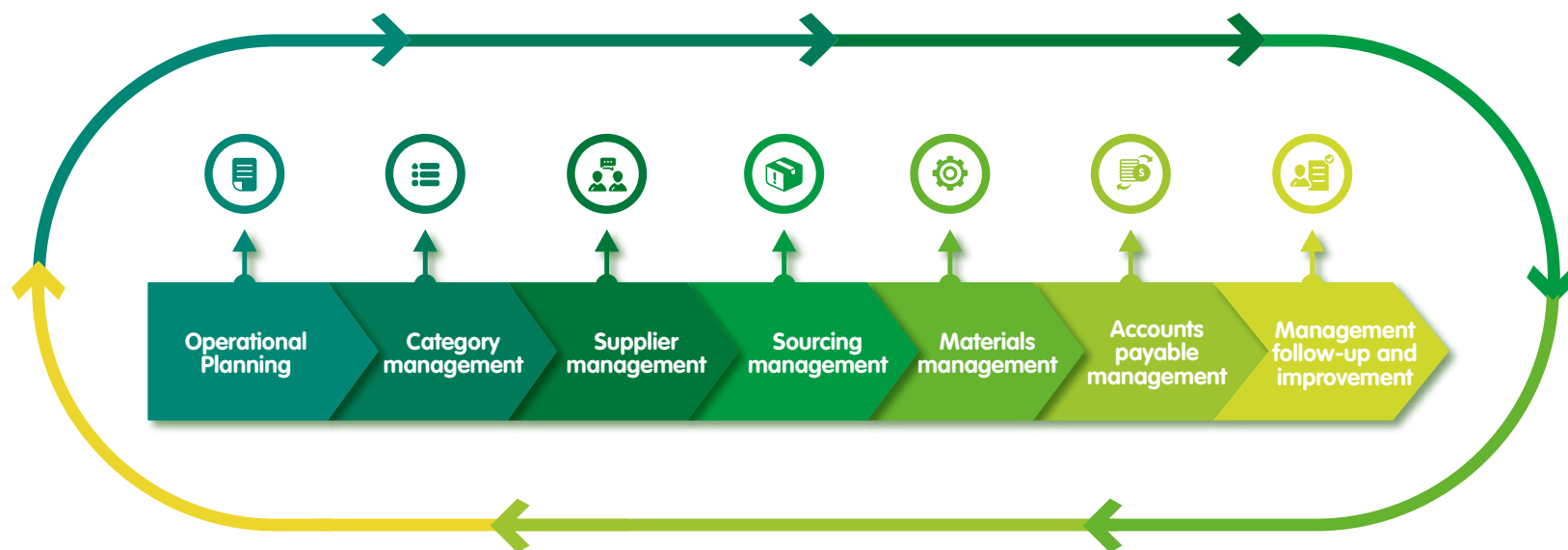
SUSTAINABLE GOALS
DEVELOPMENT

Grupo•epm



Goods and services supply macro-process

The objective is to supply the goods and/or services required by the Organization in the **best conditions of quality, quantity, timeliness, and price**, to achieve the consolidation of its business in the market, and thus **increase the value for its stakeholders**.



Goods and services supply macro-process

Processes	Objective
Operational planning	Plan in detail in each organizational unit: functions, processes and their improvements, prioritized projects, actions needed to meet normative, regulatory and/or administrative mandates, assigning human, technical and financial resources and identifying the contracting needs required for the proper execution of the Operational Plan.
Category management	Identify options to capture synergies and optimize operating costs through specialized knowledge of the elements that make up the required goods and services.
Supplier management	Improve the performance of suppliers and their satisfaction in their relationship with the EPM Group.
Sourcing management	Negotiate the acquisition of goods and services in order to meet the needs of the Organization and ensure compliance with the contracted object.
Sourcing management	Manage logistics, receive, resupply, custody and supply movable goods according to the needs of the users.
Accounts payable management	Comply with the payment mandate of the different ordering areas of EPM and the companies of the Group, in an agile and safe manner, giving timely compliance with the obligations, ensuring the proper management of resources, optimizing the economic benefit for EPM and the subsidiary ordering the payment and the satisfaction of suppliers and stakeholders.
Evaluation and improvement	Manage the evaluation and improvement of the performance of the business group, in the dimensions of the business architecture, to increase efficiency and effectiveness in achieving strategic objectives.



View more in:

- [Responsible for contracting for local development.](#)
- [Purchasing and contracting.](#)
- [Relationship with Suppliers and Contractors.](#)
- [Strengthening and development of suppliers.](#)



Management Report 2021

SUSTAINABLE
DEVELOPMENT
GOALS





EPM Management Report

SUSTAINABLE
DEVELOPMENT
GOALS



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Members of **EPM's Board of Directors**

Our fundamental commitment at EPM is to provide energy services, water supply, natural gas, and management of residual water and solid waste with high standards of quality and efficiency, in the area of influence of the Department of Antioquia; connected with the **higher purpose of contributing to the harmony of life for a better world**, which drives us to transcend beyond the operation of our businesses to tune in with the realities and needs of the world.

Reconciling the achievement of our business objectives with sustainable human development and contributing to the attainment of the Sustainable Development Goals (SDGs), defined in the 2015-2030 Global Development Agenda of the United Nations (UN), is a challenge that allows us to recognize that we are part of a planet, in which we are all interconnected through our actions.

As a business group we identify how our operations contribute to global challenges that seek a sustainable future for all, therefore, from our projects and programs we propose initiatives that contribute to the achievement of SDGs such as Clean water and sanitation (6); Affordable and clean energy (7); Responsible consumption and production (12); Industry, innovation and infrastructure (9); Decent work and economic growth (8); reduced inequalities (10); Peace, justice and strong institutions (16); as well as others indirectly.



In 2021, we continued to face the effects of COVID-19, with a slightly lesser impact, which allowed us to fully comply with the provision of utilities while overcoming challenges posed by the pandemic, as well as some restrictions derived from difficulties in global trade.

The step towards a new normality was taken thanks to the **development of vaccination programs**, which shed a light of hope not only for our close to 8,500 employees, but in general for the whole of society. In this way, and gradually, the process of normalization of social and economic activity began, with the return to workplaces, schools, public places, among others.



Consequently, the performance of energy demand, which reflects the dynamism of the economy, showed growth rates in countries in the region such as Colombia (5.2%), Mexico (2.8%), Guatemala (8.4%), El Salvador (10.4%), Panama (7.0%) and Chile (2.9%).

We managed the response, mitigation and containment of the COVID-19 pandemic, with the continuity of bio-security protocols and surveillance and control measures in the workplace by the companies of the corporate group. Our intention to take care of our human talent was maintained through promotion and prevention activities, including mental health control and support for employees and their families.

We also reinforced educational initiatives on epidemic safety, establishing self-protection guidelines for employees focused on increasing their awareness of risk prevention and the importance of vaccination, which allowed us to begin the gradual alternating return of employees, 91% of whom are now fully vaccinated, to their work centers, always under adequate safety conditions.



On the other hand, **the future Itaipu hydroelectric power plant reached a progress of 86.9%** as of December 2021 in its civil works, which was reflected in the execution of important actions in the technical, environmental and social management of the area of influence and downstream of the dam, with an advance of the accumulated cost of COP 11.6 billion, which includes the payment of insurance as a lower value of the assets. These facts allow us to show Colombians that **Hidroituango is evolving, we are on the right track to start operating the first two generating units of this power plant in 2022**, which in its totality will provide 17% of the energy required by Colombia.

The **quality of our services** has been a permanent concern for our company, and although during 2021 there were some problems in the energy distribution service, mainly caused by the winter season and the shortage of materials during the year due to the effects of the pandemic and the global logistics situation, our technical teams are at the forefront of this situation, analyzing and implementing all necessary actions to overcome this situation and return to the excellent quality levels that have historically characterized the operation of all our services.

Last year we participated in the third auction of non-conventional renewable energies in Colombia, in which **we were awarded 83 MW of solar capacity corresponding to the Tepuy project**, located in the south of the municipality of La Dorada, in the department of Caldas, Colombia. This is an important milestone for the Grupo EPM, as it allows us to confirm our vocation as a relevant actor in the promotion of renewable energy sources.

To ensure the supply and meet EPM's demand for natural gas in Antioquia for a period of 11 years, we signed a contract with Canacol Energy, which will be joined by the construction of a new gas pipeline by this Canadian firm, thanks to a new and growing source of supply of this energy source, as a complement to the existing ones.

The Colombian Utilities Authority—the Superintendence of Public Utilities (SSPD)— conducted a comprehensive evaluation of EPM, which included everything related to the services of generation, transmission and distribution of energy, gas distribution, water supply and wastewater management, as well as aspects of risk management, corporate governance, finance and Hidroituango. This evaluation, developed through work tables and the delivery of detailed information on all the aforementioned fronts, allowed us to identify opportunities for adjustment in our processes, which are already being implemented through improvement plans.

We highlight our **participation in the recovery of the islands of Providencia and Santa Catalina** after the passage of hurricane Iota, after the Superintendence of Public Utilities requested the support of EPM under the figure of special agent of legal nature to manage the Public Utilities Company of Providencia and Santa Catalina -P&K S.A.S. E.S.P-, in order to ensure the provision of water, sewage and sanitation services to the inhabitants of these islands, with the proper quality, coverage and continuity.

In this sense, we guaranteed the supply of the vital minimum of drinking water established in the Emergency Decree issued by the Ministry of Housing, City and Territory of 65 L/inhab/day; we increased the continuity of the aqueduct service from 5% to 19%, in September 2021, with the shock plan works carried out in the plant and in networks; and we stabilized the processes of the sanitation system for the collection and transportation of solid waste, cleaning of roads and beaches and grass cutting, with 100% coverage.

In financial terms, EPM at the end of 2021 reached revenues of COP 11.3 billion, an EBITDA of COP 4.6 billion and a result for the year of COP 3.4 billion. Total assets amounted to COP 55.9 billion, **equity** COP 28.1 billion and **liabilities** COP 27.9 billion, figures that compared to December of the previous year presented growth of 5% for total assets, as well as for liabilities and equity. The **EBITDA margin and return on equity** reached results of 41% and 13%, respectively, compared to those obtained in 2020, with 37% and 10%. Likewise, we made the voluntary and early prepayment of the balance of the loan signed with IDB Invest on December 29, 2017, in the amount of USD 450 million.



We highlight the dividends received by EPM from the companies of the corporate group, which amounted to COP 767,974 million, with an increase of 67% with respect to the previous year, of which 80% came from subsidiaries and the rest from non-controlled companies.

With a view to the future, we made progress in the review and adjustment of the strategic direction of the Grupo EPM, focusing on the components of Action and Results. This exercise resulted in the **redefinition of our strategy that seeks to "evolve and grow beyond residential public utilities"**, so we went from a route focused on optimization and growth in current businesses, to go beyond and explore new horizons that allow Grupo EPM to grow hand in hand with its stakeholders.

A first result of this adjustment is the emergence of a **new business called Commercialization of New Solutions¹**, as well as the definition of six strategic focuses that will mark the route for the materialization of the corporate strategy: Energy Transformation, Circular Economy, Digital Transformation, Corporate and Financial Optimization, Project Management and Business Evolution; whose fundamental objective is to adapt the Organization to the changes in the environment and allow it to take advantage of the new opportunities that arise, for which we have the challenge of being increasingly agile and efficient.

Finally, I invite you to consult our **2021 Management Report**, in this document you will know first hand the initiatives, projects, results, achievements and challenges that we lived and faced the previous year, as a commitment to openness and information transparency with stakeholders, we want you to know our management because together we are stronger, we obtain lasting achievements and positively impact our planet, **always committed to contribute to the harmony of life for a better world.**



Our **2021 Management Report** responds to our commitment with the "Communication on Progress" to inform about the practices of the business group derived from the conviction and commitment we have with the ten principles on human rights, labor standards, environment and anti-corruption. We renew our willingness to remain adhered to the United Nations Global Compact, as we have done annually since 2006, in accordance with the purpose we live day by day and in which we resolutely seek to contribute to the harmony of life.

Jorge Andrés Carrillo Cardoso

EPM's CEO

¹ This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study of initiatives stage, also it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.

Strategic direction and alignment with the SDGs

Our strategic direction seeks to orient our business group and lead us to a desired future position, and is supported by the Sustainability Model as a fundamental basis for the construction of each of its components. Thus strengthening the vision of a business management model that understands that economic growth must respect social and environmental limits.

Conceiving the protection and generation of value for the companies and society from the core business activities, taking distance from the philanthropic or welfare approach and without supplanting the competencies of the State or any other actor, is part of the sustainability vision established in the Grupo EPM.

The strategic direction is born from what inspires our existence and work as a business group, and in this sense we define a common purpose that drives us to contribute to the harmony of life for a better world, in which we reconcile the achievement of business objectives with sustainable human development, from the contribution to the achievement of the Sustainable Development Goals (SDGs), proposed in the Global Development Agenda 2015 - 2030.



We are part of a whole, which calls us to connect with the world in the fulfillment of global challenges such as the SDGs, to which we contribute with the achievement of strategic objectives and the management of material issues. In this sense, this Management Report highlights the main initiatives and achievements in each of the SDGs on which we had a direct impact as Grupo EPM, according to the sustainability principles defined with the vision of stakeholders, as well as those to which we contribute indirectly.

On the other hand, in a process of continuous analysis and verification, during 2021 we carried out an update to the Grupo EPM strategy mainly in the Action and Results components, which are due to movements in the environment derived mainly from issues such as the health emergency, technology and the expectations of customers and users.

The new strategy retains the components of Purpose and Identity, expressed in the values and principles of action; the changes are presented in the corporate strategy, which goes from an orientation focused on optimization and growth in the current business to a strategy that seeks to evolve and grow beyond residential public utilities.

The seven current businesses: Energy Generation and Commercialization, Energy Transmission, Energy Distribution and Commercialization, Gas Distribution and Commercialization, Water Supply and Commercialization, Wastewater Management and Commercialization and Solid Waste Management and Commercialization are maintained and a new one, called Commercialization of New Solutions, is created.²



² This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study of initiatives stage, also it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.

In addition, we redefined **six strategic focuses** that will materialize the corporate strategy formulated:

6 strategic focuses:

Focus 1



Energy transformation:

Transforming with our customers and users the present and future of the energy sector.

Focus 2



Circular economy:

Sustainable production and consumption.

Focus 3



Digital transformation:

Generate new business models, greater efficiencies and innovative relationships with people and territories through technology, information and an agile organization that contributes to closing current and future gaps.

Focus 4



Corporate and financial optimization:

Optimize the investment portfolio to generate greater value for our stakeholders.

Focus 5



Project management:

Enhance future value offerings with projects that meet expectations in terms of scope, cost, quality and timeliness.

Focus 6



Cultural evolution:

Evolves towards the recognition and incorporation of new possibilities and ways of working together to promote a more conscious, healthy and agile work environment in the Grupo EPM.

Grupo EPM Strategy Summary



EPM

Public company providing utilities with:



 8,406

— employees

 2,707,561

— customers and users
in the department of
Antioquia

 COP 2.7 billion

— in investments
infrastructure

7 businesses with EPM scope:



Power Generation
and Commercialization



Provisioning and Marketing of Water



Power
Transmission



Wastewater Management and
Marketing



Energy Distribution
and Commercialization



Commercialization of New Solutions³



Gas Distribution
and Commercialization

³ This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study of initiatives stage, also it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.



EPM is the most admired company in Antioquia and the second in the country according to Cifras y Conceptos' Opinion Panel: leaders of different media, private sector, politicians, academics and social organizations, gave their opinion on various topics, including their admiration for Colombian companies, **placing EPM as the second most admired company in the country, after Ecopetrol.**



1.

SDG 6 Clean water and sanitation

The Grupo EPM is inspired by the care of water as a resource that provides life, through the contribution to **universal and equitable access to drinking water and basic sanitation**, as well as the reduction of pollution through wastewater treatment and the protection of water-related ecosystems.



1.1. Water Supply and Marketing

EPM

2nd supplier with the highest number of customer in Colombia.



1,362,502

— customers and users



98.05%

— universalization of service in the metropolitan area of the Aburrá Valley and in the eastern part of the department of Antioquia - Rionegro



12.8%

— EPM's participation in Colombia



13

— water treatment plants with a capacity of 15.46 m3/s



128

— storage tanks



4,318 km

— of aqueduct networks



The water delivered to our customers and users is fit for human consumption, **guaranteeing a continuity greater than 99.8%**, weighted per user.

In terms of efficiency and optimization of the system, the level of water loss in EPM is 5.84 m³ per billed user, meeting the goal established by the Water Regulation Commission (CRA) of 6.0 m³ per billed user for the year 2026.



In figures...

Water Provision and Commercialization at EPM

Revenues: **COP 811 thousand million** 14% ↑

EBITDA: **COP 388 thousand million** 29% ↑

COP 378 thousand millions invested in **infrastructure of EPM's Water Provision and Commercialization business**

to supply drinking water to the communities with the criteria quality, continuity and reliability.



Relevant milestones 2021



"The neighborhood before the Connections for Life program (Conexiones por la Vida) was very uncomfortable, first because we did not have household services and second because we did not have paved streets, it was a swamp every time it rained. From every point of view, this program improves our quality of life, because we cannot live without water. We are now having a dignified life. We feel happy, rich."

Feliciano Córdoba Mosquera.

Tropical Oasis community leader
Beneficiary of Connections for Life water program

With the **Connections for Life water program (Conexiones por La Vida)**, in conjunction with the Municipality of Medellín, we contributed to improving the quality of life of **2,277 Medellín households** located in areas that were difficult to manage and did not have water and/or sewage services.

We built 65 km of aqueduct networks for expansion and replacement throughout the service area to contribute to the provision of service in terms of quality and continuity to our users.

We began operating the project to expand the primary infrastructure of the Itagüí-Manzanillo-Ajizal system for the benefit of nearly 45,000 users in the municipality of Itagüí.

As of May 29, 2020, **we supplied 30,313 m3 of potable water in the Granizal de Bello neighborhood**, one of the largest settlements in Colombia, in compliance with the ruling issued in Popular Action 2015-02436 for the right to water for the El Pinar and Manantiales sectors, as well as, for the other sectors - El Regalo de Dios, El Siete, Portal de Oriente, Oasis de Paz and Altos 1, based on the Company's interest in cooperating with the Municipality of Bello in attention to the sanitary emergency due to COVID-19. In this way, we delivered drinking water to the inhabitants of the area through 101 tanks and jerry cans with capacities between 1,000 and 5,000 liters that are recharged every day through tanker trucks.



"This framework agreement allows us to work together on strategic city projects: the construction of water, sewage and gas networks and also the intervention in the change of all asbestos cement networks in our city, an articulated work with the EPM team and the municipal administration to continue guaranteeing utilities and quality of life for the Itagüí community".

Mayor of Itagüí - Signing of the Framework Agreement with the municipalities of the Aburrá Valley for the execution of works to modernize and expand the water and sewage systems.



We completed the construction of a containment structure in the El Salado stream in the municipality of **Copacabana**, in order to protect and guarantee the stability of the infrastructure, providing security for the area in the event of strong winter seasons.

We began operating the new **La Bocaná** intake, whose operation reduces by 95% the probability of water service interruptions in sectors of the center-east of Medellín, caused by the reduction in the flow of the Santa Elena stream.

We signed a contract with **Fypasa** for the modernization of the **Manantiales Plant**, which will allow us to modernize and replace the electromechanical equipment of the plant's unitary treatment processes and optimize its hydraulic operation, as well as eliminate hydraulic restrictions to reach a nominal production capacity of 5.0 m³/s of flow.

We signed the Framework Agreement with the municipalities of the **Aburrá Valley** for the execution of works to modernize and expand the water and sewage systems, which facilitates inter-institutional coordination to reduce the impact on mobility due to road works and closures.

1.2. Wastewater Management and Commercialization

EPM



1,341,700

— customers and users



96.11%

— universal service in the metropolitan area of Aburrá Valley and in the eastern part of the department of Antioquia - Rionegro and El Retiro



13.6%

— EPM's participation in Colombia



24,909 km

— of sewerage networks



4

— Wastewater Treatment Plants (WWTP) located in Antioquia with a treatment capacity of 6.95 m³/s.



figures...

Wastewater Management and Commercialization in EPM

Revenues:

COP 595 thousand million



13%

EBITDA:

COP 230 thousand million



51%



We invested **COP 209 thousand million** in **EPM's Wastewater Management and Commercialization business** to improve the environment and contribute to the quality of life.

The results of Wastewater Management were mainly impacted by the application of the impairment to the account receivable associated with the recognition of goodwill to the Municipality of Bello, generated by the valuation of the land owned by EPM associated with the Aguas Claras treatment plant.



Relevant milestones 2021

epm[®]

With the **Connections for Life water program (Conexiones por la Vida)**, we built the **first section of overhead sewer** in the La Honda sector in Medellin, with a length of 30 meters to guarantee the discharge of wastewater to EPM networks, benefiting **166 families**.

Through the **EPM gap closure project**, we connected **2,217 families** located in areas that were difficult to manage and that only had an aqueduct to the sewage system, for a total of 5,418 families benefited.



We built 79 km of sewerage networks for expansion and replacement throughout the service area to contribute to the provision of service in terms of quality and continuity to our users.

We continue to contribute to the decontamination of the Aburrá-Medellin river and its tributary streams through the **Sanitation and Dumping Management Plan (PSMV)**, with investments of COP 109,085 million during 2021, for an accumulated investment of COP 693,141 million. Through the development of the Interceptor Sur, Interceptor Sur, Otras Cuencas, Centro Parrilla, La Iguañá, La García, Rodas, Piedras Blancas and El Salado basin projects, **338 wastewater discharges** have been eliminated, of which 25 correspond to 2021.

We consolidated the **commercial supply of non-domestic wastewater treatment** with revenues of COP 5,996 million.



EPM and Aguas Nacionales received the **Antioquian Engineering Award from the Antioquian Society of Engineers and Architects (SAI) for the operation and stabilization of the WWTP**, located in the municipality of Bello, in recognition of EPM's commitment to the sanitation of the Aburrá-Medellin river, environmental care in the region and the quality of life of millions of people living in the Aburrá Valley.



2.

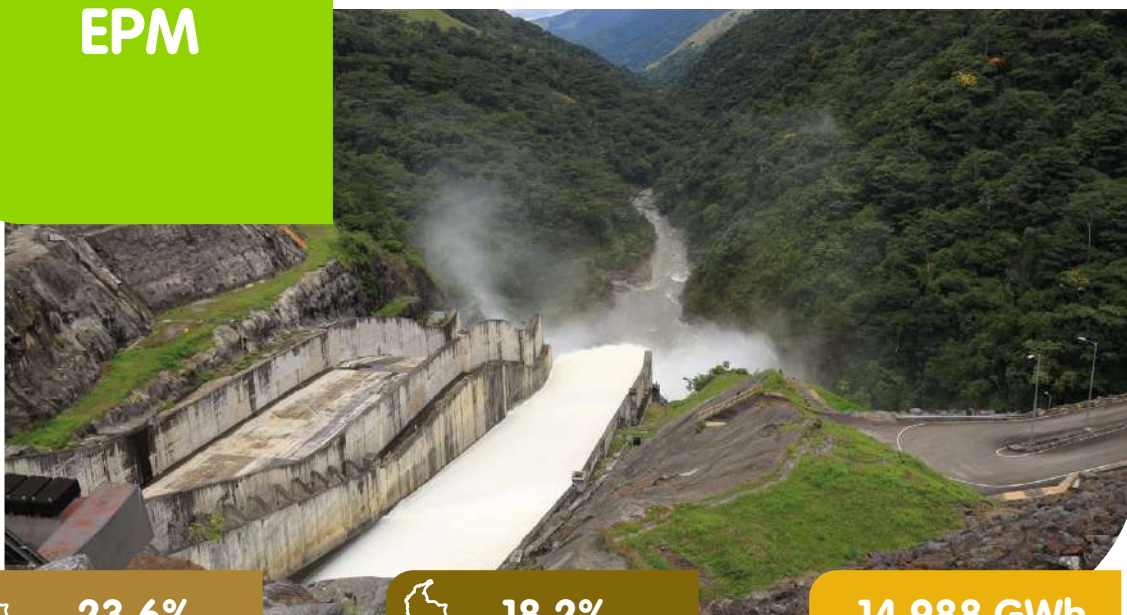
SDG 7 Affordable and clean energy

Expanding the coverage of energy and gas in optimal conditions of quality and continuity of service, **implementing energy efficiency actions and providing solutions through non-conventional renewable energy sources**, which allow bringing the service to areas of difficult access and satisfying customers and users who demand alternative solutions, **are the priorities of the Grupo EPM in the SDG Affordable and clean energy.**



2.1. Power Generation and Commercialization

EPM



23.6%

— of participation in energy production in Colombia



18.2%

— of net effective capacity participation in Colombia

14,988 GWh

— generation of EPM

3,193 MW

— net effective capacity



26

— hydropower plants

— **13,633 GWh** for hydroelectric energy generated



1

— high capacity thermal plant

— **1,294 GWh** for thermal energy generated via natural gas



6

— Distributed solar power generation systems

— **0.75 GWh** of solar energy distributed



1

— wind farm.

— **60 GWh** generated

EPM's generation presented a good outlook, due to the recovery of energy demand with respect to 2020, added to higher energy sales in the non-regulated market, which grew by 11% compared to the previous year, given the higher hydro generation due to the increase in water contributions in a 2021 that was impacted by the La Niña phenomenon, which increased rainfall above historical average levels during almost the entire year.

Regarding the **availability of EPM's plants**, in the hydro and wind power plants we achieved, in general, a good performance. However, in the thermal plants there were events that affected their availability, impacting the compliance of EPM's thermal availability, which reached 77.6%, below the planned –92.7%–. These events have resulted in attention plans and initiatives to improve the process.



In figures...

Energy Generation and Commercialization at EPM

Revenues:

COP 5.1 billion

6%



Revenues:

COP 2.4 billion

30%



COP 1.6 billion invested in **infrastructure for EPM's Energy Generation and Commercialization business** to contribute to operational safety and system reliability.





Relevant milestones 2021

epm[®]

In the **third auction of non-conventional renewable energies**, organized by the National Government, **we were awarded 83 MW of solar energy for the Tepuy project**, located south of the head of the municipality of La Dorada in the department of Caldas, with an intervention area of 220.39 hectares. This project has an environmental license for the park and the connection line of the subsidiary CHEC.

We installed 2.14 MWp in self-generation solutions for non-residential customers with high energy consumption, accumulating a total of 2.72 MWp in six solar systems, including their management, operation and maintenance, which generated 1.31 GWh/year. In addition, we closed 2021 with 34 additional projects accepted, which will allow us to add an installed capacity of 18.36 MWp to reach a total of 21.08 MWp.

We installed 244.89 kWp in self-generation solutions for residential and non-residential customers. We highlight that as of December we had installed the 100th residential customer with our integrated solar solution. In addition, we closed five deals with a capacity to install 205.46 kWp by 2022.



● We executed the **EPM Generation Efficiencies project**, which seeks to manage, in a profitable and sustainable manner in the long term, the availability of EPM's major hydroelectric power plants to provide reliable and optimal assets in their performance, which leverage the fulfillment of the strategy. During 2021 we built the reliability, maintainability and availability models for the Guadalupe 3 and 4 major hydroelectric generation plants and, additionally, the combined model for the entire Guatrón chain, to project with greater certainty the availability of the plants for generation and, in turn, the evaluation of the performance of the units.

● We carried out **the entry into commercial operation of unit 2 of La Tasajera hydroelectric power plant**.

● We began operating **unit 3 of the modernized Porce II hydroelectric power plant**, contributing to the Company's operational safety and system reliability.

● We finalized the **recovery activities** of the **Playas hydroelectric power plant**.



2.2. Hidroituango evolves: development for Colombia and quality of life for millions of people

What in 2008 was the completion of the design studies for the most ambitious engineering project in Colombia, is now becoming a reality that is advancing by leaps and bounds, with milestones reached that bring us closer to the peak of the project's entry into operation.

In 2021, as in previous years, **Hidroituango has been accompanied by a tireless struggle on the part of each of the collaborators who work day by day in the future power plant**, who feel an enormous commitment to Colombia in the entry into operation of one of the largest engineering works in the country.





Relevant milestones 2021

Technical management

epm[®]



Hidroituango plan progress: 86.9% at the end of 2021.

Important actions in technical, environmental and social management, with an **accumulated cost advance of COP 11.6 billion** (including insurance payments as a reduction in the value of the assets).

Recovery and stabilization of main caverns, which house the generation units and their associated equipment; with excavation works, pouring of new concrete, additional treatments to strengthen rock stability; and the **placement of instrumentation for monitoring the behavior of the mountain** and the structures in general.

Progress in the reconstruction of the tunnels and shafts belonging to the pipelines, which are responsible for carrying water from the reservoir to the generating turbines; and the **placement of concrete and installation of main, support and secondary equipment** for the first generation units.



From the beginning of the assembly of the first generation unit, based on the arrival of the steel sheet ducts and the entry of the first power transformers to the powerhouse, we were certain that we were on the right track in the search for a definitive technical milestone: to put into operation the first two generating units of the future hydroelectric power plant, which in its totality will provide **17% of Colombia's energy**.

In addition to the aforementioned works, **EPM will position itself as a pioneer in the region in the execution of underwater mechanical works with drones and expert divers**, carried out at depths of more than 50 meters.

The **technical advances** that pave the way for the entry into operation of the future generation plant are accompanied by results in **environmental and social management**, aimed at preserving life and making the positive insertion of the mega project in the region's environment viable.



"We were having a lot of difficulties with coexistence; there were many nicknames among the students. With these activities of Territorio de vida we have improved coexistence among them by 90%. I thank EPM and PNUD for making it possible that with this initiative they have changed and are putting all the values into practice".

Nohelia Arrieta

Teacher in the village of Palomar, Cauca.
Beneficiary of the Territorio de Vida initiative in Bajo Cauca.



Relevant milestones 2021

Social management



"We are suppliers of EPM with the Sinitavé specialty coffee, we have been in the market for 6 years and EPM has been our ally, they have been the main support for our company to move forward. We are generating employment for 35 people who, with their families, are indirectly benefiting around 140 people. EPM is our right hand and gave us the vision to be able to move our project forward".

José Mauricio Zapata

Associate ASPROASIR, Municipality of Ituango

Recognition for damages and reestablishment of living conditions for families in Valdivia and Tarazá for COP 16 thousand million.



We reached agreements with 94% of the merchants affected in their economic activity, with payments for more than COP 13 thousand million.

We delivered 23,000 school packages for the benefit of children and young people in the 12 municipalities in the area of influence of the future power plant and six municipalities in Bajo Cauca, adjacent to the dam site.





"To evolve is to learn to grow as a community, where there are good opportunities for everyone. In order to evolve, all the companies in a territory must work hand in hand with the community. Thanks to social contracting with EPM, Ituango has had a significant impact on employment; knowledge opportunities that make Ituango dream of a better future today. The Ituango Hydroelectric Project is an opportunity for growth and development, not only for Ituango, but for all of Colombia."

Juan Chavarriga

Urban Social JAC, municipality of Ituango

In Valdivia, we started the construction of the **Simón Bolívar bridge**, made progress in the actions to modernize the **municipal aqueduct** and completed the **return process of the 2,255 families** evacuated as a preventive measure due to the 2018 contingency.



We made investments to improve the **rural connectivity of the municipality of Liborina and its road infrastructure**, while we made important **adjustments to the rural educational institution**, we promoted culture and sports, we joined academic and cultural agendas in the area, and we managed **more than 120 community development and infrastructure projects through social contracting**.

In this way, **we continue to strengthen dialogue and trust in EPM**, to enrich relations and the development of a territory that has been transformed by its proximity to what will be the largest hydroelectric power plant in the country.



Relevant milestones 2021

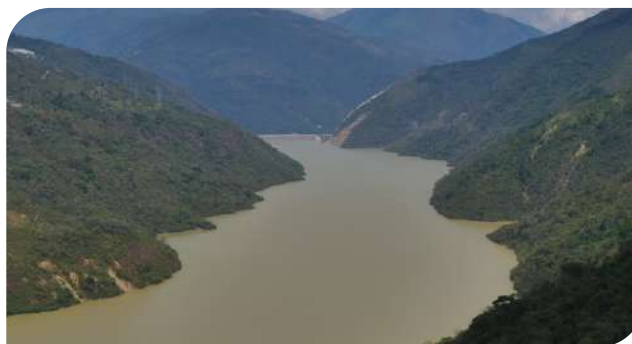
Environmental management

epm[®]

We carried out **activities aimed at protecting wildlife**, such as the **planting of more than 60 thousand individual trees for the recovery of the Hidroituango forests** and the rehabilitation of 90 hectares of forests, since 2018.



We invested more than **COP 54 thousand million to research and conserve the Cauca River**, the first experience in Colombia in which 11 institutions joined forces to study the second most important river basin in the country.



We reached **agreements with the Cauca River Guardians organization** to support their territorial development in four basic lines of action: protection of swamp ecosystems, conservation areas, productive projects, and participation and governance.

The magnitude and impact of Hidroituango called us to work on other fronts, such as the **extension of the term of the auditing, consulting and main civil works contracts**, and the **agreement between EPM and Mapfre Seguros Generales de Colombia** for indemnification under the All Risks Construction and Erection (TRCM) policy, which allowed us to improve the risk condition of the future generation plant.

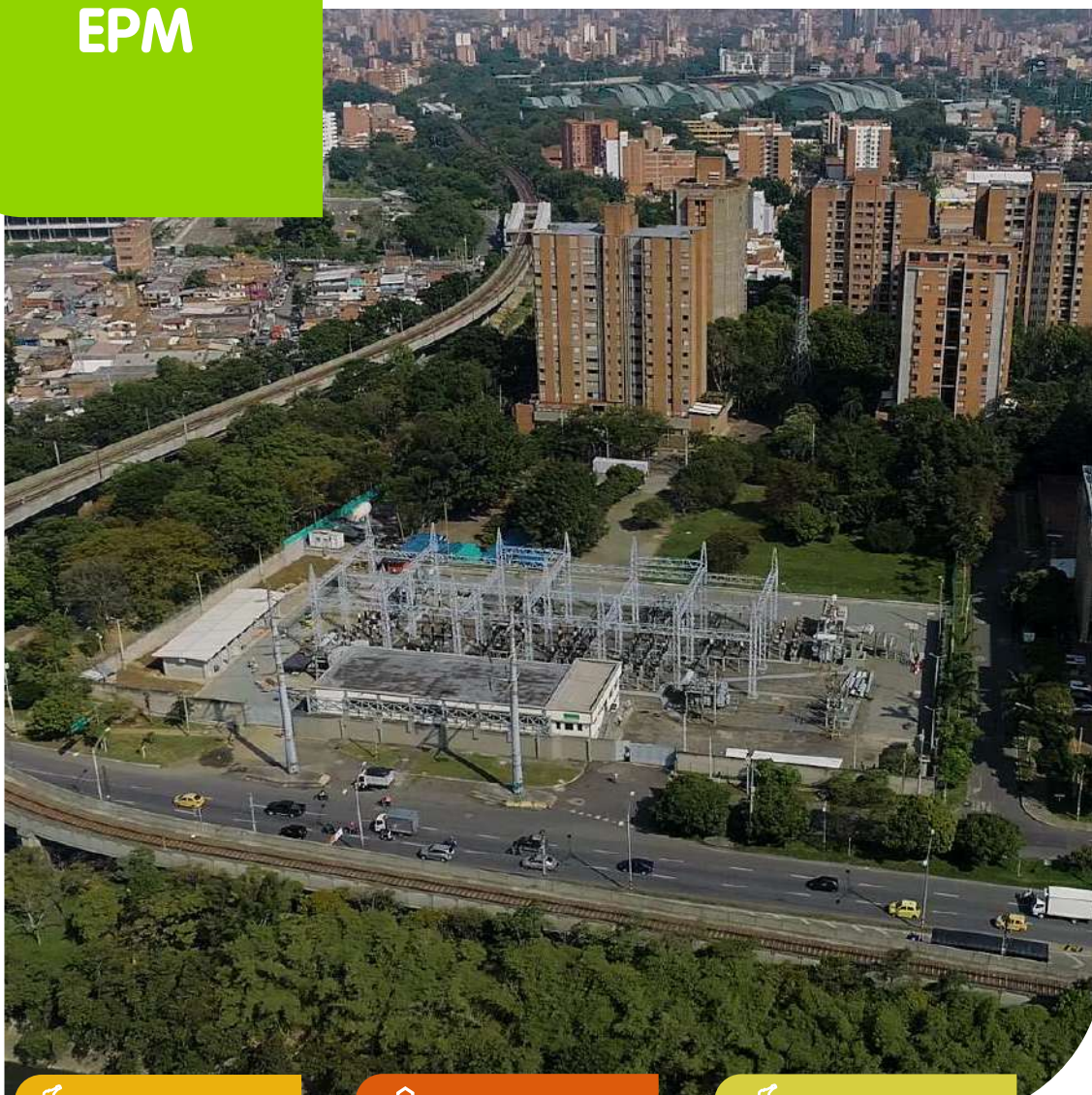
In this way, **Hidroituango evolves overcoming different challenges**, as challenging as they are definitive, overcome with the rigor, tenacity, dedication, commitment and discipline that characterizes EPM and its team of collaborators.





2.3. Power Transmission

EPM



7.28%

— **transmission
market share
in Colombia**



1,081 km

— **in the National
Transmission
System (STN)**



99.98%

— **average
availability for
reliability in
Colombia**



In figures...

Power Transmission at EPM

Income:

COP 203 thousand million

16%



EBITDA:

COP 148 thousand million

23%



COP 5 thousand million invested in **infrastructure of EPM's Transmission business** to transport the energy that the territories need and contribute to the strengthening of the energy infrastructure.



Relevant milestones 2021

epm[®]

We modernized the Guadalupe substation and the connection to the transmission system of the Tasajera power plant, as well as upgrades in remote terminals of power transmission and distribution substations, contributing to the reliability of the system.

We delivered in operation the second San Lorenzo - Calizas line, in which we installed 78 towers, which strengthen the electrical system in the area where the Oriente and Magdalena Medio Antioqueño converge, thus meeting the increase in energy demand derived from the growth of tourism and the increase in industry and commerce in these subregions.



2.4. Energy Distribution and Commercialization

EPM



2,662,104

customers and users



97.35%

universal service in Antioquia



14.6%

distribution market share in Colombia



15.8%

market share in the commercialization market in Colombia



123

municipalities of Antioquia receive energy service



1 municipality

of Chocó receives energy service



97,664 km

of Regional Transmission System (RTS) networks Distribution of electric power

Regarding the **quality of service in EPM**, the indicators decreased with respect to the previous year, in **duration of interruptions** we went from 11.46 hours in 2020 to 13.39 hours in 2021, in terms of **frequency** we went from 6.67 times in 2020 to 8.18 times in 2021.

This happened mainly due to the effects on the distribution system during the winter season and the shortage of materials during the year due to the effects of the pandemic and the global logistical situation. Consequently, we are conducting a root cause analysis to determine the corresponding actions to be implemented to prevent this type of damage from occurring again in 2022.



In figures...

Energy Distribution and Commercialization at EPM

Income:

COP 4.4 billion

21%



EBITDA:

COP 1.3 billion

54%



COP 420 thousand million invested in **EPM's Energy Distribution and Commercialization infrastructure** to deliver energy that boosts the economy and generates development.



Relevant milestones 2021



● **Start-up of the Nueva Colonia substation** in Turbo, **El Limón** in the municipality of Santo Domingo and the **new Yondó substation** in the municipality of Yondó, thus contributing to the strengthening of Antioquia's energy infrastructure.

● **We modernized the Santa Fe de Antioquia substation** in western Antioquia and the **Central and Guayabal substations** in Medellín, in order to improve the quality and reliability of electric power service.

● **We modernized and replaced yard equipment and power transformers** in several substations in the Aburrá Valley metropolitan area, benefiting approximately 1.2 million customers and users.



In the **New Santa Rosa Substation** project, which will come into operation in 2022 in order to meet the future demand in the agro-industrial zone of northern Antioquia and increase the reliability of the service with the connection to the Regional Transmission System (STR), we implemented the **digital substation** in phase II, which allows the communication of signals through fiber optics; this implies the reduction of conventional wiring, the reduction of civil infrastructure and the incursion to the digital model in the business.

We successfully completed the **pilot of the D-FACTS technology** or Distributed Flexible Alternating Current Transmission Systems, which allows us to avoid or delay to the future the construction of new lines or the repowering of existing ones, while promoting the conservation of the environment and not affecting the nearby communities. This pilot project earned EPM recognition in the electricity sector with the Ambar Award, granted by ASOCODIS in the Innovation and Development category.



"The success of this project is the result of years of study and monitoring of the technology, in which we believed since its origins, and the work of more than 100 internal and external people who made its implementation possible".

Giovanni de Jesús Marín Ávalos
Professional Infrastructure Planning
Unit Transmission and Distribution
Energy EPM.



2.5. Gas Distribution and Commercialization

EPM

2nd largest distributor
of natural gas in Colombia



1,363,562

— customers and users



85.94%

— universalization
of the service in
Antioquia

— 92 municipalities
and 120 towns in
Antioquia enjoy
gas service



13%

— market share
in Colombia

88 km

— steel netting

8,539 km

— olyethylene netting



17

— EPM brand service
stations (EDS)



During 2021, we met 100% of the quality indicators in the provision of service, with respect to the requirements of current regulations. Additionally, we guaranteed the essential demand -residential, commercial and public transportation-, in accordance with the provisions of the Ministry of Mines and Energy.



In figures...

Gas Distribution and Commercialization at EPM

Income: **COP 1.3 billion** 12%



EBITDA: **COP 182 thousand million** 41%



COP 12 thousand million in **infrastructure investments** in EPM's **Gas Distribution and Commercialization business** to activate industries, commerce, residences and transportation.



Relevant milestones 2021

epm[®]

We signed a contract with Canacol Energy for the long-term supply of natural gas, starting from 2024, to meet EPM's demand in Antioquia for a period of 11 years. This supply contract, together with the construction of a new gas pipeline to be managed by Canacol Energy, will allow Antioquia to guarantee its long-term natural gas supply security, since it will have a new and growing natural gas supply source to complement the existing ones.



Additionally, we will be able to offer customers in the unregulated market the possibility of signing long-term contracts, driving the decarbonization process with stable price signals. Among these customers are Natural Gas Vehicle (NGV) refueling stations, which will strengthen confidence in the linkage of vehicles converted and dedicated to gas in the Colombian vehicle fleet, as a fundamental part of the energy transition.



With the **Connections for Life gas program (Conexiones por la Vida)**, in agreement with the Municipality of Medellín, we will reach 4,866 new families in the city in strata 1, 2 and 3 by 2021, for a total of 24,108 families since 2019. These families received a subsidy of 100% of the value of the connection to the natural gas network, which allows them to enjoy a more economical energy basket, representing savings in their monthly expenses and the appreciation of their homes, thanks to the security provided by the continuity and quality of a high standard service.

During 2021 we migrated to the new **Liquefied Natural Gas (LNG) technology five new Decompressor Stations (DS)**, to serve 29 populations and part of the large industry outside the Aburrá Valley. This allowed us to achieve greater operational efficiency for the business and ensure continuity in the provision of services, through increased gas storage capacity in each of these destinations.



We are the **first company in Colombia to implement LNG technology for the distribution of natural gas**, in order to guarantee continuity in the provision of service through the largest gas storage capacity in each of these destinations.



3.

SDG 12 Responsible consumption and production

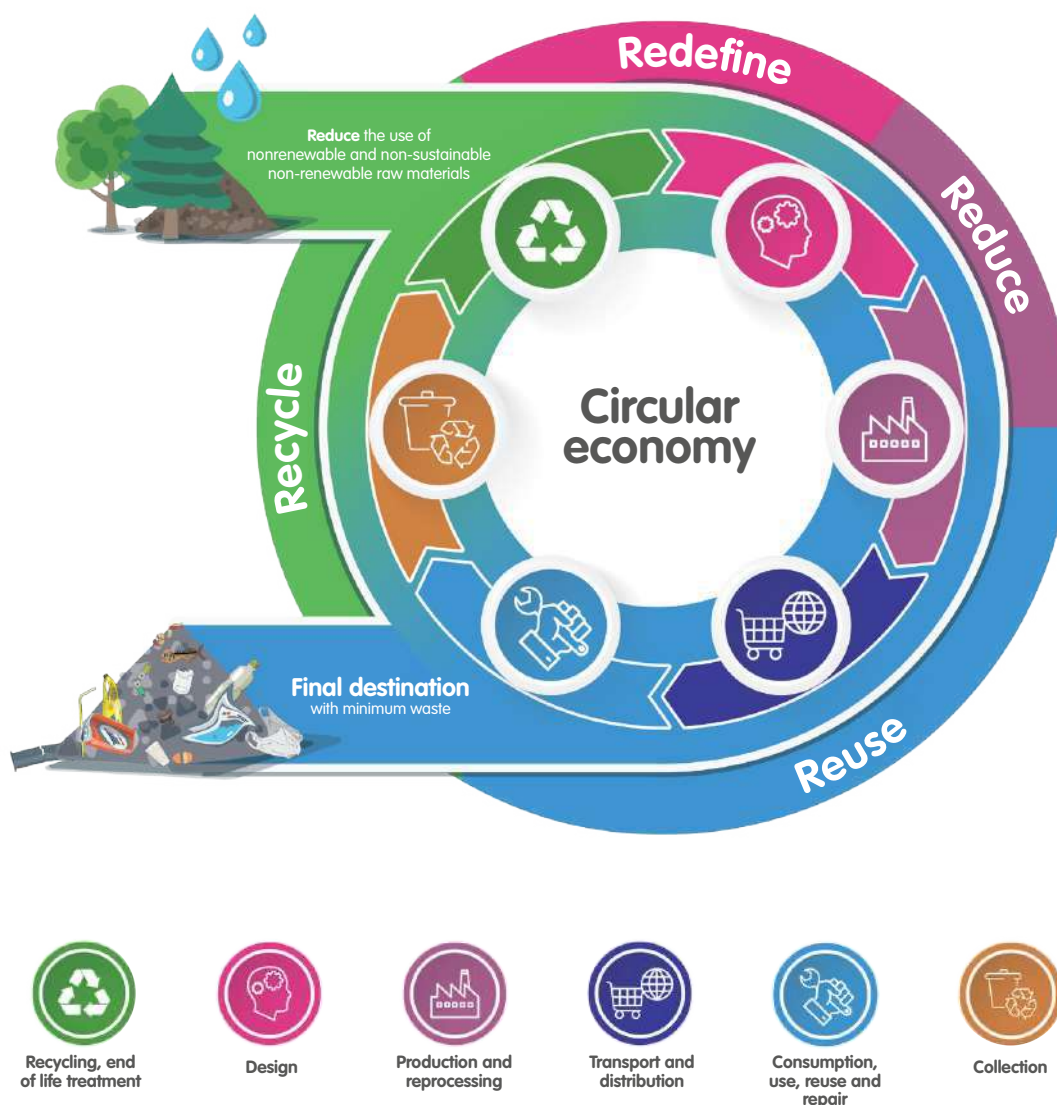
In EPM, progress in the **circular economy strategy** is part of the key issues that guide the long-term vision of the business group. Through this initiative we contribute to SDG 12 Responsible consumption and production, with the purpose of **decoupling economic growth from environmental degradation**, increasing efficiency in the use of resources and promoting sustainable consumption and production patterns.



3.1. Circular economy

Responsible consumption and production are closely related to the circular economy, as they constitute an opportunity to optimize the use of natural resources and raw materials in activities necessary for the provision of utilities, as well as to influence the practices of suppliers and contractors, and to guide changes in the habits of customers and users, so that they contribute to the **transition from a linear development model to a circular one**.

Under this premise, **in 2021 we advanced in the formulation of the Circular Economy strategy**, whose objective is to evolve the value proposition of the Grupo EPM to strengthen good practices driven by innovation in the provision of services, the closing of production cycles and the promotion of a circular economy culture, which enables the development of new business models in a long-term vision, in which **circularity** is recognized as a **fundamental element of sustainability**.





Throughout the year, we developed some actions framed in different areas of this report, such as business performance and the results of the Integrated Water Resource and Biodiversity Management strategy, and the Climate Change Strategy. These actions are aligned with the National Circular Economy Strategy, based on the logic of **"producing by conserving and conserving by producing"**:

- **Energy flow:** we made progress in the installation and operation of solar panels in the Grupo EPM to generate 590.60 MWh/year of self-consumption energy in our own infrastructure, with a growth of 97%; the offers and sales of photovoltaic solar energy to customers; the increase in the participation of renewable energies in the generation matrix; the reduction of electric energy losses in the networks; the self-supply and energy use of 41,479 MWh/year in the Grupo EPM wastewater plants, with an increase of 52%; the installation of more efficient air conditioners with ecological refrigerants in administrative and operational areas; the replacement of diesel or gasoline vehicles with electric or natural gas vehicles; participation in city actions for sustainable mobility; and finally, the project to use biomethane at the San Fernando WWTP as a renewable gas for injection into the grid.
- **Materials and biomass:** we advanced actions for the use of biosolids in soil recovery; the use of plant waste from logging and pruning and organic waste in composting with the production of approximately 250 tons of organic fertilizer in EPM's nurseries, avoiding the disposal of 500 tons of organic waste in the La Pradera landfill and about 82% of logging and pruning waste used (25,700 tons) in the entire Grupo EPM; prevention in the generation of waste; the use of some special and hazardous waste; the management of waste that reaches reservoirs and inlet grids of water treatment plants; the reincorporation of materials, by-products or waste to other production processes; and the precise dosage of chemical products in water treatment according to water quality, among others.
- **Water flow:** we implemented actions for the protection of forests, water recirculation in the Grupo EPM in Drinking Water Treatment and Power Generation processes, with 39 million m³, an 8% increase over the previous year, and the reduction of water losses in distribution networks, among others.



4.

SDG 9 Industry, innovation and infrastructure

Based on the corporate strategy, **as Grupo EPM we contribute to SDG 9** through an innovation model that develops new lines of business, new or improved products and technology transfer to optimize internal processes and improve the services offered.





4.1. Innovation

In EPM we are committed to innovation as an intentional, structured, articulated, methodical and progressive process that contributes to sustainability, growth and generation of value propositions for each of the businesses. In this sense, in 2021 we undertook the implementation of a **Group-wide innovation plan** to gain synergies and strengthen our innovation model.



- **Ventures EPM:** in our **open innovation** work scheme with this program of the Grupo EPM, we invest COP 14,346 million through capital funds in ventures that incorporate science or technology components applied to public utilities, to **drive innovation with great speed and quickly access new solutions**.

Thus, in **2021 we made progress with the companies invested in Fund I**, representing operational savings associated with advanced analytics in energy, water and gas loss management; telemetry and remote management in the water collection process; and the Natural Gas Vehicle (NGV) loyalty program. We also **acquired new capabilities and business models** related to solar offerings for residential, industrial and commercial customers, as well as the structuring of new offerings for efficient waste management.

In **Private Equity Fund II**, which began operations in February, we are making progress in identifying investment opportunities in line with the strategic needs of the Organization's businesses and expect to make the first investments in 2022. EPM Management



- **Solar community pilot:** part of the innovation projects executed with the businesses, it was developed in agreement with the EIA University and Erco Energía, and allowed us to strengthen our understanding of this new commercialization scheme supported by transactive energy, capturing signals from end customers that allow us to improve the user experience with this type of solutions.

Additionally, the **first phase of this pilot**, supported by transactive energy and focused on P2P (peer to peer) transactions, **received special mention in the FISE Innovation 2021 award in the potential business category.**

- **EPM agreement with Ruta N:** we launched six innovation challenges during 2021, finding Colombian and Latin American suppliers willing to provide solutions. As a result, we found two possible solutions, which we expect to implement from some pilots that will allow us to test their effectiveness and meet the needs of the proposing businesses.
- **Call for Minciencias for R&D&I projects:** our participation earned us tax benefits, which allowed us to obtain the technological development qualification for ten innovation projects to be executed since 2021.



At EPM we are passionate about research, technological development and innovation, and to consolidate our position in these fields **we have invested more than COP 21 thousand million.**



- **New portfolio of EPM services at your door:** in our constant search to be at the forefront, we analyze the global transformations that are taking place in the public utilities sector and the implications they have for the future of business. Therefore, seeking to maximize the value of the Grupo EPM, **we launched this new portfolio in April, with which we offer gas and electric appliances installation, maintenance and repair services for homes and businesses in the metropolitan areas of the municipalities of the Aburrá Valley.**

Income: **COP 869 million**

Services provided: **9,289**

Linked households: **271**
to the product under membership subscription

Satisfaction indicator: **74%**
in the stabilization stage

Between October and December we granted financing for 309 technical services through the CrediSOMOS service invoice, which allows us to provide payment facilities and access to services for which the customer does not find financing in the market.

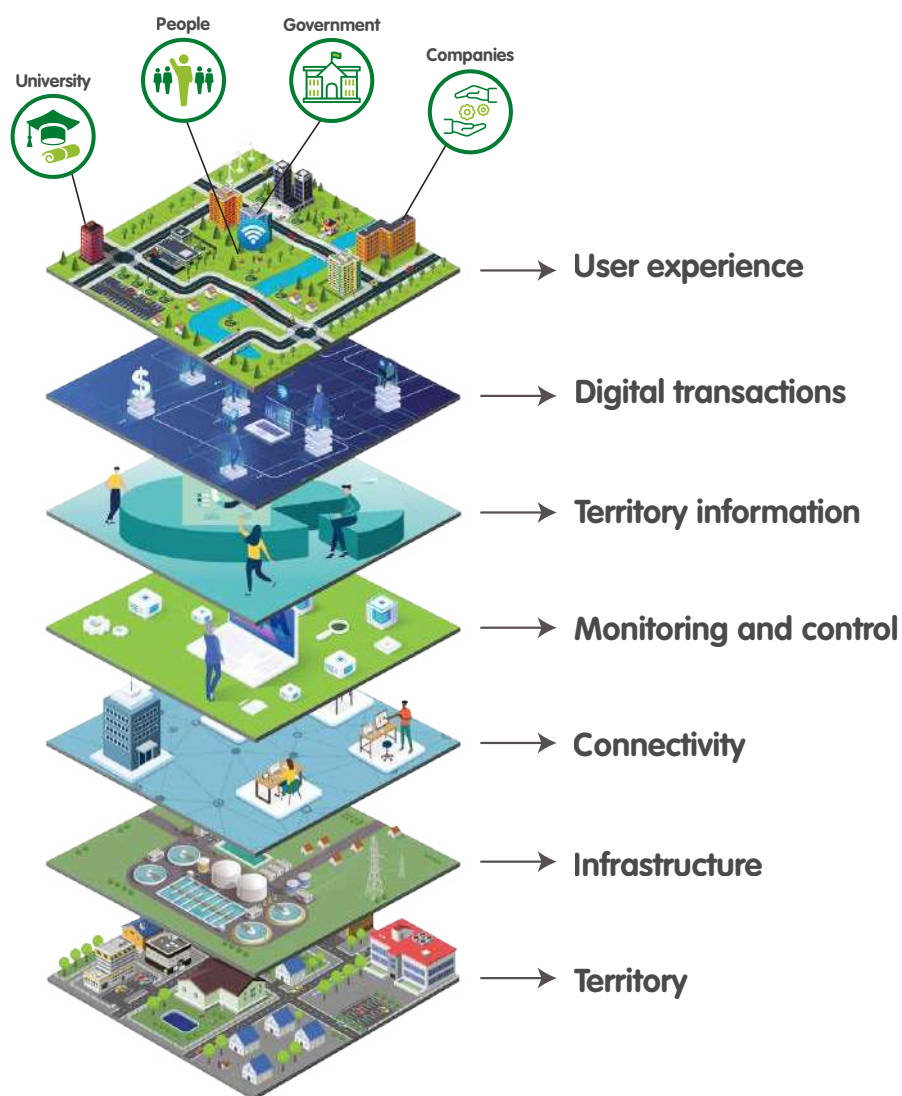


We launched EPM at your door, a new service portfolio that offers **installation, maintenance and repair services of household appliances and gas appliances for homes and businesses** in the metropolitan areas of the municipalities of the Aburrá Valley.



4.2. Digital transformation

In harmony with the recent update of the Grupo EPM strategy, **one of the strategic focuses that will guide our long-term vision is digital transformation**, oriented towards the generation of new business models that will allow us to expand our portfolio of products and services; achieve greater efficiencies; establish an innovative relationship with people and territories through technology, information and an agile organization; and contribute to the closing of current and future gaps. In this way, we will consolidate our position as a relevant player in the construction of sustainable and intelligent territories.



New business models, greater efficiencies and innovative customer relationships through technology, information and an agile organization.



In order to leverage even more speed in the development of our businesses, we are committed to digital transformation to deliver different and innovative solutions; to have a better relationship with customers by transforming traditional processes into customer-centric processes; and to make the best use of data and have greater analytical capabilities that allow us to operate, invest and explore new opportunities.

- **Digital Transformation Project:** during 2021 the proposal was consolidated to lay the organizational foundations that allow the constant evolution of the Digital DNA capacity in EPM, through a virtual organization made up of: **eight seed teams** focused on solving business challenges incorporating agile and innovation practices; **seven Virtual Centers of Excellence** that advance in the incorporation of new trends in information technologies, robotic automation of processes and advanced analytics; and the incorporation of the practice of integrating software development with the operation.



We also developed an **adaptive governance proposal for transformation and an Agile and Digital Operating Model (MOAD)** operating on an experimental basis to generate new digital products.

Additionally, in collaboration with the EPM University, we established the **Digital and Innovation School**; and 641 people were trained, during 2020 and 2021, in the attributes of the Digital DNA, including 143 managers who participated in training in leadership 4.0 and leadership in digital environments.

- **Smart Cities and Territories, Business Platform and Information Services Initiatives:** with the purpose of identifying the possible future businesses of EPM, as well as the creation of new capabilities, we made progress in the formulation of these initiatives. **In 2021, we established the roadmap and main actions to be developed for the coming years**, according to global trends in the industry and the possibility of promoting actions for the implementation of new businesses based on digital transformation, where EPM has the potential to participate.



Likewise, **we created the minimum viable product of the base platform for greater interaction with EPM customers**, which in addition to generating greater interactions, will eventually promote new transactions with their respective components of identification, authentication and acquisition or subscription of new users adjusted to the internal process. This platform contains multiple services and aims to develop and strengthen the ecosystems of business, government and society in an easy, fast and secure way, based on the infrastructure of information and data services.

- **Advanced Metering Infrastructure Project-AMI:** seeking to generate new relationships with customers, take advantage of market opportunities and evolve in processes and technologies, we are executing this project, which includes the definition and **implementation of the most convenient advanced metering infrastructure for EPM and the national energy subsidiaries.**

During 2021, we obtained the business case and implementation roadmap with three horizons, the first, a controlled test environment; the second, the realization of a pilot at scale; and the third, a massive deployment. In addition, we built a diagnosis of the current state of the Grupo EPM in terms of **Advanced Metering Infrastructure-AMI, referencing implementations in other geographies. Finally, we accompanied the deployment in the subsidiary Afinia.**

- **Smart Grids Project:** seeking to build the vision, strategy and roadmap for the implementation of smart grids in Grupo EPM companies in Colombia, automating and optimizing current business operations and taking advantage of opportunities for new solutions and services; **in 2021, we conducted a diagnosis and benchmarking with a multi-business vision; we implemented the controlled test environment**, where pilot tests of various smart grid use cases will be executed; in addition, we made progress in the **design and structuring of tests for the use case of coverage in non-interconnected areas with an innovative solution**, which is currently implemented at EPM's La 30 branch, which consists of paying for energy service by time available and not by energy consumption.



We also highlight the **implementation of telemanagement on the Nutibara charging station**, in the case of electric mobility, which allowed measuring and reporting in real time the active and reactive energy, identifying the non-technical losses of the eco-station. It also made it possible to know possible adjustments to be made in the design and implementation of the eco-stations, the consumption curve and behavior of the station, among others.

Acknowledgments



We highlight **EPM's** participation in the **ASOCODIS Ambar Award**, being selected as winner of the Distributed FACTS pilot project, which tests a new technology to optimize power systems, in the innovation and development category.



Four Latam Digital awards for digital growth for EPM: during the ninth version of the Latam Digital awards, which recognizes the Latin American digital industry, our management was recognized as follows: **first place** for best digital transformation project; **second place** for best campaign on LinkedIn; **third place** for best campaign supported by digital listening; and third place for best Digital Government project.



"The LATAM Digital Awards, are the opportunity to evidence the achievements of our work in the Digital Ecosystem, comparing us with companies throughout Latin America, helping us to maintain the ongoing commitment to our challenges and the evolution of the Digital Transformation of EPM and its Group".

Luis Fernando Marulanda
Commercial Professional EPM Corporate Identity
Management



EPM is the second Colombian entity to receive the seal of excellence in IT Management Capabilities in 2021: the Ministry of Information Technology and Communications (MinTic) delivers this seal of Digital Government for the ability to properly leverage technology within the Organization.



5.

SDG 8 Decent work and economic growth

Committed to protecting labor rights and promoting a safe working environment for all workers, both in our own operations and in those carried out through contractors, **at EPM we contribute to SDG 8 Decent Work and Economic Growth by supporting productive activities in the territories where we are present, generating decent employment and leveraging the development of our suppliers.**



5.1. EPM People

EPM people: 8,406 employees



- **Response, mitigation and containment of the pandemic:** one of the main management issues was focused on maintaining biosecurity protocols, surveillance measures and control of COVID-19 at work. As well as promotion and prevention activities that add to the control of mental health and the accompaniment of employees and their family environment; we also reinforced education on epidemic safety, establishing contrasted guidelines for self-protection of workers and increasing their awareness of risk prevention and the importance of vaccination.



Among the most relevant achievements, we highlight the progress in the **vaccination strategy** to join the immunization plan as a Group and as a Company, and the **gradual return of employees** to the different work sites **in alternation**.



- **Vaccination strategy in Antioquia:** we made agreements with entities such as the Health Secretariat of the Department of Antioquia, Health Secretariat of the Municipality of Medellín, EPS SURA, ANDI -acquisition of SINOVAC vaccines -Empresarios por la Vacunación agreement-, Comfama and Comfenalco, for the application of the first and second doses for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango, for which EPM carried out 40 vaccination days in the eight sub-regions of Antioquia and in 10 municipalities of the metropolitan area.



"We got vaccinated and now we can be safe to continue providing our service to the community. Thanks to the Grupo EPM, to the subsidiary Aguas Nacionales for allowing those of us under 40 years of age to get vaccinated, this is a process that benefits us all".

Janner Cardona Tobón

Senior Professional Aguas Nacionales
EPM Beneficiary of the agreement
"Empresarios por la Vacunación".



The health and well-being of our human talent is a priority; therefore, from **EPM** we carried out **40 vaccination campaigns** in the **8 subregions of Antioquia** and in **10 municipalities of the Metropolitan Area of the Aburrá Valley** for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango.



The balance of the vaccination campaigns was satisfactory and contributed to protect the lives of employees and the continuity in the provision of utilities. At the end of the year, the infection rate in Hidroituango, with almost 7,000 workers at work, was 0.01% and in EPM it was 1.95%.

At EPM we ended the year with approximately 91% of our employees vaccinated against COVID-19, reducing the risk of exposure to the virus and complying with the defined immunization plan; the remaining 9% is equivalent to people who, due to their health condition, could not be vaccinated or had not yet decided to do so.



- **Gradual and alternating return:** the passage of the pandemic has meant many changes, among these the dynamics of work, in which we went from a 100% face-to-face work to virtuality, maintaining quality standards in performance and care for the health and welfare of people. Under this dynamic of new normality, in EPM we undertook a process of gradual and alternating return, in which we completed in December with the return of 100% of employees who were working at home.
- **Teleworking:** 2020 boosted the recognition of teleworking throughout the Grupo EPM as a measure that contributes to sustainable mobility and the welfare of our employees and their families. In EPM 1,232 collaborators formalized teleworking during 2021, which corresponds to 14.7% of the total plant, and it is projected to reach March 2022 with 1,250 more people.



14.7% of the Company's employees accessed the teleworking modality, thus generating mechanisms that promote the development, productivity and quality of life of EPM's people.



- **Internal mobility:** continuing on the path of development of our people, we highlight that the EPM plant presented an average **internal mobility of 8.4%**, compared to the total plant. Thus, we opened possibilities for personnel growth within the Organization, with 160 promotions and 358 internal changes through selection processes.

In addition, in 2021, 891 new people joined the Organization.

- **Face-to-face and virtual training:** we accounted for more than **188,648 hours of face-to-face and virtual training**, achieving a coverage of 96% of employees. We highlight the improvement of competencies in Project Management with 420 employees trained and 125 project leaders trained in soft skills. In this same line, the subsidiaries fulfilled their training plans associated with the strengthening of competencies, training in occupational health and safety, among others.



EPM is the seventh most attractive company to work for in Colombia:

the study conducted by the **Spanish firm Merco**, on the 100 most attractive companies in the country to work for, ranked EPM in seventh place. With this result, we managed to remain for 12 consecutive years in the top ten of the general ranking, occupying the first place in the sector of companies that provide residential public utilities—energy, gas and water.



More than 188,000 hours of classroom and virtual training for 96% of EPM employees for their preparation and professional growth.



5.2. Suppliers and contractors

We also contribute to the economic growth of the territories where we are present through the generation of value chains and the strengthening of our relationship with suppliers that support EPM's operations.



6,051

— contracts awarded at EPM.



COP 2.5 billion

— in contracts awarded at EPM.



4 thousand

— contracts awarded to local suppliers in EPM.



64%

— of the procurement was awarded to local suppliers.



COP 53,575 million

— in contracts awarded to Community Action Boards and associations of community action boards.



64% of EPM's contracts were executed with local suppliers to provide growth opportunities and boost the region's economy.



Relevant milestones 2021

Supplier and contractors development strategy



Program for the Industrialization of the Water Sector: we convened companies linked to the water sector, both in aqueduct and wastewater management, achieving the formalization of 19 people in thermo and electro fusion welding courses for polyethylene piping. Since the beginning of the program, 250 people have benefited.

We also delivered 70 certificates of attendance in person and 15 virtually in the training of skills and abilities of officers and assistants in the construction, operation and maintenance of aqueduct and sewerage networks and, finally, we certified 114 workers in various labor competency standards, in compliance with Resolution 0330 of 2017.

Supplier development program with Grupo Pares: we participated in two plenary sessions, in which we shared topics of interest for the companies linked to this group, such as: Strategies for economic reactivation, business roundtable with the Chamber of Commerce of Medellín, Innovate + Grupo EPM, program of the Mayor's Office of Medellín for the strengthening of digital processes "My digital SME", in the latter 25 companies participated.

Finally, in order to promote **respect for human rights in EPM**, we identified critical suppliers and began the implementation of a mechanism that allows us to know the management capabilities of the prioritized suppliers in this area.

As a next step, we began the design of awareness-raising spaces with suppliers identified as critical in this area. In this way, we began work with the Guías Colombia initiative to prepare a practical guide on human rights due diligence for SMEs, with the participation of 13 companies identified and prioritized in the supply chain.



6.

SDG 10 Reduced inequalities

Consolidating a **culture of inclusion and respect for diversity** is our commitment to SDG 10; to this end, we provide opportunities to close existing gaps and reduce inequalities in the workplace.



6.1. Cultural evolution

At EPM we continue in a process of cultural evolution, as a commitment to a disruptive culture that connects with the emerging future and in which each employee is responsible for what he/she generates with his/her movement, placing his/her potential at the service of the Organization.

The main mechanism that leverages this evolution is conversation, which is why it becomes a valuable capital for our purpose and organizational strategy –**the conversational capital**– that makes possible the coordination of actions based on collaborative work.



Committed to diversity, inclusion and gender, at EPM we generated 40 spaces, including talks and workshops, on these topics. We also developed an inclusive communication manual focused on campaigns and information originating from the Company. Additionally, 20 people with disabilities, during 3 years, have integrated 60 work teams to contribute with their potential and talent to the organizational objectives; their passage through the different departments has allowed us to advance in the incorporation of the lessons learned in the organizational processes for the naturalization of inclusion.





Likewise, for other mobilizers of the organizational culture such as conscious leadership, collaborative networks, prototypes, change management and ethical management, in EPM we carried out training spaces, discussions, workshops and awareness campaigns, which were very well received by both the Company's leaders and employees.



EPM was awarded the **Equipares Labor Equity Seal, Silver level**, by the Ministry of Labor and the United Nations Development Program (UNDP) for taking concrete actions to achieve gender equity in its work environments. With a **score of 98.54%**, the Company became the **first public organization in Antioquia to achieve this level of certification**.



6.2. Customer-focused organization

As a customer-centric organization, at EPM we aim to facilitate the management of our customers and users' requirements, guaranteeing access in an agile and secure manner; and for this, digital transformation and the optimization of procedures leverage and contribute significantly.

Thus, our customer service channels have been available to customers and users throughout the pandemic, making significant efforts to fulfill requests within the times defined by law.



"I am here to help you with your paperwork, I can give you information about the variation of your bill and the payment facilities we can offer you",

Ema
EPM humanoid advisor

- **Customer service offices:** we developed strategies to minimize waiting times and implemented the tablet for the digital signature of the certificates delivered to customers and users, facilitating the updating of data, storage of documents and sending of such certificates via e-mail, thus avoiding printing. In addition, we continued with the strategy of self-service modules for customers.
- **Telephone channel in the contact center:** we implemented self-service initiatives in some quick transactions, such as paying the bill through an IVR or scheduling periodic reviews through Ema WhatsApp, EPM's virtual advisor.
- **Digital channels:** we were able to publish two new transactions on the web, 27 in web chatbot and WhatsApp, 6 in the mobile application and we developed 24 robotic automations. Additionally, we highlight the implementation of Ema as a humanoid robot version, which performs transactions aimed at guiding customers and users, teaching efficient use of services, consulting the balance of the invoice and generating credits.



With the implementation of digital transactions we were able to facilitate the access of customers to procedures and services of our company, which have rated 78% as easy to use and 82% with satisfaction with the service provided.

- **Web channel:** we updated EPM's corporate website to improve navigation on our portal, achieving greater impact and satisfaction for customers and users, emphasizing self-service and consultation of the procedures guide.



34% of the transactions received in EPM were carried out in digital media, 117% more than in 2020, thus strengthening our commitment to the development of innovative strategies tailored to our customers and users.

- **Optimization of procedures:** at EPM we simplified the process for requests for connection of the water supply service and energy service housing habilitation, eliminating some documents to optimize time and money for customers and users.

Acknowledgments



3rd place for EPM, among 29 participants from Antioquia in the different categories, in the **MinTIC Máxima Velocidad Digital 2021 contest,** as well as 24th place among 452 participants nationwide.



Seal of excellence with orders and requests, PQR and web invoice for EPM by **MinTIC,** adding with this eight seals of digital excellence in the category Online Services-Online procedures and services, which certifies us with the quality required as part of the implementation of the Digital Government policy in Colombia.

7.

SDG 16 Peace, justice and strong institutions

Our vision of competitiveness, growth and long-term permanence as a Group is aligned with SDG 16, thanks to the **pursuit of generating economic value, contributing to sustainable human development and increasing value for stakeholders.** Based on transparency practices that generate and maintain trust in the actions of the Organization.

7.1. Transparency

From our business practice **we cultivate and maintain transparency**, with a view that goes beyond the creation of wealth for owners, transcending to the generation of value for society and contributing to the improvement of conditions of equity and welfare for communities, which are beginning to demand corporate values such as honesty, impartiality, professional objectivity and trust in business, in order to avoid violations of the rights of stakeholders and the sustainability of the natural and social environment in which we operate.

Therefore, we apply initiatives, mechanisms and instruments of self-regulation for the prevention of fraud, corruption and bribery (FCS); in order to maintain our operation in an environment of security, transparency and trust, providing all stakeholders with general parameters for action, in order to minimize the materialization of risk situations related to FCS, money laundering and financing of terrorism, among others.

Self-regulation mechanisms and instruments:



Additional initiatives:





Relevant milestones 2021



Update of the Grupo EPM Business Behavior Manual: in accordance with Resolution 080 of 2019 of the Energy and Gas Regulatory Commission (CREG), this year the manual was updated to include new behaviors that allow evidencing the implementation of said resolution. The update was approved both in EPM and in the other energy and

Ethical Climate Survey: in EPM, this is the fifth year in which we conducted the measurement, whose target audience is the employees, with a participation of 76.5%. We measured the 11 established categories, obtaining a result scale of excellence in eight of them; two are in the development, implementation and strengthening stage; and one is in a state of weakness. These results in the Company's Ethics were socialized Committee.

EPM Ethical Perception Measurement: we conducted this among stakeholders measurement exercise Community, Opinion Leaders, Columnists and Journalists, and Suppliers and contractors; with the purpose of generating conversations, reflections and reasoning to guide the process of judgment and decision making focused on a correct performance in our work.



- **Collective Action for Ethics and Transparency in the Electricity Sector:** five of the six national energy subsidiaries of the Grupo EPM are part of the Collective Action for Ethics and Transparency in the Electricity Sector, as a fight against corruption and promotion of free competition, promoted by the National Operating Council (CNO) and XM with the oversight of the Transparency Secretariat of the Presidency of the Republic of Colombia, Transparency for Colombia and the United Nations Office on Drugs and Crime (UNODC).
- **Towards Integrity Initiative:** aware of the co-responsibility of the electricity sector in the prevention and fight against corruption, EPM adhered to this initiative, committing itself to the internal and external promotion of actions that make visible how, from our company, we are aligned with the main objectives of this adherence, which was done in coordination with the Technical Secretariat of the Collective Action of the Electricity Sector, formed by XM and the CNO.
- **Intellectual property and copyrights:** in compliance with Law 603 of 2000, we certify that the current regulations on intellectual property and copyrights were fully complied with. Thus, the trademarks are duly registered, and the use of software products that the Company uses for its normal operation is made by virtue of its ownership or through license agreements, which comply with current legislation.

7.2. Human rights

In EPM and with the support of the Colombia Guides initiative, we conducted a self-diagnosis of the practices associated with human management within the Company, based on the postulates of the Decent Work Guide published by the Initiative, based on these recommendations we will design a work plan to be implemented in 2022.

7.3. MIPG



In compliance with the requirements as a public entity, **EPM completed four years in the implementation of the Integrated Planning and Management Model (MIPG).**

During 2021, for EPM, the functions of the Management Committee were adjusted to the conditions required for it to meet and add to its thematic plan, that which is related to MIPG. Additionally, through the Single Management Progress Report Form (FURAG) tool, we conducted the third annual measurement of progress in the implementation of MIPG, based on the previous year -2020-, in which as EPM we are located in quintile 5, a level where the companies with the highest scores are located.

In accordance with these results, we designed an improvement plan in each of the dimensions to be executed in 2022. It is important to mention that, in March 2021, the Public Function published version 4 of the MIPG operating manual, which will bring additional activities to review.



We designed the design of the lines of defense, which have the scope of defining the responsibility and authority for control in the Organization; and we accompanied and advised the members of the second line of defense, made up of 75 managers with responsibilities associated with 9 key aspects of success such as: operation assurance, risk integration/monitoring mechanisms, financial information, regulations, reputation, follow-up and improvement, information security, physical security and management system.



● We redesigned the new **Public Accountability scheme**, in accordance with the instructions of the Public Function.

● In Digital Government, we established a **digital transformation strategy** that incorporates the guidelines of this policy.

● We defined **MIPG as one of the origins of the Company's improvement plans**, as a result of the recommendations of the FURAG 2020 results.

● We executed a **didactic communication plan on MIPG** for EPM employees.

● We made progress in the implementation and institutionalization of the **Documentary Management program**, in which during 2021 the favorable technical concept was issued by the Departmental Council of Archives of Antioquia, to clear the way for the validation of the Documentary Retention Tables (TRD) of EPM.

The above allows us to advance in the compliance with the archival improvement plan established between EPM and the General Archive of the Nation, in the implementation of the Information and Communication Dimension of the MIPG, as well as in the consolidation of the strategy for the management and control of the Organization's information assets.

7.4. Corporate governance

Contributing to sustainability and competitiveness is the intention defined in the Corporate Governance of the Grupo EPM, with a clear vision aimed at **guaranteeing the quality, continuity and coverage in the provision of residential public utilities in the territories where we operate.**



In this sense, EPM understands corporate governance as "the system by which companies are directed, managed and controlled through the balance between ownership and administration, in order to guarantee their sustainability and growth, the rights of their investors, transparency and ethics in their performance and access to information for their stakeholders". The practices applied in this matter are compiled and disclosed in the Corporate Governance Code of EPM and the Group.

In order to materialize the principles proposed in the Code, **we continue to work on the implementation and strengthening of best practices, among which the following stand out:**



- **The attention of two popular actions against EPM's Corporate Governance model.** The first one, filed by the Industry Union of Professional Workers of Complementary and Related Public Utilities Companies (Sindicato de Industria de los Trabajadores Profesionales de las Empresas de Servicios Públicos Domiciliarios Complementarios y Conexos - SINPRO), advocates for the compliance with EPM's Corporate Governance. The second, presented by the forjando futuros foundation, requests the suspension and adjustment of some of the components of the Model. As of December 2021, the first legal action was in the evidentiary stage; while the second, closed the year in the framework of the transfer for the response to the lawsuit.
- **We led the implementation and execution of the Corporate Governance Plan of the Grupo EPM,** which shows a 100% compliance in the fronts of Strengthening Property Management and Strengthening the Framework for Action Model of Governance and its relations.
- **We attended to the changes in the composition of EPM's Board of Directors,** with the departure of members Jorge Andrés Carrillo Cardoso and Guillermo León Diosdado Pérez, and the appointment of Sergio Andrés Restrepo Muñoz.
- **We support the appointment of Jorge Andrés Carrillo Cardoso** as general manager of EPM.

The other achievements, management and main issues to be highlighted regarding the Corporate Governance of EPM and the Grupo EPM during the 2021 fiscal year, as well as the challenges for subsequent fiscal years, are detailed in **the Corporate Governance Report.**



8.

Composite SDGs



8.1. Water resources, biodiversity and climate change

At Grupo EPM we are committed to **proactive comprehensive environmental management** with criteria of business competitiveness and environmental, economic and social sustainability; to contribute directly, and in partnership with other stakeholders in the territory, in the common challenge of **working for water security and satisfy in the long term the diversity of uses of water resources**, such as clean water and sanitation (SDG 6) and affordable and clean energy (SDG 7).

Preservation should be achieved through actions for water protection and efficiency in its use, care of ecosystems and biodiversity, mitigation and adaptation to climate change, as proposed in SDG 15 Life on Land, SDG 13 Climate action and SDG 12 Responsible consumption and production.



In relation to the above, we highlight two initiatives that are fundamental to this purpose: the **Strategy for the Integral Management of Water Resources and Biodiversity**, and the **Climate Strategy**.

Integral Management Strategy of Water Resources and Biodiversity



In the Grupo EPM we decidedly committed to contribute to the protection of 137,000 hectares in the watersheds that supply our systems and reservoirs by 2025. To this end, we jointly implemented with other stakeholders initiatives related to forest conservation, restoration and reforestation, sustainable practices and land use, compensation and acquisition of new protected areas.



In this way, as a business group we contributed to the **protection of 9,246 hectares** during 2021, of which **7,266 hectares** were contributed by **EPM**; for an accumulated since 2016 of **106,773 hectares**.

With water protection initiatives we have also contributed since 2018 with **more than COP 11.7 million** trees planted and delivered, mainly through the **EPM Forestry Promotion program**, which contribute to the **national goal of planting 180 million trees in the period 2018-2022**. As **Grupo EPM**, we are **one of the largest contributors** to the joint action to protect and restore national ecosystems, combat climate change and increase biodiversity.



"I have learned a lot from BancO2's training to take care of the wildlife, the watershed and not to cut down any more forest, because that is very important to have water for us and for the people who live downstream. Thanks to this program I can live a little better with my wife Celмира and my daughter Edilia".

Esmeraldo Giraldo Quintero
Inhabitant of Bellavista, San José de Apartadó, Apartadó Beneficiary of BancO2 program.



The business group also contributes to the conservation of water and biodiversity through the conservation of land it owns, with a total area of more than 800 km², 93% of which is in declared protected areas, in buffer zones or in areas with high biodiversity that have not yet been declared.

Grupo EPM Climate Strategy

We seek to achieve **resilient and carbon efficient businesses** by 2030, as well as to obtain a carbon neutral operation as of 2025; with this, in the Grupo EPM we contribute to Colombia's commitment in the 2015 Paris Agreement, updated in 2020, which seeks to reduce 51% of its Greenhouse Gas (GHG) emissions by 2030 –baseline year 2010–.

- **Carbon footprint or GHG emissions inventory:** annually in the business group we determine the carbon footprint or GHG emissions inventory. Since this is carried out in the first four months of the following year, the 2021 inventory will be available in the Grupo EPM Sustainability Report, which can be consulted on the EPM web portal.

Additionally, from EPM we verify the emission reduction projects registered before different standards, in order to have carbon credits available for different purposes of compensation or trading, both in the domestic and international markets.

- **Green Energy Certificates (I-REC):** EPM sold 2.36 million Green Energy Certificates (I-REC), representing an income of COP 4,058 million, which will be reinvested in the development of the Porce III Project or in other emission reduction initiatives.
- We market 3,000,000 Certified Emission Reduction Certificates (CERs) to companies and customers that need to offset their carbon footprint or cover obligations derived from the carbon tax in Colombia.

Worldwide, Colombia is the fourth country in I-REC commercialization, an international standard for renewable energy certificates, where the main marketer is EPM.

- **Energy efficiency:** from the Grupo EPM we understand the importance of addressing in a coordinated manner all issues associated with energy efficiency and addressing the great challenges and opportunities that this represents on the road to decarbonization, climate resilience, digitization, the development of new business models, the promotion of non-conventional renewable sources and the use of new technologies, among others. In this sense, we set ourselves the goal of defining a coordinated Group commitment to the energy transition, and during 2021 we were able to structure this strategy.

In this regard, the companies of the Energy Transmission and Distribution business continued developing initiatives to reduce energy losses and SF₆ (Sulfur Hexafluoride) leaks, achieving their annual goals. Likewise, the Energy Generation and Commercialization business is conducting studies to identify and implement self-consumption solutions with non-conventional renewable energies in its generation plants, achieving during 2021 the prioritization of facilities for self-consumption.



- **EPM's La Alpujarra Thermal District:** we continued with its consolidation, reaching its capacity goal with the connection of the EPM Building, the Company's main headquarters; we also leveraged the construction of infrastructure for the connection of the Digital University and maintained the supply of air conditioning to the buildings already connected.



- **Self-supply and use of energy in the wastewater treatment plants and drinking water treatment plants (WWTP and DWTP):** we maintained the development of actions, among which we can highlight that the Aguas Claras WWTP reached 100% of its self-supply of electricity using, among others, energy sources such as biogas, which is generated in the digestion of sludge from the treatment of wastewater from the Aburrá Valley treated in the WWTP.

Additionally, we developed the first phase of the project that will take the biogas generated at the San Fernando WWTP, which will be conditioned and injected as renewable natural gas to our distribution network. This first phase included the elaboration of the detailed engineering and the process of modifying the environmental license of the San Fernando WWTP.

- **Non-conventional renewable energies:** we made progress in the implementation of the strategy to integrate the development of solar photovoltaic, wind and hydroelectric technology projects into the Group's and EPM's energy mix; we also made progress in defining strategies for the development of small hydroelectric power plants (SHP).

- **Non-conventional renewable energy auction:** we were able to participate in and award EPM the contract for the photovoltaic energy generation of the Tepuy project, which has a capacity of 83 MW. The award was made in the long-term auction of non-conventional renewable energy programmed by the Colombian National Government.





- We installed 2.14 MWp in **self-generation solutions for non-residential customers** with high energy consumption, accumulating a total of 2.72 MWp in six solar systems, including their administration, operation and maintenance, which generated 1.31 GWh/year. In addition, we closed the year with 34 additional projects accepted, which will allow us to add an installed capacity of 18.36 MWp, equivalent to avoiding the emission of 5,414 tons of CO₂ per year, the planting of close to 290,000 trees or the annual consumption of 12,775 homes.

Among the deals that were closed in 2021 and will be installed in 2022, we can highlight the Bios Group -9.1 MWp-, four additional area bases of the Colombian Armed Forces -2.95 MWp-, the Ventura Plaza Shopping Center -0.57 MWp- and three EPM-Library locations, Water Museum and PTAR San Fernando for 1.17MWp.



- We installed 244.89 kWp in **self-generation solutions for residential and non-residential customers**. We closed the year with the installation of the following corporate businesses: Comuna 13 escalators with the Municipality of Medellín -26.4 kWp-, EPM at La 30 branch location -11.16 Kwp-, Dispro -36.27 kWp-, Mujer Latina -105.3 kWp-, Pascual Bravo Etapa 2 -42 kWp-, Inmobiliaria ZM-12.96- and 41 rural homes of the Comfama project -10.8 kWp-. Additionally, we highlight that as of December 31 we installed the 100th residential customers with our Integral Solar Solution. Finally, we were able to close five deals with a capacity to install 205.46 kWp in 2022.



- **Solar panels** were also put into operation **for the energy self-supply of the EPM Building**, and we made progress in actions for saving and consuming electricity in processes and facilities.



- **Air Quality Program:** from EPM we continue with the consolidation of alliances that allow the implementation of measures and the strengthening of sustainable mobility plans as clean transportation alternatives in air quality programs.

In this way, we developed the **Air Quality** program with the **sustainable mobility strategy** and initiatives that include **natural gas vehicles (NGV), Electric Mobility and the Sustainable Mobility Business Plan (PEMS).**



- **Electric mobility:** 2,600 electric and plug-in hybrid vehicles were on the road in the Metropolitan Area at the end of the year, of which 1,189 are users of EPM's public charging offer.

We highlight the successful completion of the charging stations project in the new Fatima yard, for charging the 64 electric buses of Metroplús. We also participated in the definitions of Public Policy, Regulation and Technology of charging systems for electric mobility in Colombia during the next few years, hand in hand with ministries, government agencies and private contractors.

We highlight the operation and maintenance of the 20 public eco-charging stations located in the Aburrá Valley.





- **Natural gas mobility:** in 2021 we supplied a volume of 40.6 million m³ of natural gas vehicles. We delivered 01,083 vouchers for the installation of equipment and purchase of vehicles dedicated to NGV, of which EPM and the agents of the natural gas chain -producer, transporters (2) and the distributor/EPM- contributed a value of COP 1,053 million.

Additionally, we financed through the Somos program COP 993 million for the installation of NGV equipment, through conversion workshops, closing 2021 with 1,345 conversions, for a total of 23,500 vehicles with NGV installed and active.

We maintained the operation of the 17 NGV stations. We presented an increase of close to 9% in the fleet of vehicles dedicated to natural gas, from 606 units in 2020 to 659 in 2021.

- **Sustainable Mobility Business Plan (PEMS):** leveraged by the new dynamics imposed by the passage of the pandemic, virtual work has greater acceptance, for example, in EPM 1,232 employees formalized the telework modality during 2021.

In addition, we highlight the implementation of an internal strategy aimed at EPM's employees to discourage the use of cars and reduce polluting emissions to improve air quality. Now, users of the parking lot at the main headquarters will be able to pay by hours or days for the use of the cells and will have available differential charges in the parking fee, with a lower cost for vehicles that use clean fuels –gas and electric–.





9.

EPM's financial Performance

EPM



Income:

COP 11.3 billion

14%



EBITDA:

COP 4.6 billion

27%



Net income:

COP 3.4 billion

32%



Transfers to the
Municipality
of Medellín:

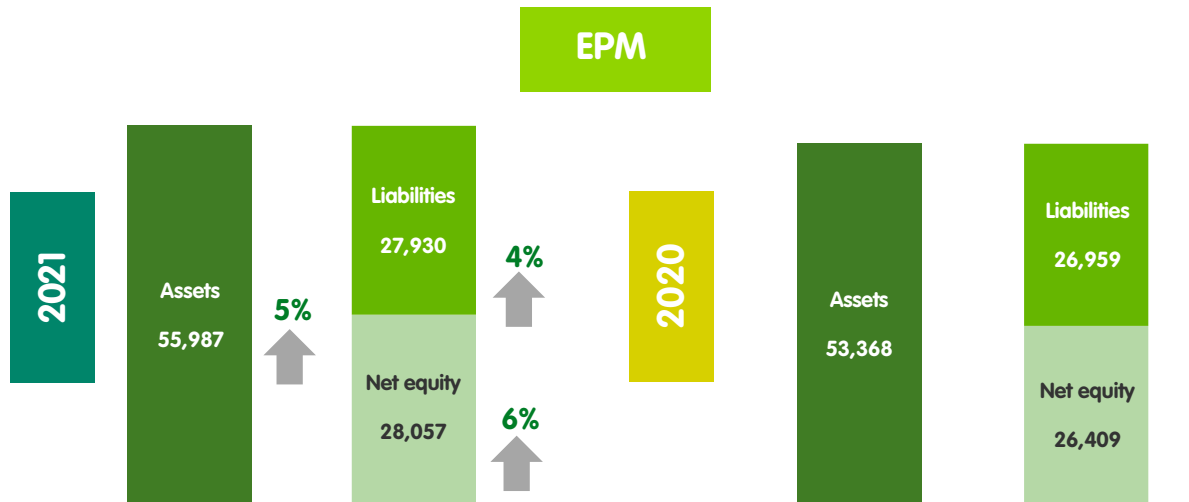
COP 1.4 billion



6%

At the end of 2021, **EPM** reached **revenues** of COP 11.3 billion, an **EBITDA** of COP 4.6 billion and a result for the year of COP 3.4 billion. **Total assets amounted** to COP 55.9 billion, **equity** COP 28.1 billion and liabilities COP 27.9 billion, figures that compared to December of the previous year presented growth of 5% for total assets, as well as for liabilities and equity. The **EBITDA margin and return on equity** achieved results of 41% and 13%, respectively, compared to 37% and 10%, respectively, in the previous year.





The growth in assets is due to the accrual of the account receivable resulting from the indemnification of the Ituango Hydroelectric Project and in investments in subsidiaries due to the effect of the application of the equity method, offset by the decrease in other financial assets. Regarding **non-current assets**, we highlight in the Generation business the execution of Hidroituango; in Transmission and Distribution the expansion, replacement, substations and loss control projects; in Gas the expansion, biogas and Committed Natural Gas (CNG) projects; and in Water Supply and Sanitation, the Caldas-La Estrella interconnection, La Ayurá plant modernization, Yulimar circuit expansion, Valle San Nicolás, La Iguaña - La García basin, construction and repair of networks, renovation of collectors, among others.

On the other hand, the **growth in liabilities** was related to the efforts to finance the needs required for the year 2021 and partially for 2022.

Through a **debt management** operation **executed with the banks JPMorgan and Bank of Tokyo-MUFG**, a credit agreement was signed for an amount of USD 250 million, as an operation with currency indexation to Colombian pesos, which allowed mitigating the foreign currency exposure of the debt contracted and, on the other hand, **we obtained short-term resources with the banks Santander and BNP Paribas, for an amount of USD 315 million**. Locally, we disbursed resources for COP 111 thousand million of **credit** operations with **BBVA** corresponding to rediscount rate lines of credit from Findeter.

In connection with the **credit** agreement **signed with IDB Invest** on December 29, 2017, intended for the partial financing of the Ituango Hydroelectric Project, on December 1, 2021, EPM and this 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 agreement, EPM paid the principal balance of the loan for USD 450 million.

Likewise, we maintained the practice of timely informing the credit rating agencies about the Organization's relevant facts, in order to transparently provide them with the necessary elements for their decision making. Fitch Ratings placed EPM's risk rating at "BB+" in international scale as a consequence of the adjustments in the ratings of the Republic of Colombia and the Municipality of Medellín; and "AAA" in national scale, both in negative observation. Moody's maintained the international rating at "Baa3" with negative outlook, in international investment grade.

On the other hand, the **long-term debt/EBITDA indicator of the business group** as of December 2021 rose to 3.36 in compliance with contractual agreements, remaining below the established limit of 3.5. This indicator improved with respect to the value obtained in 2020 (4.37), mainly due to the 29% growth in EBITDA from COP 5.8 billion to COP 7.4 billion and the prepayment of the IDB Invest loans for USD 450 million and Bancolombia for COP 450 thousand million.



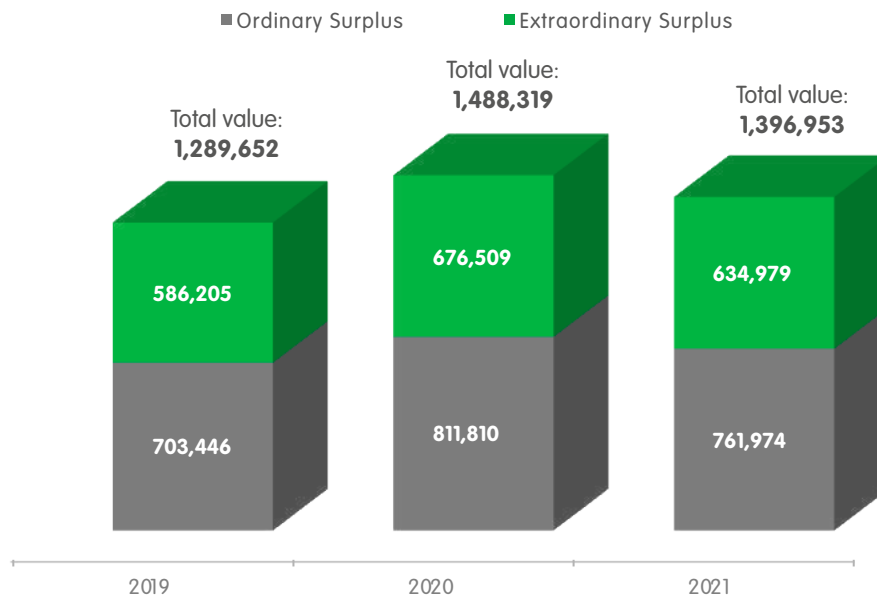
Within the framework of the **Ituango Hydroelectric contingency Project**, an advance payment was received for the claims of affected third parties and repair of community infrastructure in the Extracontractual Civil Liability policy for COP 2 billion. Regarding the All Risks Construction and Erection policy, a third advance payment was made in August for USD 100 million, which added to the payments made in 2019 and 2020, totaled USD 350 million.

In 2021, the Company received COP 425,954 million for Directors and Administrators Civil Liability policies, and due to the second instance ruling of the Office of the Comptroller General of the Republic, on December 10, 2021, EPM and Mapfre signed a settlement agreement in the All Risks Construction and Erection policy, which definitively closes the contingency claim, and a payment of USD 633.8 million was agreed.

It is important to highlight that the book value of portfolio investments in controlled and non-controlled companies amounted to COP 15 billion at the end of 2021, dividends were received for COP 767,974 million, an increase of 67%, of which 80% came from subsidiaries and the rest from non-controlled companies.

Transfers to the Municipality of Medellín

In 2021, **EPM delivered to the Municipality transfers equivalent to COP 1.4 billion**, of which COP 761,974 million were ordinary **transfers**, corresponding to 30% of the 2020 profits, and COP 634,979 million were extraordinary transfers, corresponding to 25% of the profits.



Amounts in millions of pesos.



10.

Challenges 2022

In the 2022-2030 planning horizon, EPM's challenges are associated with the strategic focuses presented in the chapter Strategic direction and alignment with SDGs for the Group and EPM. In this sense, our most significant bets are oriented to:



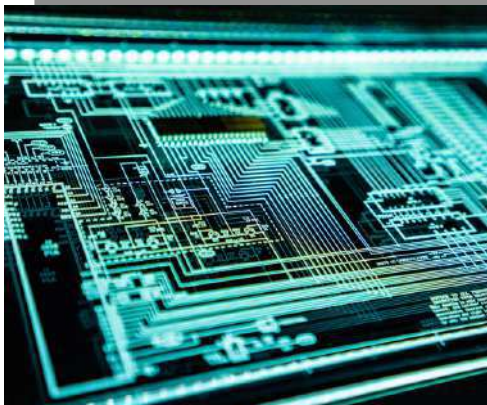
Start operation of Hidroituango: stabilizing the future hydroelectric power plant in all its dimensions and complying with the schedule for the start-up of the generating units is undoubtedly a priority goal due to the firm energy commitments to the National Interconnected System (SIN) and the Company's financial health.



Improve Project Management: deepen our capabilities in the development of the infrastructure necessary to provide the services we deliver to our customers and users, making the development of projects more agile in terms of planning and execution.



Strengthen the Organization's culture: explore and incorporate new forms of interaction both internally and with our stakeholders to strengthen decision making and attract talent that contributes to the fulfillment of the corporate group's purpose.



Evolve the organization beyond residential public utilities: take advantage of the possibilities offered by new digital technologies, incorporating and articulating them with the vision of territory that we develop in the business group, this will allow us to expand the portfolio of solutions that EPM can deliver positively impacting people and territories.



Create greater value for our stakeholders by being efficient in our operations: to undertake the Productivity Paths program to achieve the objectives set in terms of cost and expense optimization, this is an essential challenge to improve EPM's competitiveness, protecting people and assets.

External verification

See the certificate of the external verification of the figures of EPM's 2021 Management Report that are part of the EPM 2021 Sustainability Report at: [Independent Review Report.](#)

The financial figures listed below were externally audited by Deloitte, through its audit of EPM's financial statements. The reports of the independent auditors are available at: [EPM Certifications.](#)

Financial information	Data subject to verification	Disclosed statement	Page
Financial Performance	EPM's revenues	In EPM at the end of 2021 we reached revenues of COP 11.3 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Result for the period	In EPM at the end of 2021 we reached a result for the year of COP 3.4 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Assets	Total assets amounted to COP 55.9 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	88
	EPM's Liabilities	Liabilities COP 27.9 billion. Figures validated with substantive evidence and cross-checked against separate financial statements.	88
	EPM's Assets	Equity in COP 28.1 billion.	88



Grupo EPM Management Report

SUSTAINABLE
DEVELOPMENT
GOALS



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Members of EPM's Board of Directors

Our fundamental commitment at Grupo EPM is to provide energy services, water supply, natural gas, wastewater and solid waste management, with high standards of quality and efficiency, to more than nine million customers and users located in Mexico, Guatemala, El Salvador, Panama, Chile and Colombia; connected with the **higher purpose of contributing to the harmony of life for a better world**, which drives us to transcend beyond the operation of our businesses to tune in with the realities and needs of the world.

Reconciling the achievement of our business goals with sustainable human development and contributing to the attainment of the Sustainable Development Goals (SDGs), defined in the 2015-2030 Global Development Agenda of the United Nations (UN), is a challenge that allows us to recognize that we are part of a planet, in which we are all interconnected through our actions.

As a business group we identify how our operations contribute to global challenges that seek a sustainable future for all, therefore, from our projects and programs we propose initiatives that contribute to the achievement of SDGs such as Clean water and sanitation (6); Affordable and clean energy (7); Responsible production and consumption (12); Industry, innovation and infrastructure (9); Decent work and economic growth (8); Reducing inequalities (10); Peace, justice and strong institutions (16); Life of terrestrial ecosystems (15); Climate action (13); as well as others indirectly.



In 2021, we continued to face the effects of **COVID-19**, with a slightly lesser impact, which allowed us to fully comply with the provision of public services, overcoming challenges posed by the pandemic, as well as some restrictions derived from the difficulties in global trade.

The step towards a new normality was taken thanks to the development of vaccination programs defined by the different governments in the countries where the Grupo EPM is present, combined with the efforts made by our subsidiaries, which shed a light of hope not only for the nearly 17 thousand employees of the Organization, but in general for the whole society. In this way, and gradually, the process of normalization of social and economic activity began, with the return to workplaces, schools, public places, among others.



As a result of this reactivation, the **performance of energy demand**, which reflects the dynamism of the world economy, presented growth rates in countries of the region such as Colombia (5.2%), Mexico (2.8%), Guatemala (8.4%), El Salvador (10.4%), Panama (7.0%) and Chile (2.9%).

We managed the response, mitigation and containment of the COVID-19 pandemic, with the continuity of bio-security protocols and surveillance and control measures in the workplace by the companies of the corporate group. Our intention to take care of our human talent was maintained through promotion and prevention activities, including mental health control and support for employees and their families.

We also reinforced educational initiatives on epidemic safety, establishing self-protection guidelines for employees focused on increasing their awareness of risk prevention and the importance of vaccination, which allowed us to begin the gradual alternating return of employees to their work sites, always under adequate safety conditions.

Last year **we participated in the third auction of non-conventional renewable energies in Colombia**, in which we **were awarded 83 MW of solar capacity corresponding to the Tepuy project**, located in the south of the municipality of La Dorada, in the department of Caldas, Colombia. This is an important milestone for the Grupo EPM, as it allows us to confirm our vocation as a relevant actor in the promotion of renewable energy sources.



In the **Caribbean region Afinia completed its first year as a company of the Grupo EPM**, during 2021 we focused on gradually improving service for the more than six million inhabitants of the 134 municipalities where the subsidiary operates, in turn, we contribute to the development of these territories and work harmoniously with all stakeholders in the region to leverage positive impact initiatives for the communities.

Thus, we closed the year with an investment execution of COP 543 thousand million, a figure that is equivalent to eight times the average investment made during the last eight years in the coverage area of what is now Afinia. **Firm in our commitment to the quality and improvement of the service provided in the Caribbean region**, the subsidiary closed 2021 with significant improvements of 11% and 18% in the indicators of duration of service interruptions -SAIDI- and frequency of interruptions -SAIFI-.



In Antioquia, the future Ituango hydroelectric power plant reached a progress of 86.9% as of December 2021 in its works, as well as the execution of important actions in the technical, environmental and social management of the area of influence and downstream of the dam, with an advance of the accumulated cost of COP 11.6 billion, which includes the payment of insurance as a lower value of the assets. **These facts allow us to show Colombians that Hidroituango is evolving. We are on the right track to put into operation, in 2022, the first two generating units of this plant, which in its totality will provide 17% of the energy required by Colombia.**

In line with our commitment to care for the environment, watershed protection is one of the fundamental axes of our management, therefore, from the Grupo EPM we contribute to the protection of 9,246 hectares in the watersheds supplying our systems and reservoirs, for an accumulated 106,773 hectares as of December 2021, counted since 2016.

With water protection initiatives we also contributed, since 2018, with more than 11.7 million trees planted and delivered, mainly through the EPM Forestry Promotion program, with which we contribute to the goal of 180 million trees proposed by the Colombian National Government for the period 2018-2022; thanks to this management, the Grupo EPM is positioned as one of the largest contributors that join the joint action to protect and restore ecosystems, combat climate change and increase biodiversity.

In Mexican territory, as a result of legal actions and an **arduous administrative management carried out for more than a year by the subsidiary TICSА and EPM, we recovered the operation of five wastewater treatment plants**, three in the state of Tamaulipas and two in the state of Chiapas, which were expropriated by local authorities in Mexico months ago. The recovery of these assets is of strategic importance and very significant for the Group, not only for the economic benefits they generate, but also for the environmental, social and sustainability impact they imply for the territory.

Both EPM and its subsidiaries face great challenges, ranging from being an active part of the economic reactivation processes in the areas where we have influence, to the need to guarantee the liquidity required to finance the different business plans and programs. All this in an environment of modernization and technological transformation aimed at optimizing financial processes, supply of goods and services and asset maintenance, adopting the best practices in the industry and leveraging digital transformation and the development of new capabilities in the business group.

In financial terms, the Group's EBITDA grew 29% compared to the previous year, reaching a value of COP 7.4 billion, mainly explained by the management of two businesses, Energy Distribution, with higher energy sales and tariff option, and costs and expenses that grew in lower proportion to revenues; and Energy Generation, with the increase in stock market sales due to high generation and lower units purchased due to higher generation.

We highlight the dividends received by EPM from the companies of the corporate group, which amounted to COP 767,974 million, with an increase of 67% with respect to the previous year, of which 80% came from subsidiaries and the rest from non-controlled companies.

As Grupo EPM we generated **added value for COP 12.6 billion in the period**, thus contributing to the development of the territories where we are present. In this sense, we highlight that the suppliers of goods and services received COP 1.9 billion, which is reflected in an important contribution to the generation of employment and economic growth. We also highlight the COP 366 thousand million we allocated for the development of communities and environmental care.



With a view to the future, we are moving forward in the review and adjustment of the strategic direction of the company, of the **Grupo EPM**, focusing the Action and Results components. This exercise resulted in the redefinition of our strategy that seeks to "evolve and grow beyond residential public utilities", so we went from a route focused on optimization and growth in current businesses, to go beyond and explore new horizons that allow Grupo EPM to grow hand in hand with its stakeholders.

A first result of this adjustment is the emergence of a new business called **Commercialization of New Solutions**¹, as well as the **definition of six strategic fronts** that will mark the route for the materialization of the corporate strategy: Energy Transformation, Circular Economy, Digital Transformation, Corporate and Financial Optimization, Project Management, and Business Evolution; whose fundamental objective is to adapt the Organization to the changes in the environment and allow it to take advantage of the new opportunities that arise, for which we have the challenge of being increasingly agile and efficient.

I invite you to consult **our 2021 Management Report**, in this document you will know in more detail the initiatives, projects, achievements and challenges that we live and face in 2021. We are committed to transparency and openness of information to our stakeholders. In that sense, we want you to know and feel part of the management of a business group that moves to articulate, manage and execute initiatives in favor of the **sustainable development of all the territories that we impact with our operation**.

¹ This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study of initiatives stage, also it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.

The pandemic has shown us that working collaboratively and in networks generates positive impacts and lasting achievements. When we connect our points of view, interests and expectations, it makes it easier for us to work together, and we are strengthened to achieve collective purposes, such as **contributing to the harmony of life for a better world**.



Our 2021 Management Report responds to our **commitment with the "Communication on Progress"** to inform about the practices of the business group derived from the conviction and commitment we have with the ten principles on human rights, labor standards, environment and anti-corruption. We renew our willingness to remain adhered to the United Nations Global Compact, as we have done annually since 2006, in accordance with the purpose we live day by day and in which we resolutely seek to contribute to the harmony of life.

Jorge Andrés Carrillo Cardoso

EPM's CEO and Grupo EPM Leader

Strategic direction and alignment with the SDGs

Our **strategic direction** seeks to guide us as a business group and lead us to a desired future position, and is supported by the Sustainability Model as a fundamental basis for the construction of each of its components. Thus strengthening the vision of a business management model that understands that economic growth must respect social and environmental limits.

Conceiving the protection and generation of value for the companies and society from the core business activities, taking distance from the philanthropic or welfare approach and without supplanting the competencies of the State or any other actor, is part of the sustainability vision established in the Grupo EPM.

The **strategic direction** is born from what inspires our existence and work as a business group, and in this sense we define a **common purpose** that drives us to **contribute to the harmony of life for a better world**, in which we reconcile the achievement of business goals with sustainable human development, from the **contribution to the achievement of the Sustainable Development Goals (SDGs)**, proposed in the Global Development Agenda 2015 - 2030.



We are part of a whole, which calls us to connect with the world in the fulfillment of global challenges such as the SDGs, to which we contribute with the achievement of strategic objectives and the management of material issues. In this sense, **this Management Report highlights the main initiatives and achievements in each of the SDGs on which we had a direct impact as Grupo EPM**, according to the sustainability principles defined with the vision of stakeholders, as well as those to which we contribute indirectly.

On the other hand, in a process of continuous analysis and verification, during 2021 we carried out an **update to the Grupo EPM's strategy** mainly in the **Action and Results** components, which are due to movements in the environment derived mainly from issues such as the health emergency, technology and the expectations of customers and users.

The new strategy retains the components of **Purpose and Identity**, expressed in the values and principles of action; the changes are presented in the **corporate strategy**, which goes from an orientation focused on optimization and growth in the current business to a **strategy that seeks to evolve and grow beyond residential public utilities**.

The seven current businesses: Energy Generation and Commercialization, Energy Transmission, Energy Distribution and Commercialization, Gas Distribution and Commercialization, Water Supply and Commercialization, Wastewater Management and Commercialization, and Solid Waste Management and Commercialization are maintained and **a new one emerges, called Commercialization of New Solutions** ².

² This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study stage of initiatives, also it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore it has not generated effects in the financial statements.

In addition, we redefined six strategic focuses that will materialize the formulated corporate strategy:

6 strategic focuses:

Focus 1



Energy transformation:

Transforming the present and future of energy with our customers and users.

Focus 2



Circular economy:

Sustainable production and consumption.

Focus 3



Digital transformation:

Generate new business models, greater efficiencies and innovative relationships with people and territories through technology, information and an agile organization that contributes to closing current and future gaps.

Focus 4



Corporate and financial optimization:

Optimize the investment portfolio to generate greater value for our stakeholders.

Focus 5



Project management:

Enhance future value offerings with projects that meet expectations in terms of scope, cost, quality and timeliness.

Focus 6



Cultural evolution:

Evolve towards the recognition and incorporation of new possibilities and ways of working together to promote a more conscious, healthy and agile work environment in the Grupo EPM.

Grupo EPM Strategy Summary



Grupo EPM

We are a multi-Latin business group:



***Affiliates in Colombia:**
EPM, CHEC, EDEQ, CENS, ESSA, Afinia, Aguas de Malambo, Aguas Regionales, Aguas de Oriente, Aguas Nacionales and Emvarias.

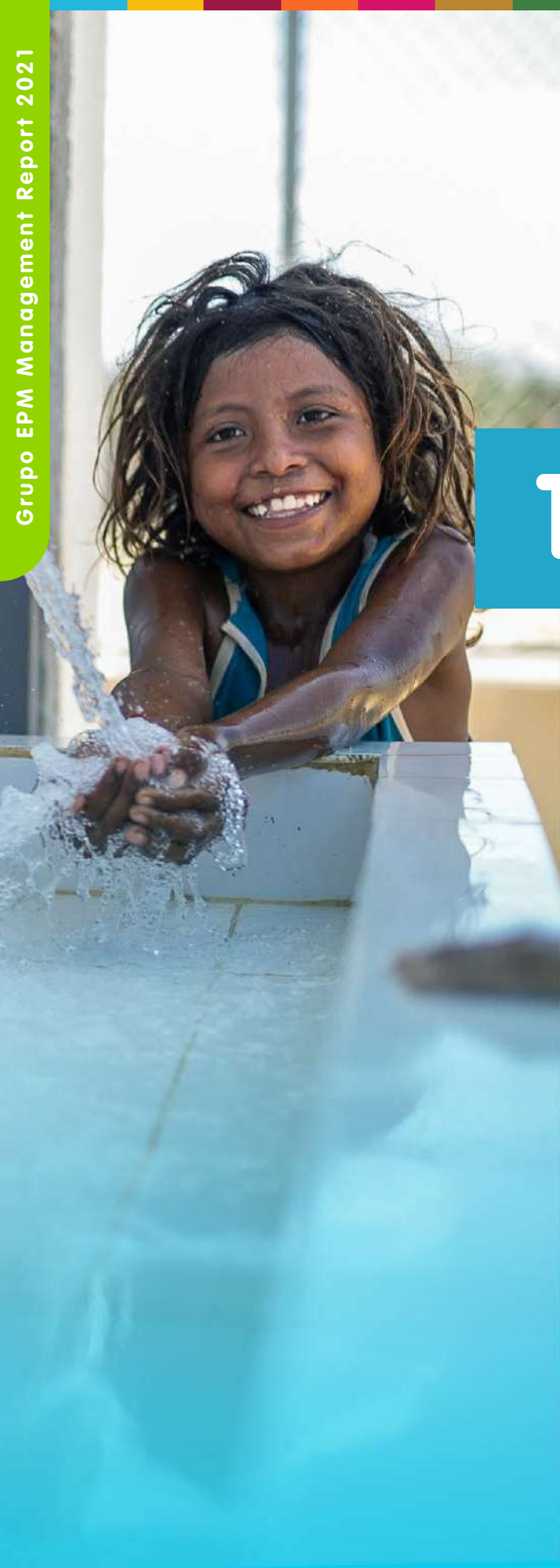
16,850
employees

9,074,242
customers and users

COP 4.2 billion
in infrastructure investments

35,466
external employment for suppliers and contractors

³This business contemplates the offer of new solutions that satisfy the preferences and needs of increasingly personalized, autonomous, efficient and eco-friendly customers, through different mechanisms and platforms, delivering an integral and innovative portfolio, generating positive experiences and benefits for our stakeholders. As of December 31st, this business has not started operations because it is in the formulation and study stage of initiatives, and it does not meet the criteria established by the International Financial Reporting Standards (IFRS) to be presented as an operating segment, therefore, it has not generated effects in the financial statements.



1.

SDG 6 Clean water and sanitation

At Grupo EPM we are inspired by protecting water as a resource that provides life, through the contribution to universal and equitable access to drinking water and basic sanitation, as well as the reduction of pollution through wastewater treatment and the protection of water-related ecosystems.



1.1. Water Supply and Marketing

With our **Water Supply and Marketing** business, we have reached two countries: **Colombia** with EPM, Aguas Regionales, Aguas de Malambo, Aguas del Oriente and Aguas Nacionales -under the brand Aguas del Atrato-; and **Chile** with **Aguas de Antofagasta** and **HidroSur**.



Grupo EPM

Second company with the most users in Colombia



1,682,719

customers and users



97.63%

universalization of service in Colombia



14.1%

Grupo EPM's participation in Colombia



39

water treatment plants with an installed capacity of 20.29 m3/sec.



230

storage tanks



6,602 km

of aqueduct networks



The water delivered to our customers and users is fit for human consumption in all the territories where we have a presence with this service, **guaranteeing a continuity greater than 99.8%, weighted per user.**

In terms of efficiency and system optimization, the level of water loss in the Group in Colombia is 6.33 m3 per billed user, weighted by user, very close to the target established by the Water Regulation Commission (CRA) of 6.0 m3 per billed user for the year 2026.



In figures...

Water Provision and Commercialization in the Grupo EPM

Revenues:

COP 1.5 billion

15%



EBITDA:

COP 802 thousand million

25%



COP 566 thousand million invested in **infrastructure of the Grupo EPM's Water Supply and Marketing business** to supply **drinking water** to communities with criteria of quality, continuity and reliability.



Relevant milestones 2021



"The neighborhood before Conexiones por la Vida was very uncomfortable, first because we did not have household services and second because we did not have paved streets, it was a swamp every time it rained. From every point of view, this program improves our quality of life, because we cannot live without water. We are now having a dignified life. We feel happy, rich."

Feliciano Córdoba Mosquera.

Community leader Tropical Oasis
Beneficiary of Conexiones por la Vida water program



With the **Conexiones por la Vida Program**, in conjunction with the Municipality of Medellín, we contributed to improving the quality of life of 2,277 households located in areas of the city that were difficult to manage and did not have water and/or sewage services.



Contracted with EPM for the **supply of bulk water for the northern sector of the municipality of El Retiro**, benefiting approximately 3,000 inhabitants in this area. The solution is estimated for three years, during which time storage tanks with a capacity of 600 m3 will be built.



We built the **La Lucila II storage tank** with a capacity of 2,000 m3, increasing the continuity of water service from 13.75 to 19.03 hours.



We managed COP 22 thousand million in resources from the Nation, which do not go to the tariff, with which we advanced projects such as **potable water storage tanks to increase the continuity of the service, as well as sectorization and optimization projects of aqueduct networks** to reduce water losses and normalization of clients in the central sector.



We made progress in the **North Desalination Plant Phase II project**, by obtaining maritime concession, environmental permits, acquisition of critical equipment and developing of the engineering for the construction of the project, which will expand the desalinated water production capacity from 1000 L/s to close to 1400 L/s.

In addition, **Aguas de Antofagasta was recognized by the Chilean Safety Association (ACHS) for having been accident-free for more than two years.**



1.2. Wastewater Management and Marketing

With the **Wastewater Management business** we are present in three countries: **Colombia** with EPM, Aguas Regionales, Aguas de Malambo, Aguas Nacionales and Aguas del Oriente; **Mexico** with TICSÁ; and **Chile** with Aguas de Antofagasta.

Grupo EPM



1,637,886

— customers and users



94.45%

— universalization of the service in **Colombia**



14.7%

— participation in **Colombia**



22

— **WasteWater Treatment Plant (WWTP)** with a capacity of total treatment capacity of 11.97m³/2



6,539 km

— Sewage Systems



In figures...

Wastewater Management and Commercialization in Grupo EPM

Revenues:

COP 902 thousand million



EBITDA:

COP 357 thousand million



We invested **COP 303 thousand million** in the **Wastewater Management and Commercialization business in the Grupo EPM** to improve the environment and contribute to the quality of life.

The results of Wastewater Management were mainly impacted by the application of the impairment to the account receivable associated with the recognition of goodwill to the Municipality of Bello, generated by the valuation of the land owned by EPM associated with the Aguas Claras treatment plant.



Relevant milestones 2021



We continue to contribute to the decontamination of the Aburrá-Medellín river and its tributary streams through the Wastewater **Management Sanitation Plan (PSMV)**, with investments of COP 109,085 million during 2021, for an accumulated investment of COP 693,141 million.

Through the development of the Interceptor Sur, Otras Cuencas, Centro Parrilla, La Iguaná, La García, Rodas, Piedras Blancas and El Salado basin projects, **338 wastewater discharges** have been eliminated, of which 25 correspond to 2021.



aguas regionales

We managed resources with conditional contributions -ABC- in the amount of COP 26,000 million for the construction of **sanitation works in the Turbo district**, including the construction of 1.6 km of wastewater collectors; in the northern zone in Chigorodó and El Milagro in Carepa, eliminating two dumping points; and the construction of a wastewater pumping station (EBAR) in Turbo with a capacity of 170 L/s.



We sought to **improve service provision with the construction of a pumping station for wastewater from the Villa Elena sector** in the municipality of El Retiro, eliminating two water discharge points into the Pantanillo River, benefiting 3,250 people.



We closed new business for USD 59 million. Additionally, as a result of legal actions and an arduous administrative process carried out for more than a year by the subsidiary TICSa and EPM, **we recovered the operation of five wastewater treatment plants**, three in the state of Tamaulipas and two in the state of Chiapas, which were expropriated by local authorities in Mexico months ago.



EPM and Aguas Nacionales received the **Antioquian Engineering Award** from the Antioquian Society of Engineers and Architects (SAI) for the **operation and stabilization of the WWTP**, located in the municipality of Bello, in recognition of EPM's commitment to the sanitation of the Aburrá-Medellín River, environmental care in the region and the quality of life of millions of people of people living in the Aburrá Valley.



2.

SDG 7 Affordable and clean energy

Expanding the coverage of energy and gas in optimal conditions of quality and continuity of service. **Implementing energy efficiency actions and providing solutions through non-conventional renewable energy sources,** which allow bringing the service to areas of difficult access and satisfying customers and users who demand alternative solutions, **are the priorities of the Grupo EPM in the SDG Affordable and clean energy.**



2.1. Power Generation and Commercialization

With the **Generation business** we are present in two countries: **Colombia** with EPM and the subsidiaries CHEC, in the department of Caldas, and ESSA, in Santander; and **Panama** with Hidroeléctrica del Teribe (HET).

**Grupo
EPM**

1st agent in energy production in Colombia

2nd agent in net effective capacity in Colombia



24.6%

— of participation in the National Interconnected System (SIN) in Colombia.

19.5%

— share of net effective capacity in Colombia.

15,774 GWh

— of generation in the Grupo EPM.

3,481 MW

— of effective net capacity in the Grupo EPM.



36

— hydropower plants
— 14,367 GWh of hydroelectric generation in the Grupo EPM



— 2 thermal plants of high capacity (>20MW)
— 1 thermal plant self-generation
— 1,342 GWh natural gas-fired thermal generation



6

— Distributed solar power generation systems
— 1.3 GWh of distributed solar generation



1

— Wind Farm system
— 60 GWh generated by wind power

Compared to 2020, total generation increased, mainly due to the increase in water contributions caused by the La Niña phenomenon, which increased rainfall above historical average values during almost the entire year, thus increasing hydroelectric generation.

Regarding the availability of Grupo EPM's plants, in the hydro and wind power plants we achieved, in general, a good performance, meeting and, in some cases, exceeding the planned goals. However, in the thermal plants there were events that affected their availability, impacting the compliance of the Group's thermal availability, which reached 79.8%, below the planned -92.95%-. These events have resulted in attention plans and initiatives to improve the process.



In figures...

Generation and Commercialization of Energy in Grupo EPM

Revenues:

COP 5.4 billion

7%



EBITDA:

COP 2.5 billion

29%



We invested **COP 1.6 billion** in **Power Generation Infrastructure and Commercialization business in the Grupo EPM** to contribute to the operational safety and reliability of the system.





Relevant milestones 2021



In the **third auction of non-conventional renewable energies**, organized by the National Government, we were **awarded 83 MW of solar energy for the Tepuy project**, located south of the head of the municipality of La Dorada in the Caldas department, with an intervention area of 220.39 hectares. This project counts with an environmental license for the park and the subsidiary CHEC's connection line.

The **future Ituango hydroelectric power plant reached 86.9%** progress as of December 2021, with a view to start operation of the first two generating units by 2022. As a whole, **this plant will provide 17% of the energy required by Colombia.**





We obtained **authorization** from the **National Environmental Licensing Authority (ANLA)** to begin **Phase 1 of the pilot phase for sustainable sediment management** of the Camaguadua and San Francisco reservoirs, which will allow us to implement sediment management strategies for optimal control of the useful life of the reservoirs.



We were able to **sell unproductive energy generation assets**, located in the Barranca and Palenque thermoelectric plants, obtaining revenues of COP 5,500 million.



HIDROECOLÓGICA
DEL TERIBE, S.A.

We implemented the **Dry Ice Blasting technology** in the **major maintenance of the Plant**, an innovative method that consists of using dry ice to clean the surfaces of the generators without the need for water or chemicals, thus replacing the manual cleaning work. This reduced the maintenance time to 12 days for each machine, equivalent to a 30% reduction in maintenance time and guaranteeing the cleaning of the equipment without damage.



2.2. Hidroituango evolves: development for Colombia and quality of life for millions of people

What in 2008 was the completion of the design studies for the most ambitious engineering project in Colombia is now becoming a reality that is advancing by leaps and bounds, with milestones being reached that bring us closer to the peak of the project's entry into operation.

In 2021, as in previous years, **Hidroituango has been accompanied by a tireless struggle on the part of each one of the collaborators who work day by day in the future power plant**, who feel an enormous commitment with the entry into operation of one of the largest engineering works in the country.





Relevant milestones 2021

Technical management



"We had many difficulties with coexistence; there were many nicknames among the students. With these Territorio de vida activities we have improved coexistence among them by 90%.

I thank EPM and UNDP who have made it possible that with this initiative they have changed and are putting all the values into practice".

Nohelia Arrieta

Teacher in the village of Palomar, Caucasia - Beneficiary of the Territorio de Vida initiative in Bajo Cauca.

● Hidroituango plan progress: 86.9% at the end of 2021.

● Significant **actions in technical, environmental and social management, with an accumulated cost advance of COP 11.6 billion** (including insurance payments as lower value of assets).

● **Recovery and stabilization of main caverns**, which house the generation units and their associated equipment; with excavation works, pouring of new concrete, additional treatments to strengthen the stability of the rock; and the **placement of instrumentation to monitor the behavior of the mountain** and the structures in general.



Progress in the reconstruction of the tunnels and shafts belonging to the pipelines, which are responsible for carrying water from the reservoir to the generating turbines; and the **placement of concrete and installation of main, support and secondary equipment** for the first generation units.



From the beginning of the assembly of the first generation unit, from the arrival of the steel sheet ducts and the entry of the first power transformers to the powerhouse, we were certain that we were on the right track in the search for a definitive technical milestone: to put into operation the first two generating units of the future hydroelectric power plant, which in its totality will provide **17% of Colombia's energy**.





"EPM came at the most opportune moment, it strengthened us with centrifuges, with pans, with beehives and above all the training it gave us that allowed us to better create our association and we now have our hut, now we can say that our quality of life has improved and we will continue to improve it day by day".

Denys del Socorro Mejía,
Environmental association of
the municipality of Cáceres

In addition to the aforementioned works, **EPM will position itself as a pioneer in the region in the execution of underwater mechanical works with drones and expert divers**, carried out at depths of more than 50 meters.

The **technical advances** that pave the way for the entry into operation of the future generation plant are accompanied by results in **environmental and social management**, aimed at preserving life and making the positive insertion of the mega project in the region's environment feasible.



"To evolve is to learn to grow in community, where there are good opportunities for everyone, to evolve all companies in a territory must work hand in hand with the community. Thanks to the social contracting with EPM, Ituango has had a positive impact that has had a significant impact on employment. Ituango has had a positive impact in terms of employment, knowledge opportunities that make Ituango dream of a better future. The Ituango Hydroelectric Project is an opportunity for growth and development, not only for Ituango, but for all of Colombia".

Juan Chavarriga
Urban Social JAC
Municipality of Ituango



Relevant milestones 2021

Social
management



"We have been in the market for 6 years and EPM has been our ally, it has been the main support for our company to move forward. We are generating employment for 35 people who, with their families, are indirectly benefiting around 140 people. EPM is our right hand, it gave us the vision to be able to move our project forward".

José Mauricio Zapata
Associate ASPROASIR,
Municipality of Itango

Recognition for damages and reestablishment of living conditions for families in Valdivia and Tarazá for COP 16 thousand million.



We reached agreements with 94% of the merchants affected in their economic activity, with payments for more than COP 13 thousand million.

We delivered 23,000 school packages for the benefit of children and young people in the 12 municipalities in the area of influence of the future power plant and six municipalities in Bajo Cauca, adjacent to the dam site.





In Valdivia, we started the construction of the **Simón Bolívar bridge**, made progress in the actions to modernize the **municipal aqueduct** and **completed the return process of the 2,255 families** evacuated as a preventive measure due to the 2018 contingency.



We made investments to improve the rural connectivity of the municipality of Liborina and its road infrastructure, while we made important adjustments to the rural educational institution, we promoted culture and sports, we joined academic and cultural agendas in the area, and we managed **more than 120 community development and infrastructure projects** through social contracting.

In this way, **we continue to strengthen dialogue and trust in EPM**, to enrich relations and the development of a territory that has been transformed by its proximity to what will be the largest hydroelectric power plant in the country.



Relevant milestones 2021

Environmental management



We carried out **activities aimed at protecting wildlife**, such as the planting of **more than 60 thousand tree individuals for the recovery of the Hidroituango forests** and the rehabilitation of 90 hectares of forests, since 2018.



We invested more than COP 54 thousand million to **research and protect the Cauca River**, the first experience in Colombia in which 11 institutions joined forces to study the second most important river basin in the country.



We reached **agreements with the Cauca River Guardians organization** to support their territorial development in four basic lines of action: protection of swamp ecosystems, conservation areas, productive projects, and participation and governance.

The magnitude and impact of Hidroituango called us to work on other fronts, such as the **extension of the term of the auditing, consulting and main civil works contracts, and the agreement between EPM and Mapfre Seguros Generales de Colombia** for indemnification under the All Risks Construction and Erection (TRCM) policy, which allowed us to improve the risk condition of the future generation plant.

In this way, **Hidroituango evolves overcoming different challenges**, as defying as they are definitive, faced with the rigor, tenacity, dedication, commitment and discipline that characterizes EPM and its team of collaborators.





2.3. Power Transmission

The Grupo EPM participates in the **transmission business in two countries: Colombia** through EPM, ESSA, CENS and CHEC; and in **Guatemala** with Transportista Eléctrica Centroamericana S.A. (TRELEC).

**Grupo
EPM**



8.49%

— is the transmission market share in Colombia



25.84%

— is the transmission market share in Guatemala



1,312 km

— of transmission networks in Colombia



745 km

— of transmission networks in Guatemala



99.98%

— average availabilities for reliability in Colombia



98.64%

— average availabilities for reliability in Guatemala



In figures...

Power Transmission in the Grupo EPM

Income: **COP 397 thousand million** 12%

EBITDA: **COP 310 thousand million** 15%

COP 110 thousand million invested in **infrastructure for the Energy Transmission business in the Grupo EPM** to transport the energy needed by the territories and contribute to the strengthening of the energy infrastructure.



Relevant milestones 2021



We modernized the **Guadalupe substation** and the connection to **Tasajera's central transmission system**, likewise, we made **updates to the energy transmission and distribution substations' remote terminals**, contributing to the system's reliability.



We entered **six projects of the National Transmission Expansion Plan** into Guatemala's electrical energy transmission system, awarded through public bidding, contributing to the improvement of the quality of energy supply in the eastern region of the Republic of Guatemala.





2.4. Energy Distribution and Commercialization

In the Grupo EPM, with the **Energy Distribution and Commercialization business**, we have reached four countries: **Colombia** with EPM, ESSA, CENS, CHEC, EDEQ and Afinia; **Panama** with ENSA; Guatemala with EPM **Guatemala**, formed by EEGSA, Comegsa and TRELEC; and **El Salvador** with Delsur.

Grupo EPM

First place in energy distribution and commercialization in Colombia



8,819,791

— customers and users



97.17%*

— universal service in Colombia



38.5%

— market share in Colombia



41%

— market share in Panama



43.5%

— market share in Guatemala



25.1%

— market share in El Salvador

More than 294,000 km

— network

*Percentage does not include Afinia. The corporate group is currently carrying out validations to incorporate this information.



Regarding the **management and energy loss controls** in the Grupo EPM in Colombia, there has been a growing trend due to regulatory changes; the effects of the pandemic, which were reflected in increases in fraud and its recurrence; the increase in areas of difficult management -invasions, public order, high risk, illegal mining, among others-; and the difficulties presented in the continuity of new labor contracts.

In terms of **service quality in Colombia**, we generally performed well, with the exception of EPM parent company, due to a deterioration in the indicators with respect to the previous year: in duration of interruptions we went from 11.46 hours in 2020 to 13.39 hours in 2021 and in frequency of interruptions we went from 6.67 times in 2020 to 8.18 times in 2021.

This happened mainly due to the effects on the distribution system during the winter season and the shortage of materials during the year due to the effects of the pandemic and the global logistical situation. Consequently, we are conducting a root cause analysis to determine the corresponding actions to be implemented to prevent this type of damage from occurring again in 2022.



In figures...

Distribution and Commercialization of Energy in Grupo EPM

Income:

COP 17.7 billion

36%



EBITDA:

COP 3.3 billion

43%



COP 1.6 billion invested in **Energy Distribution and Commercialization infrastructure in the Grupo EPM**

to deliver energy that dynamizes the economy and generates development.



Relevant milestones 2021



"In the family we are very happy because they put the energy in the house that our son built. You always want to have your energy because it is very necessary and we always had to wait more than a year to have that blessing."

José Albeiro David Ortiz
Inhabitant of Buenos Aires, town of San José of Apartadó. Beneficiary Rural electrification

We made **7,807 connections** with the **Rural Electrification program** in the **Grupo EPM nationwide**, benefiting close to **25 thousand people**, with an investment of COP 32,409 million. Particularly in EPM we executed 5,724 connections benefiting approximately 17,800 people. During the Program's trajectory, 116 municipalities in Antioquia and the municipalities of Carmen de Atrato, Carmen del Darién and Riosucio in the department of Chocó have benefited, thus contributing to the growth of service coverage.

We advanced the **Distribution Efficiencies project** through the development and implementation of the optimal network expansion model in EPM and in the subsidiaries that participate -CHEC, EDEQ, CENS and ESSA-, which develops and implements artificial intelligence applied to the optimization of investments to be made in the system. In 2021, we won the CIER award for Innovation in the Electricity Sector at the national level in the Digitalization category for a project associated with the optimal planning of distribution systems in the Grupo EPM.



As an important contribution to the profitability of business operations, the results of the **Field Productivity** project are being extended to other subsidiaries of the Grupo EPM; for example, in 2021, EPM will support initiatives in EEGSA and DELSUR.

In this way, the lessons learned from the Project were also contributed in the joint venture with Afinia, to include important efficiency recommendations in the organizational structure and contracting models for the corrective and preventive maintenance activities of this subsidiary.

Additionally, during the year we implemented software for the management of field services as a technological enabler of opportunities to improve the scheduling, monitoring and follow-up of field personnel, as well as improving the quality and mobility of information in the process of preventive maintenance at the subsidiaries EDEQ, CHEC and CENS, and in the process of damages at EDEQ.

This contributes to the efficiency of the Grupo EPM with the standardization of systems and good practices in business processes.

Since 2014, all the national energy subsidiaries of the Grupo EPM have resolutely embarked on the path of **managing a balance between cost, risk and performance**, in order to maximize the value obtained from the management of productive physical assets.

In 2021, we made progress on the roadmap to certify the **Asset Management System of the Distribution business** of each subsidiary, based on the ISO 55001 standard and the parameters of Resolution CREG-015-2018. The greatest progress is currently being made by EPM, CHEC and EDEQ, companies that expect to be certified in 2022.



We successfully completed the pilot of the **D-FACTS technology** or **Distributed Flexible Alternating Current Transmission Systems**, which allows avoiding or shifting to the future the construction of new lines or the repowering of existing ones, while promoting the conservation of the environment and not affecting nearby communities. This pilot project earned **EPM** recognition in the electricity sector with the **AMBAR award**, granted by **ASOCODIS** in the Innovation and Innovation category.



We were **recognized by CIER** as one of the six companies with optimum performance, among 140 companies in 14 countries, for our levels of excellence in safety, having achieved **three years with no occupational accidents**, either among our own personnel or contractors.



We implemented the **electrical grid modernization project at El Tunco Surf City beach and built the El Volcán substation** to improve the continuity and quality of service.

In addition, the risk rating firm **Fitch Ratings** granted the Company an **AA rating**, improving it after 12 years.



"The success of this project is the result of years of study and monitoring of the technology, in which we believed since its origins, and the work of more than 100 people internal and external to EPM who made its implementation possible."

Giovanni de Jesús Marín Ávalos
Professional Infrastructure Planning
Unit Transmission and Distribution
Energy EPM.





● ENSO

We reduced unrecognized losses by 20.2 GWh compared to 2020, for a value equivalent to US \$4.0 million. Also, in a demonstration of financial soundness and the confidence of the investment market, **the risk rating firm Fitch Ratings granted the company a BBB rating, investment grade with stable outlook, higher than that of Panama.**

● ESSA

We achieved **strategic alliances with the Universidad Industrial de Santander (UIS), the Agency for Reincorporation and Normalization and SENA**, for the execution of initiatives aimed at benefiting students, people in the process of reincorporation and people from the municipalities of Sabana de Torres, San Alberto and Puerto Wilches through scholarships, so that they can complete their academic training or be trained in electricity techniques, contributing to the construction of the territory.



2.5. Afinia

Afinia's main focus is to **gradually improve service** for the more than six million inhabitants of the 134 municipalities where it operates, as well as to **contribute to the development of these territories** by working in harmony with all the stakeholders in the region.



To achieve this, at the end of 2021, the subsidiary of the Grupo EPM has an infrastructure for the provision of the service with 158 substations, 227 power transformers, 420 circuits, 130 high voltage lines, 48,708 distribution transformers and 41,015 km of network, on which we work and make the necessary investments for its updating. In this sense, we closed the year with an investment execution of COP 543,000 million, a figure equivalent to eight times the average investment made during the last eight years in its area of coverage.





COP 543 thousand million in investments in infrastructure, equivalent to eight times the average investment made in the last eight years, before becoming part of the Grupo EPM. Thus, Afinia continues working to improve the quality of service for its customers and users.



"I thank the company Afinia for the investment it made in the Cereté substation, because it has improved service throughout the municipality, both in the rural and urban sectors."

Alfonso Spath

President of Asocomunal Cereté, municipality benefiting from the Cereté Substation in Córdoba.



Relevant milestones 2021

Technical front



- **Cereté and Nueva Montería substations** in the department of **Cesar**, impacting 116,000 users.
- **Manzanillo substation** in **Bolívar**, benefiting 32,000 users.
- **Network maintenance activities**, where we increased the number of brigades by 35%, from 127 in 2020 to 172 in 2021.
- We carried out **29,933 km of technical pruning**, 61% more than in 2020.
- We corrected **1,976 vulnerable points in the network**.
- We used **thermographs to cover 246 circuits**, 30% more than in the previous year.
- **Significant improvements of 11% and 18% in the service interruption duration (SAIDI) and service interruption frequency (SAIFI) indicators**, respectively, based on the previous year's results, maintaining the commitment to quality and improvement of the service provided in the region.



Relevant milestones 2021

Environmental front



We deployed actions that reflect our alignment with the SDGs through **forest compensations and the updating of forest inventories.**

We incorporated in the Company Plan 2022-2025 initiatives aimed at energy transformation, such as **the replacement of the Company's vehicle fleet with electric vehicles**, with a goal of 15% by 2022, as well as **offering users electrical installations for charging points for electric cars.**



Relevant milestones 2021

Social front



We impacted more than one million people with the **"Learning from energy" lines of action** with workshops, socialization and dissemination through community radio stations, contributing to the strengthening of relationship with the community, which is a priority for Afinia.





We improved by 11% the hours without energy service

for customers and users in the departments of Bolivar, Cesar, Cordoba, Sucre and 11 municipalities in southern Magdalena, during 2021.

Regarding the Company's value levers, we closed 2021 at 83.96% of collection, improving 6.1% compared to the closing of this KPI in the previous year. Similarly, we **made decisive progress in actions aimed at reducing energy losses.**

For 2022, we have challenges that aim at the continuous improvement of Afinia's processes and that result in better service provision. Leveraged on the COP 1.06 billion investment plan, we will maintain a good pace in improving service and will seek, in the medium term, the operational and financial sustainability of the Company.

2.6. Gas Distribution and Commercialization

The **business of Distribution and Commercialization of domiciliary natural gas** is provided by EPM in the department of **Antioquia**, Colombia, with 23 years of operation.

Grupo EPM

2nd largest distributor of natural gas in Colombia



1,363,562

— customers and users



85.94%

— universalization of service in **Antioquia**

— **92 municipalities** and **120 towns** in **Antioquia** enjoy gas service



13%

— market share in **Colombia**

88 km

— steel netting

8,539 km

— polyethylene netting



17

— EPM brand service stations (EDS)

During 2021, we met 100% of the quality indicators in the provision of service, with respect to the requirements of current regulations. Additionally, we guaranteed the essential demand -residential, commercial and public transportation-, in accordance with the provisions of the Ministry of Mines and Energy.



In figures...

Gas Distribution and Commercialization at EPM

Income:

COP 1.3 billion

12%



EBITDA:

COP 182 thousand million

41%



COP 12 thousand million in infrastructure investments in EPM's Gas Distribution and Commercialization business to activate industries, commerce, residences and transportation.



Relevant milestones 2021



We have signed a contract with Canacol Energy for the long-term supply of natural gas, starting from 2024, to meet EPM's demand in Antioquia for a period of 11 years. This supply contract, together with the construction of a new gas pipeline to be managed by Canacol Energy, will allow Antioquia to guarantee its long-term natural gas supply security, since it will have a new and growing natural gas supply source to complement the existing ones.



Additionally, we will be able to offer customers in the unregulated market the possibility of signing long-term contracts, driving the decarbonization process with stable price signals. Among these customers are Natural Gas Vehicle (NGV) refueling stations, which will strengthen confidence in the linkage of vehicles converted and dedicated to gas in the Colombian vehicle fleet, as a fundamental part of the energy transition



With the **Conexiones por la Vida gas program**, in agreement with the Municipality of Medellín, we will reach 4,866 new families in the city in strata 1, 2 and 3 by 2021, for a total of 24,108 families since 2019.

These families received a subsidy of 100% of the value of the connection to the natural gas network, which allows them to enjoy a more economical energy basket, representing savings in their monthly expenses and the appreciation of their homes, thanks to the security provided by the continuity and quality of a service with high standards.

During 2021 we migrated to the new **Liquefied Natural Gas (LNG) technology five new Decompressor Stations (DS)**, to serve 29 populations and part of the large industry outside the Aburrá Valley. This allowed us to achieve greater operational efficiency for the business and ensure continuity in the provision of services, through increased gas storage capacity in each of these destinations.



We are the **first company in Colombia to implement LNG technology for the distribution of natural gas**, in order to guarantee continuity in the provision of service through the largest gas storage capacity in each of these destinations.

3.

SDG 12 Responsible consumption and production

In the Grupo EPM we **manage and commercialize solid waste through the subsidiary Emvarias and the progress made in the circular economy strategy**, which is part of the key issues that guide the long-term vision of the business group. Through these initiatives we contribute to SDG 12 Responsible production and consumption, with the purpose of decoupling economic growth from environmental degradation, increasing efficiency in the use of resources and promoting sustainable consumption and production modalities.



3.1. Solid Waste Management and Marketing

This business is based in **Colombia** with **Emvarias** in Medellín and with **Aguas Nacionales**, through the **Aguas del Atrato** brand, in Quibdó. In Medellín we reached 906,667 customers and users with Emvarias.

Grupo EPM



906,667

— customers and users



99.29%

— universalization of the service in **Medellín**



6.67%

— market share in the **Colombian** cleaning



1 landfill

— called **La Pradera**



1,239,713

— tons entering for final disposal at La Pradera



42

— municipalities of **Antioquia** dispose of their waste at La Pradera



1 leachate

— treatment plant, with 351,940 m³ treated/year.



In figures...

Management and Commercialization of Solid Waste in Grupo EPM

Income:

COP 266 thousand million

6%



EBITDA:

COP 66 thousand million

8%



COP 31 thousand million invested in **infrastructure for the Solid Waste Management business in the Grupo EPM** to preserve resources and take care of the our planet.



Relevant milestones 2021

We installed 142 containers with the **Conterization program**, for a total of 968, which allowed us to reduce the critical points of Medellín and the contribute to an orderly presentation of ordinary and usable waste, achieving efficiencies in the operation.



At Envvarias' **Classification and Utilization Station (ECA)**, we use and market 32,191.56 tons/year, which represents 9.71% of the total tons collected.



EPM and Envvarias signed the Deed of Transaction for the Management of the **Construction of a transfer station for the city of Medellín**, during 2022 and 2023. This project will optimize collection times, fleet and operating costs, and will contribute to the reduction of environmental emissions.

We adapted the Altair Vessel to guarantee the continuity of an optimal operation for the final disposal of solid waste.

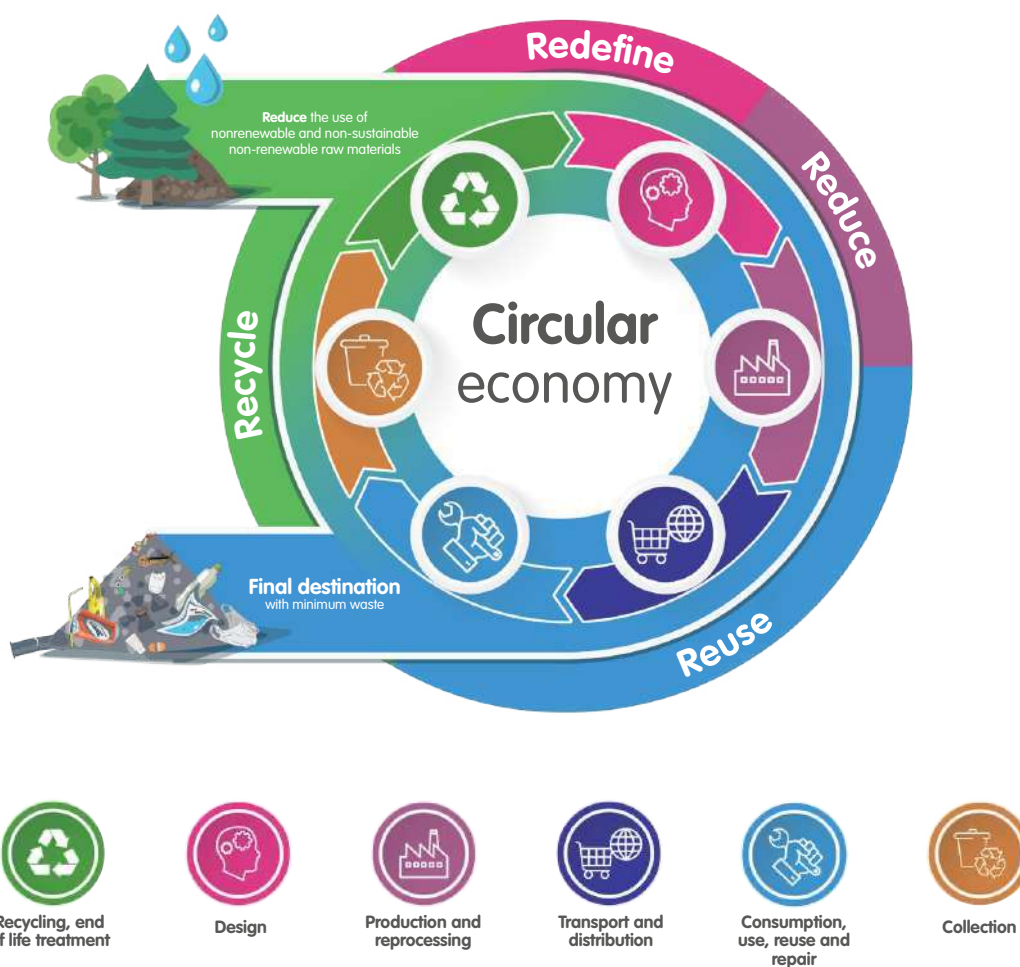
We made progress in the licensing of the new Vaso La Piñuela to increase the useful life of the landfill by 7 years (2023- 2030).

Through the **Solid Waste Growth** project, we seek, first, to implement viable business lines with landfills, recycling, hazardous waste and construction and demolition waste; second, to define the technological configuration for the recovery of waste not separated at source. In this regard, during 2021 we made progress in the characterization of the materials in the projects and works to determine their level of use and we evaluated different alternatives for the location of the pilot plant for Construction and Demolition Waste (CDW), which would be executed during 2022, as well as the feasibility of the waste recovery solution, which is in the process of contracting.

3.2. Circular economy

Responsible production and consumption are closely related to the circular economy, as they constitute an opportunity to optimize the use of natural resources and raw materials in activities necessary for the provision of public services, as well as to influence the practices of suppliers and contractors, and to guide changes in the habits of customers and users, so that they contribute to the **transition from a linear development model to a circular one**.

Under this premise, **in 2021 we advanced in the formulation of the Circular Economy strategy**, whose objective is to evolve the value proposition of the Grupo EPM to strengthen good practices driven by innovation in the provision of services, the closing of production cycles and the promotion of a circular economy culture, which enables the development of new business models in a long-term vision, in which **circularity is recognized as a fundamental element of sustainability**.





Throughout the year, we developed some actions framed in different areas of this report, such as business performance and the results of the Integrated Water Resource and Biodiversity Management strategy, and the Climate Change Strategy. These actions are aligned with the National Circular Economy Strategy, based on the logic of "**producing by conserving and conserving by producing**":

- **Energy flow:** we made progress in the installation and operation of solar panels in the Grupo EPM to generate 590.60 MWh/year of self-consumption energy in our own infrastructure, with a growth of 97%; the offers and sales of photovoltaic solar energy to customers; the increase in the participation of renewable energies in the generation matrix; the reduction of electric energy losses in the networks; the self-supply and energy use of 41,479 MWh/year in the Grupo EPM's wastewater plants, with an increase of 52%; the installation of more efficient air conditioners with ecological refrigerants in administrative and operational areas; the replacement of diesel or gasoline vehicles with electric or natural gas vehicles; participation in city actions for sustainable mobility; and finally, the project to use biomethane at the San Fernando WWTP as a renewable gas for injection into the grid.
- **Materials and biomass:** we advanced actions for the use of biosolids in soil recovery; the use of plant waste from logging and pruning and organic waste in composting with the production of approximately 250 tons of organic fertilizer in EPM's nurseries, avoiding the disposal of 500 tons of organic waste in the La Pradera landfill and about 82% of logging and pruning waste used -25,700 tons- in the entire Grupo EPM; the prevention of waste generation; the use of some special and hazardous waste; the management of waste that reaches reservoirs and water treatment plant intake grids; the reincorporation of materials, by-products or waste to other production processes; and the precise dosage of chemical products in water treatment according to water quality, among others.
- **Water flow:** we implemented actions for the protection of forests, water recirculation in the Grupo EPM in Drinking Water Treatment and Power Generation processes, with 39 million m³, 8% higher than the previous year, and the reduction of water losses in distribution networks, among others.



4.

SDG 9 Industry, innovation and infrastructure

Based on the corporate strategy, as **Grupo EPM** we contribute to **SDG 9** through an innovation model that develops new lines of business, new or improved products and **technology transfer** to optimize internal processes and improve the services offered.





4.1. Innovation

In the **Grupo EPM** we are committed to innovation as an intentional, structured, articulated, methodical and progressive process that contributes to sustainability, growth and generation of value propositions for each of the businesses. In this sense, in 2021 we undertook the implementation of a **Group-wide innovation plan** to gain synergies and strengthen our innovation model.



- **Ventures EPM:** in our **open innovation** work scheme with this program of the Grupo EPM, we invest COP 14,346 million through capital funds in ventures that incorporate science or technology components applied to public utilities, to **drive innovation with great speed and quickly access new solutions**.

Thus, in 2021 we made progress with the companies invested in Fund I, representing **operational savings** associated with advanced analytics in energy, water and gas loss management; telemetry and remote management in the water collection process; and the Natural Gas Vehicle (NGV loyalty program). We also acquired **new capabilities and business models** related to solar offerings for residential, industrial and commercial customers, as well as the structuring of new offerings for efficient waste management.

In Private Equity Fund II, which began operations in February, we are making progress in identifying investment opportunities in line with the strategic needs of the Organization's businesses and expect to make the first investments in 2022.



- **Innóvate Grupo EPM "Discovering":** with the purpose of being a highly innovative company, we highlight this initiative that enabled the training of approximately 60 teachers and 900 students from public and private educational institutions in Medellín, the Metropolitan Area and the Eastern Antioquia region on issues related to energy transformation, digital transformation and circular economy.
- **Innóvate Grupo EPM "Emprendiendo":** in its sixth version, 27 initiatives passed the first filter in the thematic lines: circular economy, digital transformation and energy transformation. Among the participants were employees of the companies of the Grupo EPM: ENSA, Eegsa and EPM; in addition to university students from Antioquia and areas of influence where the business group is present. In the end, five projects were the winners of this version, whose prize was to access an acceleration phase of their innovation proposal.



At Grupo EPM we are passionate about research, technological development and innovation, to consolidate our position in these fields we have invested more than COP 21 thousand million in EPM and close to COP 9 thousand million in our subsidiaries.

- **New portfolio of EPM services at your door:** in our constant search to be at the forefront, we analyze the global transformations that are taking place in the public utilities sector and the implications they have for the future of business. Therefore, seeking to maximize the value of the Grupo EPM, **we launched this new portfolio in April, with which we offer installation, maintenance and repair services of household appliances and gas appliances for homes and businesses in the metropolitan areas of the municipalities of the Aburrá Valley.**



Income: **COP 869 million**

Services provided: **9,289**

Linked households: **271**
to membership products

Satisfaction KPI: **74%**
in the stabilization phase



Between October and December we granted financing for 309 technical services through the CrediSOMOS service invoice, which allows us to provide payment facilities and access to services where the customer does not find financing available in the market.

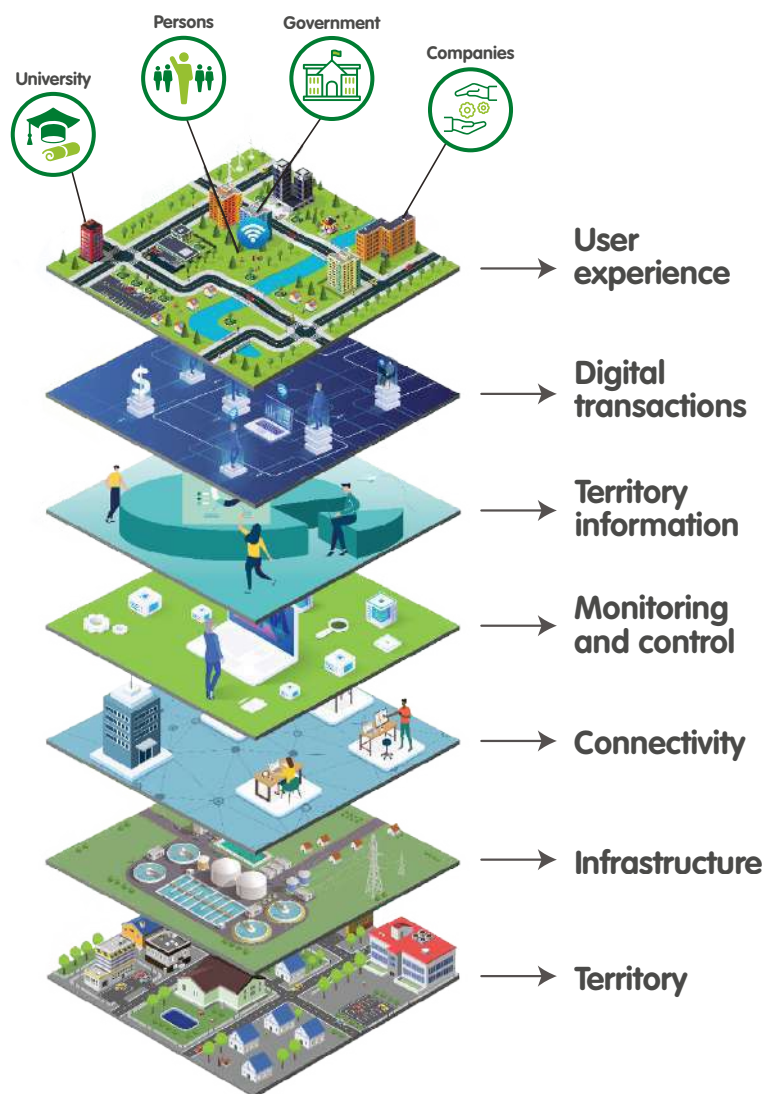


We are launching EPM at your door, a new service portfolio that offers **installation, maintenance and repair services of household appliances and gas appliances for homes and businesses** in the metropolitan areas of the municipalities of the Aburrá Valley.



4.2. Digital transformation

In harmony with the recent update of the Grupo EPM's strategy, **one of the strategic focuses that will guide our long-term vision is digital transformation**, oriented towards the generation of new business models that will allow us to expand our portfolio of products and services; achieve greater efficiencies; establish an innovative relationship with people and territories through technology, information and an agile organization; and contribute to the closing of current and future gaps. In this way, we will consolidate our position as a relevant player in the construction of sustainable and intelligent territories.



New business models, greater efficiencies and innovative customer relationships through technology, information and an agile organization.



In order to leverage even more speed in the development of our businesses, we are committed to digital transformation to deliver different and innovative solutions; to have a better relationship with customers by transforming traditional processes into customer-centric processes; and to make the best use of data and have greater analytical capabilities that allow us to operate, invest and explore new opportunities.

- **Digital Transformation Project:** during 2021 we consolidated the proposal to lay the organizational foundations that allow the constant evolution of the Digital DNA capacity in EPM, through a virtual organization made up of **eight seed teams** focused on solving business challenges incorporating agile and innovation practices; **seven Virtual Centers of Excellence** that advance in the incorporation of new trends in information technologies, robotic automation of processes and advanced analytics; and the incorporation of the practice of integrating software development with the operation.

We also developed an **adaptive governance proposal for transformation and an Agile and Digital Operating Model (MOAD)** operating on an experimental basis to generate new digital products.



Additionally, **we activated the Digital Transformation teams of the subsidiaries CENS and EPM Guatemala;** in collaboration with the EPM University, we established the **Digital and Innovation School;** and 641 people were trained, during 2020 and 2021, in the attributes of the Digital DNA, including 143 managers who participated in training in leadership 4.0 and leadership in digital environments.

- **Advanced Metering Infrastructure Project-AMI:** seeking to generate new relationships with customers, take advantage of market opportunities and evolve in processes and technologies, we are executing this project, which includes the **definition and implementation of the most convenient advanced metering infrastructure for EPM and the national energy subsidiaries.**

During 2021, we obtained the business case and implementation roadmap with three horizons, the first, a controlled test environment; the second, the realization of a pilot at scale; and the third, a massive deployment. In addition, we built a diagnosis of the current state of the Grupo EPM in terms of **Advanced Metering Infrastructure-AMI**, referencing implementations in other geographies. Finally, we accompanied the deployment in the subsidiary Afinia.



- **Smart Grids Project:** seeking to build the vision, strategy and roadmap for the implementation of smart grids in Grupo EPM companies in Colombia, automating and optimizing current business operations and taking advantage of opportunities for new solutions and services; in **2021, we conducted a diagnosis and benchmarking with a multi-business vision; we implemented the controlled test environment**, where pilot tests of various smart grid use cases will be executed; in addition, we made progress in the **design and structuring of tests for the use case of coverage in non-interconnected areas with an innovative solution**, which is currently implemented at EPM's La 30 headquarters, which consists of paying for energy service by time available and not by energy consumption.

We also highlight the implementation of **telemangement on the Nutibara charging station**, in the case of electric mobility, which allowed measuring and reporting in real time the active and reactive energy, identifying the non-technical losses of the eco-station. It also made it possible to know possible adjustments to be made in the design and implementation of the eco-stations, the consumption curve and behavior of the station, among others.

- **Access Network Project:** To meet the telecommunications needs of the Grupo EPM's businesses in Colombia, taking advantage of opportunities for new solutions and services, as well as how to exploit the remaining capacity of the network, we developed this project in which we consolidated the Group's telecommunications needs map, made progress in the referencing of telecommunications technologies for AMI and Intelligent Networks, prepared the regulatory map of the electricity sector, obtained conclusions from the analysis of the Afinia network and developed the network for the start of sandbox testing (controlled testing environment and AMI).

Acknowledgments

We received **two awards for innovation management**.



EPM wins the **Ambar Award from ASOCODIS**, in the innovation and development category, for **the Distributed FACTS pilot project**, which tests a new technology to optimize power systems.



DELSUR, El Salvador branch, receives the award **CECACIER INNOVACIÓN** in the category of digitalization 2021.



5.

SDG 8 Decent work and economic growth

Committed to the protection of labor rights and the promotion of a safe working environment for all workers, both in our own operations and in those carried out through contractors, **in the Grupo EPM we contribute to SDG 8 Decent Work and Economic Growth, by supporting productive activities in the territories where we are present, generating decent employment and leveraging the development of our suppliers.**

5.1. People Grupo EPM

Grupo EPM people: 16,851 employees



- **Response, mitigation and containment of the pandemic:** one of the main management issues of the **Grupo EPM** companies was focused on maintaining bio-security protocols, surveillance measures and control of COVID-19 at work. As well as promotion and prevention activities that add to the control of mental health and the accompaniment of employees and their family environment; we also reinforced education on epidemic safety, establishing contrasted guidelines for self-protection of workers and increasing their awareness on risk prevention and the importance of vaccination.



Among the most relevant achievements, we highlight the **progress in the vaccination strategy** to join the immunization plan as a Group and as a Company, and the **gradual alternating return** of employees to the different work sites.



"We got vaccinated and now we can be safe to continue providing our service to the community. Thanks to the Grupo EPM, to the subsidiary Aguas Nacionales for allowing those of us under 40 years of age to get vaccinated, this is a process that benefits us all".

Janner Cardona Tobón
Aguas Nacionales EPM Beneficiary
agreement Entrepreneurs for
Vaccination

- **Vaccination strategy in Antioquia:** we made agreements with entities such as the Health Secretariat of the Department of Antioquia, Health Secretariat of the Municipality of Medellín, EPS SURA, ANDI -acquisition of SINOVAC vaccines -Empresarios por la Vacunación agreement-, Comfama and Comfenalco, for the application of the first and second doses for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango, for which EPM carried out 40 vaccination days in the eight sub-regions of Antioquia and in 10 municipalities of the Metropolitan Area.





The health and well-being of our human talent is a priority; therefore, **from EPM we carried out 40 vaccination campaign** in **10 municipalities of the Metropolitan Area of the Aburrá Valley** for the employees of EPM, national subsidiaries located in Antioquia and Hidroituango.



The balance of the vaccination campaigns was satisfactory and contributed to protecting the lives of employees and the continuity in the provision of public services.



- **Gradual and alternating return:** the passage of the pandemic has meant many changes, among these the dynamics of work, in which we went from a 100% face-to-face work to virtuality, maintaining quality standards in performance and care for the health and welfare of people. Under this dynamic of new normality, the companies of the **Grupo EPM** undertook a process of gradual and alternating return, which in EPM we completed in December with the return of 100% of employees who were working at home.
- **Teleworking:** since 2020 we have promoted the recognition of teleworking throughout the Grupo EPM as a measure that contributes to sustainable mobility and the well-being of our employees and their families.
- **Relations with labor unions:** during 2021 we achieved Collective Labor Negotiations of EPM and its subsidiaries Aguas Regionales, ESSA and Aguas de Malambo, with validity for three and four years. This in accordance with the legal provisions set forth in Colombian law and in the countries where it operates, is governed under the principles established in such standards, based on respect for **the right to union association, collective bargaining and freedom of association.**



EPM sixth most attractive company to work for in Colombia: the study conducted by the Spanish firm Merco, on the 100 most attractive companies in the country to work for, ranked EPM in sixth place. With this result we managed to remain for 12 consecutive years in the top ten of the general ranking, occupying the first place in the sector of public utilities -energy, gas and water-.



ENSA is the fifth best place to work in Central America: the Great Place To Work Institute ranked ENSA among the five best companies in the Central American region, in the range of 500 to 1,000 employees.



CIER General Ranking - Quality in Human Resources Management: EPM Guatemala's companies, **EEGSA** and **TRELEC**, ranked seventh and eighth, respectively, in the CIER ranking, among 60 companies in Guatemala. 14 countries.



Aguas de Antofagasta receives recognition Regional Development: the Regional Ministerial Secretariat (**Seremi**) of Labor highlighted **Aguas de Antofagasta's** support for employability in the Chilean region.

5.2. Suppliers and contractors

We also contribute to the economic growth of the territories where we are present through the generation of value chains and the strengthening of our relationship with close to 11,110 suppliers and contractors, who support the operations of the business group nationwide. Likewise, from the Grupo EPM we contributed to the dynamization of the economy with the generation of 35,466 external jobs during the year.



Together with the national subsidiaries of the Grupo EPM, we carried out different activities and initiatives for the **development of suppliers and contractors**, such as events, forums and talks for 2,352 people from 1,041 external companies. Likewise, we delivered newsletters impacting more than 2,348 people in the territories where the business group is present. Finally, **in order to promote respect for human rights in EPM**, we identified critical suppliers and began the implementation of a mechanism that allows us to know the management capabilities of the prioritized suppliers in this area.

As a next step, **we began the design of awareness-raising spaces with suppliers identified as critical** in this area. In this way, **we began work with the Guías Colombia initiative to prepare a practical guide on human rights due diligence for SMEs**, with the participation of 13 companies identified and prioritized in the supply chain.



6.

SDG 10 Reduced inequalities

Consolidating a **culture of inclusion and respect for diversity** is our commitment to **SDG 10**. To this end, we provide opportunities to close existing gaps and reduce inequalities in the workplace.

6.1. Cultural evolution

In the Grupo EPM we continue in a process of cultural evolution, as a commitment to a disruptive culture that connects with the emerging future and in which each collaborator is responsible for what he/she generates with his/her movement, placing his/her potential at the service of the Organization.

The main mechanism that leverages this evolution is conversation, which is why it becomes a valuable capital for our purpose and organizational strategy - **the conversational capital** - that makes possible the coordination of actions based on collaborative work.



To facilitate this cultural evolution, we established a number of drivers, among which we highlight **diversity, inclusion and gender equity**, with significant progress. We achieved the **approval of the Human Management policy in all subsidiaries**, in line with the Group's ethics, principles and values, contributing to the construction of a diverse and inclusive culture, with the objective of favorably impacting the territories and contributing to a better world.





Likewise, the business group has been developing actions and work plans associated with **labor inclusion and the reduction of gender gaps**. In this sense, **we obtained the following recognitions:**

ENSO

We were recognized by **Award of Happiness - Women Empowerment** for having an organizational culture that promotes practices for the development and strengthening of empowering work environments, being considered one of the **best places for women to work**.

DELSUR

We received **recognition from Plan International for being a company that supports equity in El Salvador**, a work that this subsidiary has been actively developing in recent years.



Committed to equality, we received **Equipares recognition** for complying with the corresponding requirements of the Gender Equality Management System standard. The award was given by the Ministry of Labor and the Colombian Presidential Council for Women's Equality.



We received **the Equipares Labor Equity Seal, Silver level**, from the Ministry of Labor and the United Nations Development Program (UNDP) for taking concrete actions to achieve gender equity in their work environments. With a score of 98.54%, the Company became the first public organization in Antioquia to achieve this level of certification.



7.

SDG 16 Peace, justice and strong institutions

Our vision of competitiveness, growth and long-term permanence as a Group is aligned with SDG 16, thanks to the **pursuit of generating economic value, contributing to sustainable human development and increasing value for stakeholders.** Based on transparency practices that generate and maintain trust in the actions of the Organization.

7.1. Transparency

As Grupo EPM, from our business practice **we cultivate and maintain transparency**, with a view that goes beyond the creation of wealth for owners, transcending to the generation of value for society and contributing to the improvement of conditions of equity and welfare for the communities, which are beginning to demand corporate values such as honesty, impartiality, professional objectivity and trust in business, in order to avoid violations to the rights of stakeholders and the sustainability of the natural and social environment in which we operate.

Therefore, as a Group we apply initiatives, mechanisms and instruments of self-regulation for the prevention of fraud, corruption and bribery (FCS); in order to maintain our operation in an environment of security, transparency and trust, providing all stakeholders with general parameters for action, in order to minimize the materialization of risk situations related to FCS, money laundering and financing of terrorism, among others.

Self-regulation mechanisms and instruments:



Additional initiatives:





Relevant milestones 2021

Grupo•epm

Transparency and Conflict of Interest Statements:

from EPM we conducted disclosure and training in the subsidiaries EPM Guatemala; DELSUR, Aguas Nacionales EPM, including officials of the Aguas del Atrato project, and new members of Emvarias. These statements strengthen trust in the company-employee and company-citizen relationship and transparency in the work of the Grupo EPM.

Update of the Grupo EPM's Business Conduct

Manual: in accordance with Resolution 080 of 2019 of the Energy and Gas Regulatory Commission (CREG), this year the manual was updated to include new behaviors that allow evidencing the implementation of said resolution. The update was approved both in EPM and in the other energy and water subsidiaries at national and international level.

Ethical Climate Survey: all national energy and water subsidiaries, and most of the international subsidiaries, carried out the **Ethical Climate** measurement in 2021, using the mechanisms offered by EPM parent company for such measurement.

Collective Action for Ethics and Transparency in the

Electricity Sector: five of the six national energy subsidiaries of the Grupo EPM are part of the **Collective Action for Ethics and Transparency in the Electricity Sector**, as a fight against corruption and promotion of free competition, promoted by the National Operation Council (CNO) and XM with the oversight of the Transparency Secretariat of the Presidency of the Republic of Colombia, Transparency for Colombia and the United Nations Office on Drugs and Crime (UNODC).

● **Money Laundering and Financing of Terrorism Risk Management System Manual (SARLAFT):** 11 meetings were held within the framework of the LAFT Committee of subsidiaries led by EPM, with domestic and some foreign subsidiaries, to share information, experiences and best practices, and thus align the management of LAFT risks in the Grupo EPM.

Additionally, we provided advice to subsidiaries in the implementation of the system and design of controls for LAFT risk management in TICS Colombia, national subsidiaries, Emvarias, DELSUR, EEGSA, EPM Chile and ENSA; and we built the LAFT Manual (base) and Due Diligence Manual (base) for subsidiaries of Grupo EPM. We also carried out a diagnosis and recommendations for Afinia, in the areas of FCS prevention, LAFT and regulatory compliance of personal data protection.

● **Intellectual property and copyrights:** in compliance with Law 603 of 2000, we certify that the current regulations on intellectual property and copyrights were fully complied with. Thus, the trademarks of the Grupo EPM are duly registered, and the use of software products that the company uses for its normal operation is made by virtue of its ownership or through license agreements, which comply with the legislation in force.



7.2. Human rights

Through a work that involved the analysis of operations and consultation with the stakeholders of each company, we updated the Human Rights Risk Map in EPM, CHEC, ESSA, CENS, EDEQ, Aguas Regionales and Emvarias. Additionally, we defined the strategic axes to respond to the risks prioritized as a result of the aforementioned analysis, which will be implemented as of 2022.

We held the second forum on Business and Human Rights, an institutional space for reflection and to guide practices on the subject in the companies of the Grupo EPM. On this occasion we had the participation of the presidential advisor for Human Rights and Dante Pesce, former member of the United Nations working group. Finally, in EPM and with the support of the Colombia Guides initiative, we conducted a self-diagnosis of the practices associated with human management within the Company, based on the postulates of the Decent Work Guide published by the Initiative, based on these recommendations we will design a work plan to be implemented in 2022.

7.3. MIPG



In compliance with the requirements as a public entity, **both EPM and the national subsidiaries covered by this requirement, we completed four years in the implementation of the Integrated Planning and Management Model (MIPG).**

In 2021 we held meetings with the subsidiary companies of the business group, in order to share practices and provide recommendations on issues related to the implementation of MIPG.

This year, **Circular 004 of 2021**, issued by the Council for Institutional Management and Performance of the Civil Service, on the obligation or not of joint ventures to fill out the Single Management Report and Progress Form (FURAG) -those in which the public capital exceeds 95%-. In the particular case of the Grupo EPM, the national subsidiaries that must report the completion of the FURAG are EPM, Aguas Regionales and Emvarias.

During 2021, for EPM through the FURAG tool, we carried out the third annual measurement of progress in the implementation of MIPG, based on the previous year -2020-, in which as EPM we are located in quintile 5, a level where the companies with the highest scores are located.

In accordance with these results, we designed an improvement plan in each of the dimensions to be executed in 2022. It is important to mention that, in March 2021, the Public Function published version 4 of the MIPG operating manual, which will bring additional activities to review.

7.4. Corporate governance

Contributing to sustainability and competitiveness is the intention defined in the Corporate Governance of the Grupo EPM, with a clear vision aimed at **guaranteeing the quality, continuity and coverage in the provision of residential public utilities in the territories where we operate.**



In this sense, EPM understands corporate governance as "the system by which companies are directed, managed and controlled through the balance between ownership and administration, in order to guarantee their sustainability and growth, the rights of their investors, transparency and ethics in their performance and access to information for their stakeholders". The practices applied in this matter are compiled and disclosed in the **Corporate Governance Code of EPM and the Group.**

In order to materialize the principles proposed in the Code, **we continue to work on the implementation and strengthening of best practices, among which the following stand out:**



- **The attention of two popular actions against EPM's Corporate Governance model.** The first one, filed by the Industry Union of Professional Workers of Complementary and Related Public Utilities Companies (Sindicato de Industria de los Trabajadores Profesionales de las Empresas de Servicios Públicos Domiciliarios Complementarios y Conexos - SINPRO), advocates for the compliance with EPM's Corporate Governance. The second, presented by the Fundación Forjando Futuros, requests the suspension and adjustment of some of the components of the Model. As of December 2021, the first legal action was in the evidentiary stage; while the second, closed the year in the framework of the transfer for the response to the lawsuit.
- **We led the implementation and execution of the Corporate Governance Plan of the Grupo EPM,** which shows a 100% compliance in the fronts of Strengthening Property Management and Strengthening the Framework for Action Model of Governance and its relations.
- **We attended the changes in the composition of EPM's Board of Directors,** with the departure of members Jorge Andrés Carrillo Cardoso and Guillermo León Diosa Pérez, and the appointment of Sergio Andrés Restrepo Muñoz.
- **We accompanied the appointment of Jorge Andrés Carrillo Cardoso** as CEO of EPM.

The other achievements, management and main issues to be highlighted regarding the Corporate Governance of EPM and the Grupo EPM during the 2021 fiscal year, as well as the challenges for subsequent fiscal years, are detailed in **the Corporate Governance Report.**



8.

Composite SDGs

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

8.1. Territorial Integration Model (TIM)

As Grupo EPM we know that we are part of a whole, an actor that from its management is integrated in the territories with other institutions to provide quality of life through access to drinking water, sanitation and energy services as proposed in **SDG 6** and **SDG 7**, to achieve this we contribute to the protection of ecosystems as contemplated in **SDG 15**.

To make this possible, as a business group we opted for a logic of territorial integration for our management as a convergent actor in territorial development, from its role as a provider of public services. In this sense, we have a **Territorial Integration Model (MIT)** for coordinated work as an actor in the territory with a long-term vocation, connecting corporate social responsibility with sustainable human development.



This model has been applied in EPM's operating territories in **Bajo Cauca** and **Urabá Antioquia**, where the subsidiary Aguas Regionales is also involved, resulting in the implementation of integration initiatives that contribute to the SDGs. Likewise, during the second half of 2021, we began the application of the **MIT in the CENS subsidiary in Norte de Santander**, where we managed to define the municipalities that are the object of the territorial systemic analysis and identify the challenges and opportunities that will allow us to establish and prioritize the homologated and articulated actions, according to the possible stakes and the realities of the territories.

TIM Urabá Antioqueño

In 2021, we prioritized two initiatives: in the first, **we guaranteed long-term residential water and sewage services for the Turbo-Apartadó-Carepa corridor** and provided comprehensive solutions in public services to industry; and in the second, we defined and implemented a **mechanism for water protection**.



Relevant milestones 2021

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We began operating 13.8 km of aqueduct networks in Apartadó, representing less water collection at the source, due to the reduction of technical losses.

In the district of Turbo, we built the 2,000 m³ La Lucila II storage tank, increasing the continuity of water service from 13.75 hours to 19.03 hours; and we increased the extension of the sewer system in the Obrero neighborhood.

We began operating the expansion of the Carepa drinking water production plant, which allows us to increase the production flow from 80 L/s to 160 L/s, thus improving the continuity and coverage of the service.

We built 1.6 km of sewage collectors in the northern zone in Chigorodó and El Milagro in Carepa, eliminating two dumping points.

We built a wastewater pumping station (EBAR) in Turbo with a capacity of 170 L/s.



All these and other additional actions allowed us to increase the aqueduct coverage, which grew from 97.7% to 98.8%, with an important result in Mutatá. We also increased sewerage coverage from 80.3% to 85.2%, with Apartadó and Turbo being the municipalities with the best results.

Finally, we highlight the development of **actions for water protection with the BancO2 program in 1,177 hectares of forest**, located in the watersheds of the municipalities of Chigorodó, Carepa, Apartadó and Turbo.



"I have learned a lot from BancO2's training to take care of wildlife, the watershed and not to cut down any more forest, because that is very important to have water for us and for the people who live downstream. Thanks to this program I can live a little better with my wife Celmira and my daughter Edilia".

Esmeraldo Grialdo Quintero
Inhabitant of the village of Bellavista
Corregimiento de San José de Apartadó.
Beneficiary of the BancO2 program

TIM Bajo Cauca

In the **Bajo Cauca** territory, we established seven initiatives that are combined with actions of other actors, which were managed in the inter-institutional and community articulation spaces existing in this territory.



During 2021 we made significant progress, mainly in these four initiatives -1, 2, 5 and 6-:

- **Initiative 1 - Cooperate in relevant inter-institutional spaces and promote collaborative alliances and networks:** we made progress in strengthening relations and the management of territorial integration alliances through participation in the University, Business, State and Society Committee (CUEES) Bajo Cauca, in which we assumed leadership of the Planning and Environment Roundtable and participated in the Cáceres Integral and Participatory Action Roundtable, initiating its implementation in the Jardín-Tamaná district of Cáceres.

We also participated in the roundtables to promote the pillars of the Territorially Focused Development Program (PDET) on drinking water and sanitation, social management of rural property and education.

- **Initiative 2 - Advance in the universalization of energy service:** we connected more than 1,800 families to the energy service through the development of electrical interconnection works carried out between 2020 and 2021. At the same time, we made progress in the management of the isolated solutions project with the Photovoltaic Individual Solar Solution (SISFV), which provided access to energy for 279 new families living in dispersed areas.
- **Initiative 5 - Support initiatives that seek to improve the population's access to drinking water and basic sanitation:** we installed nine drinking water treatment systems in an equal number of rural schools in the municipalities of Valdivia, Tarazá, Cáceres and Nechí, benefiting more than 1,800 families in Bajo Cauca. In addition, we formed the technical roundtable for the presentation of projects and the water roundtable of the municipality of Nechí.
- **Initiative 6 - Contribute to the protection of water resources and biodiversity:** we achieved the reproduction in captivity of several native species of the Cauca River, as well as the study of migration routes and strategic sites for their reproduction, with the University of Córdoba.

Together with the Universidad Javeriana, we formulated an adaptive restoration plan for the prioritized sites. We also restored more than 180 hectares in the municipalities of Cáceres, Caucasia and Nechí in conjunction with the Government of Antioquia, Fondo Paz and Corantioquia.



8.2. Water resources, biodiversity and climate change

In the Grupo EPM we are committed to proactive comprehensive environmental management with criteria of business competitiveness and environmental, economic and social sustainability; to contribute directly, and in partnership with other stakeholders in the territory, in the common challenge of working for water security and satisfy in the long term the diversity of uses of water resources, such as clean water and sanitation (SDG 6) and affordable and clean energy (SDG 7).

Preservation should be achieved through actions for water protection and efficiency in its use, care for ecosystems and biodiversity, and mitigation and adaptation to climate change, as proposed in SDG 15 Life on Land and SDG 13 Climate Action.



In relation to the above, we highlight two initiatives that are fundamental to this purpose: the **Strategy for the Integral Management of Water Resources and Biodiversity**, and the **Climate Strategy**.

Integrated Water Resource and Biodiversity Management Strategy



In the Grupo EPM we decidedly committed to contribute to the protection of 137,000 hectares in the watersheds that supply our systems and reservoirs by 2025. To this end, we jointly implemented with other stakeholders initiatives related to forest conservation, restoration and reforestation, sustainable practices and land use, compensation and acquisition of new protected areas.



In this way, **as a business group we contributed to the protection of 9,246 hectares** during 2021, of which **7,266 hectares** were contributed by EPM; for an accumulated since 2016 of **106,773 hectares**.

- 6 CLEAN WATER AND SANITATION
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Water protection initiatives have also contributed since 2018 with more than **11.7 million** trees planted and delivered, mainly through the **Fomento Forestal EPM program**, which contribute to the **national goal of planting 180 million trees in the 2018-2022 period**.

As **Grupo EPM**, we are one of the largest contributors to the joint action to protect and restore national ecosystems, combat climate change and increase biodiversity.

The business group also contributes to the conservation of water and biodiversity through the conservation of land it owns, with a total area of more than 800 km², 93% of which is in declared protected areas, in buffer zones or in areas with high biodiversity that have not yet been declared.

Grupo EPM Climate Strategy

We seek to achieve **resilient and carbon efficient businesses** by 2030, as well as to obtain a carbon neutral operation as of 2025; with this, in the Grupo EPM we contribute to Colombia's commitment in the 2015 Paris Agreement, updated in 2020, which seeks to reduce 51% of its Greenhouse Gas (GHG) emissions by 2030 -baseline year 2010-.

- **Carbon footprint or GHG emissions inventory:** annually in the business group we determine the carbon footprint or GHG emissions inventory. Since this is carried out in the first four months of the following year, the 2021 inventory will be available in the Grupo EPM Sustainability Report, which can be consulted on the EPM web portal.

Additionally, from EPM we verify the emission reduction projects registered before different standards, in order to have carbon credits available for different purposes of compensation or trading, both in the domestic and international markets.

- **Energy efficiency:** at the Grupo EPM we understand the importance of addressing in a coordinated manner all the issues associated with **energy efficiency** and addressing the great challenges and opportunities it represents on the road to decarbonization, climate resilience, digitalization, the development of new business models, the drive towards non-conventional renewable sources and the use of new technologies, among others.



In this regard, we set ourselves the objective of defining a coordinated Group commitment to the energy transition, and in 2021 we succeeded in structuring this strategy.

In this way, the companies of the Energy Transmission and Distribution business continued developing initiatives to reduce energy losses and SF6 (Sulfur Hexafluoride) leaks, achieving their annual goals. Likewise, the Energy Generation and Commercialization business is conducting studies to identify and implement self-consumption solutions with non-conventional renewable energies in its generation plants, achieving during 2021 the prioritization of facilities for self-consumption.



- **Self-supply and use of energy in the wastewater treatment plants and drinking water treatment plants (WWTP and DWTP):** we maintained the development of actions, among which we can highlight that the Aguas Claras WWTP reached 100% of its self-supply of electricity using, among others, energy sources such as biogas, which is generated in the digestion of sludge from the treatment of wastewater from the Aburrá Valley treated in the WWTP.

Additionally, we developed the first phase of the project that will take the biogas generated at the San Fernando WWTP, which will be conditioned and injected as renewable natural gas to our distribution network. This first phase included the elaboration of the detailed engineering and the process of modifying the environmental license of the San Fernando WWTP.

- **Non-conventional renewable energies:** we made progress in the implementation of the strategy that will integrate the development of solar photovoltaic, wind and hydroelectric projects into the Group's and EPM's energy mix; we are also working on the definition of strategies for the development of small hydroelectric power plants (SHP).
- **Non-conventional renewable energy auction:** EPM was awarded the contract for the photovoltaic power generation of the Tepuy project, which has a capacity of 83 MW, during the long-term auction of non-conventional renewable energies scheduled by the Colombian National Government.



- **Solar panels for energy self-supply:** we also put into operation the solar panels of the EPM Building and other administrative headquarters of the Group, such as ENSA, DELSUR and CHEC, thus advancing in actions for saving and consuming electric energy in processes and facilities.



- **Air Quality Program:** from EPM we continue with the consolidation of alliances that allow the implementation of measures and the strengthening of sustainable mobility plans as clean transportation alternatives in air quality programs.

In this way, we developed the **Air Quality** program **with the sustainable mobility strategy** with initiatives that include **Natural Gas Vehicles (NGV), Electric Mobility and the Sustainable Mobility Business Plan (PEMS).**



- **Electric mobility:** 2,600 plug-in hybrid electric vehicles were on the road in the metropolitan area at the end of the year, of which 1,189 are users of EPM's public charging offer.



We highlight the launch of the electric mobility offer for the city of Cúcuta with CENS, the operation and maintenance of the 20 public eco-charging stations located in the Aburrá Valley and the fast and slow public charging stations for users of this technology in the subsidiaries ESSA, EDEQ and CHEC.





- **Natural gas mobility:** we delivered 1,083 bonds for the installation of equipment and purchase of vehicles dedicated to NGV, of which EPM and the agents of the natural gas chain -producer, transporters (2) and the distributor/EPM- contributed a value of COP 1,053 million.

We maintained the operation of 17 NGV stations. We presented an increase of close to 9% in the fleet of vehicles dedicated to natural gas, from 606 units in 2020 to 659 in 2021. Finally, in the year we have a total of 1,345 conversions, for a total of 23,500 NGV vehicles installed and active.

- **Sustainable Business Mobility Plan (PEMS):** leveraged by the new dynamics imposed by the passage of the pandemic, virtual work has greater acceptance, for example, in EPM 1,232 employees formalized the telework modality during 2021.

Acknowledgments



Green Seal of Truth awarded by CO2 Cero to EDEQ:

this recognition highlights the voluntary environmental efforts made by the Quindío subsidiary in connection with its carbon neutrality certification, particularly with regard to the purchase of carbon credits to offset the subsidiary's carbon footprint.



8.3. EPM Foundation

With a deep interest in addressing a series of social needs required for the comprehensive development of the community, **EPM and the EPM Foundation are committed to the communities through the management and development of programs and projects to continue building social fabric hand in hand**, and thus contribute to **SDG 10** Reduced inequalities and **SDG 4** Quality education.

To materialize these purposes, we allocated COP 26,279 million for the execution of programs and projects that allow us to be present in the communities of the Grupo EPM's area of influence, providing quality of life and social development, thus benefiting 2,131,762 people.



- The **EPM Foundation** has benefited **2,131,762 people** in 2021 with programs and projects aimed at generating social development.
- With a **social investment of COP 26 million** we contribute to the **reduction of inequalities and quality education**, thanks to programs and projects of the EPM Foundation.

The EPM Foundation is a pioneer in the design and production of innovative and disruptive transmedia educational strategies with conceptual elements of **Education for Sustainable Development (ESD) in climate change and water care**. Its implementation is projected for the entire Colombian territory with early childhood and elementary school, through an Agreement of Wills signed with the Ministry of National Education on November 13, 2021.



"I am part of the vegetable garden project at UVA La Armonía and I am very happy to learn things related to caring for the environment. There I help watering, planting and spraying; I also harvest radishes, beets and tomatoes together with my mom and my grandmother. I want to invite more children to come and learn so they can start a vegetable garden at home".

Samuel Caro

Beneficiary of UVA services La Armonía, Santa Inés neighborhood, Medellín





"Being in the vegetable garden at UVA La Armonía has been a lot of fun for me because I help with the planting. I have harvested garlic, onions, tomatoes and also black sunflowers, which I didn't know existed. I'm learning because I want to have a vegetable garden at home with my mom, to harvest some of the food we eat".

Nataly Ortiz

Beneficiary of UVA La Armonía services, Santa Inés neighborhood, Medellín.



With the EPM Foundation, we are pioneers in Colombia in Education for Sustainable Development (ESD)¹ in early childhood and elementary school. This strategy promoted the unification of the Foundation's program offerings on topics aimed at contributing to the UN's 2030 Agenda, highlighting biodiversity conservation, climate action and responsible consumption.

¹As the lead UN agency for **education for sustainable development**, UNESCO is responsible for monitoring the management, coordination and implementation of ESD 2030.

Educational experiences promoted social inclusion and the reduction of inequalities in the 17 city spaces managed by the EPM Foundation. In addition, a pilot proposal was launched for educational itineraries outside our spaces so that children and young people could get closer to these experiences that transcend borders.



- **Environment for Life:** during 2021 we continued with the execution of this project, which is established through the development of different processes of community relations, environmental education and implementation of solutions for access to drinking water, which allow the generation of a differential impact on the communities where EPM has presence, thus contributing to the sustainability of the territories.



- **Environmental Education and Strengthening of Sustainable Territories:** the execution of this project began with the generation of spaces for socialization with communities with which we will work during 2022, fostering an environment of trust and generating closeness on the part of EPM and its Foundation in the areas of influence of the Urabá-Nueva Colonia-Apartadó 110 kV Connection projects and infrastructure projects in the metropolitan area of the Aburrá Valley.
- **Educating with Love:** this program contributed to the continuity of the educational process in five educational communities in the municipality of Medellín, integrally accompanying 435 students, 25 teachers and their families, who benefit from psychosocial attention, technological equipment, strengthening of education and life skills, and support for productive family projects.

- **Higher Education Scholarship Fund of Antioquia:** during 2021, we benefited **220 young people** from Antioquia with a scholarship that covers tuition and living expenses for higher education studies at the technical, technological and university levels. This program is developed in partnership with the Government of Antioquia and the Institute for the Development of Antioquia (IDEA), which is administered by the Gilberto Echeverri Mejía Corporation.
- **Environmental Management Plans and Monitoring and Follow-up Plans:** 116 leaders and nine community-based organizations in the municipalities of Puerto Nare and Puerto Triunfo were strengthened to identify local problems and build collective solutions to improve the quality of life in the communities.

In the area of influence of the 500KV Nueva Esperanza power transmission line in Cundinamarca, we accompanied the seven municipal administrations with training to prevent risks to the electrical infrastructure.



9.

Financial performance Grupo EPM

9.1. Financial performance Grupo EPM



Revenues

COP 25.3 billion

28%



EBITDA

COP 7.4 billion

29%



Net income

COP 3.3 billion

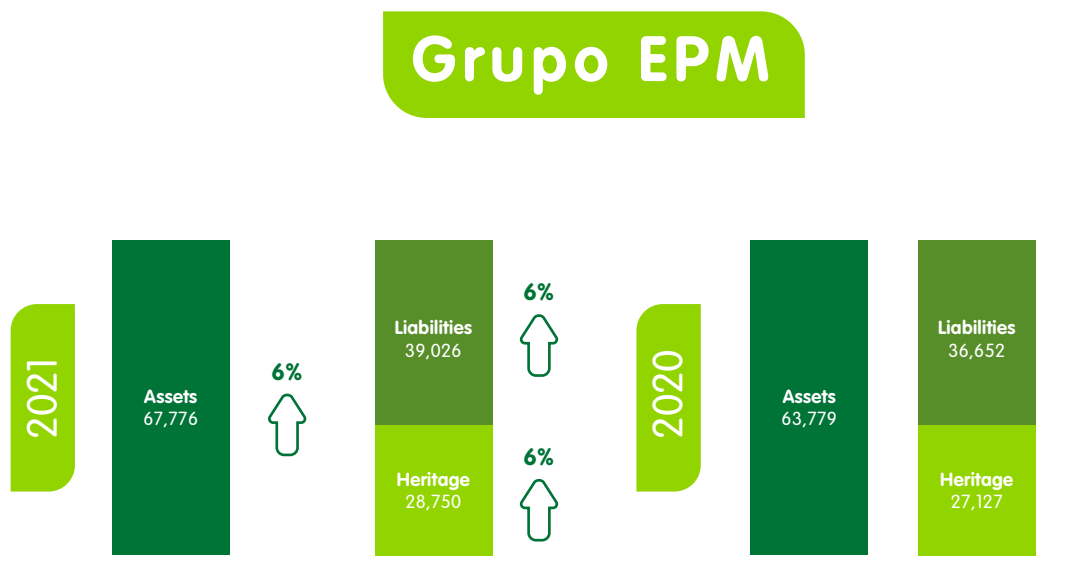
12%



The economies where we are present as a business group continued on a path of recovery in 2021, reaching rates above their potential growth, a positive performance in the midst of an environment of political and social uncertainty in some Latin American countries. In **Colombia**, where the largest share of the Group's portfolio is concentrated, the Gross Domestic Product (GDP) grew 10.6%, an expansion driven, as in the other countries, by a base effect, due to the better performance of domestic demand, mainly in the household and government consumption component, as a result of the lower COVID-19 restrictions and the progress in the vaccination scheme.

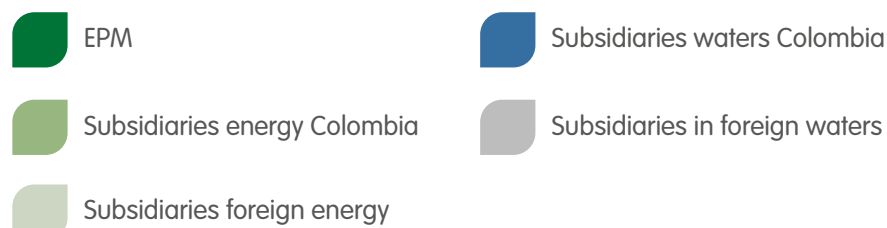
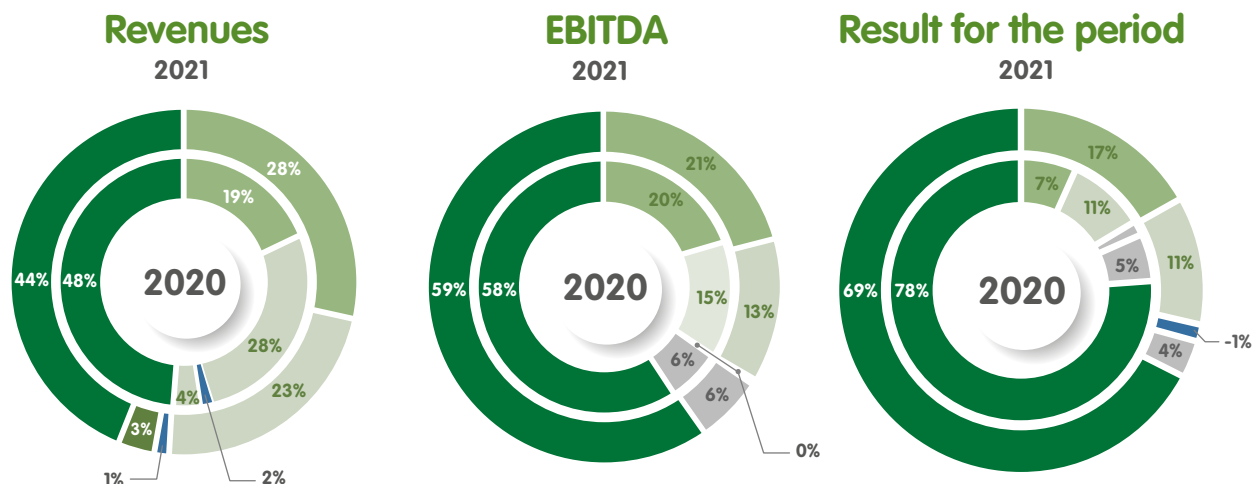
In a changing environment, the **Grupo EPM** reached **consolidated assets** for COP 67.8 billion for a 6% growth, explained by a combined effect between the growth of 19% of current assets, mainly due to the causation of the account receivable resulting from the indemnification of the Ituango Hydroelectric Project, and 3% of non-current assets, explained by the execution of infrastructure projects that amounted to COP 4.2 billion, of which EPM executed COP 2.7 billion, the national subsidiaries COP 875,184 and the international subsidiaries COP 606,671 million.

On the other hand, the **liabilities** of the Grupo EPM grew 6%, going from COP 36.6 billion to COP 39 billion, due to the disbursements managed for the financing of investment projects, especially in EPM. **Equity** presented a 6% growth, going from COP 27.1 billion to COP 28.7 billion.



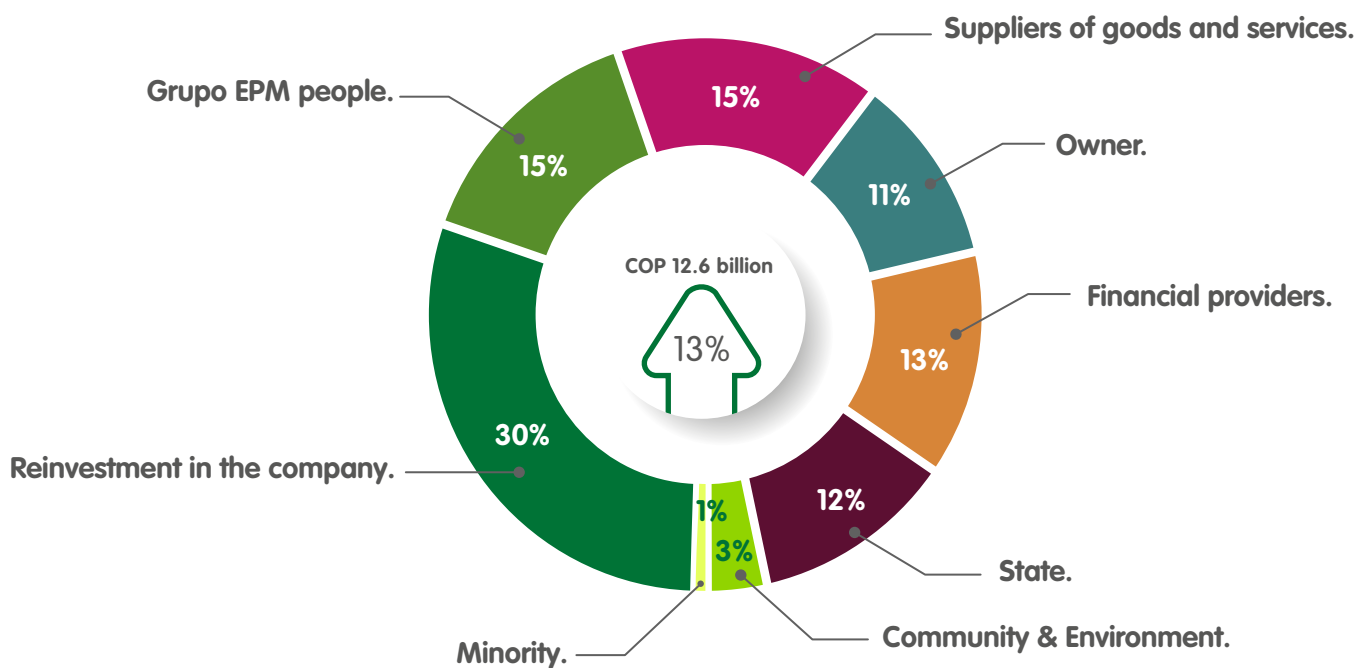
The Group's **EBITDA** grew 29% compared to the previous year, reaching a value of COP 7.4 billion, explained in the Distribution business by higher energy sales and tariff option, as well as costs and expenses that grew in a lower proportion to revenues; and in the Generation business, by increased sales in the stock exchange due to high generation and lower units purchased due to higher generation. The Energy Distribution and Transmission businesses contributed 49% of EBITDA, followed by Generation with 33%; Water Supply, Wastewater Management and Solid Waste Management with 16%; and Gas with 2%.

The **net income** of the Grupo EPM was COP 3.3 billion with a decrease of 12%, mainly generated by the registration in 2020 of the Afinia operation, which caused a recognition for the difference between the book value of the assets and the real potential of generating market value and its associated risk.



9.2. Value generated and distributed

In the Grupo EPM we generated Added Value for COP 12.6 billion in the period, contributing to the development of the territories where we are present. We highlight that our suppliers of goods and services received COP 1.9 billion, which is reflected in an important contribution to the generation of employment and economic growth.



10.

Challenges 2022



The challenges of the business group in the 2022-2030 planning horizon are associated with the strategic focuses presented in the chapter Strategic direction and alignment with the SDGs for the Group and EPM. In this sense, our most significant bets are oriented to:

Define our long-term Large and Ambitious Strategic Goal (LTSG): within the framework of sustainability, it is necessary for the Group to establish the long-term objective that will guide our management in social, environmental and economic terms.

This means reviewing the goals defined in social and environmental terms, as well as the Energy Transformation, Digital Transformation and Circular Economy strategies, in order to make the necessary adjustments. Regarding the economic component, the entry into operation of Hidroituango on the established date must be guaranteed, in order to have a clearer estimate of the income and other variables that will allow meeting the commitments assumed and having the resources required for expansion and growth.

Implementing the Energy Transformation strategy: adapting to the new ways of creating value in the world of energy is an imperative for the future that brings us closer to our customers in the way we relate to them. Therefore, delivering solutions that improve the quality of life and contribute to preserving the environment are essential elements of competitiveness that we hope to achieve through the use of zero carbon technologies for energy supply and non-conventional solutions.

Develop the Circular Economy strategy: even with the long history we have in the Group in the good care and use of natural resources, we have great challenges in the efficient use of water and in the final disposal of solid waste. This means diversifying sources by reusing waste, gray and industrial water in processes that allow it, to the benefit of surface water; and transforming waste into materials, energy or products that can be reincorporated into production cycles.



Streamline the implementation of the Digital Transformation strategy: enable business competitiveness through the use of digital technologies that allow us to develop multiple solutions for people and territories, while evolving the way we relate internally and with the Organization's stakeholders; marking a before and after in the way we see business.

Manage the Group's investments by creating more value: manage and optimize our investments by considering, based on our capabilities, where we can generate a greater impact and have a win-win relationship. This invites us to review our current portfolio and make decisions that benefit the territories where we operate and also the Organization.



External verification

See the certificate of the external verification of the figures of the Grupo EPM Management Report 2021 that are part of the EPM 2021 Sustainability Report in: **Independent Review Report**.

The financial figures listed below were externally verified by Deloitte, through its audit of the financial statements of Grupo EPM. The reports of the independent auditors are available at: **Grupo EPM Certifications**.

Financial information	Data subject of verification	Reported assertion	Page
Financial Performance	Revenues Grupo EPM	Consolidated revenues 25.3 billion	103
	Results for the period Grupo EPM	The Grupo EPM's net income was COP 3.3 billion, a decrease of 12%	103
	Assets Grupo EPM	Grupo EPM reached consolidated assets of COP 67.8 billion for a growth of 6%.	104
	Liabilities Grupo EPM	Grupo EPM's liabilities grew 6%, from COP 36.6 billion to COP 39 billion. Figures validated with substantive tests and cross-checked against separate financial statements.	104
	Assets Grupo EPM	Equity grew 6% from COP 27.1 billion to COP 28.7 billion.	104



Corporate Governance Report





Presentation



1. Presentation



EPM, in its role as the parent company of the Grupo EPM, annually prepares a **Corporate Governance Report** that is submitted to the Board of Directors of EPM with the other year-end documents, after review and a favorable report from the Audit Committee.

Código País 33.1, GRI 102-32

This report gives an account of the reality and operation of the main corporate governance practices of Grupo EPM, as well as the progress and relevant changes that occurred during 2021, and is an example of EPM's permanent commitment to transparency and disclosure of information to its stakeholders.

Código País 33.2, 33.3

Grupo EPM understands corporate governance as the system with which companies are directed, managed, and controlled through the balance between ownership and administration, to guarantee their sustainability and growth, the rights of their investors, transparency, and ethics in their performance and access to information for their stakeholders. Corporate governance is relevant for Grupo EPM because it allows evidencing the management following the business philosophy, leverages the achievement of strategic objectives, and generates trust in stakeholders and society.

EPM faces corporate governance challenges mainly associated with the need to maintain a long-term vision in its strategic direction, and thus, in the development of its plans, programs, and projects; as well as to generate trust in its stakeholders, through the observance of transparency, efficiency and accountability criteria in its management.

To meet these challenges, EPM has defined a Corporate Governance Model that seeks to generate a system of weights and counterweights, through the balance in its governing bodies (owner, represented by the Mayor of Medellin, Board of Directors, and General Manager), so that each body has a clear framework for action, adequately exercises its rights and responsibilities, and with appropriate information flows, which allow the achievement of unity of purpose and direction of the Group, and the generation of business value.

Aware of these challenges and the evolution of corporate governance for state-owned companies, EPM constantly reviews its Governance Model to incorporate the best national and international practices in this area, and to adapt to the new dynamics and challenges of the environment. In line with this, leaders are increasingly required to act with greater awareness of the impacts that their actions and decisions may generate, as well as the need to put the general interest before the particular interest.



Corporate governance, defined for the Grupo EPM, contributes to the sustainability and competitiveness of the companies that comprise it, as well as to guarantee the quality, continuity, reliability and coverage in the provision of residential public utilities in the territories where the Grupo EPM is present, taking as an articulating pillar the ecosystemic purpose of “Contributing to the harmony of life for a better world”.



Grupo EPM Corporate Governance Code



In 2021 no updates were approved to EPM's Corporate Governance Code; however, as of December 31, 2021, the incorporation of the Information Disclosure Policy of Empresas Públicas de Medellín E.S.P. as an annex to the Code was in process.

The Code compiles and discloses the corporate governance practices that are defined and implemented in EPM, and are adopted by the subsidiaries of the corporate group according to their internal procedures, adapting them to the standards and particularities that apply to each company of the Group.

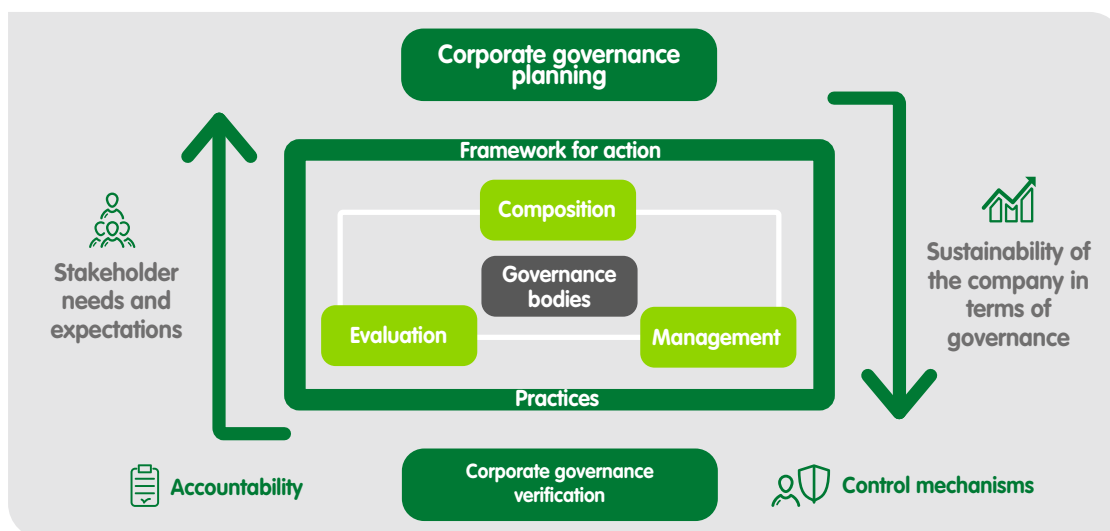
EPM has focused its efforts on the implementation of the General Framework of Corporate Governance of Grupo EPM, which is the set of elements that interact to strengthen corporate governance, promoting unity of purpose and direction through the implementation of a model aligned with the strategic direction defined for the corporate group.

This model is based on the governing bodies, and the definition of its Action Framework through governance practices, control mechanisms, and accountability.



See [Attachment 1: General Framework of Corporate Governance of Grupo EPM.](#)





The Corporate Governance practices that EPM has and that make up the documentation structure of the General Framework of Corporate Governance of the Grupo EPM are as follows:

Company Bylaws and their amendments

Municipal Agreement No. 12 of 1998 and Municipal Agreement No. 32 of 2006.

Corporate Governance Code

Adopted by Decree 472 of 2019 and amended by Decree 481 of 2020. The Code compiles and discloses the Corporate Governance practices defined and implemented in EPM.

General Corporate Governance Framework of the Group

Adopted on September 24, 2019. The General Corporate Governance Framework, defines the scope of action of the ownership, management and management or management of the companies of the Grupo EPM, in order to implement the necessary practices to strengthen these governance bodies, verify their degree of compliance and disclose the results to their stakeholders.

Relationship Framework Agreement

Signed on April 23, 2007, the Framework Relationship Agreement expresses the general conditions that frame the "owner-company" relations between the Municipality of Medellín - a public entity owning 100% of the capital - and EPM, thus defining the principles that must govern them and the specific obligations in which their effective balance is manifested.

Rules of Procedures of the Board of Directors

Modified by Decree 579 of June 29, 2021, which establishes the rules of operation of this collegiate body, to achieve greater efficiency and effectiveness of the same and that decision making is carried out objectively and responsibly.

Conflicts of interest and treatment of decisions in the Group's interest manual

Adopted by Decree 390 of 2015, which provides the necessary information and procedures that allow managers and employees of Grupo EPM to know, prevent and adequately and timely manage conflicts of interest that may arise in the exercise of their positions.

Bylaws of the Board's Committees

Each of the Board of Directors' committees: the Audit Committee, Management Committee, Strategy and Business Committee, Project Follow-up Committee, and Relationships Committee, have their regulations that define the rules and procedures that regulate their operation, as well as the rules of conduct of their members.

Governance Agreement

Signed on November 8, 2013, among the Colombian companies of the Grupo EPM and subsequently adhered to by the international subsidiaries. This agreement formalized and operationalized the relationship model and the structure of Grupo EPM to facilitate the achievement of business objectives and achieve synergies.

Rules of procedure of the strategic committees

Decree 2208 of 2018, whereby the mandatory strategic, tactical and operational committees in EPM are defined and updated.

Corporate Governance Plan 2022-2025

Consolidates initiatives to maintain the evolution of corporate governance for Grupo EPM.

Compliance with the Code

Section “9.2 Annual Corporate Governance Report of Grupo EPM” establishes, among other things, that EPM shall issue a report in which, in addition to disclosing data related to the content of the Code, it shall indicate its degree of compliance. The degree of compliance with the Corporate Governance Code is published on EPM’s website, which can be [consulted here](#).





EPM ownership structure



2. EPM ownership structure

EPM is a public utilities company, constituted as an Industrial and Commercial Company of the State, of the municipal order—owned by the municipality of Medellín—, subject to the legal regime that regulates the provision of utilities, established in Law 142 of 1994.

The Municipality of Medellín is the sole owner of EPM.



The relationship with the Municipality of Medellín, as its owner, the respect for the autonomy granted by the administrative decentralization, and the internal regulations are contained in the Relationship Framework Agreement signed in 2007 between the Mayor's Office of Medellín and EPM. The powers of the Council of Medellín concerning EPM are defined in the Company's Bylaws and Colombian law.

The Mayor of Medellín, in his role as representative of the owner, exercises ownership exclusively through the Board of Directors of EPM, in his role as Chairman thereof, pursuant to the provisions of the Relationship Framework Agreement. By legal provision and the Company's Bylaws, the Mayor of Medellín appoints the General Manager and designates the other members of the Board of Directors.

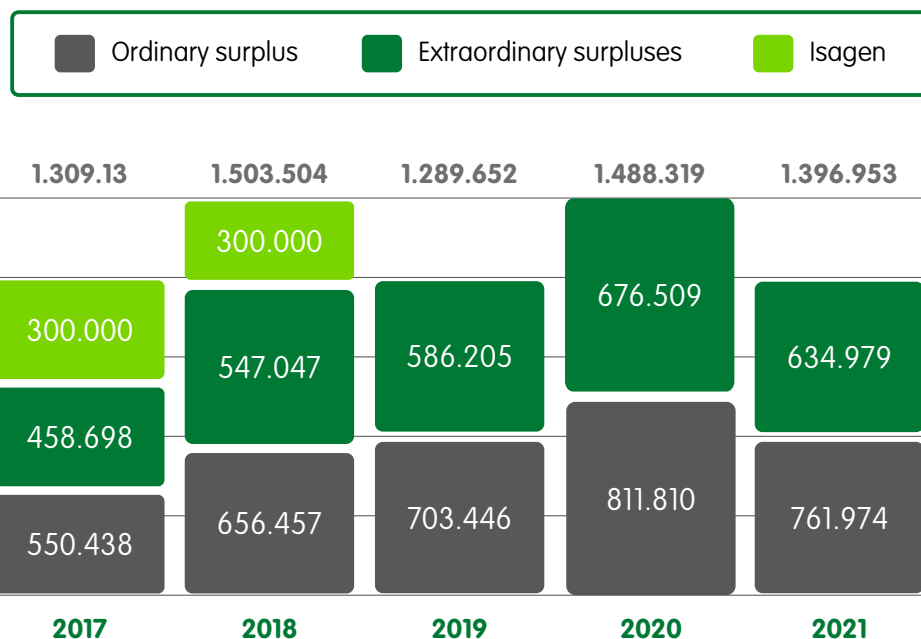
Transfers to the Municipality of Medellín

Municipal Agreement No. 69 of 1997 of the Council of Medellín establishes that EPM must transfer annually, on an ordinary basis, up to 30% of the profit. However, the Framework Relationship Agreement allows for additional transfers to be decreed, considering both the financial requirements of the Municipality for specific investment programs, as well as the financial sustainability of EPM. Additional transfers must be authorized by the Council of Medellín.



In 2021, EPM delivered to the Municipality of Medellín transfers equivalent to COP 1,396,953 million, of which COP 761,974 million were ordinary transfers, corresponding to 30% of the 2020 profits, and COP 634,979 million were extraordinary transfers corresponding to 25% of the profits.

The following graph shows the **transfers for the last five years**:



Ordinary and extraordinary transfers between 2017 - 2021 to the Municipality of Medellín (value in millions of COP).



Note: the transfers for the concept of ISAGEN are given as provided by the Council of Medellín in Agreement No. 032 of June 5, 2017, concerning the transfer of an item of EPM's assets, product of the disposal of EPM's shareholding in ISAGEN S.A. E.S.P., to the general budget of Medellín distributed in fiscal years 2017 and 2018, for a value amounting to COP 600,000 million of the total obtained in the transaction, which amounted to COP 1.4 billion.

Ordinary and extraordinary transfers between 2017 - 2021 delivered to the Municipality of Medellín, amounted to COP 6,987,564 million (COP 3,484,126 as ordinary and COP 3,503,438 as extraordinary).

Framework Relationship Agreement EPM - Municipality of Medellín

In the Framework Relationship Agreement, signed between EPM and the Municipality of Medellín in 2007, the obligations of both parties are agreed through self-regulations that delimit the exercise of ownership and business management, while the common objective of the two entities is to generate business management conditions in EPM that improve the generation of value for its stakeholders and make it viable as a source of income, growing and sustainable, for Medellín.

This agreement determines the principles of the owner-company relationship. These principles go beyond the legal conditions that both entities must comply with, becoming self-regulations that limit the exercise of ownership and business management. In this way, a system of counterweights is generated that establishes responsibilities and self-limitations for each of the parties.

The provisions of this agreement are a clear demonstration that corporate governance is a key factor in business competitiveness and sustainability, contributing to a proper balance in the exercise of ownership, management, and administration.



See [Attachment 2: Background on the Framework Relationship Agreement.](#)

Self-evaluation of EPM's fulfillment of its obligations established in the Framework Agreement.

The following is a detail of the self-assessment performed by EPM to comply with its obligations during the year 2021:

Self-evaluation conducted by EPM

	Obligation	Performance
Compliance with financial management metrics	<p>To carry out efficient and productive financial management, based on technical criteria and reflected in minimum EBITDA criteria, return on equity, and other financial indicators.</p> <p>The Board of Directors will define the indicators annually, based on the strategic plans and the budget, for the time horizons agreed at the Board of Directors.</p>	<p>The financial indicators are the product of the business plan (financial projections) and short and medium-term goals are established.</p> <p>The monitoring of the indicators is part of the Balanced Scorecard (BSC), a mechanism through which the performance of the business group's strategy is periodically reviewed.</p> <p>The BSC, in turn, is part of the Grupo EPM's Business Plan and Strategic Plan, which are approved by the Board of Directors.</p> <p>The monitoring of the BSC is periodically presented to the Board of Directors, and every year investment decisions are monitored as part of the typical agenda of the Board.</p>



	Obligation	Performance
Transfers to the Municipality	<p>Transfers may only exceed 30%, considering the Municipality's financial requirements for specific investment programs and EPM's financial needs, so as not to jeopardize business viability and expansion.</p> <p>The additional transfers must be authorized by the Council after the Mayor has substantiated the effects on EPM's finances.</p>	<p>See transfers delivered to the Municipality in the EPM Property Structure chapter of this report.</p>

	Obligation	Performance
Settlement of transfers	<p>The plan to make the transfers should consult the cash requirements of the Municipality and the availability of EPM's liquid resources. In this way, adequate cash management will be carried out in both entities.</p>	<p>The surpluses that EPM delivers to the Municipality of Medellín are defined in EPM's bylaws: ordinary surpluses correspond to 30% of the net income of the previous year and extraordinary surpluses have corresponded to a maximum of 25% of the net income of the previous year.</p> <p>Based on the foregoing, the current projection of surpluses to the Municipality, corresponding to 55% of the net income of the previous year, contemplates compliance with legal and statutory requirements, and the monitoring of the Company's liquidity, thus guaranteeing the resources for the normal operation of the business and the execution of the infrastructure investment plan, to continue providing high-quality utilities.</p> <p>This is in compliance with the obligation to adequately manage the cash in EPM.</p>

	Obligation	Performance
Appropriate communication mechanisms	<p>The relationship between the owner and the decentralized entity (EPM) is channeled through: the Mayor of Medellín - the Board of Directors of EPM – EPM's CEO.</p> <p>The other relations are between the Private Secretary of the Municipality and the Public Relations Department of EPM.</p>	<p>The communication channel in the owner-company relationship has been:</p> <p>Mayor - Board of Directors and its support committees.</p> <p>Mayor – EPM's CEO.</p> <p>Mayor's Office - directly with some VPs. Formal procedures and requests from the municipal administration as a territorial entity are channeled through EPM's Public Relations, under the Communication and Corporate Relations Department.</p>

	Obligation	Performance
Commitment to transparency towards the community	<p>Contractual processes under principles of transparency, impartiality, and objectivity, in an environment of free competition, applying the regime of disqualifications and incompatibilities.</p> <p>The invitation to submit bids is made through the corporate information system.</p>	<p>Contractual processes in EPM are governed by: Decree 362 of 2014 of the Board of Directors whereby the general contracting rules are issued.</p> <ul style="list-style-type: none"> • Policy for the supply of goods and services approved by the Board of Directors in December 2014. • Application of the transparency declaration of public employees. <p>See Compliance chapter in this report.</p>
	<p>Define profiles and competencies for employees, which will be strictly verified in the selection processes.</p>	<p>EPM has defined position manuals with the profile and competencies required for employees. It is available on the corporate intranet and is the input for the selection processes.</p>

	Obligation	Performance
Commitment to transparency towards the community	Have mechanisms for communication and dissemination of information to the public related to contracting and selection processes.	<p>EPM publishes the selection and hiring processes on its website, in the following links:</p> <ul style="list-style-type: none"> • Job offers: https://cu.epm.com.co/institucional/ofertas-de-empleo • Contractual processes for suppliers and contractors: https://cu.epm.com.co/proveedoresycontratistas/contratacion/te-cuento

	Obligation	Performance
Permanent External Audit	<p>Permanent external audit: Permanent external auditor hired according to the guidelines of the Audit Committee.</p> <p>He/she may not render services other than account auditing within the entity, and his/her contract shall not exceed 3 years.</p> <p>The external auditor shall be the same for all the companies that make up the Grupo EPM.</p>	<p>See chapter on Accountability in this report.</p>



	Obligation	Performance
Corporate Social Responsibility	<p>Formulate and develop CSR policies:</p> <ul style="list-style-type: none"> Activities circumscribed in the corporate purpose and aligned with the strategic objectives. Actions that do not compromise financial viability. CSR model is incorporated into the strategic framework, keeping the Company's sustainability as a central objective and taking into account the commitments of the Global Compact, in relation to each of the following aspects: human rights, labor standards, environment, and anti-corruption. 	<p>The sustainability model and the CSR are a integral part of Grupo EPM's strategy dimension, approved by the Board of Directors. Likewise, said model in the Grupo EPM is based in an ethical conviction and materializes in facts that add value to the stakeholders and the business.</p> <p>The CSR policy was approved by EPM's Board of Directors on September 1, 2009. In addition, EPM has the following complementary policies:</p> <p>Human Rights Policy, approved by the Board of Directors on October 25, 2012.</p> <p>Human Talent Management Policy, approved by the Board of Directors on December 7, 2010, and modified on November 10, 2020.</p> <p>Environmental Policy with corporate group scope, approved by the Board of Directors on July 7, 2008.</p> <p>Zero Tolerance to Fraud, Corruption, and Bribery Policy, approved by the Board of Directors on December 15, 2015.</p> <p>Taking into account the exercise of Materiality of Grupo EPM in which the requirements of investors and other stakeholders were highlighted, on the adoption and promotion of solid governance for sustainability, based on an ethical and transparent performance in the relationship and decision making, it is recommended: 1) Include in the risk map of EPM, the risk of undue political interference. 2) Address challenges associated with the results of the update of the Grupo EPM Materiality exercise; in particular, for the new material issue of Corporate Governance.</p>

	Obligation	Performance
Supporting the Municipality with human resources	Provide, with its servers, support to the Municipality under special circumstances, formalized through agreements in which the resource, the time required, and the consideration are expressed.	A projects & engineering management professional from the Water, Sanitation, and Gas division was provided on secondment to the Municipality of Medellin from March 16, 2020, to March 16, 2022.

Public Accountability



Aware that the citizens of Medellin are, ultimately, the owners of EPM, as a practice of transparency and in compliance with constitutional and legal provisions, **EPM annually performs its public accountability to disclose the main achievements** and challenges of business management and its articulation with stakeholders.



The **public accountability report** was held on Thursday, May 13, 2021, at 9:30 a.m., a 100% virtual event due to the confinement situation by COVID-19. It was televised by the regional channel Telemedellín and the public broadcasting channel (Institutional Channel) for the whole country and broadcasted on EPM's social media.



The issues addressed in this space were related to the management of 2020 in the following topics:

- Measures were implemented during the pandemic to make life easier for customers and users.
- Pandemic management at EPM and Hidroituango.
- Afinia.
- Future Ituango hydroelectric power plant.

The issues addressed in this space were related to 2020 results on the following topics:

- Bajo Cauca Territory.
- Grupo EPM investments and main actions carried out by business with such investments.
- Solidarity with San Andres and Providencia - hurricane Iota.
- Construction of sustainable and intelligent territories.
- Financial results.



EPM management structure



3. EPM's management structure

Critical concerns

GRI 102-33 102-34

For the purposes of this report, a critical concern is understood as an event that challenges the governing bodies in their management and has a reputational impact.

In 2021, the main critical concerns were:

- **Nullity action in the appointment of the CEO of EPM, Jorge Andrés Carrillo Cardoso:** on October 13, 2021, EPM received notification from the Fourth Oral Chamber of the Administrative Court of Antioquia, declaring in first instance the nullity in the appointment of the CEO of EPM Jorge Andrés Carrillo Cardoso, by indicating that at the time of his appointment to that position, 12 months had not elapsed since his resignation as a member of the Board of Directors of EPM, which would configure inability to exercise his position as CEO under the terms of Article 10 of Decree 128 of 1976.

According to the Second Instance Ruling of December 15, 2021 (with file number 2021-00936-01), the Fifth Section of the Council of State revoked the decision of nullity of the appointment of the CEO of EPM highlighting that the disqualification for which it was accused was not configured, because although the requirements of: (i) active subject because the defendant was a member of the Board of Directors of EPM and (ii) of disqualifying period because he was appointed manager of the same entity within the year following his retirement; his link is legal and regulatory, and is not related to the provision of professional services in the entity or in other entities that are part of the administrative sector to which that entity belongs. Therefore, it revoked the appealed judgment and denied the claims of the lawsuit.

Throughout the process, the CEO continuously performed his duties, so that EPM maintained the dynamics and normality in all its operations and services.

- **Comprehensive evaluation report of EPM by the Utilities Authority (Superintendencia de Servicios Públicos Domiciliarios):** in November 2021, the Utilities Authority issued the

comprehensive evaluation document of EPM as a public utilities company, in which some related findings are mentioned with corporate governance, administrative and financial matters; the provision of residential public utilities of water and sewerage, electricity, and fuel gas; Hidroituango; user protection and management in territory.

Regarding the findings on corporate governance, EPM generated an improvement plan for 2022 with the purpose of closing the gaps identified in corporate practices and governance.

- **Office of the Comptroller General of the Republic confirms fiscal responsibility ruling in Hidroituango:** in November 2021, the Office of the Comptroller General of the Republic confirmed the fiscal responsibility ruling for COP 4.3 billion that held 26 people jointly and severally liable, including officials and contractors, related to Hidroituango for alleged damage to the State's assets, and declared the insurance company Mapfre Seguros Generales de Colombia as a civilly liable third party, with a view to enforcing the All Risks policy it had subscribed and which covers the construction and loss of profits of the project since 2011.

In January 2022, Mapfre made the last total and final payment for USD 633.8 million within the coverage of the "All Risks Construction and Erection" policy, which is in addition to other payments previously made by Hidroituango's insurers to EPM as follows: Mapfre with a payment of USD 983.8 million for coverage of the "All Risks Construction and Erection" policy; Compañía de Seguros Sura with a payment of COP 402,454 million within the "Directors and Administrators Civil Liability" policy, AXA for COP 21,500 million, SBS for COP 2,000 million, and other income associated to the loss.

These payments are made in compliance with the provisions of the transaction agreement signed on December 10, 2021, between Mapfre and EPM, and constitute the termination of the fiscal responsibility process defined by the Comptroller General of the Republic. With the confirmation of the payment, EPM proceeded to withdraw the arbitration claim that was suspended before the Conciliation, Arbitration, and Amicable Composition Center of the Medellín Chamber of Commerce.

For its part, the Office of the Comptroller General of the Republic, by means of RULING N°0104 of January 2022, resolved to declare the fiscal damage fully compensated, by total payment; not to send to coercive collection the executive title resulting from the fiscal responsibility process; to order the lifting of precautionary measures on the assets owned by those declared responsible, and to warn that, against the decisions contained therein, no appeal may be filed.

Pöyry's Report on Hidroituango: the National Environmental Licensing Authority (ANLA) exercising its legal powers, hired Pöyry to generate an independent opinion on the definition and authorization of the environmental license of the future Ituango hydroelectric power plant, and comprehensive analysis of the project's risk levels.

This report was filed by EPM before the ANLA in December 2021; in February 2022, said entity ratified the conclusion of the Pöyry Report indicating that there is no restriction for the generation of electric power in 2022, as a risk mitigation measure in the future Ituango hydroelectric power plant.

- **Hidroituango forensic audit report:** in October 2021, the results of the forensic audit report were presented to the Board of Directors, whose purpose was to strengthen the defense strategy of EPM's interests as partner and constructor of the future Ituango hydroelectric power plant, which was based on an expert examination of financial, technical and accounting nature.

Previously, in August 2021, by instruction of the CEO of EPM Jorge Andrés Carrillo Cardoso, the report had been forwarded to the EPM Disciplinary Control Office for its knowledge and evaluation regarding its competence. The report identifies 49 findings, of which 32 correspond to actions or omissions and 17 to sanctioning decisions adopted by the National Environmental Licensing Agency (ANLA).

These findings correspond to events that occurred between the years 2011 and 2019 and with respect to them, in consideration of the contractor, there may be civil, fiscal, criminal, and/or disciplinary liability both for breach of obligations and for acts or omissions. Therefore, the report was sent by EPM to the competent control, supervision, and oversight entities.

- **Bilateral Modification Agreements No. 39, 40, and 41 to Contract CT-2012-000036 whose object is “construction of the dam, power plant and associated works of the Ituango Hydroelectric Project.”**

In 2021, the AMB N°39 signed in December 2020 between EPM and the Contractor (Consortio CCC Ituango: formed by the firms Camargo Correa Infra SA, Constructora Concreto S.A., and Coninsa Ramón H S.A.) came into force, through which the parties agree, among other aspects, the following:

- Extend the execution term and the remuneration methodology until December 31, 2021, given that at that date the fiscal responsibility ruling of the Comptroller General of the Republic was in force, disqualifying Hidroituango contractors to continue with the execution of the contracts. However, once the payment of the insurers was made (see numeral 3), the Comptroller’s Office resolved to declare the fiscal damage fully compensated.
- Provisions regarding the alignment of interests, personnel, and equipment required for the development of Hidroituango and the interaction between the consultant (designer) and the contractor, during the stage of completion of the works of the project and continuity of the contract. Regarding this last aspect, it was established that in the event that some of the parties do not intend to continue the execution of the contract beyond December 31, 2021, they must notify the other party of their intention not to continue with the execution of the contract before July 1, 2021.

In December 2021, the parties entered into Bilateral Modification Agreements No. 40 and 41 (AMB40 and AMB41). AMB40 was intended to settle differences of interpretation in relation to the authorization of the assignment of the position of Construções e Comércio Camargo Corrêa SA in the Consortium and therefore in Contract CT-2012-000036. While AMB41 was subscribed for the purpose of extending the term of execution of the contract by 8 months as from January 1, 2022, plus 3 months of splicing period.

AMB39, AMB40, and AMB41 constituted relevant issues for EPM’s Board of Directors in 2021.

- **Lawsuits against EPM's corporate governance:** during 2021, two popular actions were filed with claims related to several elements of EPM's Corporate Governance Model. In one of them, SINPRO—an industry labor union—sued the Municipality of Medellín, invoking the protection of the collective rights to administrative morality, the defense of public assets, access to utilities, and their efficient and timely provision through compliance with EPM's corporate governance. In this process, EPM was involved as an interested third party.

In a second popular action, the Forjando Futuros Foundation sued EPM and the Municipality of Medellín, requesting the non-application, suspension, and adjustment of some components of EPM's Corporate Governance Model, as a guarantee for the protection of the collective rights to administrative morality and public patrimony.

As of December 2021, the first legal action was in the evidentiary stage; while the second, closed the year in the framework of the transfer for the response to the claim.











EPM's Board of Directors

EPM is managed by the Board of Directors, pursuant to the provisions of the Company's Bylaws.

Formation of the Board of Directors

Código País 33.3 – ii. a); GRI 102-18 102-22

As of December 31, 2021, EPM's Board of Directors was comprised as follows:

<p>Daniel Quintero Calle</p>  <p>Chairman (Non-Independent) Profile: Mayor of Medellín Start: 01/01/2020 Participation in other boards: 3</p>	<p>Jorge Iván Palacio Palacio</p>  <p>Independent Profile: public and legal management Start: 08/17/2020 Participation in other boards: 0</p>	<p>Pablo Felipe Robledo Del Castillo</p>  <p>Independent Profile: public and legal management. Start: 08/21/2020 Participation in other boards: 1</p>	<p>Bernardita Pérez Restrepo</p>  <p>Independent Profile: public and legal management. Start: 08/25/2020 Participation in other boards: 2</p>
<p>Omar Flórez Vélez</p>  <p>Independent Profile: public and corporate management Start: 08/17/2020 Participation in other boards: 0</p>	<p>Gildardo Antonio Correa Salazar</p>  <p>Control Board Member (Non-independent) Profile: social and community management and utilities Start: 08/25/2020 Participation in other boards: 0</p>	<p>Olmer Orlando Palacio Garzón</p>  <p>Control Board Member (Independent) Profile: social and community management and utilities Start: 08/25/2020 Participation in other boards: 0</p>	<p>Sergio Andrés Restrepo Muñoz</p>  <p>Control Board Member (Non-independent) Profile: social and community management and utilities Start: 05/19/2021 Participation in other boards: 1</p>

During 2021, the composition of EPM's BOD had had the following changes:

During 2021, the following changes were made to the composition of EPM's Board of Directors:

- By means of Municipal Decree 0278 of April 13, 2021, the resignation of Mr. Jorge Andrés Carrillo Cardoso as member of the Board of Directors was accepted.
- By means of Municipal Decree 0406 of May 19, 2021, the resignation of Mr. Guillermo León Diosa Pérez, as control member of the Board of Directors, was accepted.
- By means of Municipal Decree 0406 of May 19, 2021, the Mayor of Medellín appointed Mr. Sergio Andrés Restrepo Muñoz as member of the Board of Directors of EPM.
- Since April 13 until the end of 2021 there is a vacancy in the Board of Directors of EPM, and although efforts have been made to fill such vacancy, it has not been possible.

Composition of the Board of Directors

- The mayor of the city of Medellín, who presides over it.
- Five persons freely appointed by the Mayor of Medellín, all of them independent.
- Three persons chosen by the Mayor of Medellín from among the control members registered by the development and social control committees for utilities (Article 27.6 of Law 142 of 1994).

Código País 33.3 – ii. f); GRI 102-24



EPM's Board of Directors has maintained a number of independent members higher than the 25% established in Article 44 of Law 964 of 2005 for securities issuers and 55.6%, defined in the internal regulations. Currently, there is a vacancy in the Board of Directors, so five of the eight appointed members of the Board of Directors are independent (62.5% of the total).

EPM's Corporate Governance Code sets forth the criteria that the Mayor of Medellín must consider for the appointment of the members of the Board of Directors:

GRI 102-24

Academic and professional training in subjects related to the corporate purpose of EPM and the functions of a member of the Board of Directors.

Business or labor experience related to the public services sector.

For control members, evidence of the time they have been members of the Development and Social Control Committee that elected them, the relationship they maintain with it and the actions they have carried out in the performance of their duties is required.

The relationship of the Board of Directors with the users of residential public utilities is fulfilled through the participation of the control members in the collegiate body. In this way, the constitutional precept of citizen participation in the management and supervision of the Company as an entity providing residential public utilities is materialized. Likewise, in the Board of Directors, the control members represent the interest groups of customers and users, community and, in some cases, suppliers and contractors.

GRI 102-21 102-22

In order that the strategic direction, policies and guidelines set by the Board of Directors have continuity and do not generate negative effects for the operation of the Company as a result of changes in municipal administration, and to preserve the level of knowledge and experience acquired by the members of the Board of Directors, for its composition, under the Framework Relationship Agreement, the Mayor of Medellín will seek to maintain at least five of the independent members. In addition, the Mayor of Medellín will seek a gradual renewal of the members of the Board of Directors, consulting the profile of the Board of Directors, as well as the objective average of seniority of its members.

The members of the Board of Directors who are independent have this status from the date of their appointment. Pursuant to the provisions of the Corporate Governance Code of EPM, those persons who are:

- Employees or officers of the Company or of any of its affiliates, subsidiaries or controlling companies, including those persons who have held such position during the last 5 years immediately prior to the appointment, except in the case of the re-election of an independent person.

Código País 33.3 – ii. d); GRI 102-22

- Partners or employees of associations or companies that provide advisory or consulting services to EPM or to the companies that belong to the corporate group, when the income for such concept represents 20% or more of its operating income.
- Employees or directors of a foundation, association or society that receives contributions or sponsorships from the Company.
- Persons who receive from EPM any remuneration other than fees as a member of the Board of Directors, the Audit Committee or any other committee created by the Board of Directors.
- Office secretaries, employees of the Municipality of Medellín or of any of the entities controlled, assigned or linked to the same, or who have been so during the last 5 years, prior to their appointment.
- Administrators of an entity in whose board of directors EPM participates.
- Persons who depend exclusively on the income received by fees as members of the Board of Directors of EPM.
- Relatives of any person who is or has been employed in the last three years by the Company or its subsidiaries as an executive.
- Advisor or employee of a company that advises the Company or one of its senior management members.
- Supplier or significant customer of the Company.
- Individuals who have entered into contracts for personal services with the Company, or with a member of senior management of the Company.
- Partner or employee of the Company's external audit firm during the last three years.

The independence criteria for the Board of Directors of EPM are in accordance with the provisions of Law 964 of 2005 (Article 44), the Framework Relationship Agreement and good corporate governance practices. Likewise, the members of the Board of Directors are subject to the regime of disqualifications and incompatibilities established by law, in accordance with Article 9 of the Bylaws.

Profiles of the members and characteristics of the Board's composition

Matrix of Board Member Profiles.

The term "profile" is understood to mean the area of knowledge in which one has training or experience.

Education and/ or experience / Board Member	Daniel Quintero Calle	Jorge Iván Palacio Palacio	Bernardita Pérez Restrepo	Pablo Felipe Robledo del Castillo	Omar Flórez Vélez	Sergio Andrés Restrepo Muñoz	Gildardo Antonio Correa Salazar	Olmer Orlando Palacio Garzón
Business management.	●				●			
Financial management.	●							
Domiciliary public services management or other business sectors of EPM including urban development and social control of public utilities.						●	●	●
Ethics, sustainability and corporate social responsibility.								
Public management or legal management.	●	●	●	●	●			
Social and community management.						●	●	●

Details of the resumes of the members of the Board of Directors can be found at the end of this report.



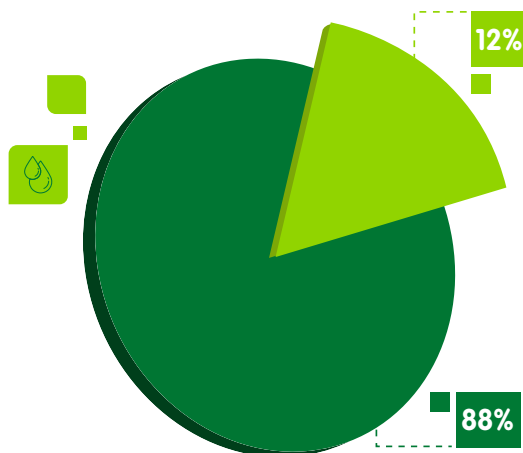
See Attachment 3: Resume of Board Members.

Código País 33.3 – ii. b); GRI 102-22



Note: Board members Sergio Andrés Restrepo Muñoz and Omar Flórez Vélez have knowledge and experience in environmental and social management.

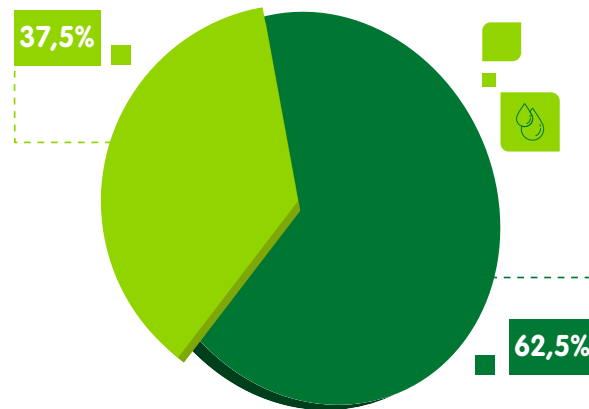
Distribution by gender



■ Men on the board ■ Women on the board

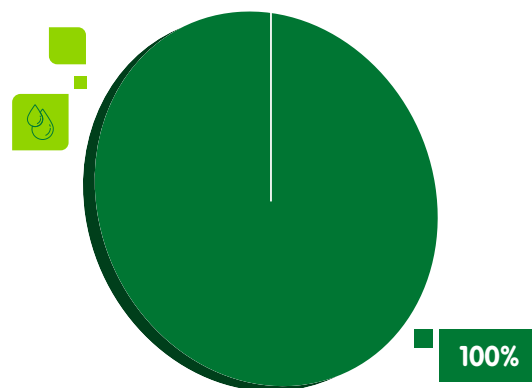


Distribution by age range



Over 50 years of age Between 30-50 years of age

Distribution by rank of length of service on the Board of Directors



Less than 4 years of permanence

Board of Directors Onboarding

GRI 102-27

During 2021, the onboarding cycle continued for the Board members: Mrs. Bernardita Pérez Restrepo and Mr. Jorge Iván Palacio Palacio, Mr. Pablo Felipe Robledo del Castillo, Mr. Omar Flórez Vélez, Mr. Jorge Andrés Carrillo Cardoso, Mr. Gildardo Antonio Correa Salazar, Mr. Olmer Orlando Palacio Garzón, Mr. Guillermo León Diosa Pérez.

The onboarding plan addressed the topics that had been pending in 2020, so that in January 2021 the onboarding of business processes, new business, innovation, technology and support processes was concluded.

Continuation of member onboarding in 2021

Distribution of total time according
to the topics presented in the sessions

Executed

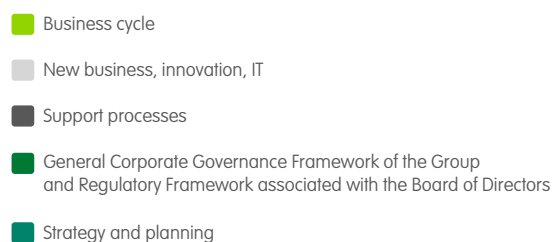
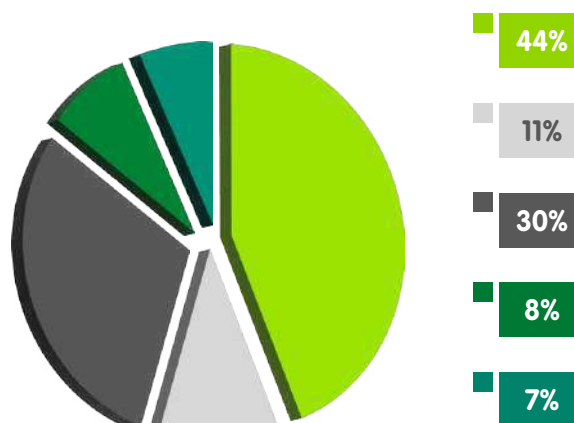
8 Sessions

54 Hours and 54 minutes

• Attendance was **100%**.

• The onboarding program for Board members appointed in 2020 was completed in January.

• In June, the onboarding for the new Board member, Mr. Sergio Andrés Restrepo Muñoz, appointed in May 2021, was completed.



The onboarding program for Board members appointed in 2020 was completed with 2 sessions in January, lasting 11 hours and 54 minutes.

Additionally, the onboarding for the new member of the Board of Directors, Mr. Sergio Andrés Restrepo Muñoz, took place in June with a duration of 43 hours and was developed in 6 sessions, included in the data and graphs mentioned above.

Board of Directors quorum

Código País 33.3 – ii. i)

In 2021, the deliberating and decision-making quorum required for the Board of Directors meetings was met, which corresponds to the majority of the members present at the respective session.

Board of Directors meeting quorum, 2021

	January			February			March	
Session date	11	26	28	1	10	23	17	23
N° Act	1702	1703	1704	1705	1706	1707	1708	1709
% Quorum	100%	100%	100%	100%	100%	100%	100%	100%
	April					May	June	
Session date	7	10	13	27	30	25	28	29
N° Act	1710	1711	1712	1713	1714	1715	1716	1717
% Quorum	100%	100%	100%	100%	100%	100%	100%	100%
	July	August		October				
Session date	27	26	31	5	12	13	20	
N° Act	1718	1719	1720	1721	1722	1723	1724	
% Quorum	100%	100%	100%	100%	100%	100%	88%	100%
	November			December				
Session date	2	17	24	2	7	13	14	
N° Act	1725	1726	1727	1728	1729	1730	1731	
% Quorum	100%	100%	100%	100%	100%	100%	100%	

For decision-making purposes, each member of the Board of Directors has one vote.

Board Directors Management

The functions of the Board of Directors are defined in Article 17 of the Bylaws, contained in Agreement 12 of 1998 of the Council of Medellín. In matters of contracting, the Board of Directors is responsible for issuing the general rules and indicating the amounts within which the CEO may delegate the authority to award and enter into contracts.

GRI 102-19

The Chairman of the Board of Directors fulfilled in 2021 the functions assigned in the EPM Board Regulations, among them the following stand out: **GRI 102-26**

- To name and remove freely any of its members.
- To make sure that the Board of Directors choose and implement efficiently the business strategic direction.
- To coordinate and plan its functioning through a yearly work plan.
- To be the spokesman of the Board of Directors and delegate said responsibility when considered necessary.
- To oversee the execution of agreements and compliance with the responsibilities and participation of all its members.
- To lead the evaluation process of the Board and its committees.
- To promote active coordination between the Company and issues of interest to the city of Medellín, in compliance with the Framework Relationship Agreement.
- To ensure compliance with the Board of Directors Regulations.

Código País 33.3 – ii. k); GRI 102-23

Likewise, **the Secretary of the Board of Directors**, who in accordance with the Bylaws is also the General Secretary of EPM, **fulfilled in 2021 the functions assigned in the Bylaws and Board of Directors Regulations**, among which the following stand out:

- To call meetings.
- To process in a timely manner the requests of the Board of Directors.
- To prepare the minutes of the meetings and sign them jointly with the Chairman.
- Ensure the preservation of the documents of the Board of Directors and the legality of its actions.
- Define the procedure for the effective development of the meetings of the Board of Directors.

Código País 33.3 – ii. I)

During 2021, the Company complied with the provisions of Article 8 of the **Board of Directors Regulations** that details the procedure to be followed by the Organizations areas in order to bring to the Board of Directors the issues within its competence. Among the main steps are the following: **GRI 102-33**

- At the Management Committee meeting, which is held one week after the Board of Directors meeting, the topics to be presented for consideration by the Board of Directors at the following meeting, the person responsible for the presentation of each topic and the time allowed for the presentation are defined.
- All matters of an approving nature that were submitted for consideration by the Board of Directors were previously analyzed by a Strategic Committee of the Organization (Management or Core), as well as by a Committee of the Board of Directors, in accordance with the respective regulations.
- On the first working day of the week prior to the Board of Directors' meeting, the documents, presentations, studies and annexes that served as support for the presentation of the topics were published in the Board of Directors' information system (ARCA).

Highlights of the Board's actions in 2021

GRI 102-29 102-31

- Approval of the Financial Statements of EPM and Grupo EPM as of December 31, 2020, and opinion of the external auditor.
- Approval of the Annual Management Report of the Chief Executive Officer as of December 31, 2020.
- Approval of the Corporate Governance Report as of December 31, 2020.
- Workshop on corporate strategic direction and analysis of the environment.
- Approval of the modifications to the investment plan, business plan, budget and future vigencias, in compliance with the provisions of Municipal Agreement 109 of March 6, 2019, which regulates the preparation, conformation and execution of the budgets of the industrial and commercial companies of the State of the municipal order of Medellín.
- Approval of the Information Disclosure Policy.

Código País 33.3 – ii. e)

- Follow-up of the Hidroituango continuity plan.
- Follow-up of EPM's business and the performance of its subordinates.
- Follow-up and analysis of the legal strategies of the main processes related to Hidroituango.
- Creation of the Hidroituango insurance fund.
- Approval of the modification of the EPM Board of Directors Regulation.
- Board of Directors strengthening plan.
- Adjustment to the strategy dimension.
- Approval of the EPM Company Plan 2022 - 2025.
- Approval of the Budget for the year 2022.
- Approval of the Infrastructure Investment Plan 2022 - 2025 and CMI Goals 2022 - 2025.
- Approval of the transaction contract between Mapfre Seguros Generales de Colombia S.A. and EPM.
- Approval of the typical agenda of the Board of Directors and annual calendar for the year 2022.
- Authorization to initiate the procedures for the total disposal of EPM's shareholding in UNE EPM Telecomunicaciones S.A. and Inversiones Telco S.A.S.

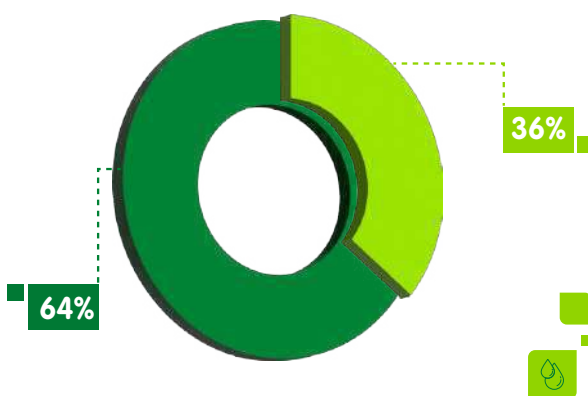


During 2021, the Board of Directors of EPM did not have the advice of external experts. **Código País 33.3 – ii. n); GRI 102-27**

The topics analyzed by EPM's Board of Directors during 2021 are shown in the graphs:

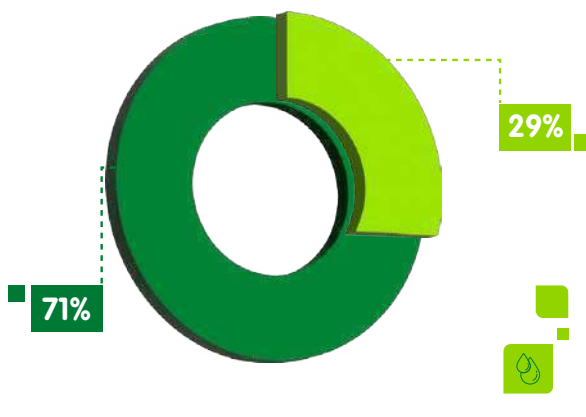
Topics EPM vs Group

■ EPM matrix ■ Grupo EPM



Character of the Topics

■ Aprobatorias ■ Informativa



Typical agenda and Board calendar

GRI 102-31 102-27 102-29

The definition of the typical agenda and the annual calendar of EPM's Board of Directors is a planning tool that allows the collegiate body to address the issues that are fundamental and in which its contribution is greater, in accordance with the provisions of the Board of Directors Regulations and in line with the recommendations of Código País.

The typical agenda defines the frequency and periodicity with which the following topics are addressed during the year: strategy, business, investments, corporate governance, financial, audit, risk, compliance, legal, human development, environmental and social, among others.

The topics scheduled by typical agenda and reviewed by the Board of Directors in 2021 were as follows:

Subject	Topic	Character
Formal business of the Board	• Verification of quorum and approval of the agenda.	Approval
	• Consideration and approval of the previous minutes.	Approval
	• Follow-up on requests from the Board of Directors.	Informative
	• Miscellaneous (includes Board member issues).	Informative
	• Relevant information.	Informative



Subject	Topic	Character
Updating and follow-up	<ul style="list-style-type: none"> • Reports of the Board Committees. 	Informative
	<ul style="list-style-type: none"> • General Manager's Report. 	Informative
	<ul style="list-style-type: none"> • Follow-up of Hidroituango Project continuity plan. 	Informative
	<ul style="list-style-type: none"> • Follow-up of financial statements. 	Informative
	<ul style="list-style-type: none"> • Follow-up of the BSC and the risk map. 	Informative
	<ul style="list-style-type: none"> • Follow-up of investment decisions. 	Informative
	<ul style="list-style-type: none"> • Follow-up to the EPM Foundation. 	Informative
	<ul style="list-style-type: none"> • Follow-up on environmental and social management. 	Informative
	<ul style="list-style-type: none"> • Follow-up of legal contingencies with Group scope. 	Informative
	<ul style="list-style-type: none"> • Follow-up Afinia and Shared Services Center. 	Informative
	<ul style="list-style-type: none"> • Follow-up on growth issues. 	Informative



Subject	Topic	Character
Strategy	<ul style="list-style-type: none"> Additional session: corporate strategic direction and analysis of the environment. 	Approval
	<ul style="list-style-type: none"> Progress in corporate strategic direction. 	Informative
	<ul style="list-style-type: none"> Progress in complying with the Group's innovation and technology strategy. 	Informative
	<ul style="list-style-type: none"> Progress in compliance with the human talent strategy with Group scope. 	Informative
	<ul style="list-style-type: none"> Progress in compliance with the Group's communication and outreach strategy. 	Informative
	<ul style="list-style-type: none"> Financial Forecasts 	Approval
	<ul style="list-style-type: none"> Progress in complying with the supply and shared services strategy with Group scope. 	Informative
	<ul style="list-style-type: none"> Additional session: EPM Business Plan 2022 - 2025, budget for the year 2022, Infrastructure Investment Plan 2022 - 2025 and CMI 2022 - 2025 goals. 	Approval
	<ul style="list-style-type: none"> Modification to the Investment Plan 2021-2024. 	Approval
Follow-up of the Grupo EPM's business strategy	<ul style="list-style-type: none"> Business monitoring from the perspective of customers - users by the Senior Management and the control members of EPM's Board of Directors. 	Informative
	<ul style="list-style-type: none"> Business Generation with Group scope. 	Informative
	<ul style="list-style-type: none"> Gas Business. 	Informative
	<ul style="list-style-type: none"> Water Supply and Wastewater Management Businesses matrix approach. 	Informative
	<ul style="list-style-type: none"> Businesses Water Supply and Wastewater Management approach subsidiaries. 	Informative

Subject	Topic	Character
Follow-up of the Grupo EPM's business	<ul style="list-style-type: none"> Business monitoring from the perspective of customers-users by Senior Management and the control members of EPM's Board of Directors. 	Informative
	<ul style="list-style-type: none"> Business Generation with Group scope. 	Informative
	<ul style="list-style-type: none"> Gas Business. 	Informative
	<ul style="list-style-type: none"> Water Supply and Wastewater Management Businesses matrix approach. 	Informative
	<ul style="list-style-type: none"> Businesses Water Supply and Wastewater Management approach subsidiaries. 	Informative
	<ul style="list-style-type: none"> Solid Waste Business. 	Informative
	<ul style="list-style-type: none"> Business Transmission and Distribution with Group scope. 	Informative



Subject	Topic	Character
Financial issues and corporate governance	<ul style="list-style-type: none"> Approval of the account. Financial statements of EPM and the Grupo EPM as of December 31, external auditor's report, Annual Management Report of the General Manager, Corporate Governance Report and Código País report (informative). 	Approval
	<ul style="list-style-type: none"> Evaluation of the Manager and the Board of Directors. 	Informative
	<ul style="list-style-type: none"> Future Periods (the time allocated in the June session is derived from the modification of the Investment Plan) Finance and Investment Department. 	Approval
Risk and audit issues	<ul style="list-style-type: none"> Audit planning 2022. 	Approval
	<ul style="list-style-type: none"> Follow-up of the audit plan and results of evaluations by external control entities. 	Informative
	<ul style="list-style-type: none"> Risk management follow-up. Compliance Unit Management Report, Annual Compliance and Anticorruption Plan. 	Informative
Human Development	<ul style="list-style-type: none"> Salary increase for government employees. 	Approval
	<ul style="list-style-type: none"> Plant management. 	Approval
	<ul style="list-style-type: none"> Cultural evolution. 	Informative
Corporate governance	<ul style="list-style-type: none"> Typical Board of Directors agenda and annual calendar 	Approval
	<ul style="list-style-type: none"> Management Report Board of Directors Committees. 	Informative

Board of Directors Information System

Código País 33.3 – ii. o) GRI 102-27

In EPM, the information related to the Board of Directors and its support committees is managed in an automated manner through the ARCA information system, meeting criteria of integrity, security, timeliness, availability, traceability and confidentiality of the information.

During 2021, ARCA's functionalities were stabilized and its usability was strengthened.

In addition, the following actions were implemented:

- Creation of a microsite for the Hidroituango Follow-up Committee - Legal Chapter.
- Creation of a microsite for the Hidroituango Follow-up Committee - Technical Chapter.
- Beginning of the redesign process and technological migration of the application.

Board of Directors Committees

Strategy and Investment Committee  Planners Sessions	Management Committee  Planners Sessions
Project Monitoring Committee  Planners Sessions	Audit Committee  Planners Sessions
Relationship Committee  Planners Sessions	Project Follow-Up Committee Legal Chapter Ituango  Planners Sessions
Project Follow-up Committee Ituango Technical Chapter  Planners Sessions	

Attendance at the Board of Directors

Código País 33.3 – ii. j)

During 2021, 30 Board of Directors meetings were held:



The total average attendance of the Board members was 99%. The following is a breakdown of attendance by each member:



Attendance at the Board		
Board Member	% Assistance	Period
Daniel Quintero Calle	97%	January - December
Bernardita Pérez Restrepo	100%	
Jorge Iván Palacio Palacio	97%	
Pablo Felipe Robledo Del Castillo	100%	
Omar Flórez Vélez	100%	
Gildardo Antonio Correa Salazar	100%	
Olmer Orlando Palacio Garzón	100%	
Sergio Andrés Restrepo Muñoz	100%	May - December
Jorge Andrés Carrillo Cardoso	100%	January - April
Guillermo León Diosdado Pérez	100%	January - May

Management of Board Committees





The support committees to the Board of Directors are spaces designed with the purpose of guaranteeing the efficiency in the decision making of EPM's highest management body, through a detailed analysis of the issues prior to each Board of Directors' meeting.









The committees are formed by members of the Board of Directors and chaired mostly by independent members, considering the training and experience of its members, in accordance with the functions and responsibility of each one of them.

Código País 33.3 – ii. p) GRI 102-18 102-26 102-30

The following table lists the committees of the Board of Directors of EPM that operated in 2021, their composition and the issues they are in charge of, which are articulated with the recommendations of Código País and with the legal and statutory functions.

Committee	Activities	Conformation during 2021
Audit	<p>Supervision: internal audit, financial disclosure, external audit, internal control system, integrated risk management system, compliance, credit proposals, internal and external control entities, related party transactions, intellectual property and Corporate Governance Report.</p> <p>At the close of 2021, the Board of Directors requested that the Internal Audit report on the evaluation of the Organization's strategic line in terms of risk, control and governance, and its articulation with the other lines of defense, be presented to the Board of Directors upon recommendation of the Audit Committee at the close of 2021. This report will be presented to the Audit Committee and the Board of Directors in the first half of 2022.</p>	 Bernardita Pérez Restrepo  Pablo Felipe Robledo del Castillo  Olmer Orlando Palacio Garzón <p>EPM's external auditor is a permanent guest of the Audit Committee, as it has a constant and periodic relationship with the Board of Directors.</p> <p>Código País 33.3 – ii. m)</p>

Committee	Activities	Conformation during 2021
Management	Monitoring of corporate management, corporate reputation, intellectual capital, ethics, corporate image, administrative structure, business and commercial development projects, appointments and compensation, conflicts of interest, evaluation of management and senior management, and corporate governance.	 Bernardita Pérez Restrepo  Pablo Felipe Robledo del Castillo  Omar Flórez Vélez
Strategy and investments	Strategy, unity of purpose and direction, business policies, investments and new businesses, research, development and innovation projects, corporate social responsibility, sustainability, environmental management and stakeholder relations plans.	 Sergio Andrés Restrepo Muñoz (as of June 2021)  Jorge Iván Palacio Palacio  Jorge Andrés Carrillo Cardoso (until April 12, 2021)  Guillermo León Diosa Pérez (until May 18, 2021)  Vacante (as of May 18, 2021)

Committee	Activities	Conformation during 2021
Project follow-up	Follow-up on the formulation, execution and evaluation of the projects prioritized by the Board of Directors, as well as their respective risk maps, CMI and other control instruments.	 Sergio Andrés Restrepo Muñoz (as of June 29, 2021)  Omar Flórez Vélez  Jorge Andrés Carrillo Cardoso (until April 12, 2021)  Guillermo León Diosa Pérez (until May 18, 2021)  Vacante (as of May 18, 2021)
	Specific chapter dedicated to the legal monitoring of the future Ituango hydroelectric power plant.	 Bernardita Pérez Restrepo  Pablo Felipe Robledo del Castillo  Jorge Iván Palacio Palacio

Committee	Activities	Conformation during 2021
Project follow-up	Specific chapter dedicated to the technical follow-up of the future Ituango hydroelectric power plant.	 Sergio Andrés Restrepo Muñoz (as of June 29, 2021)  Omar Flórez Vélez  Jorge Andrés Carrillo Cardoso (until April 12, 2021)  Guillermo León Diosa Pérez (until May 18, 2021)  Vacante (as of May 18, 2021)
Relationship	To guide and support the strategic relationship of the Organization at the local, national and international levels.	 Jorge Iván Palacio Palacio  Omar Flórez Vélez  Gildardo Antonio Correa Salazar

The Technical and Legal chapters of the future Ituango hydroelectric power plant were created in 2020 by the Board of Directors with the purpose of following up and analyzing in detail the project's recovery and contingency continuity activities. These two chapters operated in accordance with assigned attributions during 2021.

GRI 102-34

Attendance at Board committees **Código País 33.3 – ii. j)**

Attendance at Board committees averages 99.7%, as follows:

Attendance at Board committees

Member	Management	Relationship	Strategy and investments	Audit	Project follow-up	Project follow-up (Hidroituango Technical Cap.)	Project follow-up (Hidroituango Legal Cap.)
Bernardita Pérez Restrepo	100%			100%			100%
Pablo Felipe Robledo Del Castillo	100%			100%			100%
Omar Flórez Vélez	94%	100%			100%	100%	
Jorge Iván Palacio Palacio		100%	100%			100%	100%
Sergio Andrés Restrepo Muñoz			100%		100%	100%	
Olmer Orlando Palacio Garzón				100%			
Gildardo Antonio Correa Salazar		100%					
Jorge Andrés Carrillo Cardoso			100%		100%	100%	
Guillermo León Diosa Pérez			100%		100%	100%	
% Total assistance (*)	98%	100%	100%	100%	100%	100%	100%

Average for all committees: 99.7%

(*) The percentage of attendance is given as a function of the number of sessions attended over the number of sessions scheduled. If there are changes in the composition of the committees during the period, a greater number of members will be reflected in the committee whose composition was changed.

At the request of the Mayor, the private secretary of the Mayor's Office or whoever she delegates, is summoned to the meetings of the Board Committees, as recorded in the minutes of the Board of Directors No. 1690 of July 28, 2020.

Remuneration of the Board of Directors

Código País 33.3 – ii. h); GRI 102-36

By means of Decree 1165 of August 12, 2009, the Mayor of Medellín, as representative of the community and the owner of EPM, defined the remuneration of the members of the Board of Directors of EPM at three minimum monthly legal salaries in force in Colombia, for the attendance to each session of the Board of Directors and of each committee.

Código País 33.3 – ii. g); GRI 102-35 102-37

In EPM, the members of the Board of Directors do not receive variable remuneration and the Mayor of Medellín, as a member of the Board of Directors, does not receive remuneration.

The amount paid as fees to the members of the Board of Directors in 2021 is shown below:

Remuneration of the Board of Directors	
Concept	Amount paid in 2021
Board of Directors	COP 600,153,925
Board Committees	COP 539,664,444
Total paid	COP 1,139,818,369

Evaluation of the Board of Directors

Código País 33.3 – ii. q); GRI 102-28

The evaluation is a mechanism for monitoring the management of the Board of Directors and its committees. In EPM it is carried out as a good practice of Corporate Governance on an annual basis or whenever the Chairman of the Board deems it appropriate. In accordance with the provisions of the Board of Directors Regulations, the evaluation must refer to the functioning of the Board as a body, the performance of each of its members and the relations of the Board of Directors with the Administration.

The evaluation corresponding to the 2021 fiscal year will be carried out during the first half of 2022, for which purpose a public request for bids will be made in order to hire services to evaluate the Board of Directors of EPM and its committees, obtain recommendations of good practices that can be implemented in the area of corporate governance and formulate a strengthening plan that includes actions and mechanisms, instruments and indicators for its effective follow-up.

Senior Management

GRI 102-29 102-20

The Administration of EPM, its representation and the management of its business are in charge of the CEO who is empowered to enter into or execute, without other limitations than those established in the Bylaws, all acts included in its purpose or directly related to its existence or operation.

During 2021, the following changes occurred in the General Management of EPM:

- By Decree 0085 of February 1, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, declared the general manager Álvaro Guillermo Rendón López, who held the position from January 2, 2020 to February 1, 2021, to be suspended.

During 2021, the following C-Level changes occurred in EPM:

- By means of Decree 0086 of February 1, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mrs. Mónica María Ruíz Arbeláez as CEO, who served until Mr. Miguel Alejandro Calderón Chatet was appointed.
- By means of Decree 0248 of April 5, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mr. Miguel Alejandro Calderón Chatet as CEO, who held the position until April 12, 2021.
- By means of Decree 0281 of April 13, 2021, the Mayor of Medellín, Mr. Daniel Quintero Calle, appointed Mr. Jorge Andrés Carrillo Cardoso as CEO, who continues to hold this position to date.

The Senior Management in EPM is composed of twelve executives, reporting directly to the Chief Executive Officer of EPM. It has functions within the scope of Grupo EPM and is responsible for directing, planning, and verifying the achievement of objectives, plans and goals of EPM and the subsidiaries of the business group.

The team of vice presidents that accompanied the management of Mr. Jorge Andrés Carrillo Cardoso, as CEO during 2021 had the following novelties:

No. 1



Position: Business Management Executive VP.

Recent developments: No change.

Office Holder: Daniel Arango Ángel.

No. 2



Position: Projects and Engineering Executive VP.

New products: No change.

Office Holder: Gabriel Jaime Betancourt Mesa.

No. 3



Position: Executive VP of Strategy and Planning.

New products: No change.

Office Holder: Mónica María Ruiz Arbeláez.

No. 4

Cargo: Executive Finance and Investments VP.

New products:

- Between November 30, 2020 and April 4, 2021, Mr. Miguel Alejandro Calderón Chatet was the incumbent.
- Between April 6, 2021 and May 3, 2021 this position was vacant and Diana Oliva Rúa Jaramillo was in charge.
- As of May 4, 2021, Martha Lucía Durán Ortiz took office.

Office Holder: Martha Lucía Durán Ortiz.

No. 5



Position: Executive VP of New Ventures, Innovation and Technology.

New products: No change.

Office Holder: Darío Amar Flórez.

No. 6



Position: General Counsel.

New products:

- Between June 16, 2020 and March 23, 2021, Mr. Jhon Alexander Sánchez Pérez was the incumbent.
- Between March 25 and June 25, 2021 this position was vacant and Ángela María Guerrero Bolívar was in charge.
- Between June 26 and September 5, 2021, the position was vacant and the incumbent was Ángela María Guerrero Bolívar.
- As of September 6, 2021, Jhonatan Estiven Villada Palacio took office.

Office Holder: Jhonatan Estiven Villada Palacio.

No. 7



Position: Human Resources and Organizational Development VP.

New products:

- Between September 7, 2020 and July 15, 2021, Ms. Alejandra Vanegas Valencia served as the incumbent.
- Between July 16 and September 5, 2021, this position was vacant and María Cristina Toro Restrepo was in charge.
- As of September 6, 2021, Juliana Carolina Zapata Molina took over the position.

Office Holder: Juliana Carolina Zapata Molina.

No. 8



Position: Communication and Corporate Relations VP.

New products:

- Between February 21, 2020 and April 29, 2021, Mr. Manuel Eduardo Osorio Lozano served as incumbent.
- As of May 4, 2021, Mabel Rocío López Segura took office.

Office Holder: Mabel Rocío López Segura.

No. 9



Position: General Counsel.

New products:

- Between December 26, 2020 and February 28, 2021, this position was vacant and without assignment.
- Between March 1st and April 29th, Mrs. Ángela María Guerrero Bolívar was the incumbent.
- As of May 10, 2021, María Cristina Toro Restrepo took office.

Office Holder: María Cristina Toro Restrepo.

No. 10



Position: Risk Management VP.

New products: No change.

Office Holder: Andrés Felipe Uribe Mesa.





No. 11

Position: VP of Corporate Audit.
New products: No Changes.
Office Holder: Oscar Alberto Cano
Castrillón.



No. 12

Position: VP of Supplies and
Shared Services.
New products: No Changes.
Office Holder: Carlos Enrique
Londoño Amariles.

During 2021, Senior Management's administration focused mainly on the following issues, aimed at contributing to the fulfillment of the Sustainable Development Goals (SDGs):

- Adjustment to the Grupo EPM's strategy, defining management focuses that guide the Grupo EPM in the short and medium-term: energy transformation, circular economy, digital transformation, corporate and financial optimization, project management, and cultural evolution.
- Attention to the pandemic with emphasis on the vaccination strategy for employees and the gradual and alternating return to work headquarters.
- Ensure quality and continuity in the provision of public utilities through compliance with the investment plan.
- Integration of Afinia for the proper incorporation of the subsidiary to the Grupo EPM.
- Integral management of the future Ituango hydroelectric power plant to advance in the goal of starting to generate energy with its first two units in the second half of 2022.

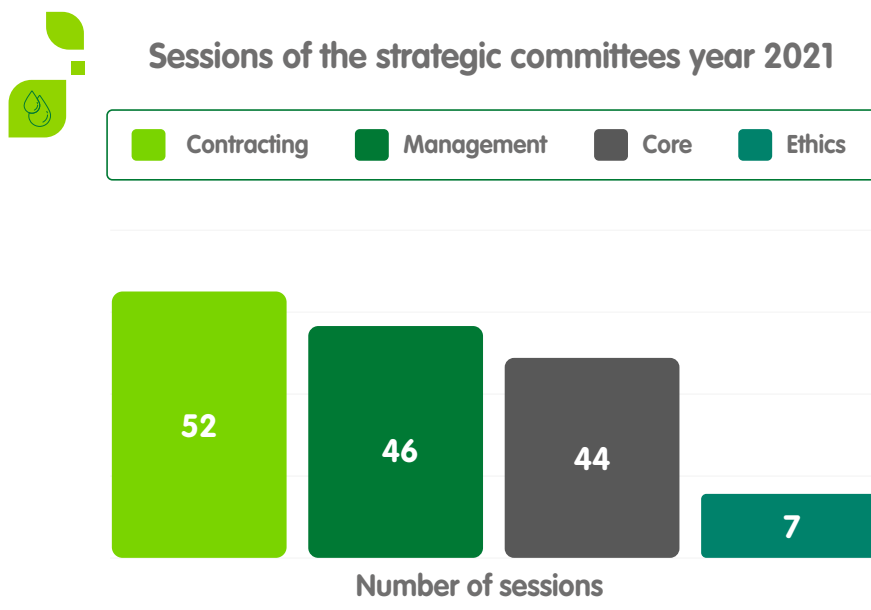
- Non-conventional renewable energies, focused on the third auction of non-conventional renewable energies organized by the National Government.
- Environmental Management, mainly in the strategies of Integral Management of Water Resources and Biodiversity, contributing, among others, to the national goal of planting 180 million trees by 2022; and in the Climate Change strategy.

Senior Management

GRI 102-26

The strategic committees are the mechanisms that facilitate the interaction of Senior Management, to address relevant and strategic decisions and/or actions in an articulated and coherent manner.

Below is the composition of the strategic committees and the number of sessions held during 2021:



Management	Core
<p>Objective:</p> <p>Articulate and control the management of the Company, through the analysis, definition, approval and monitoring of the matters within its competence, in order to achieve the strategic direction of EPM.</p>	<p>Objective:</p> <p>To establish and lead the unity of purpose and direction to be followed by all the companies of the Grupo EPM, through the analysis, definition and follow-up of the matters within its competence, in order to achieve the objectives of the business group.</p>
<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Leader of the Grupo EPM, CEO of EPM. • Secretary: VP of Strategy and Planning. • Members: First level vice presidents. • Permanent guests: VP of Business (one per week). 	<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Leader of the Grupo EPM, CEO of EPM. • Secretary: VP of Strategy and Planning. • Members: First level vice presidents. • Permanent guests: Head of Corporate Governance Unit.
<p>Topics:</p> <ul style="list-style-type: none"> • Planning. • Policies for EPM. • Monitoring the performance of EPM's businesses and services (EPM's CMI). • Risk management strategy, articulated with integrated planning. • Comprehensive risk monitoring and management. • Organizational capabilities, including digital transformation, technology and information. • Projects in EPM. • Relationship with stakeholders of the Company. • Customer experience. • Internal Audit • Changes to EPM's management structure • Reports from external assurance providers. 	<p>Key Issues/Missions:</p> <ul style="list-style-type: none"> • Strategic leadership: provide the vision, direction and purpose of the Grupo EPM. • Capital: minimize the cost of capital and provide funds for growth. • Capabilities: enable the implementation of the strategic direction. • Control: ensure compliance with strategies, plans, guidelines and compliance with legal and regulatory requirements. • Identity: formulate shared vision and values for the Grupo EPM.

Contracting	Ethics
<p>Objective:</p> <p>To analyze and recommend on contracting matters associated with the procurement process of goods and services and contracts in which EPM acts as a contributor, according to the decree of delegations.</p>	<p>Objective:</p> <p>To promote and lead the implementation of ethical management, guiding the consolidation of the exercise of public service in terms of efficiency, transparency, probity and service to the public by all public servants.</p>
<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: Supply Chain Manager. • Secretary: Head of Contracting Management Unit. • Members: General Manager. Vice President of Legal Affairs (General Counsel). Executive Vice President of Corporate Finance (financial control). Vice President of Risk Management. Vice President of Corporate Audit. Executive Vice President of Business Management. Vice President of Projects and Engineering. • Permanent guests: Executive competent to contract according to delegations. The vice-president of the management area accompanied by the manager making the requisition. 	<p>Conformation:</p> <ul style="list-style-type: none"> • Chairman: VP of Human Talent and Organizational Development. • Secretary: Human Development and Organizational Culture Management. • Members: VP of Risks. VP of Communication and Corporate Relations VP of Corporate Audit. Head of Compliance Unit. External member. Servant elected by the General Manager. • Permanent guests: Manager Labor Relations Management. Corporate Communications Manager. Support Audit Manager.
<p>Topics:</p> <ul style="list-style-type: none"> • Pre-contractual and contractual procedures, in accordance with the principles governing contracting and with the corporate policy for the Acquisition of Goods and Services, approved by the Board of Directors of EPM. • Relevant recommendations and observations to the competent manager, according to the decree of delegations. • Periodic reports submitted by the vice presidencies, related to EPM's contracting and the pertinent recommendations. • Follow-up of the annual contracting plan. 	<p>Key Issues/Missions:</p> <ul style="list-style-type: none"> • Framework of action for ethical management. • Initiatives, mechanisms and methodologies for ethical management. • Ethical commitments. • Analysis of ethical dilemmas.

General Manager Induction

The Corporate Governance Unit prepared an onboarding plan for the CEO, which was carried out in April and May 2021, with the support of the Human Development Solutions Department and the participation of various departments of the Company.

Evaluation of the General Manager

Código País 33.3 – ii. q); GRI 102-28

EPM's Board of Directors carries out a systemic process of evaluation of EPM's General Manager that has as its purpose:

- Align expectations regarding the manager's management based on qualitative (behaviors and management style) and quantitative results.
- Identify strengths and opportunities for improvement, in order to promote actions that enhance their leadership and generate value to the organization.

The evaluation methodology includes:

- Quantitative evaluation (fulfillment of CMI goals).
- Multi-source evaluation of leadership style (competencies and other behavioral benchmarks).
- Feedback of results in a private Board session with the CEO resulting in a public statement on the management of the period and recommendations for the following year.
- Updating of the Management Style indicator in the CMI.
- Accompanying actions as part of the cultural evolution.





Board of
Directors



Self-assessment



Direct
Collaborators

Likewise, the Corporate Governance Code in numeral 4.7 establishes, among other matters, that the evaluation may “use the self-evaluation of the CEO the evaluation by the Board of Directors and the evaluation by the first level management team; its results will be disclosed in the public rendering of accounts and in the Corporate Governance Report”.

The evaluation process of the management of the CEO of EPM during the year 2021, began with the presentation of the methodology in the Core Committee and the Management Committee, the latter in its November session and the subsequent sending of the forms to the Board of Directors, the first level management and the manager. Likewise, the topic of evaluation was included in the agenda of the Board of Directors for the March 2022 session.

Senior Management Compensation

Código País 33.3 – ii. h); GRI 102-36

As part of the Human Talent Management policy, approved by the Board of Directors on December 7, 2010, the Vice President of Human Talent and Technology issued on November 15, 2019, Guideline 51, which touches on three important issues related to variable compensation, fixed compensation and benefits for EPM workers. **GRI 102-35**

The total compensation of EPM's Senior Management in 2021 was as follows:

Remuneration Senior Management EPM		
Cost Cluster	Position	Total paid in 2021
CEO	Chief Executive Officer	\$6,547,399,007
Executive Vice Presidents	VPE New Business, Innovation and Technology	
	Finance and Investments VP	
	Business Management VP	
	Projects and Engineering VP	
1st Level Vicepresidents	Strategy and Planning VP	
	Corporate Audit VP	
	Legal Affairs VP (General Counsel)	
	Communication and Corporate Relations VP	
	Supplies and Shared Services VP	
	Human Resources and Organizational Development VP	
	Legal Affairs VP (General Counsel)	
	Risk Management VP	



Note:

- Payments include vacation, bonuses and benefits (including vehicle allowance).
- The vehicle recognition benefit does not apply to the general manager.
- The total amount paid corresponds to the position, taking into account all the people who occupied the position as incumbent or by remunerated assignment during 2021.
- Severance payments are those paid directly to the employee or consigned in February 2021 to the Funds.

- Ratio of the semi-annual total compensation of the Organization's highest-paid individual to the median of the semi-annual total compensation of all employees excluding the highest-paid individual:

8.30 GRI 102-38

- Ratio of the percentage increase in the semi-annual total compensation of the Organization's highest-paid individual to the median of the percentage increase in the semi-annual total compensation of all employees, excluding the highest-paid individual:

1 GRI 102-39



Related party transactions



4. Related party transactions

EPM and the other companies that make up the Group have the Financial Policy, and among other documents, the “Manual of accounting practices and financial information in accordance with the International Financial Reporting Standards-IFRS” and the provisions of the “Technical Definitions of Financial Model and Technical-Financial Definitions”, which includes in paragraph 1.8 the provisions concerning related parties. In addition, in order to formalize the relationships between companies of the Group, there is a “Governance Agreement”, about which context is provided in this report. Additionally, EPM’s Tax Department has defined the “Transfer Pricing Management Manual”.

The detail of the operations with the most relevant related parties can be found in the note “Related Party Disclosures” included in the financial statements. Additionally, the operations between companies of the Grupo EPM are included each year in this report.



During the year 2021, the **proposed Policy and Guidelines for Operations with Related Parties** was prepared in order to incorporate it as an annex to the Corporate Governance Code of the Grupo EPM. This proposal is being reviewed and legal observations are being addressed, prior to the approval of the competent authorities.

Special Report

The special report with the economic relationships existing between the controlling company or its affiliates or subsidiaries with the respective controlled company, referred to in Article 29 of Law 222 of 1995, are listed in the “Governance Agreement” section of this Report, which provides a general context of the minutes subscribed between the companies of the Grupo EPM as part of the Governance Agreement and highlights the most important ones.

Conflicts of interest

Código País 21.4 33.3 - iii. c); GRI 102-25

Annex No. 8 of the Code of Corporate Governance, **“Manual on conflicts of interest and treatment of decisions in the interest of Grupo EPM”**, issued by Decree No. 390 of November 24, 2015, establishes the procedure for managing conflicts of interest of the members of the Board of Directors. When the conflict is of a permanent nature and prevents the independent exercise of functions, the Board member must resign.

Código País 33.3 - iii. d); GRI 102-25

This manual regulates the differences that may arise between the parent company of Grupo EPM and the subordinated companies, with respect to the interest of the corporate group. The procedure follows the Governance Agreement entered into between the companies of the Grupo EPM, the shareholders' agreements entered into and the governance model defined for each of the subordinated companies. It also indicates the actions that correspond in each case to the Board of Directors of the subordinated company, the Management Committee of the Parent Company and the Board of Directors with their respective committees.

Código País 33.3 - iii. a)

In compliance with paragraph 11 of the manual, which states that “Conflicts of interest that arise and oblige the manager to abstain from participating in the discussion of a given matter shall be published annually in the Corporate Governance Report”, it is reported:



In 2021, there were 2 conflicts of interest on the part of the members of the Board of Directors and 1 conflict of interest on the part of EPM's Directors, according to the definition of Directors established in the “Manual of conflicts of interest and treatment of decisions in the interest of Grupo EPM”.



The following are the conflicts of interest that occurred in EPM:

No.	Administrator	Date	#Meeting minutes	Description of the conflict	Date of report to Compliance Unit
1	Board of Directors	May 25, 2021	1715	<p>At the meeting held on May 25, 2021, the Board of Directors accepted the existence of a conflict of interest by Mr. Sergio Andrés Restrepo Muñoz, member of the Board of Directors of EPM.</p> <p>Mr. Sergio Andrés Restrepo Muñoz is a member of the Board of Directors of UNE-TIGO, and stated that he would abstain from participating in the discussion and decision of the "Proyecto Titán" issue, due to the fact that it is a decision of EPM in relation to the participation it has in that company.</p> <p>As a result of the foregoing, Mr. Sergio Andrés Restrepo Muñoz abstained from participating in the analysis, deliberations and decisions related to the "Proyecto Titán" issue, which were presented to the Board of Directors during the year 2021.</p>	Jun 21, 2021
2	Board of Directors	April 30, 2021	1714	<p>In the session of April 30, 2021, the Board of Directors accepted the existence of a conflict of interests by Mr. Omar Flórez Vélez, member of the Board of Directors of EPM.</p> <p>Mr. Omar Flórez Vélez declares a possible conflict of interests in relation to the approval of the appointment of Mrs. Mabel Rocío López Segura, in the position of Vice President of Communication and Corporate Relations given that she was part of his Legislative Unit in a period in the Congress of the Republic.</p> <p>Mr. Omar Flórez Vélez declared the conflict of interests in the Management Committee, and it was accepted.</p> <p>As a result of the foregoing, Mr. Omar Flórez Vélez refrained from participating in the analysis, deliberations and decisions related to the appointment of Mrs. Rocío López Segura, as Vice President of Communication and Corporate Relations.</p>	June 1, 2021

No.	Administrator	Date	Description of the conflict	Date of report to Ethics Committee
1	María Patricia Giraldo Velásquez y Juan David Vélez Hoyos	October 12, 2021	<p>The Ethics Committee ratified the concept issued by the Corporate Legal Support Direction of EPM on the existence of a real, sporadic and personal conflict of interest in the head of María Patricia Giraldo Velásquez, Human Development and Organizational Culture Manager, and Juan David Vélez Hoyos, Labor Relations Management Manager of EPM to pronounce and participate on the right of petition of the employee Rubén Darío Álvarez Ochoa, who holds the position of Customer Service Manager in category A522.</p> <p>Rubén Darío Álvarez Ochoa requests that the salary corresponding to the position of Manager in category A520 be recognized retroactively.</p> <p>María Patricia Giraldo Velásquez and Juan David Vélez Hoyos withdrew from all matters related to the attention of the matter, since the decision on the retroactive recognition of Rubén Darío Álvarez Ochoa's salary could impact his remuneration scheme. The response to the right of petition was channeled through EPM's Ethics Committee.</p>	October 12, 2021



During 2021, the Colombian subsidiary CHEC reported a conflict of interest by two of its managers, and in the international subsidiaries there were two conflicts of interest.

The following is a detail of the conflicts of interest in the domestic and international subsidiaries of the Grupo EPM:



No.	Date	Description of the conflict
1	February 16, 2021	In compliance with Resolutions 080 and 130 of 2019 issued by the CREG, Juan Rafael López and Alberto Mejía Reyes, who serve as members of the Board of Directors of CHEC declared a conflict of interest and refrained from participating in the debate and decision making regarding the topic "energy purchases from the regulated market", keeping the corresponding procedures so that they do not have access to related information. The foregoing derived from the fact that both Juan Rafael and Alberto Mejía are directly linked to the businesses of Generation, Transmission and Distribution of Energy of EPM.
2	November 26, 2021	In the November session of the Boards of Directors of TRELEC, COMEGSA, Enérgica, AMESA, IDEAMSA and CREDIEEGSA, international subsidiaries of the Grupo EPM, Board member Mario Alberto Naranjo Echeverri declared conflict of interest and abstained from voting with respect to the approving issue "pending retroactive salary increase 2021". The foregoing, derived from the fact that he also serves as manager of EPM in Guatemala and participating in the making of this decision impacts his salary scheme as manager.
3	November 26, 2021	In the November session of the Boards of Directors of TRELEC, COMEGSA, Enérgica, AMESA, IDEAMSA and CREDIEEGSA, international subsidiaries of the Grupo EPM, Board member Mario Alberto Naranjo Echeverri declared conflict of interest and abstained from voting with respect to the approving issue "Governance Phase II, request for exchange control Lot 4, specifically regarding the redistribution of 1% of the weight assigned in the CMI to the milestone of analysis of financial viability of the companies". The above, derived from the fact that he also serves as manager of EPM in Guatemala and participating in the approval of the modification of Lot 4, affects the management objectives 2021.

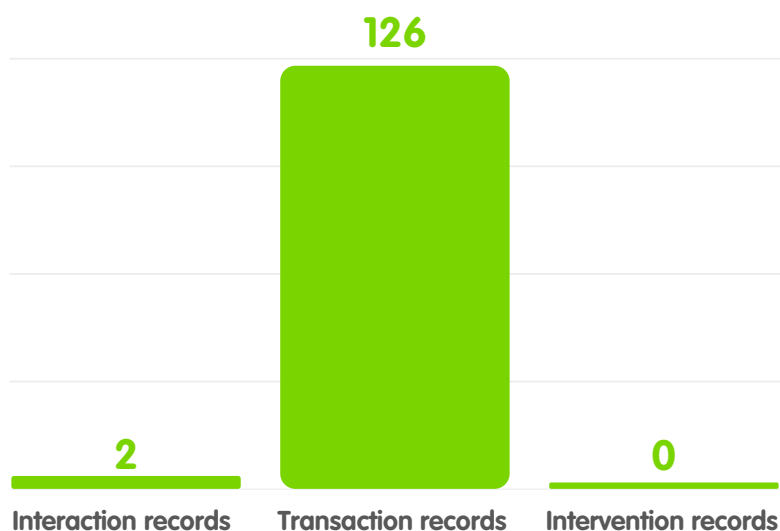
Government Agreement

Código País 33.3 – iii. b)

The Governance Agreement is a document that formally defines and guides the relations between the companies that make up the Grupo EPM. It has allowed subscribing different acts that facilitate the achievement of business objectives and obtaining business group synergies, in tune with the unity of purpose and direction. During the year 2021, 128 minutes were subscribed, 2 of interaction and 126 of transaction.



Number of signed minutes year 2021

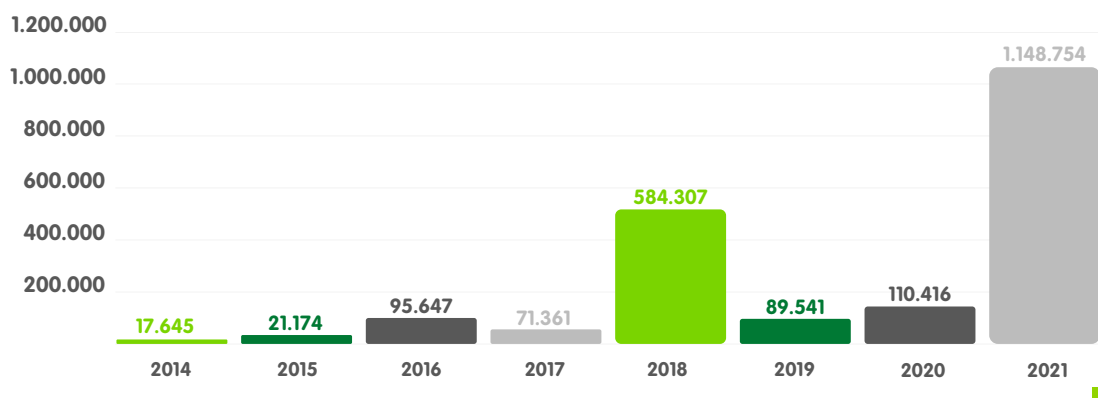


General report on the minutes subscribed within the framework of the Government Agreement:

Transaction relationships are those established between the parties for the purpose of supplying goods and providing services to each other (not corresponding to the provision of residential public utilities), in order to amplify competitive advantages, as is the case of shared infrastructure and support, technical and commercial services, among others.



Transaction Minutes (figures in millions of pesos)



Regarding the historical information reported in 2020, the values are updated due to the fact that some minutes presented modifications, which are explained below:



In **2014** there was an increase of COP 718 million (from COP 16,927 million to COP 17,645 million), due to the fact that the agreement CT-2013-002297-A108 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., with the purpose of providing billing services, distribution of invoices, portfolio management, reports associated to the portfolio and joint collection of the tariff of the domiciliary public sanitation service and special services, presented a higher value going from COP 5,270 million to COP 5,988 million.



In **2017**, an increase of COP 120 million is reflected (from COP 71,241 million to COP 71,361 million), due to the fact that the CT-2013-002297-A353 agreement signed between EPM and EPM Foundation, with the purpose of joining efforts to advance actions and implement the Environmental Management Plan - PMA and the Social Management Plan - PMS in the operation phase of energy transmission and distribution projects, presented an increase from COP 1,638 million to COP 1,758 million.



In **2018** a decrease of COP 2,583 million is reflected (from COP 586,890 million to COP 584,307 million), due to the fact that the act CT-2013-002297-A421 subscribed between EPM and Aguas Nacionales EPM S.A. E.S.P., with the purpose of regulating the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by "the supplier", for the provision by "the beneficiary" of the public sewage service to the users of the system, presented a decrease from COP 458,786 million to COP 456,203 million.



In **2019**, an increase of COP 5,755 million is reflected (from COP 83,786 million to COP 89,541 million), due to the increase in the following acts:

CT-2013-002297-A495 subscribed between EPM and Tecnología Intercontinental - TICSA COLOMBIA, for the construction of the outlet structures associated with the Modernization project of the drinking water production plant La Ayurá, increasing from COP 53,985 million to COP 59,480 million.



CT-2013-002297-A384-R1 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., with the purpose of providing the service of transportation and adequate final disposal of dehydrated sludge from the water treatment process of the plants owned by EPM, increasing from COP 518 million to COP 778 million.

In **2020**, there is an increase of COP 2,845 million (from COP 107,571 million to COP 110,416 million), due to the following variations:

Decrease in the values of the following minutes:



CT-2013-002297-A535 subscribed between EPM and Electrificadora de Santander S.A. E.S.P., with the purpose of rendering services related to credit granting and credit risk activities, as well as support, training and advisory services, from COP 402 million to COP 356 million.



CT-2013-002297-A583 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., with the purpose of providing activities related to the functional support, configuration, use of licenses and technical support of the Mercurio and Enter Online tools, from COP 121 million to COP 111 million.



CT-2013-002297-A569 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., in order to establish the administrative, technical and legal conditions based on which the client will grant the supplier a mandate with representation for the administration, payment of obligations and liquidation of the current contract, reducing from COP 17 million to COP 10 million.

Increase in the values of the following minutes:



CT-2013-002297-A593 subscribed between EPM and Electrificadora de Santander S.A. E.S.P., in order to fix the administrative, technical and legal conditions based on which the parties agree to provide basic technology and communications services, as well as support and specialized technical advice, increasing from COP 1,745 million to COP 2,409 million.



CT-2013-002297-A425-R subscribed between EPM and Aguas Regionales EPM S.A. E.S.P., in order to provide basic information technology services, operation and support of IT solutions, increasing from COP 201 million to COP 213 million.



CT-2013-002297-A622 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., for the management of the Transfer Station project in the execution planning phase, design phase and land acquisition management, increasing from COP 430 million to COP 500 million.



CT-2013-002297-A503-R1 subscribed between EPM and Aguas de Malambo S.A. E.S.P., in order to set the administrative, technical and legal conditions to provide basic information technology services, operation and support of information systems solutions, increasing from COP 69 million to COP 78 million.

CT-2013-002297-A613 subscribed between EPM and Tecnología Intercontinental - TICSÁ COLOMBIA, for the design, supply, construction, assembly, commissioning and start-up of an operational flexibility module - MOFLO - with a capacity of 1.0 m³/s maximum daily flow (QMD) for the Manantiales potable water production plant, increasing from COP 47,149 million to COP 49,043 million.

CT-2013-002297-A588 subscribed between EPM and Aguas del Oriente S.A. E.S.P., with the purpose of providing preventive, predictive and corrective maintenance services for electromechanical equipment, at the time the subsidiary requires it, increasing from COP 21 million to COP 34 million.

CT-2013-002297-A565 subscribed between EPM and Empresas Varias de Medellín S.A. E.S.P., in order to provide drinking water supply services by means of tanker trucks, increasing from 150 million to 300 million pesos.



CT-2013-002297-A633 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., in order to fix the administrative, technical and legal conditions for the implementation, operation and support services of information systems solutions, increasing from COP 588 million to COP 601 million.



CT-2013-002297-A516-R1 subscribed between EPM and Aguas del Oriente Antioqueño S.A. E.S.P. and Aguas del Oriente Antioqueño S.A. E.S.P., with the purpose of providing IT and office automation Help Desk services, and the technology services that may be agreed, increasing from COP 4 million to COP 5 million.



CT-2013-002297-A601 subscribed between EPM and Centrales Eléctricas del Norte de Santander S.A. E.S.P., in order to establish the administrative, technical and legal conditions based on which "the principal" will grant the "mandatary" the representation for the negotiation, acceptance, liquidation, technical management and administrative management, increasing from COP 266 million to COP 317 million.



CT-2013-002297-A587 subscribed between EPM and Empresa de Energía del Quindío S.A. E.S.P., with the purpose of rendering services related to credit granting and credit risk activities, as well as support, training, advisory and accompaniment to the subsidiary, going from having no value to COP 31 million.

In addition, of the 126 transaction agreements signed in 2021, the following stand out:



- **Act between EPM and Aguas Nacionales EPM S.A. E.S.P.** to regulate the conditions of interconnection to the subsystems of transport and treatment of wastewater owned by "the supplier", for the provision by "the beneficiary" of the public sewage service to the users of the interconnected system of Valle de Aburrá for COP 1,066,819 million.

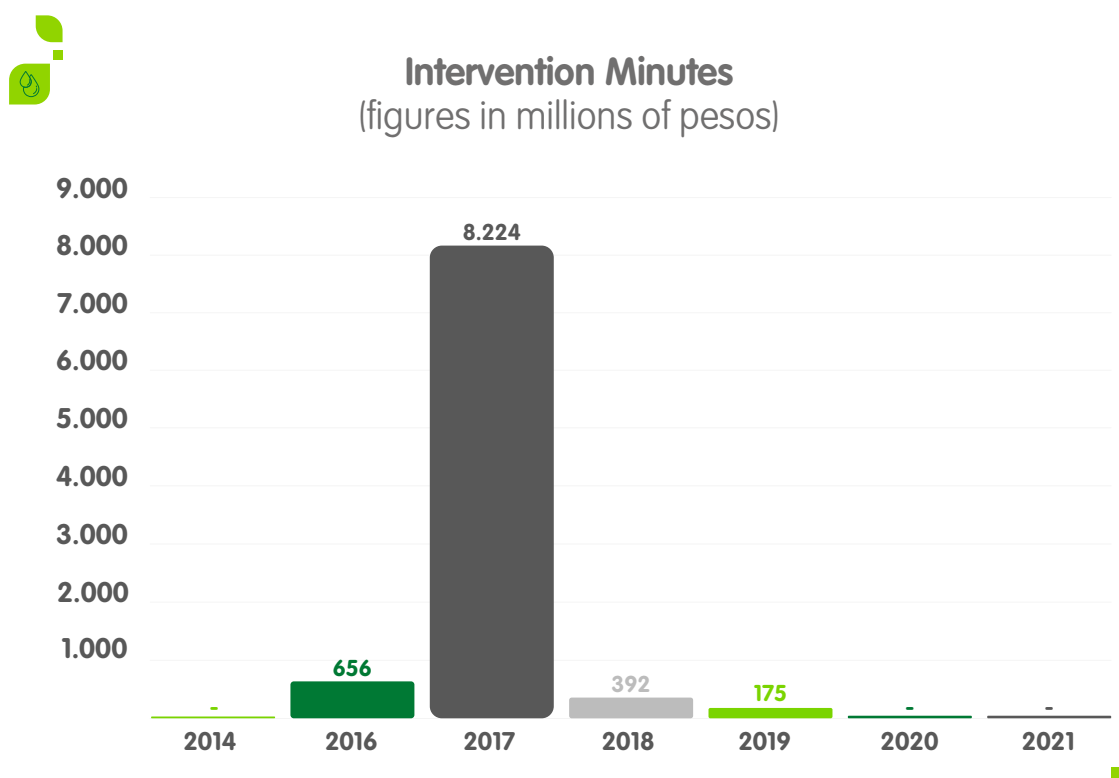


- **Agreement between EPM and Tecnología Intercontinental -TICSA COLOMBIA** for the design, supply, transportation, installation and testing of a biogas utilization plant for the injection of biomethane to EPM's natural gas networks and other related works and activities for COP 13,701 million.



- **Agreement between EPM and Fundación EPM** for the provision by this entity and in favor of EPM, of services for the development and execution of education, relationship, social and environmental management activities in the territories where EPM is present for COP 12,010 million.

Intervention relationships are those established between EPM and other parties to execute a directive of the Corporate Core that implies a certain transaction for the supply of goods and services between a company of the Grupo EPM and a third party, derived from control and good governance actions such as, for example, contracts for the statutory audit and information systems required by the Corporate Core for all the companies of the Grupo EPM, among others.

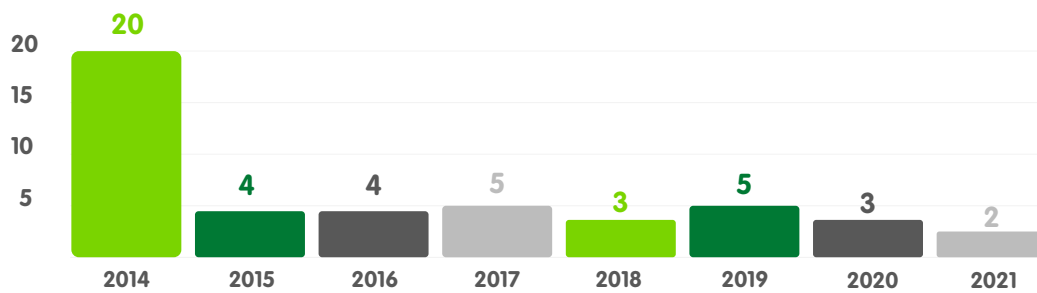


There are no variations in relation to the historical data of the intervention minutes. In the year 2021 no such minutes were subscribed.

Interaction relationships arise in order to enable the unity of purpose and direction of the Group and allow, among other aspects, to optimize processes and adopt integrated procedures defined by the Corporate Core for the benefit of the business group.



Interaction Minutes (quantity)



Referring to the history reported in the 2020 report, it is reported that a decrease was identified in 2017, due to the fact that two Minutes that were in process (CT-2013-002297-A340 and CT-2013-002297-A341), both with the purpose of defining the aspects for the centralized execution of the Financing Management Process, were cancelled by the Capital Management Department, due to an error in the procedure.

In 2021, the two interaction Minutes were subscribed to:



To enable the functional relationship between EPM and Afinia, in accordance with the strategic guidelines of the process operation model proposed for the integration and management of the subsidiary.

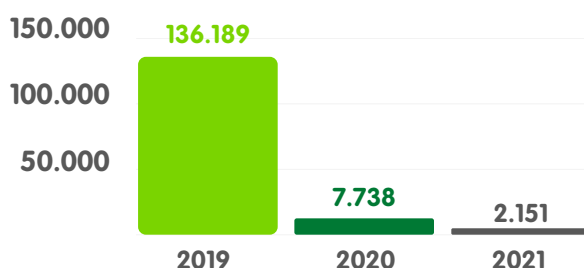


Enable the functional relationship between EPM and the energy subsidiaries in Colombia, in relation to the purchase process of electricity assets.

The following is a summary of the transaction agreements entered into between subsidiaries, in which EPM is not a party involved:



Intercompany Transaction Minutes (figures in millions of pesos)



Compared to the historical information published, the values are updated due to the fact that some minutes presented modifications. Additionally, in 2020 there is an increase with respect to the values published in the report for that year, because Emvarias reported a new transaction agreement signed with TICS Colombia, for the purpose of "Operation of the leachate treatment system, including corrective maintenance of equipment and other activities associated with the operation of the system" for COP 6,810 million.

During 2021, 11 transaction agreements were signed for COP 2,151 million, among which the following stand out:

aguas
nacionales

Fundación epm

Subscribed between Aguas Nacionales and the EPM Foundation for the purpose of "Rendering of services for the design of the programmatic offer of a recreational, educational, cultural, recreational and environmental nature in the Aguas Claras Grape", for COP 784 million.



Subscribed between EDEQ and CHEC S.A. E.S.P. for the purpose of "Mutual or Loan - Loan of 55km of covered aluminum cable", for COP 291 million.



Subscribed between EDEQ and CHEC S.A. E.S.P. for the purpose of "Construction and commissioning of the electric vehicle charging station located at the Tambo Jardín viewpoint in the municipality of Filandia, Quindío", for COP 278 million.

In addition, in 2021, the following 2 agreements were signed between international subsidiaries:



Enérgica

EEGSA and Enérgica S.A. for the purpose of "Execution of electrical installation and civil works necessary for the operation of electrical equipment, related to energy efficiency, electrical mobility and pilot projects for future business opportunities", with undetermined value.

IDEAMSA | CREDIEEGSA

IDEAMSA and CREDIEEGSA S.A. with object "Lease of sixty square meters, of property 730, folio 227, book 6 of old book, located in 6ta av. 8 - 14, zone one, municipality of Guatemala, department of Guatemala, specifically in level one" for value US 395.28.



Ownership structure of Grupo EPM



5. Ownership structure of Grupo EPM

The Grupo EPM, whose parent company is EPM, is a multi-Latin business group that, as of December 31, 2021, is comprised of 45 companies between affiliates and subsidiaries, with presence in Mexico, Guatemala, El Salvador, Panama, Chile and Colombia, with 7 businesses: Energy Generation, Energy Transmission, Energy Distribution, Gas, Water Supply, Wastewater Management and Solid Waste Management.





At the end of 2021, Grupo EPM's revenues amounted to COP 25,257 billion.



Grupo EPM's capital and ownership structure

Código País 33.3 – i. a); GRI 102-10

In 2021, the following novelties were presented in the ownership structure of the Grupo EPM:

- The equity interest in Aguas de Malambo S.A. E.S.P. is modified and EPM is left with an equity interest of 98.10% and EPM Inversiones S.A. is left with an equity interest of 0.47%.
- The equity interest in Proyectos de Ingeniería Corporativa S.A. de C.V. (Proinge) is modified and Corporación de Personal Administrativo S.A. de C.V. (CPA) is left with an equity interest of 0.06% and Tecnología Intercontinental S.A.P.I. de C.V. (TICSA) with 99.94%.

The ownership structure of Grupo EPM can be found in Annex 4 of this report.



See [Attachment 4: shareholder composition of the Grupo EPM.](#)



Corporate Governance in the acquisition of Afinia



In accordance with the diagnosis and plan for closing gaps in corporate governance defined for the subsidiary Afinia in 2021, several actions and deliverables were managed:

- Evaluation of governance bodies (Manager and Board of Directors).
- Adjustments to the bylaws in aspects related to corporate governance.
- Conflicts of interest manual and treatment of decisions in the Group's interest.
- Relevant information in accordance with the practice defined for the Group.
- Regulations of the Board of Directors.
- Follow-up on compliance with the typical agenda approved by the Board of Directors.

In addition, as part of the knowledge transfer activities and lessons learned in the management of the Board of Directors, the General Counsel of Afinia was integrated into the Colombian Subsidiaries Committee convened by the Corporate Governance Unit of EPM. In this committee, work was done on the Guide for the Management of the Boards of Directors of the Group's companies, as well as other relevant governance matters.

Regarding the Governance Agreement, advice was provided in the subscription of the minutes and support was provided for the formalization of the Interaction Act that enables the relationship between EPM and Afinia, in accordance with the strategic guidelines defined by EPM in its capacity as the parent company.



The stabilization stage of the operation in the subsidiary is also included in this stage. Likewise, in the aforementioned stage, the participation of the Corporate Governance Unit of EPM is maintained, which seeks to compile the governance practices adopted by the subsidiary in the Governance Code, consistent with the Group's definitions.



In general, during 2021, progress was made in the commitment to strengthen corporate governance in the subsidiary, and as an example of this, with the articulated effort between EPM and Afinia, various practices were implemented, maintaining a collaborative work by the Corporate Governance Unit of EPM and the General Secretariat of the subsidiary.


Grupo EPM shareholder agreements

Código País 33.3 i. f)

The following are the shareholders' agreements subscribed by EPM and in effect as of December 31, 2021.

Company	Parties involved	Date of signature	Synthesis
	<ul style="list-style-type: none"> • EPM • Millicom Spain S.L. (and other companies of the Millicom Group) • Institute of Sports and Recreation of Medellín (Inder) 	October 1, 2013	Relationship and commitments between shareholders. Establishes the special majorities of the Assembly and Board of Directors.
	<ul style="list-style-type: none"> • EPM • Government of Antioquia • Municipality of Apartadó • Municipality of Chigorodó • Municipality of Mutatá • Municipality of Turbo • Municipality of Carepa 	<p>December 1, 2006</p> <p>December 19, 2007</p>	Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of the company.

Company	Parties involved	Date of signature	Synthesis
	<ul style="list-style-type: none"> • Municipality of Carepa • EPM • Government of Antioquia • Municipality of Santa Fe de Antioquia • Municipality of Sopetrán • Municipality of San Jerónimo • Municipality of Olaya 	<p>December 1, 2006</p> <p>December 19, 2007</p>	<p>Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of the company.</p>
	<ul style="list-style-type: none"> • EPM • Government of Antioquia 	<p>December 2006 and December 27, 2007</p>	<p>It ensures that decisions in the company are made by a plurality vote of EPM and the Governor's Office of Antioquia.</p>
	<ul style="list-style-type: none"> • EPM • Municipality of Malambo • Community Action Boards of Malambo • Municipal Sports Institute • Malambo Hospital • Institute of Culture of Malambo 	<p>June 29, 2011</p>	<p>Conditions and framework for their participation as shareholders, taking into account the background and special considerations for the management and development of the regional aqueduct that constitutes the purpose of this company.</p>

Company	Parties involved	Date of signature	Synthesis
 HIDROECOLÓGICA DEL TERIBE, S.A.	<ul style="list-style-type: none"> • EPM • Administradora Serviagro S.A. • Consultores Asociados de Ingeniería S.A. • MacEnergy (Cayman) Ltda. 	November 6, 2003	Determine the basic conditions that will govern their relations within the company, as well as the establishment of the agreements required to exercise and fulfill their rights and obligations to achieve the complete execution of the project.
*After the merger of Aguas de Urabá S.A. E.S.P. and Regional Occidente S.A. E.S.P. in 2015, the shareholder agreements that existed in each of the merged companies are maintained.			



Note: the Afinia Shareholders' Agreement reported in the 2020 Corporate Governance Report is deleted from the list of Shareholders' Agreements of the Grupo EPM 2021, considering that such agreement was not subscribed by EPM.

Shareholders' meetings and partner relations

During 2021, ordinary meetings of the shareholders' assemblies of all the companies of the Grupo EPM were held, in these spaces the management reports of the Board of Directors and Management were presented, as well as the financial results at the end of the fiscal year, and the Board of Directors was also appointed for the period from March 2021 to March 2022. These meetings are par excellence the meeting space with the different partners of the Grupo EPM.

In order to strengthen trust with partners, Grupo EPM companies are committed to keep updated the section on the website of each subsidiary, enabled for the attention of this stakeholder group. In this way, transparency, access to information and communication channels are strengthened.

Código País 33.3 – v. b) c)



The stakeholder engagement plan Partners, had 100% compliance in 2021, largely thanks to the proposal of EPM's Corporate Governance Unit to standardize corporate governance issues in the respective sustainability or management reports of the national subsidiaries.



Management structure of Grupo EPM



6. Management structure of Grupo EPM

The administration of the Grupo EPM is exercised through its governing bodies: General Assembly of Shareholders, Board of Directors and General Manager of each subsidiary. These bodies must ensure the articulation of each of the companies with the vision of the business group.

Board of Directors Grupo EPM

The composition of the boards of directors of the subsidiaries responds to the relationship model established in the business group. Strategic factors are taken into account, the specific situation of each company, the level of involvement of the subsidiary with EPM and the knowledge of the plans drawn by the Grupo EPM for each business by the EPM executives that are part of the respective business, in search of the unity of purpose and direction that characterizes the business groups. Thus, as defined in the "Guide for the nomination of Boards of Directors of the Group's companies", the predominant profile of the members representing EPM is business, and business/financial in some cases.

GRI 102-18

The objective is to have administrative bodies that align the management of the companies with the unity of purpose and direction, while facilitating the implementation of the strategy and business plans outlined by the Parent Company, and to have a coordinated decision-making process and effective instruments to develop the principles of corporate governance that govern the Grupo EPM, oriented to the generation of value. The Boards of Directors have the mission of controlling compliance with the financial and ethical plans and standards.

In this way, the boards of directors have internal members who are part of EPM's governing body and do not receive additional remuneration for this function, and representatives of the partners who, for the most part, correspond to territorial entities.

Additionally, in some cases, EPM evaluates the relevance of nominating external members that provide diversity in the profiles of the boards of directors, provide experience in the local context for decision-making in the board and contribute to the strategic relationship of the business group in the territory, therefore, for the appointment of these members, it is intended to select people from the market of incidence of each of the companies.

The following table includes the composition of the Boards of Directors, Boards of Directors, Boards of Directors of the companies of the Grupo EPM for the period between March 2021 and March 2022:



Water and Sanitation

National Water and Sanitation Companies




Company	Position	Name	Category
	1	León Arturo Yepes Enríquez	Internal
	2	Valeria Restrepo Abad	Internal
	3	Santiago Wilches Yepes	Internal
	4	Representante Municipio El Retiro	Partner
	5	Representante Municipio El Retiro	Partner
	Alternate 1	Luisa María Pérez Fernández	Internal
	Alternate 2	Hemel Adolfo Serna Valencia	Internal
	Alternate 3	Juan Carlos González Ramírez	Internal
	Alternate 4	Representante Municipio El Retiro	Partner
	Alternate 5	Representante Municipio El Retiro	Partner
	1	Santiago Ochoa Posada	Internal
	2	Jorge Antonio Yepes Vélez	Internal
	3	Lady Johanna Ospina Corso	External
	4	Maritza Amparo Orrego Martínez	Internal
	5	Alcalde Municipio de Malambo	Partner
	Alternate 1	Jorge William Ramírez Tirado	Internal
	Alternate 2	Leon Arturo Yepes Enríquez	Internal
	Alternate 3	Silvio Triana Castillo	Internal
	Alternate 4	Valeria Restrepo Abad	Internal
	Alternate 5	Julio César García Fernández	Internal




National Water and Sanitation Companies

Company	Position	Name	Category
	1	Jorge William Ramírez Tirado	Internal
	2	Maria del Pilar Restrepo Mesa	Internal
	3	Leon Arturo Yepes Enríquez	Internal
	4	Luis Fredy Mejía Betancur	Internal
	5	Representante Departamento de Antioquia	Partner
	Alternate 1	Valeria Restrepo Abad	Internal
	Alternate 2	Jorge Antonio Yepes Vélez	Internal
	Alternate 3	Juan Carlos Restrepo Benítez	Internal
	Alternate 4	Santiago Wilches Yepes	Internal
	Alternate 5	Representante Departamento de Antioquia	Partner
	1	Luisa María Pérez Fernández	Internal
	2	Jorge Antonio Yepes Vélez	Internal
	3	Juan Carlos Castro Padilla	Internal
	Alternate 1	Jorge Alberto Cadavid Monroy	Internal
	Alternate 2	Silvio Triana Castillo	Internal
	Alternate 3	Juan Carlos González Ramírez	Internal

International Water and Wastewater subsidiaries

Company	Position	Name	Category
	1	Martha Lucía Durán Ortiz	Internal
	2	Alejandro José Jaramillo Arango	Internal
	3	Santiago Ochoa Posada	Internal
	4	Luisa María Pérez Fernández	Internal
	5	Gilberto Escobedo	External
	Alternate 1	Jorge Antonio Yepes Vélez	Internal
	Alternate 2	Juan Carlos Restrepo Benítez	Internal
	1	Santiago Ochoa Posada	Internal
	2	Álvaro García Hurtado	External
	3	Andrés Felipe Uribe Mesa	Internal
	4		
	5	Luisa María Pérez Fernández	Internal
	1	Santiago Ochoa Posada	Internal
	2	Luisa María Pérez Fernández	Internal
	3	Alejandro José Jaramillo Arango	Internal
	4	Andrés Felipe Uribe Mesa	Internal
	5	Carlos Mario Tobón Osorio	Internal






Solid Waste subsidiary company

Company	Position	Name	Category
	1	Daniel Arango Ángel	Internal
	2	Santiago Ochoa Posada	Internal
	3	Andrés Moreno Múnera	Internal
	Alternate 1	Dario Amar Flórez	Internal
	Alternate 2	Juan Carlos Castro Padilla	Internal
	Alternate 3	Andrés Moreno Múnera	Internal


Energy

Colombian energy subsidiaries

Company	Position	Name	Category
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Diego Humberto Montoya Mesa	Internal
	Alternate 1	Juan Rafael López Foronda	Internal
	Alternate 2	Fabio Andrés Rivera Barrera	Internal
	Alternate 3	Carlos Mario Jaramillo Duque	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Gilberto Saffón Arango	External
	4	Diego Humberto Montoya Mesa	Internal
	5	Gobernador de Caldas	Partner
	Alternate 1	Juan Rafael López Foronda	Internal
	Alternate 2	Alberto Mejía Reyes	Internal
	Alternate 3	Carlos Mario Jaramillo Duque	Internal
	Alternate 4	Juan Carlos Duque Ossa	Internal
	Alternate 5	Alcalde de Manizales	Partner
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Gobernador de Santander	Partner
	Alternate 1		
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Delegado del Gobernador	Partner
	1	Juan Felipe Valencia Gaviria	Internal
	2	Juan Carlos Duque Ossa	Internal
	3	Gobernador de Norte de Santander	Partner
	Alternate 1		
	Alternate 2	Jaime Alberto Villa Valencia	Internal
	Alternate 3	Carlos Mario Tobon Osorio	Internal
	1	Daniel Arango Ángel	Internal
	2	Martha Lucía Durán Ortiz	Partner
	3	Darío Amar Flórez	Internal
	4	Andrés Moreno Múnera	Internal
	5	Gabriel Jaime Betancourt Mesa	Internal
	Alternate 1		
	Alternate 2	Juan Carlos Castro Padilla	Internal
	Alternate 3	Alejandro José Jaramillo Arango	Internal
	Alternate 4	Juan Felipe Valencia	Internal
	Alternate 5	Jhon Jairo Celis Restrepo	Internal

International energy subsidiaries			
Company	Position	Name	Category
	1		
	2	Carlos Mario Tobón Osorio	Internal
	3	Eric Casamiquela	External
	Alternate 1	Diego Humberto Montoya Mesa	Internal
	Alternate 2	José Enrique Salazar Velásquez	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
 	1	Mario Alberto Naranjo Echeverri	Internal
	2	Daniel Arango Ángel	Internal
	3		
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4	Martha Lucía Durán Ortiz	Internal
	5	Maria del Carmen Aceña Villacorta	External



International energy subsidiaries			
Company	Position	Name	Category
GESA	1	Daniel Arango Ángel	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Carlos Mario Tobón Osorio	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
Crediegsa Energica Amea Ideamsa	1	Mario Alberto Naranjo Echeverri	Internal
	2		
	3	Darío Amar Flórez	Internal
	4		
	5	Maria del Carmen Aceña Villacorta	External
	Alternate 1	José Enrique Salazar Velásquez	Internal
	Alternate 2	John Jairo Celis Restrepo	Internal
	Alternate 3	Juan Rafael López Foronda	Internal
	Alternate 4	Juan Carlos Duque Ossa	Internal
	Alternate 5	Diego Humberto Montoya Mesa	Internal
	1	Daniel Arango Ángel	Internal
	2		
	3	Diego Humberto Montoya Mesa	Internal
	4	Federico Alfaro Boyd	Partner
	5	Julio Javier Caballero Decerega	Partner
ENSO	1		
	2	Alberto Mejía Reyes	Internal
	3	Maritza Amparo Orrego	Internal
	4	Luz Marina Escobar Arango	Internal
	5	Alvaro León Ospina Montoya	Internal



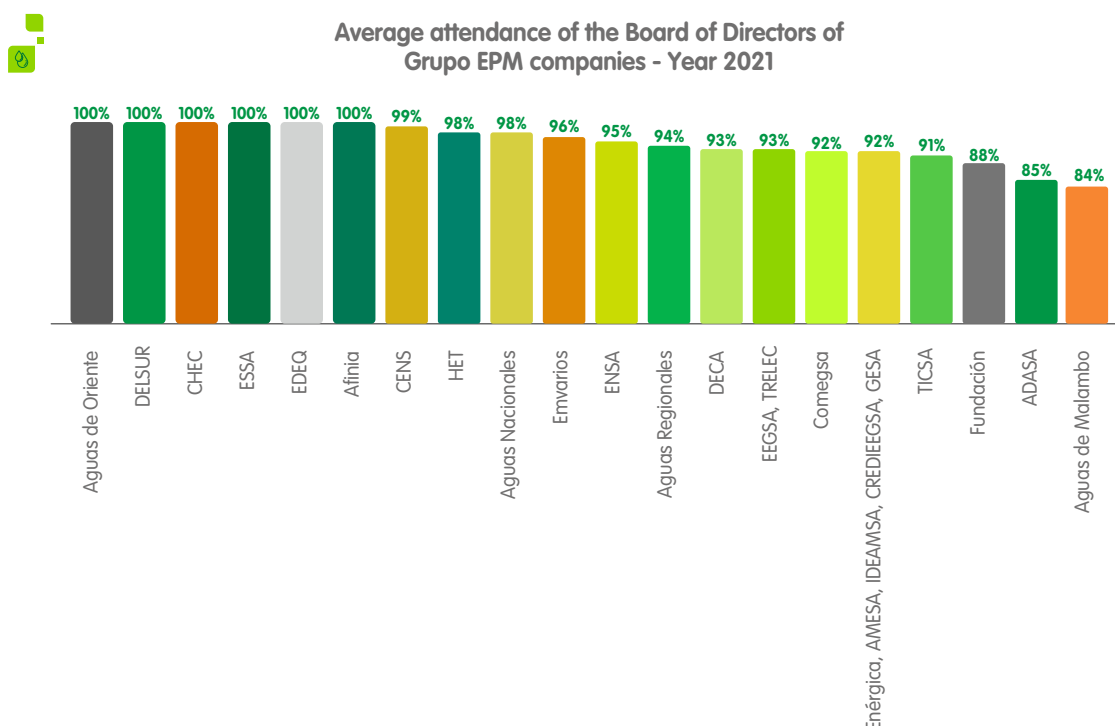
Investment vehicles and corporate ventures

Investment vehicles			
Company	Position	Name	Category
EPM Inversiones	1	Juan Carlos Castro Padilla	Internal
	2	Maritza Amparo Orrego Martínez	Internal
	3	Carlos Mario Giraldo Gómez	Internal
	Alternate 1	Ángela María Ocampo Carmona	Internal
	Alternate 2	Ángela María Loaiza Cortés	Internal
	Alternate 3	Juan Carlos Sampedro Tobón	Internal
EPM Latam	1	Carlos Mario Tobón Osorio	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Maritza Amparo Orrego Martínez	Internal
Panamá Distribución Group S.A.	1	Carlos Mario Tobón Osorio	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Maritza Amparo Orrego Martínez	Internal
epm [®] Chile	3	Carlos Mario Tobón Osorio	Internal
	4	Juan Carlos Castro Padilla	Internal
	5	Maritza Amparo Orrego Martínez	Internal
epm [®] México	1	Juan Carlos Castro Padilla	Internal
	2	Carlos Mario Tobón Osorio	Internal
	3	Maritza Amparo Orrego Martínez	Internal

Investment vehicles			
Company	Position	Name	Category
max seguros epm [®]	1	Andrés Felipe Uribe Mesa	Internal
	2	Martha Lucía Durán Ortiz	Internal
	3	Luis Alberto Botero Gutiérrez	External
promobiliaria [®]	1	Carlos Enrique Londoño Amariles	Internal
	2	Juan Carlos Castro Padilla	Internal
	3	Sebastián Méndez Agudelo	Internal
	4	Karoll García Vargas	External
	5	Carlos Arturo Díaz Romero	External
Fundación epm [®]	1	Mabel Rocío López Segura	Internal
	2	María Natalia García De Castro	External
	3	María Inés del Carmen Uribe Pabón	External
	4	Hugo Alexander Díaz Marín	Rep. Municipality
	5	Mónica María Ruiz Arbeláez	Internal
	Alternate 1	Jennifer Andree Uribe Montoya	Rep. Municipality
	Alternate 2	Irina Jaramillo Muskus	External

Attendance to the Board of Directors of the Grupo EPM

Below is the average attendance of the members of the Board of Directors of the Grupo EPM companies:



Typical agenda and calendar of the Grupo EPM's Board of Directors' meetings

GRI 102-31

As a good corporate governance practice and to promote the unity of purpose and direction of the Grupo EPM, the Corporate Governance Unit prepares each year the integrated calendar of the ordinary sessions of the boards of directors and assemblies of the subsidiaries and defines the typical agenda. In the Joint Meetings session of December 18, 2020, these instruments were approved for the year 2021, and during this period the respective follow-up was carried out. The 2021 Joint Meetings were held on December 3, 2021, and these instruments were approved for 2022.



The typical Board agenda for the Grupo EPM in 2021 had an average compliance for Colombian companies of 98% (energy subsidiaries of 99.7% and water subsidiaries of 97%) and for international companies of 99% (energy subsidiaries of 100% and water subsidiaries of 98%).

Evaluation of the Grupo EPM's Boards of Directors

Since 2014, the Grupo EPM has had a unified evaluation methodology for the Group's boards of directors, in order to know in detail the management of this body, the degree of compliance with the commitments assumed by each of its members and the value that their performance adds to each company. The governance codes implemented in 2020 in the Colombian subsidiaries include the provisions related to this practice.

Components evaluated:

1

Relationship of the Board of Directors with the company's management.

2

Performance and effectiveness of the Board of Directors as a collegiate body.

3

Role of the Chairman and Secretary of the Board of Directors.

4

Individual performance as a member of the Board of Directors.

5

Level of discussion and depth of topics by the Board of Directors.

6

Interaction and relationship between the parent company and the subsidiaries.

Additionally, and in order to strengthen the evaluations of the Boards of Directors and adopt best practices in this area, since 2017, the evaluation from the management perspective was implemented, with the purpose of evaluating the degree of alignment and interaction between the Management (Board of Directors) and the Administration (Senior Management).

Pilot - CHEC Board Evaluation

For the evaluation of the Board of Directors of CHEC for the 2021 fiscal year, a pilot was implemented with the purpose of strengthening the methodology and scope of the evaluation, but preserving the essence and the different components on which the Boards of Directors of the companies of the Grupo EPM have been evaluated.

The methodology incorporated evaluation elements based on the Conversational Capital model, and on the evaluation implemented by CHEC in previous years, and retained the structure of the analysis of the following components:



- Relationship of the Board of Directors with the Company's management.
- Performance and effectiveness of the Board of Directors as a collegiate body.
- Role of the Chairman of the Board of Directors.
- Individual performance as a member of the Board of Directors.

Likewise, the peer evaluation methodology was applied for the first time in the evaluation of CHEC's Board of Directors, with the support of an external firm and EPM's Corporate Governance Unit for the application and analysis of results.

The results obtained in the pilot evaluation of CHEC's Board of Directors are presented below, independently from the results of the other subsidiaries, since the methodologies are not comparable.

Conversational Capital Results


Under the perspective of Conversational Capital, it is identified that CHEC's Board of Directors has a high potential to accompany the Company's processes with sense and contribute from what each member of the body is, which allows internalizing the organizational flow. The percentage of presence shows the transition between resistance (difficulty to welcome the new) and adaptability (ability to allow the emerging future and contribute with an eye on a greater evolutionary purpose), which is typical of 3.0 organizations that focus their attention outside themselves.

There is also a tendency of the Board of Directors towards a willingness to contribute and open-mindedness, while retaining certainties and learned ways of operating.

The main challenge is to continue working to make room for the new, recognizing the lessons learned from the past, and being ready to act based on the desired future and focusing more on the well-being of the whole.

Results of the CHEC methodology by evaluated component

■ Averages greater than 91%
 ■ Averages between 91% and 84%
 ■ Averages equal to or less than 83%

	Components evaluated		
		2020	2021
1	Relationship of the Board of Directors with the Company's management	● 99%	● 94%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 94%	● 89%
3	Role of the Chairman and Secretary of the Board of Directors	● 92%	● 89%
4	Individual performance as a member of the Board of Directors	● 99%	● 84%
	Total average	● 96%	● 89%

Results of the self-assessments by component evaluated and by group of companies:





■ Averages greater than 91%
 ■ Averages between 91% and 84%
 ■ Averages equal to or less than 83%

	Components evaluated	Colombian water, sanitation and solid waste companies:									
		Aguas del Oriente		Aguas de Malambo		aguas regionales [®]		aguas nacionales [®]		enviarias [®]	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 78%	● 77%	● 87%	● 91%	● 98%	● 98%	● 89%	● 93%	● 83%	● 91%
2	Performance and effectiveness of the Board of Directors as a collegiate body.	● 87%	● 89%	● 92%	● 96%	● 97%	● 96%	● 98%	● 94%	● 93%	● 91%
3	Role of the Chairman and Secretary of the Board of Directors	● 92%	● 98%	● 98%	● 98%	● 98%	● 100%	● 100%	● 97%	● 97%	● 95%
4	Individual performance as a member of the Board of Directors	● 93%	● 93%	● 96%	● 97%	● 97%	● 98%	● 96%	● 99%	● 100%	● 97%
5	Level of discussion and depth of issues by the Board of Directors	● 83%	● 84%	● 88%	● 91%	● 95%	● 94%	● 90%	● 88%	● 81%	● 85%
6	Interaction and relationship matrix - affiliates	● 76%	● 77%	● 83%	● 91%	● 95%	● 90%	● 93%	● 100%	● 78%	● 91%
	Total average	● 85%	● 86%	● 91%	● 95%	● 96%	● 96%	● 94%	● 95%	● 89%	● 92%


● Averages greater than 91%
 ● Averages between 91% and 84%
 ● Averages equal to or less than 83%

	Components evaluated	International water, sanitation and solid waste companies:			
		Ticsa		aguas antofagasta	
		2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 93%	● 87%	● 95%	● 95%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 93%	● 92%	● 97%	● 96%
3	Role of the Chairman and Secretary of the Board of Directors	● 100%	● 93%	● 100%	● 98%
4	Individual performance as a member of the Board of Directors	● 100%	● 93%	● 100%	● 97%
5	Level of discussion and depth of issues by the Board of Directors	● 94%	● 88%	● 93%	● 93%
6	Interaction and relationship matrix -subsidiary companies	● 96%	● 89%	● 95%	● 85%
	Total average	● 96%	● 90%	● 97%	● 94%

● Averages greater than 91%
 ● Averages between 91% and 84%
 ● Averages equal to or less than 83%

	Components evaluated	Colombian energy generation, distribution, transmission and commercialization companies:							
									
		2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 99%	● 98%	● 99%	● 97%	● 97%	● 99%	● 88%	● 74%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 99%	● 98%	● 99%	● 99%	● 97%	● 99%	● 92%	● 81%
3	Role of the Chairman and Secretary of the Board of Directors	● 99%	● 100%	● 100%	● 99%	● 98%	● 97%	● 86%	● 83%
4	Individual performance as a member of the Board of Directors	● 99%	● 98%	● 98%	● 99%	● 96%	● 99%	● 99%	● 90%
5	Level of discussion and depth of issues by the Board of Directors	● 97%	● 95%	● 96%	● 94%	● 95%	● 93%	● 89%	● 74%
6	Interaction and relationship matrix - affiliates	● 98%	● 100%	● 97%	● 93%	● 90%	● 87%	● 89%	● 87%
	Total averagel	● 98%	● 98%	● 98%	● 97%	● 95%	● 96%	● 91%	● 82%

● Averages greater than 91%
 ● Averages between 91% and 84%
 ● Averages equal to or less than 83%

	Components evaluated	International energy generation, distribution, transmission and commercialization companies:							
		Deca II		DELSUR		ENSO			
		2020	2021	2020	2021	2020	2021	2020	2021
1	Relationship of the Board of Directors with the company's management	● 93%	● 93%	● 96%	● 96%	● 97%	● 98%	● 98%	● 98%
2	Performance and effectiveness of the Board of Directors as a collegiate body	● 95%	● 95%	● 95%	● 96%	● 98%	● 98%	● 98%	● 98%
3	Role of the Chairman and Secretary of the Board of Directors	● 98%	● 97%	● 100%	● 100%	● 95%	● 93%	● 100%	● 100%
4	Individual performance as a member of the Board of Directors	● 97%	● 94%	● 100%	● 99%	● 99%	● 99%	● 98%	● 98%
5	Level of discussion and depth of issues by the Board of Directors	● 94%	● 91%	● 94%	● 95%	● 98%	● 95%	● 91%	● 96%
6	Interaction and relationship matrix - affiliates	● 93%	● 89%	● 95%	● 88%	● 96%	● 96%	● 100%	● 100%
	Total average	● 95%	● 94%	● 97%	● 96%	● 97%	● 96%	● 98%	● 98%

General conclusions

For the year 2021, the self-evaluations of the Boards of Directors of the Group's companies continued to show positive results, considering that most of them had the participation of new members.

Additionally, although the conditions imposed by COVID-19 did not allow a face-to-face relationship among the Board members, discussions and conversations took place in an environment of respect for each other and always acting in favor of the Company. There was objectivity among the members, which facilitated discussion and decision making as a collegiate body.

The behaviors evaluated were as expected for the development of the functions of these governing bodies and, in general, their management during the year 2021 was adequate, however, the members of the boards of directors agree that the virtuality has not favored a closer relationship. It is expected that in 2022 the number of face-to-face sessions will increase, as approved in the integrated calendar of Boards of Directors for 2022.

The governing bodies (Board of Directors and Administration) have always been characterized by their commitment as collegiate bodies, by the fulfillment of their legal duties, the confidentiality of confidential information, independence and objectivity in decision making, by their active participation, as well as by their strict compliance with the Internal Regulations of the Board of Directors. The performance of the role of the presidents and secretaries of the Boards of Directors is also highlighted.

The component "Interaction and relationship between parent company - subsidiaries", which accounts for the knowledge of the boards of directors about the guidelines for interaction between the governing bodies, the expectations and guidelines of the Group and corporate governance practices, in general, obtained lower results compared to 2020. EPM will provide the necessary spaces in order to provide the clarity that must be had regarding the relationship and the communication channels that are created in EPM, in order to ensure that the achievement of the objectives of the companies of the Grupo EPM is adequately supported; additionally, having external members in the Board of Directors means paying greater attention to permanently disseminating the interaction guidelines and expectations of the Grupo EPM.

Strengthening plan

The results of the evaluation of each Board of Directors are the basis for establishing a plan to strengthen its management.

In order to define the strengthening plan, at the meeting of each Board of Directors scheduled by typical agenda, a space for dialogue is created between the members of this body and the Administration. This plan is built and validated at this meeting and the Secretary of the Board is responsible for following up on its implementation.



The strengthening plan seeks to:

- Promote a systematic reflection by the Board on its own management and that of the Administration, in order to establish comprehensive improvement plans.
- Align the management of the Administration with the expectations of the Board of Directors.
- Contribute to the cohesion of the collegiate body and the generation of trust among its members.

The typical agenda of the subsidiaries of the Grupo EPM establishes the dates on which the implementation of this plan must be followed up.

Remuneration of the Boards of Directors of Grupo EPM companies

GRI 102-36

In Grupo EPM, external members and representatives of the partners are recognized for attending the meetings of the Board of Directors and the committees in the companies that have them. EPM officers who act as members of the Board of Directors in the companies of Grupo EPM do not receive remuneration for such management.

Amount paid by each affiliate per session attended and frequency of regular sessions:

GRI 102-35.



Company	Value per assisted session	Currency	Frequency of periodic meetings
Water companies			
 Aguas del Oriente	1 SMMLV*	COP	Monthly
 Aguas de Malambo	1 SMMLV	COP	Monthly
 aguas nacionales®	1.5 SMMLV	COP	Monthly
 aguas regionales®	1.5 SMMLV	COP	Monthly
 emvarias®	1.5 SMMLV	COP	Monthly
 aguas antofagasta	55	UF**	Monthly
 Ticsa	1,800	USD	Monthly
Power Companies			
 chec	2 SMMLV	COP	Bimonthly
 edeq	2 SMMLV	COP	Bimonthly
 ESSA	2 SMMLV	COP	Monthly
 CENS	2 SMMLV	COP	Monthly
 afinia	3 SMMLV	COP	Monthly
 Deca II  comegsa	2,000	USD	Monthly
 EFESA  TREC			
 DELSUR	1,600	USD	Bimonthly
 ENSA	2,000	USD	Bimonthly

*SMLMV – Minimum Legal Monthly Minimum Wage in Force (Colombia).
 **UF - Unidad de Fomento (Chile). 1 Chilean Unidad de Fomento is equal to 39.65 US dollars.

In compliance with the Corporate Governance Code, the amount that each company paid during 2021 for fees and/or benefits (per diems) to the members of their respective boards of directors is detailed below:

Remuneration of the Board of Directors Grupo EPM		
Company	Currency	Frequency of regular meetings
 Aguas del Oriente	COP	21,804,624
 Aguas de Malambo	COP	9,993,786
 aguas nacionales	COP	-
 aguas regionales	COP	4,042,282
 emvarias	COP	21,804,624
 aguas antofagasta	UF	22,244,714
 Ticsa	USD	8,800
 chec	COP	54,566,874
 edeq	COP	3,234,352
 ESSA	COP	19,987,572
 CENS	COP	10,814,700
 afinia	COP	21,804,624
 Deca II  comegsa	USD	48,165
 eeqsa  trelec	USD	22,676,92
 DELSUR	USD	22,676,92
 ENSO	USD	54,420

Managers of Grupo EPM companies

In 2021, the following new developments occurred in the **management of the Group's companies**:



Santiago Villegas Yepes, Manager of CHEC as of January 4, 2021.



Vivian Cecilia Puerta Guerra, Executive Director of the EPM Foundation as of May 13, 2021.



Javier Alonso Lastra Fuscaldo, General Manager of Afinia as of August 19, 2021.



Hernán Alexander García Henao, General Manager of Aguas de Oriente as of November 2, 2021.

The following is a list of the **leaders that make up the Grupo EPM's management team**:

Subsidiary	Name	Position	Seniority in Grupo EPM (years)
 Aguas del Oriente	Hernán Alexander García Henao	CEO	14,52
 Aguas de Malambo	Walther Darío Moreno Carmona	CEO	6.17
 Aguas Regionales	Hernán Andrés Ramírez Ríos	CEO	4.49
 Aguas Nacionales	Henry Parra Molina	Chairman	12.12
 Emvarias	Paula Andrea Zapata Uribe	CEO	1.20

Subsidiary	Name	Position	Seniority in Grupo EPM (years)
	Carlos Mario Méndez Gallo	CEO	30.15
	Juan Carlos Restrepo Perea	CEO	10.51
	Vacante	Legal Representative	0.00
	Jorge Iván Grisales Salazar	CEO	31.50
	Santiago Villegas Yepes	CEO	12.54
	Mauricio Montoya Bozzi	CEO	5.59
	José Miguel González Campo	CEO	5.14
	Javier Alonso Lastra Fuscaldo	CEO	0.37
	Mario Alberto Naranjo Echeverri	Country Director	25.76
	Carolina Alexandra Quintero Gil	CEO	15.48
	Esteban Barrientos Moreno	CEO	13.74
	Oscar Armando Restrepo Posada	Head of Captive	8.08
	Vivian Cecilia Puerta Guerra	CEO	0.64
	Nelson Armando Ramírez Gallo	CEO	1.50
	Carlos Mario Tobón Osorio	Legal Representative (EPM employee)	27.57



Each year, aligned with the strategic objectives, performance commitments are defined for the managers of the Grupo EPM companies. Their purpose is to promote and emphasize the main value levers of the business, generate cohesion and coherence in the actions of the entire company and outline a basic roadmap of what is expected from each subsidiary and its management, taking into account their particularities and priorities.

The approval of such performance commitments is carried out in a very important space for the Grupo EPM, called "Joint Meetings of the Grupo EPM companies", where the three governing bodies of the subsidiary companies meet:

- Ownership, represented by the Manager of Grupo EPM and by representatives of some of the partners.
- Management, represented by the boards of directors.
- Management, represented by the managers.

Grupo EPM Executives Meeting

Since 2014, the Grupo EPM's management team, made up of EPM's vice presidents and the managers of the Colombian and international operating and corporate subsidiaries, led by EPM's CEO have been meeting periodically with two fundamental objectives:

- Create a shared vision of the Grupo EPM.
- Empower company managers as leaders of the business group.

Each meeting addresses a specific topic aligned with the strategic moment of the Grupo EPM, which strengthens the unity of purpose and direction.





In 2021, the **Grupo EPM Executives Meeting** was held on September 9 and 10 in person and was attended by 40 executives, including managers from Colombian and international subsidiaries, and first and second level vice presidents of EPM.



Grupo EPM Executives Meeting

Topics covered:

Day 1: Context of each of the subsidiaries, and the most relevant challenges for the short, medium and long term.

Day 2: Adjustment to the Grupo EPM strategy dimension, with the following subtopics:

- Classification of information Law 1712 of 2014.
- Grupo EPM management focuses.
- Grupo EPM integrated planning macro-process.
- Integrated planning cycle schedule 2021.
- Business architecture.
- Sustainable development model and strategy.
- Grupo EPM Sustainability Model.
- Strategy dimension.
- Grupo EPM business environment.
- New business paradigm for Grupo EPM.
- Work fronts of the adjustment to the strategy.
- Corporate strategy.
- Competitive and functional strategies.
- Map of corporate strategic objectives.
- Management focus initiatives.
- Growth horizons.
- Harmonization of strategy with corporate architecture.
- Cultural evolution focus.
- Summary of the fit with the strategy dimension.



Evaluation of Grupo EPM Managers

As part of the cultural evolution of the Grupo EPM, changes have been made since 2020 in the Human Talent Management Policy, and in the Human Development, Competencies and Performance Management models, which are benchmarks for the Group's companies and are incorporated in the human talent processes and practices. In this sense, in the year 2021 the performance assessment of the Group's CEOs was updated, with the objective of identifying the strengths and opportunities for improvement that each manager has to face the challenges and challenges in each organization.

The leaders of the Grupo EPM are the first to be called upon to recognize their potential, their skills, their leadership and to implement concrete actions that allow them to be an example for the people who make up the companies they lead.

In general terms, the purpose of the evaluation of managers is to align the expectations regarding their management based on quantitative and qualitative results (behaviors and management style) and to identify their strengths and opportunities for improvement, in order to promote actions that enhance their leadership and generate value to the Organization.

The unified methodology for this exercise consists of a multi-source tool that allows assessing the descriptors associated with four generic competencies and two managerial competencies defined for the Grupo EPM:

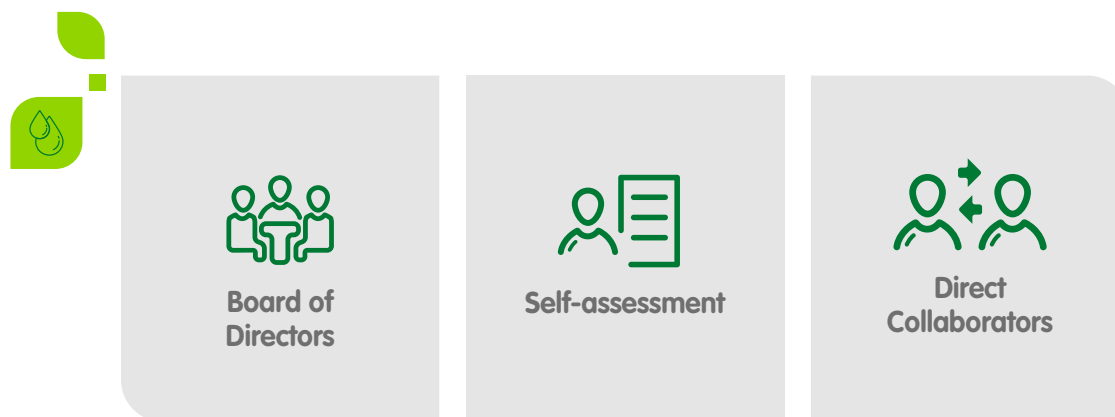
Generic Competencies

- Conscious personal leadership
- Connection with the purpose
- Proactivity to incorporate the future
- Collaborative creation

Management Competencies

- Empathy for evolution
- Perspective and dynamism

And the next is the **group of evaluators**:



Strengthening plan

The results of the evaluation are delivered at the February meeting of the Board of Directors of each subsidiary and are based on the following scale:

- In development
- Consistent
- Outstanding

This rating is part of each manager's goals and is called *Managerial Style indicator*, and in companies that have variable compensation, it registers a weight within their annual bonus.

Based on the results obtained in this evaluation exercise, a strengthening plan is defined for the manager and a public statement about his or her management that is part of the annual Management Report of the respective company.



Remuneration of Grupo EPM's management team in Colombia

In compliance with the Grupo EPM's Code of Governance, the amount for salaries and benefits paid during 2021 to the CEO and to the persons who are part of the first reporting level in the organizational structure of the Colombian subsidiaries is detailed below:

Remuneration of management team Grupo EPM (in COP millions)	
Subsidiary	Total paid 2021
 Aguas del Oriente	201,828,612
 Aguas de Malambo	465,168,325
 aguas nacionales	699,865,676
 aguas regionales	958,455,123
 enviarías	1,892,793,783
 chec	2,964,287,667
 edeq	1,915,780,513
 ESSA	3,395,204,520
 CENS	2,461,681,812
 afinia	3,795,135,482
Fundación  epm	1,275,874,699



Corporate Governance Measurements



7. Corporate Governance Measurements

Código País

On January 28, 2022, within the deadline established by the Financial Superintendency of Colombia, EPM transmitted the Corporate Best Practices Implementation Report of the Código País Survey, corresponding to the period between January 1 and December 31, 2021. For this period, 78% of the 148 recommendations of the survey were reported as complied with.

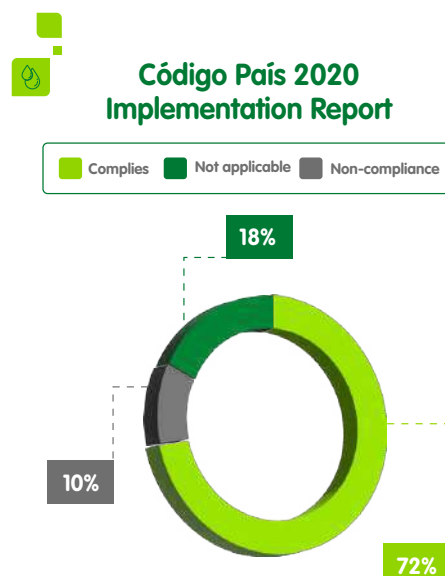
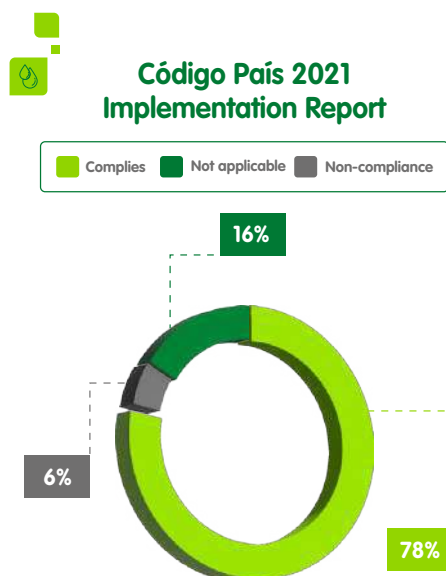
As required by the Financial Superintendence of Colombia, EPM retransmitted on June 11, 2021, the Implementation Report of the Código País Survey corresponding to the period between January 1 and December 31, 2020. For this period, 72% implementation was reported.

This shows an additional compliance of 6% of the recommendations in 2021 with respect to the 2020 report.

The answers to the survey explain the corporate governance practices adopted and applied by EPM during each period.

The recommendations that were not implemented are due to reasons of size, structure or particular moment of the company, while the recommendations whose implementation does not apply are associated with the legal nature of the Company.





 [The report of this survey is published here](#)

Corporate transparency

EPM participates in the Corporate Transparency Measurement—Utilities Chapter—, promoted by Corporación Transparencia por Colombia. The general objective of the measurement is, through the identification of corruption risks, to improve transparency and anti-corruption standards to strengthen corporate management. This is a tool that identifies institutional designs and practices that generate corruption risks and promotes the formulation and execution of improvement actions.

The Corporate Transparency Measurement consists of four components: clear rules, openness, dialogue and control.

EPM participates since 2008 in the Corporate Transparency Measurement, the results obtained with the measurements performed in EPM and the Colombian water and energy subsidiaries have reflected the commitment as a business group with this important practice and become a stimulus for continuous improvement and strengthening of the corporate integrity system. In 2021 the Measurement was not applied, however, EPM remains committed to the incorporation of transparency practices in its management and participation in the measurement processes carried out.

Investor Relations Recognition (IR)

For the 2021 fiscal year, as has been the case since 2013, EPM received the Issuer Recognition - IR - granted by the Colombian Stock Exchange (BVC), given the importance for the markets to have sufficient and timely information for investment decisions. This recognition promotes among issuers the adoption of best practices in disclosure of information and investor relations (Investor Relations, IR).⁵

AquaRating Report on Corporate Governance

In 2021 the AquaRating measurement report was generated for EPM, corresponding to the 2020 period. The AquaRating model is based on an international standard for the characterization and evaluation of companies, through management indicators and the application of practices in eight areas that integrate the different processes of its value chain, one of which is corporate governance.



⁵ https://www.bvc.com.co/pps/tibco/portalbvc/Home/Empresas/IR/Empresas_IR?action=dummy





EPM obtained an overall score of 77.06 in the corporate governance component in 2020, which is broken down into the following specific results:

- Provider autonomy and responsibilities with 57.14 points.
- Decision-making processes and accountability with 63.75 points.
- Transparency and control with 100.00 points.

The main opportunities for improvement in corporate governance for EPM, according to the measurement, are the autonomy of EPM in the management of matters related to the acquisition of national debt, remuneration and staffing of personnel, procurement of goods and services, selection of members of the Board of Directors and the general manager, and the powers and responsibilities assigned to the Board of Directors.

Credit risk rating

Regarding credit risk ratings, EPM in 2021 continued with its practice of informing risk rating firms in a broad and timely manner about relevant facts, in order to transparently provide them with the necessary elements for their decision making and thus maintain confidence in the Company.



In 2021, Fitch Ratings placed EPM's risk rating at "BB+" in international scale and "AAA" in national scale, both in negative observation, while Moody's maintained the international rating at "Baa3" level with negative outlook.

With respect to the Colombian subsidiaries and the ADASA subsidiary in Chile, their ratings were positive and sustained:

AAA



ESSA

afinia

chec

AA+

emvarias®

A

aguas
regionales®

AA-

aguas
antofagasta

Note: local rating in Chile.

BBB

ENSO

Note: Maintains its international investment grade with a stable outlook.





Investor relations



8. Investor relations



EPM maintained its transparency practices before the national and international financial markets, complying with the timely delivery of the Company's updated information. Some of the most representative practices in this regard are: the quarterly financial results teleconferences (four per year in both languages: Spanish and English), the Annual Investors Meeting, the web portal for investors (Spanish and English version) and the permanent attention to local and international investors through different channels (mailbox, teleconferences, calls).

Relevant information

EPM is an issuing entity because it participates in the Colombian public securities market, through the issuance of bonds and commercial papers. Given the foregoing, it must inform investors and the market in general of the relevant facts of the Company and its business group, and provide access to timely, truthful, sufficient, complete and easily understandable information on its financial and non-financial situation; in order to provide equitable treatment, generate relationships of trust and facilitate the decision making of its investors and other stakeholders.

In a complementary manner, and in line with good practices in transparency and disclosure of information, in the year 2021 the Board of Directors of EPM approved the Information Disclosure Policy.



During 2021 EPM made **107 reports of relevant information**, which includes financial and non-financial information.

On the website of the Superintendencia Financiera de Colombia (www.superfinanciera.gov.co/jsp/61446) you can consult the relevant information reports made by EPM in 2021.

Credit operations

In December 2021, EPM and IDB Invest agreed on the voluntary prepayment of the total amount of the loan granted to EPM in December 2017 for the financing of the future Ituango hydroelectric power plant, and whose total outstanding balance as of December 22, 2021 was USD 450 million.

The loan was repaid with available resources in the Company's cash, maintaining a positive level of liquidity, and without affecting the operation and continuity of the investments required both by the project, as well as by the other projects currently being developed in EPM.

This voluntary prepayment operation was developed in response to the priority given by EPM to honor all its financial obligations, to its financial capacity and to the integral preservation of the long-term relationship of the two institutions.





Corporate Governance Planning



9. Corporate Governance Planning

Each year the Board of Directors of EPM approves the **“Corporate Governance Plan”**, which consolidates the initiatives to be developed to maintain a constant evolution of corporate governance. This practice has been voluntarily implemented since 2006.

The plan includes activities to be carried out by different departments of EPM to improve the relationship between the governing bodies of the Company and the Group, in addition to strengthening the General Framework of Corporate Governance of the Grupo EPM.



See Attachment 1: General Framework of Corporate Governance of the Grupo EPM.

Follow-up to the Corporate Governance Plan 2021


During 2021, the schedules of the plan’s initiatives were defined, their scope was reviewed and the Corporate Governance Unit periodically monitored compliance with the planned activities, which facilitated compliance. Likewise, in September, the Management Committee of EPM’s Board of Directors followed up on the plan.



Follow-up to the Corporate Governance Plan 2021

N.	Emphasis/Plan Issues	% Planned progress	% Progress executed and compliance
1	Strengthening property management	100 %	100 %
2	Strengthening of the Grupo EPM's governing bodies	100 %	79 %
3	Strengthening intragroup relations	100 %	85 %
4	Strengthening the framework for action Governance Model and its relationships	100 %	100 %

 % Planned

 Compliance equal to or greater than 95%

 Compliance between 75% and less than 95%

 Compliance below 75%



In reference to the 79% compliance in the emphasis **“Strengthening of Governance Bodies of the Grupo EPM”**, there were gaps in the initiative “leading the corporate governance front of Afinia”, due to the fact that progress was made in the proposal of the Governance Code of the subsidiary in the stabilization of the operation and it is pending to be submitted for approval of the Board of Directors. There were also gaps in the initiative “to analyze the corporate governance instruments for the Grupo EPM board nomination guide”, because the proposed guide was validated with the Head of the Governance Unit and the General Secretary of EPM, and the review with the CEO of EPM was pending.



Regarding the 85% compliance in the emphasis **“Strengthening of intra-group relations”**, there were gaps in the initiative “to sign an interaction agreement with water and international energy subsidiaries”, due to the fact that the agreement and the proposal to update the guide were drafted and legal observations were addressed. However, the corporate legal area requested adjustments that coincided in time with the need to migrate the system that enables the minutes of the Government Agreement, which is why the update of the guide was articulated with such migration.

In addition, there were gaps in the initiative that seeks to define the Policy of Operations with Related Parties, due to the fact that the policy and guidelines were designed as annexes to the Governance Code; likewise, it was presented to the Corporate Core Committee in EPM, it was socialized in the Governance Committee of Colombian subsidiaries and it was sent for review to all the general secretaries of both Colombian and international companies. However, in the primary group of the Vice-Presidency of Legal Affairs of EPM, they requested to make adjustments to the guidelines previously presented to the Board of Directors of EPM. It is expected to be approved by the Board of Directors in 2022.



Achievements and progress



Analysis of the participation of office secretaries of the Municipality of Medellín in the committees of the Board of Directors of EPM, which was included in the proposal to reform the Regulations of the Board of Directors of EPM to be submitted for approval of said body in the first half of 2022.



Comprehensive review of EPM's Board of Directors' committees and preparation of a proposal to reform the regulations with the respective improvement actions.



Documentation of the onboarding methodology for the members of the Board.



Approval of the Information Disclosure policy and guidelines that meet Código País' recommendations.



Proposed business rule and guideline to amend internal circular 1553 of 2018, given the update of Decree 2555 of 2010 of the Ministry of Finance and Public Credit, regarding disclosure of information by issuers of securities.

The following progress was made in the initiatives proposed to strengthen the control environment:



Measurement of the ethical climate in EPM, survey addressed to 7,685 employees, with a response rate of 76.53%.

Achievements and progress

Grupo•epm



Presentation to the Colombian subsidiaries of the proposal of Corporate Governance issues to be included in the management reports for Shareholders' Meetings.



Strengthening of Corporate Governance in Guatemala, deliverables were obtained such as: Governance Model that includes RACI Matrix - Responsible, Approved, Consulted and Informed - and the mechanism for disagreement resolution and mandate scheme: Regulations of the Board of Directors.



Strengthening Corporate Governance in Afinia, deliverables were obtained such as: evaluation of the manager and the Board, transfer of knowledge of corporate governance practices through the participation of the general secretary of the subsidiary in the Corporate Governance Committee of the Colombian subsidiaries, Board of Directors Regulations, Manual of conflicts of interest and treatment of decisions in the interest of the Group, adoption of the practice of relevant information, follow-up of compliance with the typical agenda of the Board, among others. Likewise, progress is being made in the proposal of the Governance Code.



Proposal and validation by the General Secretariat of EPM of the Guide for the nomination of Boards of Directors of the Grupo EPM.



Progress is being made in the interaction act and in updating the guide of the Governance Agreement with the water and international energy subsidiaries, an issue that will be articulated with the migration of the Governance Agreement to the Ariba information system.



Proposal of policy and guidelines regarding operations with related parties to be incorporated into the Governance Code, which meets the recommendations of the Código País, which is awaiting legal feasibility.



Documentation of the Corporate Governance planning methodology.

With regard to the initiatives proposed to strengthen the control environment, the following progress was made:



Measurement of ethical climate in Colombian subsidiaries. EPM provided the mechanism to measure the ethical climate in each of the water and energy operating subsidiaries in Colombia, and it was confirmed that the measurement was carried out in the second half of 2021.



The mechanisms that EPM's parent company has for measuring the ethical climate were made available to the international operating subsidiaries, and support was provided where there is evidence of the measurement in TICSA and EEGSA, complying with the goal of accompanying at least two international subsidiaries in the measurement of the ethical climate.



Updating of the Business Conduct Manual in the companies of the Grupo EPM. The update was achieved in the subsidiaries in Colombia, and in the international subsidiaries TICSA, DELSUR, EEGSA, ENSA and ADASA.

Corporate Governance Plan 2022 - 2025

Based on an analysis of multiple sources, the Corporate Governance Plan 2022 - 2025 was designed, which consolidates a long-term vision and includes the initiatives of the Grupo EPM to maintain the constant evolution in this matter. The Plan was approved by the Board of Directors of EPM as part of the Company Plan 2022 - 2015, in session of December 13, 2021 (Act N°1730).

1 Strengthening property management	
1	Define corporate governance matters to be included in management reports for shareholders' meetings.
2	Propose methodology to the municipality of Medellín for evaluation of the Framework Relationship Agreement.
3	Verification of requirements for the appointment of members of the Board of Directors.
4	Adoption of best management practices (Redefine the process for appointing and removing the general manager).
5	Presentation of a proposal of procedure for the modification of the corporate purpose: <ul style="list-style-type: none"> Analyze implementation in other government instruments. Proposed annexed Framework Relationship Agreement.
6	Relationship management in the electoral cycle (opening of information) and splicing.
7	Work plan of the Management Committee for the governing bodies, due to a change in the representation of EPM's ownership.
8	Evaluate the feasibility of defining and implementing the majority shareholder declaration.



Subsidiaries: national and international companies or subordinate companies of the **Grupo EPM.*

2 Strengthening of the governing bodies of the Grupo EPM companies

1	Update corporate governance codes in subsidiaries.
2	Formation of EPM Board Committees.
3	Board of Directors Minutes (procedure for approval and signing of minutes).
4	Specialized advice Corporate Governance
4.1	Clarify the role of the Chairman of the Board of Directors of EPM and evaluate the need to establish the position of Vice-Chairman of the Board.
4.2	Structuring the board policy of the Group's subsidiaries.
4.3	Evaluate the feasibility of defining and implementing a peer evaluation methodology for the Board of Directors in EPM and subsidiaries.
5	Evaluate the feasibility of defining a methodology or policy for management succession planning in subsidiaries and the nomination and removal process.
6	Complement the independence criteria for members of EPM's Board of Directors.
7	Review management evaluation methodology.
8	Structure a succession policy for senior management.
9	Define methodology for evaluation of strategic committees (Core and Management).
10	Updating EPM Foundation's bylaws and corporate governance practices.
11	Review governance models in subsidiaries.
12	Lead the implementation of mechanisms for the resolution of conflicts between governing bodies.
13	Analyze the corporate governance instruments for the Grupo EPM's board nomination guidelines.
14	Structure a succession policy for senior management.

■ 2022
 ■ 2023
 ■ 2024
 ■ 2025

**Subsidiaries: national and international companies subordinated to Grupo EPM.*

3 Strengthening intragroup relations

- | | |
|---|--|
| 1 | Define policy with respect to transactions with related parties. |
|---|--|

4 Strengthening the framework for action, governance model and its relationships

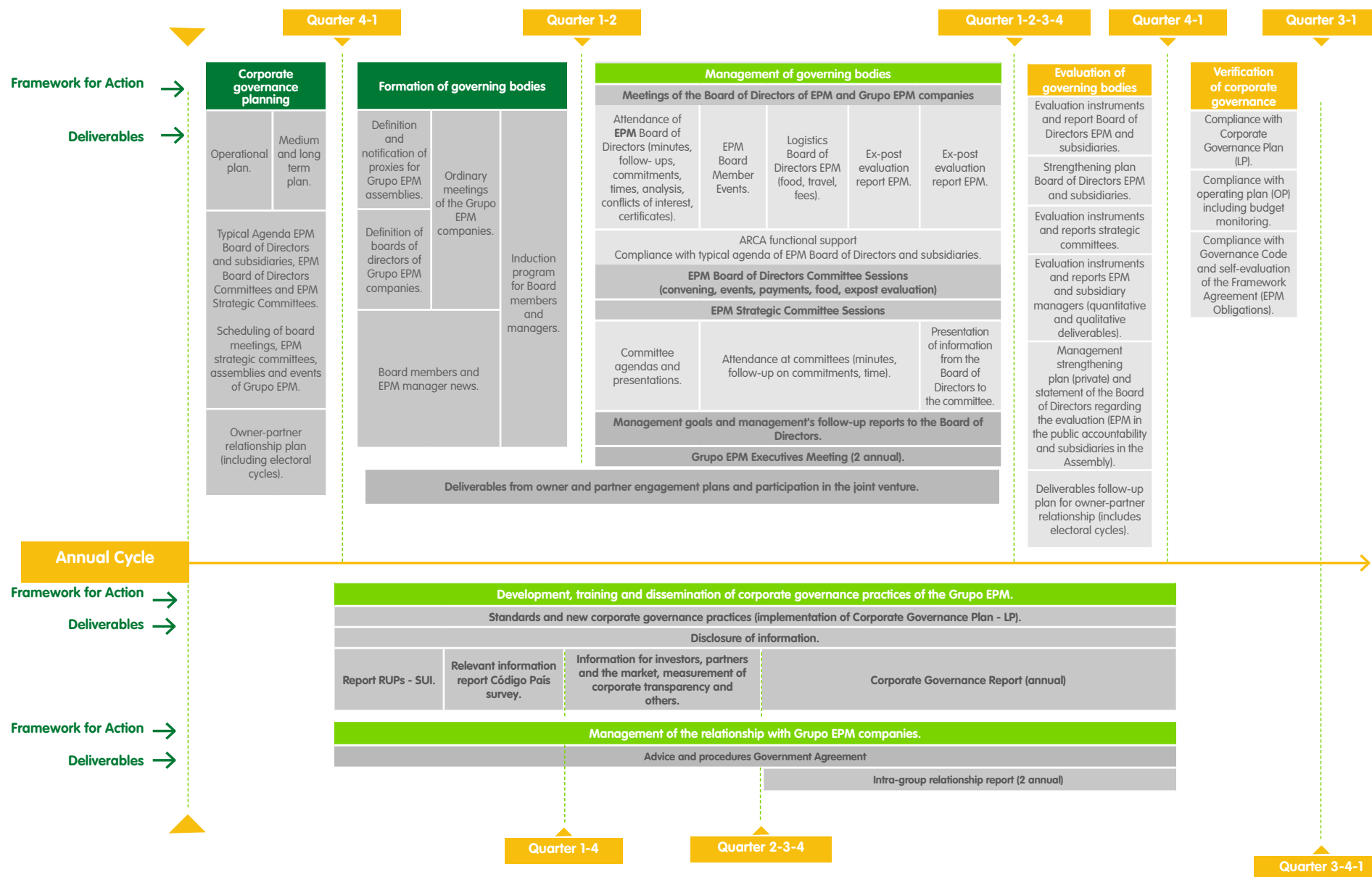
- | | |
|-----|---|
| 1 | Attention SuperFinanciera de Colombia requirements (Código País): <ul style="list-style-type: none"> • Meeting with SFC. • Código País work plan. • Documentary management consultation. |
| 2 | Structuring a scorecard of corporate governance indicators and follow-up mechanisms. |
| 3 | Review ESG (Environmental, Social and Corporate Governance) standard to incorporate improvements in the Governance Report. |
| 4 | Corporate governance document management review (including document retention tables). |
| 5 | Specialized advice on corporate governance. |
| 5.1 | Conduct corporate governance training program (general public, governing bodies). |
| 6 | Initiatives to strengthen the control environment. |
| 7 | Lead the implementation of the ARCA information system in the Colombian subsidiaries. |
| 8 | Document work on standards and new corporate governance practices (execution of Corporate Governance Plan - CP). |
| 9 | Implement corporate governance evaluation proposal. |
| 10 | Disclosure of corporate governance practices. |
| 11 | Review, harmonize and update the different corporate instruments. |
| 12 | Once the annexes to the Framework Relationship Agreement have been approved, make the corresponding modifications to the Corporate Governance Code. |

■ 2022
■ 2023
■ 2024
■ 2025

**Subsidiaries: national and international companies or subordinate companies of the Grupo EPM*

Corporate Governance Unit Operating Plan 2021

Consolidates the recurring deliverables of the annual cycle, in accordance with the Performance Framework and corporate governance practices of the Grupo EPM (see Annex 1: General Corporate Governance Framework of the Grupo EPM).



The results of the follow-up of the operating plan are detailed in this report.



Accountability

SUSTAINABLE
DEVELOPMENT
GOALS

Grupo•epm



10. Accountability

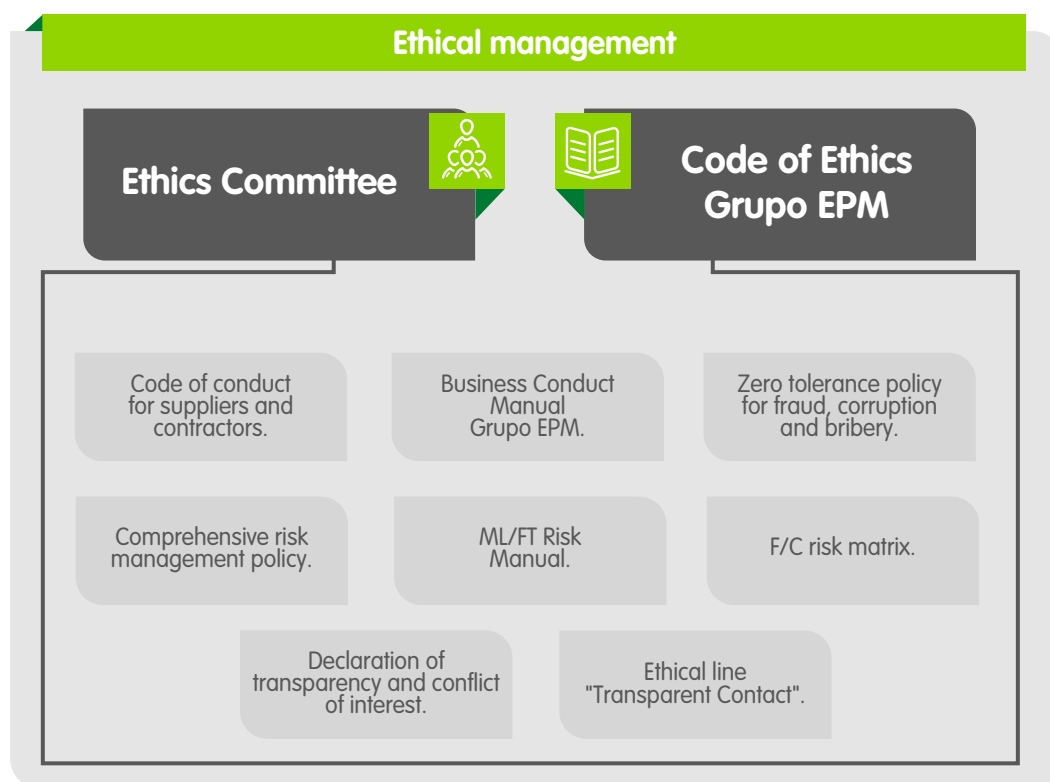
Ethical management of the Grupo EPM

GRI 102-17

The Grupo EPM is aware of the role it plays in the society where it operates and to which it provides its services. **That is why it instituted Social Responsibility as the transversal axis that guides its actions and its strategy to optimize operations and growth.**

This responsibility comes to life in the performance of the team of collaborators that make up each Company, **since each behavior of the Grupo EPM People reflects the principles of ethical action and values on which it is based.**





In the material topic **“Transparency”** of the Sustainability Report we report the details of the actions implemented during 2021 aimed at strengthening ethical and transparent behavior among employees, which are essential to strengthen trust among the different stakeholders with which the Company relates.

Grupo EPM control environment

Código País 32.5

The legal nature of EPM, its 100% state-owned nature, the economic sector in which it operates and its status as a securities issuer, make it an entity widely supervised by the internal control mechanisms regulated by the Law and the external control entities, in addition to those that have been adopted voluntarily and have been implemented in the companies of the corporate group.

In addition to allowing cohesion among the companies, the control environment allows having policies, processes, procedures, activities and information that guarantee unity of purpose and direction, and also comply with the internal and external legal framework that regulates it; all this with the purpose of achieving the objectives and the Group’s MEGA.

Control environment

Comprehensive risk management



- It includes the definition of risk policies, as well as the definition and execution of methodologies for their identification, evaluation, measurement, management, monitoring and reporting.
- It requires an internal control system to ensure, by means of controls, that risks are managed in accordance with the policy and methodology defined and that these are applied in practice.

Internal control



(Law 87 of 1993) "System integrated by the organizational scheme and the set of plans, methods, principles, standards, procedures and verification and evaluation mechanisms adopted by an entity, with the purpose of ensuring that all activities, operations and actions, as well as the administration of information and resources, are carried out in accordance with the constitutional and legal rules within the policies outlined by the management and in attention to the goals or objectives foreseen".

Compliance



Risk management associated with money laundering and the financing of terrorism, which represent a significant threat to the economic, social and political stability of a country and markets worldwide.

Internal audit

- It performs the evaluation of the internal control system, which is defined as an independent and objective activity of assurance and consultation. Its finality is to help improve the management of the Organization and the fulfillment of its objectives.
- The internal audit activity provides a comprehensive approach to evaluate and improve the effectiveness of integrated risk management, controls and governance.



External financial audit

Evaluates the accounting information in general and the financial statements, as well as the rendering of an independent opinion regarding the reasonableness with which they indicate the financial situation of EPM at the end of each fiscal year.



External controls

They are also part of the Company's control environment due to their legal nature, since they seek to guarantee the development of its governance process within the public administration.

Corporate Audit Management

Código País 32.5

In 2021, 100% of the **risk-based Audit Plan**, approved by the Board of Directors and programmed for the Grupo EPM, was executed, covering the processes with the highest risk level and in accordance with the prioritization criteria defined in the methodology.



A total of **140 assurance and consultation**, management and development tasks were performed in the Grupo EPM to evaluate the mission, strategic and support processes.

As a result of the audit work, opportunities for improvement were identified that must be managed by those responsible through the formulation of improvement plans and the verification of their compliance and effectiveness, according to the follow-up carried out by the audit.



The **control effectiveness indicator in the Grupo EPM** during 2021 (monitoring of improvement plans) was 91%.

The Corporate Audit Model seeks to carry out assurance and consultation activities in the Grupo EPM; additionally, during 2021 the following activities were carried out:

- Definition and implementation of awareness and communication plans on control culture, with emphasis on the three lines of defense model and improvement plans.
- Quality Assurance and Improvement Program (PAMC), evaluation to determine compliance with international auditing standards.
- Development of tools for data extraction, automation and presentation, towards continuous auditing.
- Evaluation of the structuring of the Integrated Planning and Management Model (MIPG).
- Attention and coordination of the requirements of the different external control entities, as defined in Decree 648 of 2017.

As a result of the strategic approach of the Corporate Audit for the year 2021 - 2025, the following strategic initiatives were defined.

Strategic Initiatives: Corporate Auditing

Providing assurance and consultation services



Strengthening the Audit Activity

Implement and use tools that support and optimize the internal audit activity, based on compliance with current regulations, adding value and contributing to the achievement of organizational objectives.



Strategic Leadership

Maintain permanent communication with the management level, provide advice on control and risk issues through participation in strategic committees and the development of assurance and consulting work.



Alignment with strategic objectives and risks

To associate the work to be performed with the strategic objectives of the Organization from the general planning of the audit to deliver results that contribute to improve and protect the value of the Organization.



Relationships of trust

Strengthen communication with the different internal and external stakeholders in search of collaborative work.



Digital Transformation

Innovate and develop capabilities, increasing the quality of the Internal Audit activity, through the use of technology (IT - TO).

Enhance and protect the value of the Organization

External Audit Plan

Código País 29.12

Due to its legal nature as an Industrial and Commercial Company of the State, EPM is not required to have an external financial audit. As a good corporate governance practice and in compliance with the entity's commitments with multilateral banks, EPM hired an external financial audit, which included an opinion on the financial statements, an audit of the information reported to the Energy and Gas Regulatory Commission (CREG) by the network operators and related to the administration, operation and maintenance (AOM) expenses incurred, and a specific audit to certify EPM's compliance with the commitments acquired in the legal stability contract, and the letters of conformity for the issuance of bonds.



As of May 1, 2021, the **private firm Deloitte & Touche Ltda. was hired as external financial auditor for the Grupo EPM**, ranked among the four largest auditing firms in the world.

Contract	Object	Period (Start – End)	Payments made 2021
CW 55509 KPMG	The contractor is entrusted with the provision of external audit services required by EPM.	01/01/2021 30/04/2021	COP 337,724,648 (without VAT)
CW 130551 Deloitte	The contractor is entrusted with the provision of external audit services required by EPM.	01/05/2021 31/12/2021	COP 787,336,542 (without VAT)

The **value of the external audit contract** during the period from January to December 2021 was COP 1,125,061,190 (excluding VAT).

The **fees paid by EPM to Deloitte** during the period May - December 2021 represent 0.60% compared to the total income of Deloitte for the external audit activity for the same period.

This Corporate Governance Report has been prepared in accordance with Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and has been externally verified by the firm Deloitte, which is the external auditor of EPM and the statutory auditor of the companies of the Grupo EPM. The external verification certificate can be consulted in the [social and environmental management report](#) that is part of the Sustainability Report.

Código País 29.7

External control, supervision and oversight entities

External control entities

They are those bodies to which the Political Constitution of Colombia entrusts the functions related to disciplinary control, defense of the people, fiscal and political control. The control entities of the Colombian state are: the Office of the Comptroller General of the Nation, the territorial comptrollers, the Council of Medellin, the Public Ministry, which includes the Office of the Attorney General of the Nation, the Ombudsman's Office and the district and municipal ombudsman's offices.

Supervisory and oversight bodies

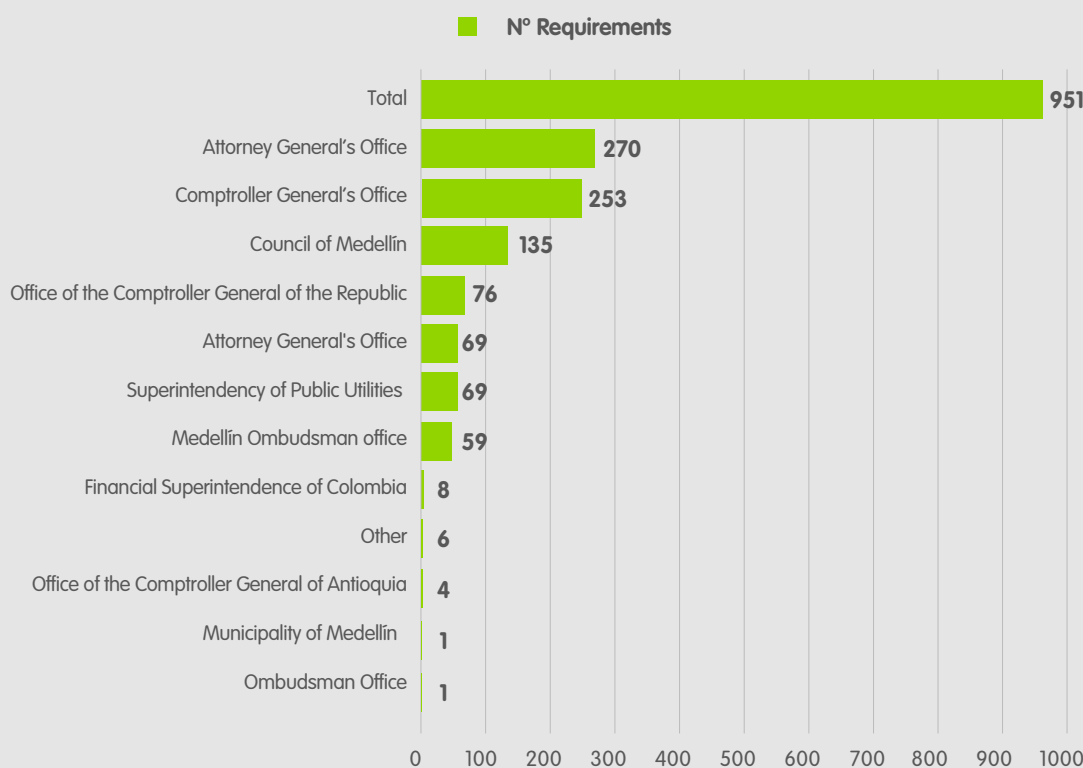
Entities defined in the structure of the Colombian State with supervisory and oversight functions in accordance with the services provided by EPM. The Superintendency of Public Utilities and the Superintendency of Finance are part of this group.

In its duty of transparency, EPM has the responsibility to respond in a timely, complete and relevant manner to the requirements made by the different control agencies and the supervisory and oversight entities.



EPM attended, in a responsible and timely manner, during 2021 a total of **951 requirements from the different control, supervision and oversight entities.**

Injunctions from external control, supervision and oversight entities



Notes:

Others include injunctions from the Ombudsmen of other municipalities other than Medellín.

The injunctions of the Financial Superintendence of Colombia, reported in this chapter, are different from the requirements and reports generated by EPM as part of the relevant information.

Comprehensive risk management

Código País 32.5; 33.3 – iv. b) c) d); GRI 102-30

The comprehensive risk management report is a section of the “Our Group” chapter of the Sustainability Report, where the definitions, progress and challenges of the Grupo EPM related to this matter can be found.



See [integrated risk management](#).

Integrated Planning and Management Model (MIPG)

Código País 32.5; 33.3 – iv. a)

The Integrated Planning and Management Model (MIPG) is a reference framework to direct, plan, execute, follow up, evaluate and control the management of public entities and agencies, in order to generate results that address development plans and solve the needs and problems of citizens, with integrity and quality service, according to Decrees 1499 and 648 of 2017, of the Administrative Department of Public Function (DAFP).

In EPM, the responsibility for the Integrated Planning and Management Model (MIPG) lies with its legal representative (Decree 2198 of May 2, 2018), while its institutionalism is represented by both the Institutional Management and Performance Committee CIGD, and the Institutional Internal Control Coordination Committee (CCICI) (Decree 2192 of January 5, 2018), both are institutionalized through the EPM Management Committee, whose sessions are coordinated by the representative of institutional planning - the Vice President of Strategy and Planning, and Internal Control - Vice President of Audit - respectively.

In 2021 the MIPG Model completed three years in the process of implementation in EPM and subsidiaries in Colombia.

Governance structure for the implementation of MIPG in EPM: in order to advance in the implementation, the governance structure that responds to the roles and responsibilities of the topics that make up the dimensions and their policies is preserved.

The coordination of the implementation of MIPG in EPM is in charge of the Corporate and Business Planning Management, and those responsible for the implementation of each dimension of MIPG and its policies are distributed as shown below:

	1	2	3	4	5	6	7
Dimension	Human talent	Strategic direction and planning	Value-based management for results	Evaluation of results	Information and communication	Knowledge management	Internal control
Responsible	VP of Human talent and organizational development	VP of strategy and planning	VP of Human talent and organizational development VP of New business, innovation and technology VP of strategy and planning	VP of strategy and planning	VP of communication and corporate relations VP of Human talent and organizational development VP of Supply and shared services VP of New business, innovation and technology	VP of Human talent and organizational development VP of strategy and planning	VP of Human talent and organizational development VP of risks Corporate auditing VP of strategy and planning

The Colombian subsidiaries apply this model adapted to the structure of each one.

Evolution of FURAG 2018, 2019 and 2020 results: the Single Management Reporting and Progress Form (FURAG), a tool provided by the Administrative Department of the Civil Service (DAFP) that seeks to evaluate the evolution of the implementation of MIPG in each entity, has yielded the following institutional performance indexes -IDI- for EPM:



Year	2018	2019	2020
IDI	77	84	78.2

The above results represent a benchmark score on a scale of 1 to 100, and positions EPM in the top percentile score when compared to the peer group to which EPM belongs (Entities in Antioquia). As of the date of preparation of this report, no FURAG results had been reported for 2021.

Diagnosis of MIPG in 2020

Each year, the FURAG tool has had changes or improvements in its measurement structure, i.e., changes in the questionnaire due to adjustments to the MIPG model itself. These changes, added to some deficiencies in the quality of some evidence attached to the questionnaire, and new and existing gaps in the model in the process of implementation, resulted in the decrease of the IDI in 2020 compared to the previous year, which implied a thorough review of the results and recommendations for improvement provided by the application in order to identify the main points of attention in the process of implementation of MIPG in EPM.



Advances in MIPG in 2021

The main milestones advanced in 2021 are:

- Identification of gaps and registration of improvement plans in AVANZA by each of those responsible for the activity according to their role in EPM. Most of these improvement plans will be executed in 2022.
- Communication focused on MIPG for EPM. Several newsletters with detailed content on MIPG were made, in order to inform and train EPM people on the model and its implementation in EPM.
- Adjustment to the accountability process.



Update on the implementation of MIPG in subsidiaries

In 2020, the Public Function issued Circular 004, which determines that public utilities whose public shareholding represents less than 90% are not subject to the completion of the Single Management Reporting Form (FURAG). In this sense, the subsidiaries of EPM in Colombia that are excluded from filling out the FURAG are:

chec

edeq

CENS

ESSA

Aguas del Oriente

aguas nacionales

Aguas de Malambo

afinia

The subsidiaries that, like EPM, must fill out the FURAG are Aguas Regionales and Emvarias.

It is important to mention that MIPG is a model that constitutes a set of good business practices, mandatory for EPM. These good practices will have Group scope to the extent that the vision of the business group merits it and adds value to EPM and its stakeholders.

The Internal Control System in EPM: The person responsible for the Internal Control System is the CEO of EPM, and delegates its management to the Vice-Presidency of Strategy and Planning, in accordance with the instructions of MIPG.

In relation to the Internal Control System, the MECI has been and will continue to be the basis for its implementation and strengthening. From this, EPM developed a scheme of roles and responsibilities integrated by four **lines of defense** that provides a simple and effective way to improve communications in **risk management** and control by clarifying the related roles and duties.



The **control structure** is based on the COSO/INTOSAI scheme, consisting of five components

1. Control environment.
2. Risk assessment.
3. Control activities.
4. Information and communication.
5. Monitoring activities

The Management Committee, as the Institutional Management and Performance Committee (CIGD), approved the structuring of the following lines of defense for EPM:





Strategic Line:

Formed by the Management Committee, led by the CEO. It analyzes institutional risks and threats to the fulfillment of strategic plans. MIPG establishes what Senior Management is, in decentralized entities of the territorial order.



First line of defense:

Composed of all public servants of EPM. At this level, the effective maintenance of internal controls is performed, the execution of risk management and controls on a daily basis. To this end, it identifies, evaluates, controls and mitigates risks through "Self-control".



Second line of defense:

The Risk Management Committee is comprised of 75 managers with responsibilities associated with nine (9) key aspects of success established for EPM. Its main role is to ensure that the risk management controls and processes of the first line of defense are appropriate and work properly, as well as to supervise the implementation of effective risk management practices; likewise, to consolidate and analyze information on key issues for the entity, basis for decision making and preventive actions necessary to avoid risk materializations, all of the above as part of the "self-assessment". It is important to bear in mind that the number of managers may increase or decrease according to the dynamics of the Organization.



Third line of defense:

Composed of the Corporate Audit Vice-Presidency, Business Audit Manager, Project and Supply Audit Manager and Support Audit Manager. This level provides independent assurance on the effectiveness of risk management and internal control to Senior Management, through independent evaluation.

According to the definition established by the Administrative Department of the Civil Service (DAFP), the key aspects of success for the proper functioning of the lines of defense are summarized below:

Operational assurance

Its scope includes the processes (strategic, mission and support), programs, and key projects for the fulfillment of the mission.

Risk monitoring integration mechanisms

Its scope is the mechanisms used to monitor the implementation of risk management practices. It includes the Committees evaluated in the Internal Control - Second Line of Defense Index.

Financial Information

Its scope is the processes related to the preparation of financial information.

Regulations

Its scope is compliance with applicable laws and regulations. It includes regulatory management and policy compliance assurance.

Reputation

Its scope is the transparency of the entity's activities and its relationship with stakeholders.

Monitoring and improvement

Its scope is supervisory activities: it performs continuous or separate evaluations and assesses and communicates deficiencies.

Security information

Its scope is related to the technological infrastructure guaranteeing confidentiality, integrity and availability of information.

Physical security

Its scope is the integrity of assets and people, guaranteeing the continuity of activities.

Management system

Its scope is the application of international quality, environmental and labor standards, among others, according to nature.

(1) Source: Integrated Planning and Management Model - Module 7.

(2) Source: Prepared by the Proponent (FURAG indicator results).

(3) Source: COSO - Governance and Internal Control

FURAG results related to internal control: the following table shows the annual evolution of the FURAG policy indicators corresponding to dimension 7 of MIPG.

Policy Indicators	2018	2019	2020
I70 Internal Control Environment conducive to the exercise of control	74,5	90,4	75,0
I71 Internal Control Strategic risk assessment	70,3	75,9	63,5
I72 Internal Control Effective Control Activities	73,2	81,4	69,6
I73 Internal control Relevant and timely information and communication for control	72,7	94,9	78,4
I74 Internal Control Systematic, improvement-oriented monitoring activities	75,7	85,6	65,7
I75 Internal Control Independent evaluation of the internal control system	68,5	97,4	
I77 Internal Control Strategic Line	77,7	93,0	79,7
I78 Internal Control First Line of Defense	74,7	83,4	76,3
I79 Internal Control Second Line of Defense	74,6	83,6	72,3
I80 Internal Control Third Line of Defense	64,2	73,2	



Indicators 175 and 180 on independent evaluation of the internal control system and the third line of defense, respectively, were not measured in 2020, so the results of the indicator are not available.

The 2020 results show a decrease in the rating with respect to 2019, which generates the necessary alert to identify the opportunity for improvement with regard to the internal control system, and which will be addressed in 2022 in the improvement plans registered in the AVANZA improvement plan support information system.

As of the date of preparation of this report, no FURAG results related to internal control had been reported for 2021.

Evaluation of the Internal Control System

The Corporate Audit Vice-Presidency, in compliance with Article 156 of Decree 2106 of 2019, issued by the Administrative Department of Public Function (DAFP), performs every six months, the "Independent evaluation of the status of the Internal Control System - Dimension 7", supported by the methodology of the DAFP, and whose results are published on the EPM website that [can be consulted here](#). EPM has made significant progress in the different components, supported by the management of improvement plans.

Compliance

Código País 32.5; GRI 102-17

The compliance report is detailed in the material topic "[Transparency](#)" of the Sustainability Report, where the transparency practices applied in the Grupo EPM and its main achievements and challenges during the period are reported.





Attachments



11. Attachments

Attachment 1²: General Framework of the Group's Corporate Governance

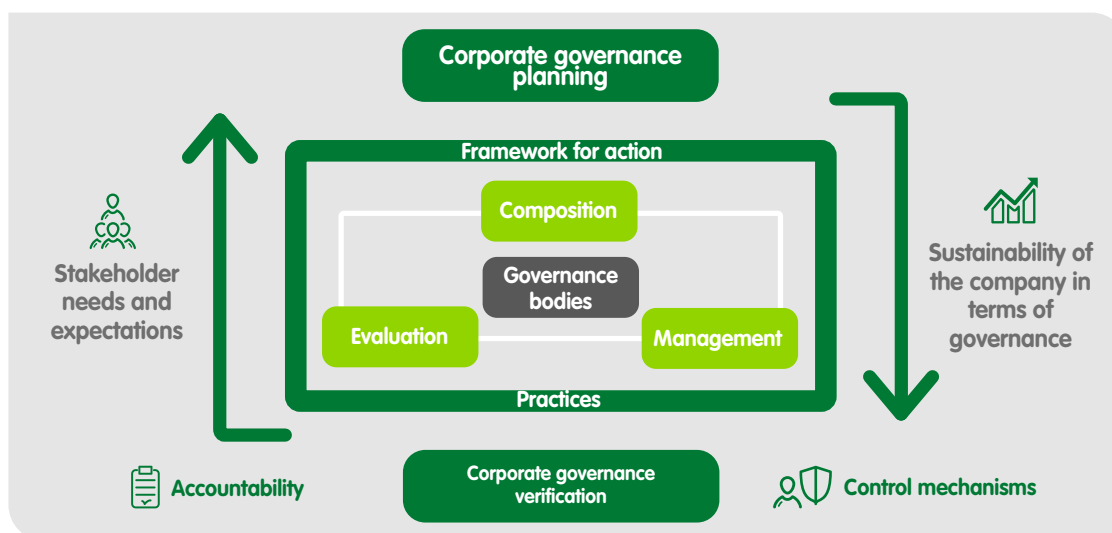
- **Definition of Corporate Governance:** according to the provisions of numeral 1.3 of the EPM and Grupo EPM Governance Code, Corporate Governance is “the system³ by which Grupo EPM companies are directed, managed and controlled through the balance between ownership and administration, in order to ensure their sustainability and growth, the rights of their investors, transparency and ethics in their performance and access to information for their stakeholders (...)”.
- **Corporate Governance Strategic Statement:** Grupo EPM guides its management through the development and adoption of good governance practices, for the conscious decision making of the governing bodies, fostering a corporate management culture that contributes to the balanced satisfaction of the needs of its stakeholders, the creation of value and the sustainability of the companies within the framework of unity of purpose and direction.
- **Objective of the General Framework of Corporate Governance:** to define the scope of action of the ownership, direction and management of the companies of the Grupo EPM, implementing the necessary practices to strengthen these governance bodies, verifying their degree of compliance and disclosing the results to the stakeholders.
- **Scope of the General Framework of Corporate Governance:** the “General Framework of Corporate Governance” is the set of elements that interact to strengthen corporate governance, promoting unity of purpose and direction through the implementation of a model, aligned with the strategic direction defined for the Group. The General Corporate Governance Framework is an integral part of the Code of Governance, in this sense it is defined and implemented in EPM, and is adopted by the subsidiaries, according to their internal procedures, adapting them to the rules and particularities that apply to each company of the Group.



² This text is a faithful copy of the General Corporate Governance Framework of the Grupo EPM, which is annexed to the Corporate Governance Code.

³ “Corporate governance is the system by which the direction and control of companies is exercised”, Sir Adrian Cadbury 1992, Report on Financial Aspects of Corporate Governance in the United Kingdom.

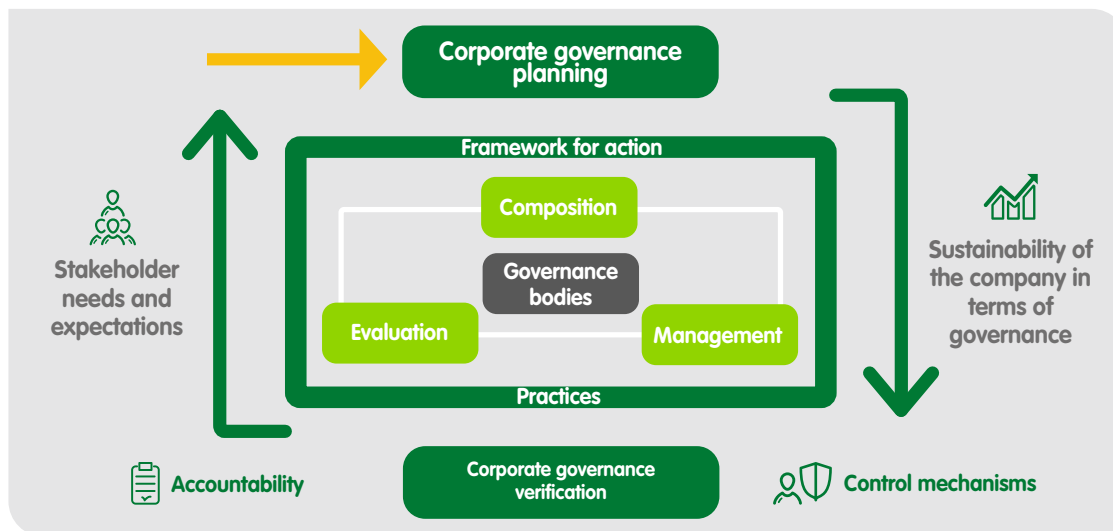
- **Graphic representation of the General Framework of Corporate Governance of the Grupo EPM:** this model is based on the governing bodies, the definition of its framework of action through governance practices, control mechanisms, and accountability.



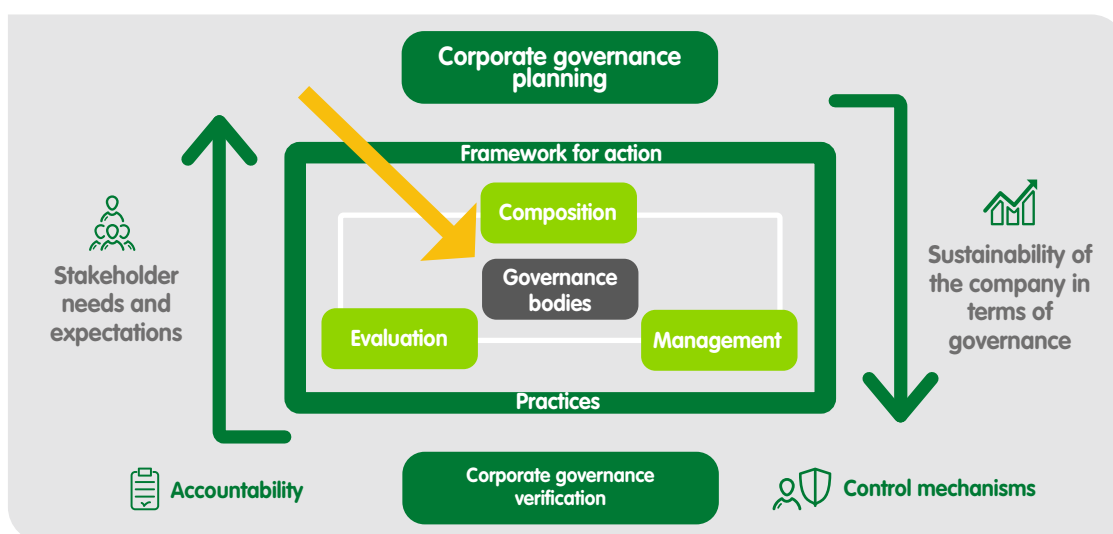
- **Corporate Governance Planning:** the General Corporate Governance Framework considers the needs and expectations of the stakeholders⁴ in corporate governance matters, it also seeks the articulation with the components of the strategic direction to align the interests of the governance bodies towards the achievement of the expectation of value generation, identifying the emphasis, initiatives, objectives, goals, targets and schedules that must be met to strengthen the level of maturity in corporate governance matters of Grupo EPM.

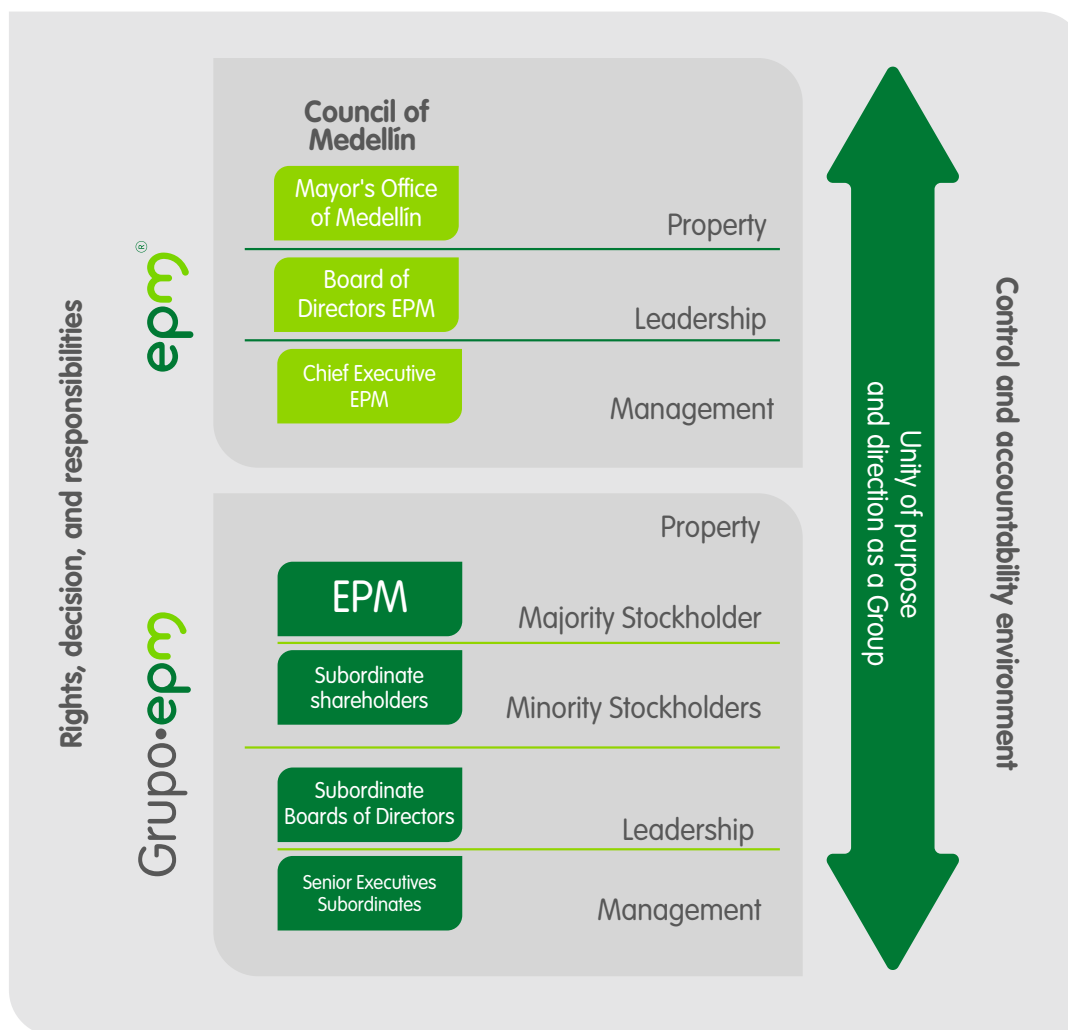


⁴ Person or organization that can affect, be affected or be perceived to be affected by a decision or activity (ISO 9001-2015).

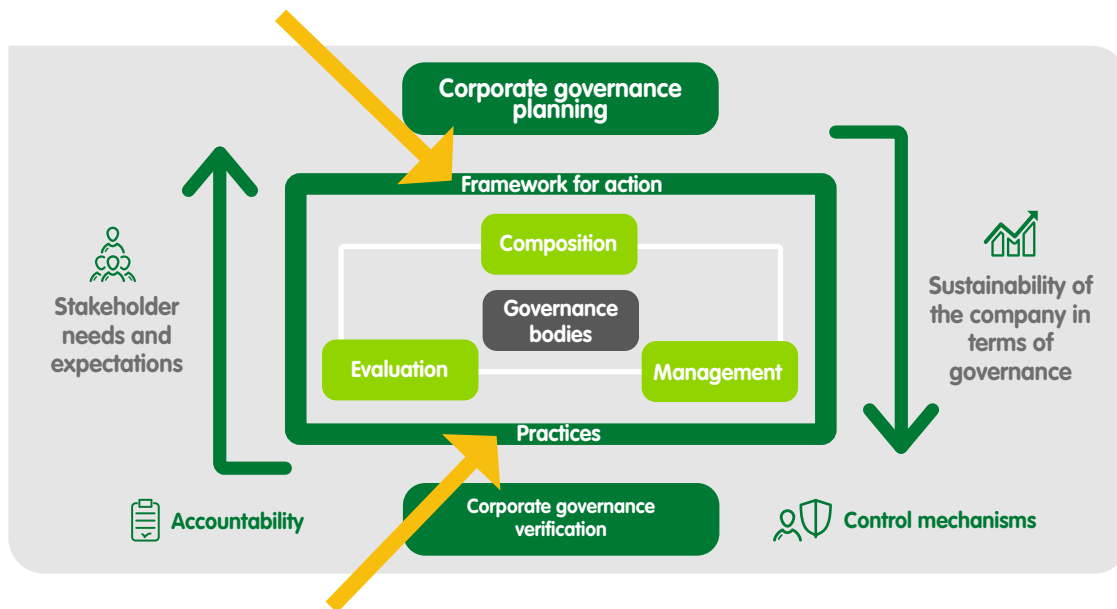


- Corporate governance bodies:** graphic representation of the governance levels of EPM as Parent Company of the Group and of the subordinate companies, indicating who exercises ownership, direction and management. It also shows the distribution of rights, decisions and responsibilities so that it develops in a system of weights and counterweights, aligned with the unity of purpose and direction, in an environment of control and accountability. The Corporate Governance Code describes each level.



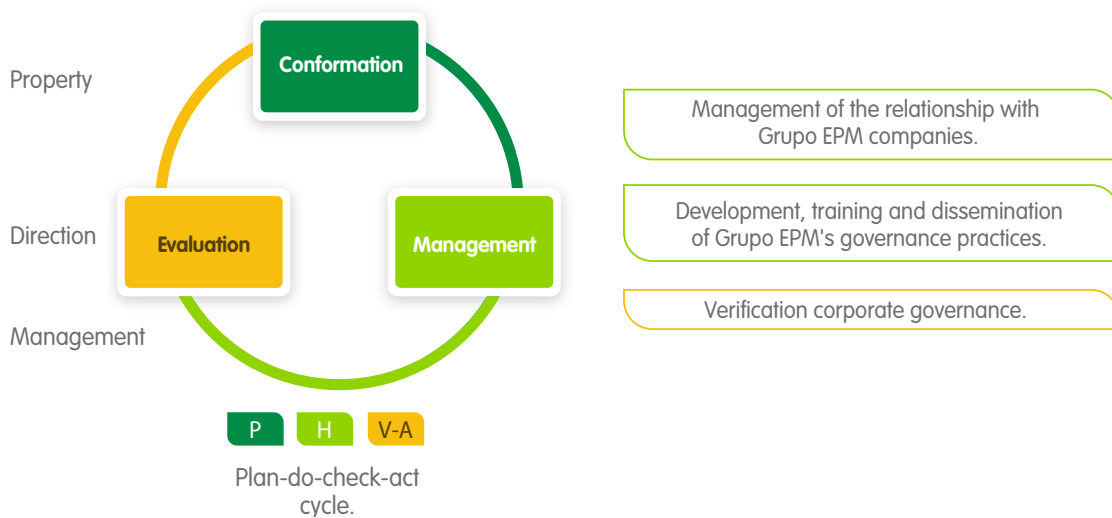


- **Action framework and practices:** graphic representation, in order of precedence and time, of the corporate governance practices applied to the Grupo EPM's governing bodies. Also included are those aimed at strengthening the relationship between the Group's companies, and finally those aimed at strengthening the evolution of corporate governance through development, training and dissemination.



General level action framework graph.

Corporate Governance Planning



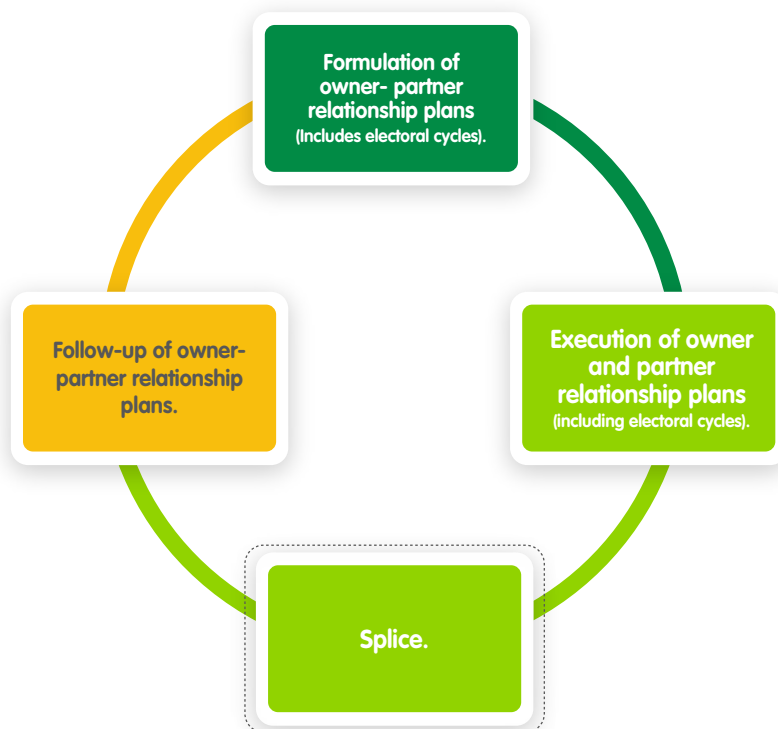
Ownership:

Conformation, management and evaluation of governing bodies.

Performance framework chart - ownership detail



EPM's practices with its owner, and EPM as majority shareholder



Applies for
EPM

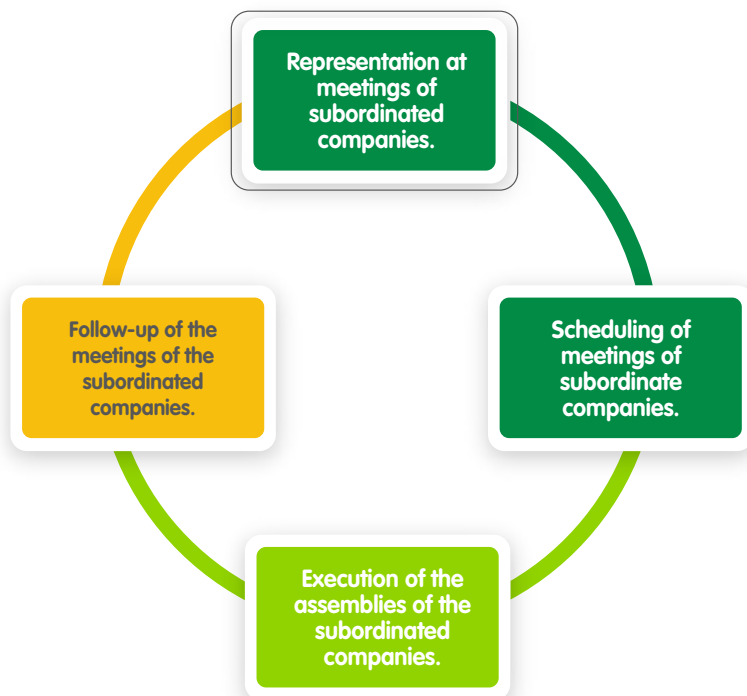


Applies every
4 years



Plan-do-check-act
cycle.

Practices of the subordinate companies of the Grupo EPM



Applies for EPM



Applies every 4 years



Plan-do-check-act cycle.



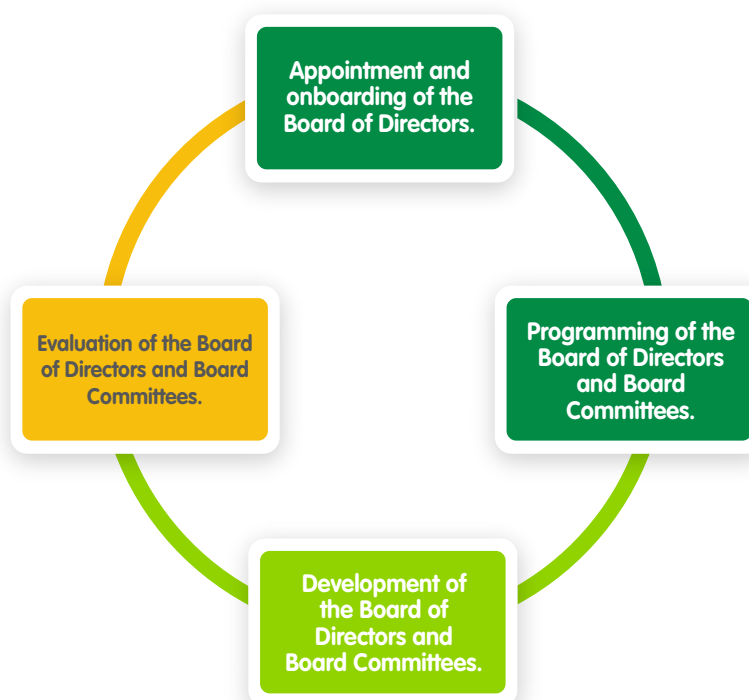
Management:

Conformation, management and evaluation of governing bodies.

Performance Framework Chart - detail of the Board of Directors.



Practices of EPM and the Grupo EPM's subordinated companies



P H V-A

Plan-do-check-act
cycle.

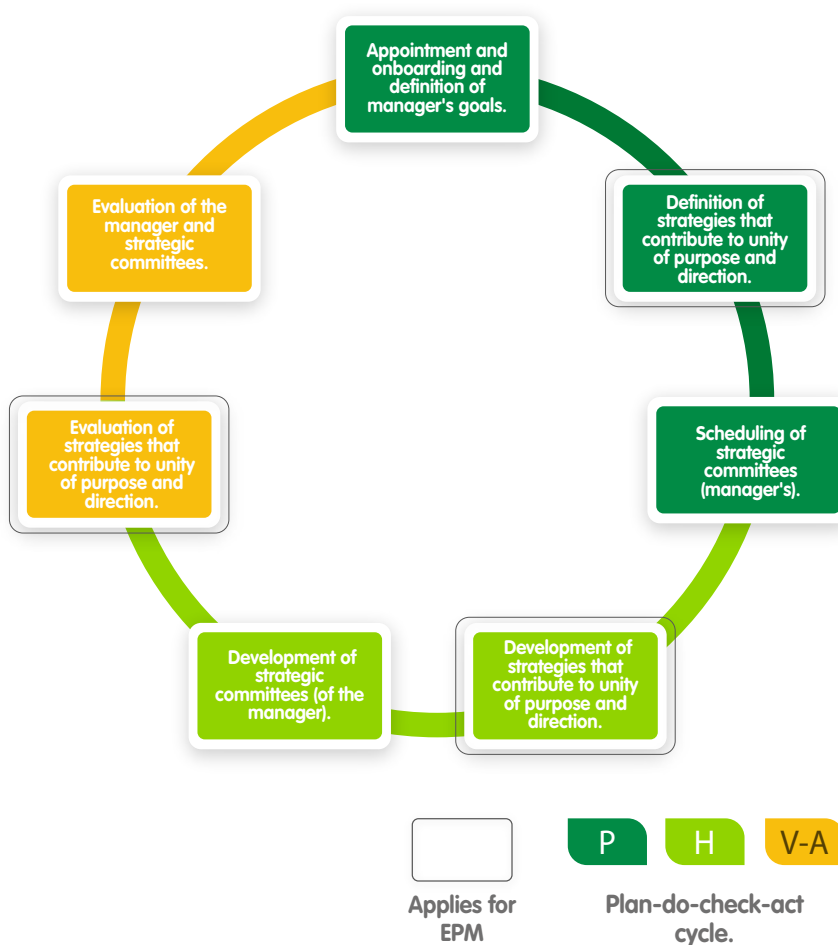
Management:

Conformation, management and evaluation of governing bodies.

Performance framework chart - management detail.



Practices of EPM and the Grupo EPM's subordinated companies

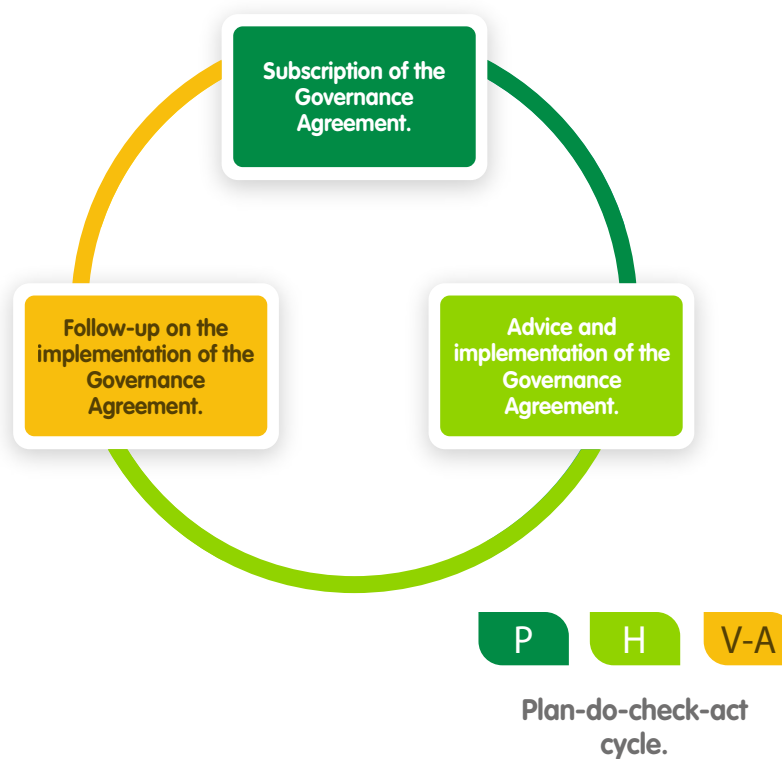


Management of the relationship with Grupo EPM companies.

Performance framework chart - detail of the management of the relationship between the Group's companies.



Practices of EPM and the Grupo EPM's subordinated companies

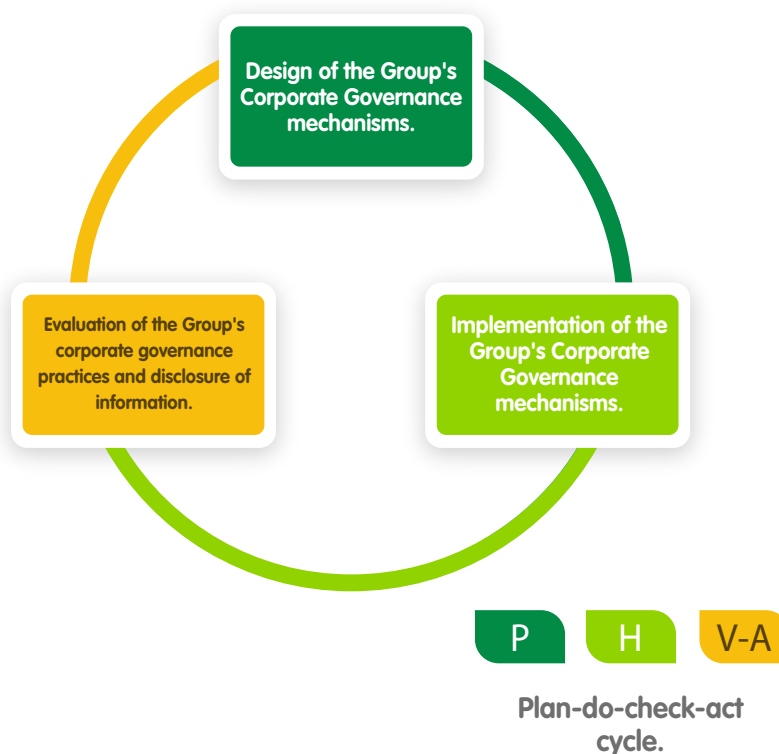


Development, training and dissemination of Grupo EPM's governance practices.

Performance framework chart - details of the development, training and dissemination of the Group's governance practices.



Practices of EPM and the Grupo EPM's subordinated companies

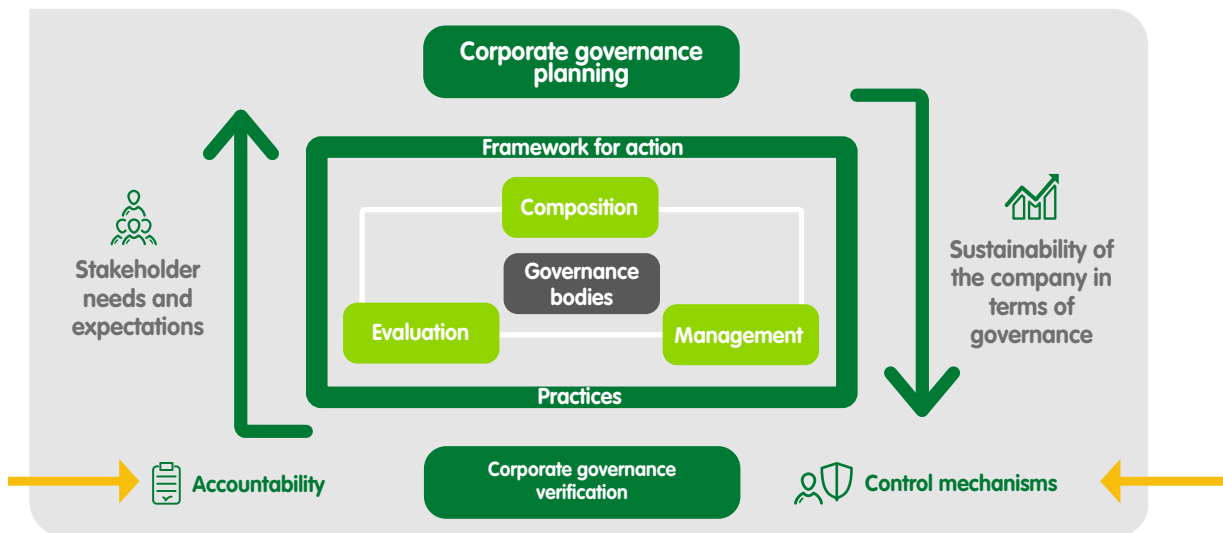


- **Control and accountability mechanisms:** regulation, self-regulation and control mechanisms ensure compliance with the rules that limit the exercise of the functions of each of the Company's governing bodies, so it is essential to implement these mechanisms in the Corporate Governance Framework, as they contribute to the existence of checks and balances in the General Corporate Governance Framework.

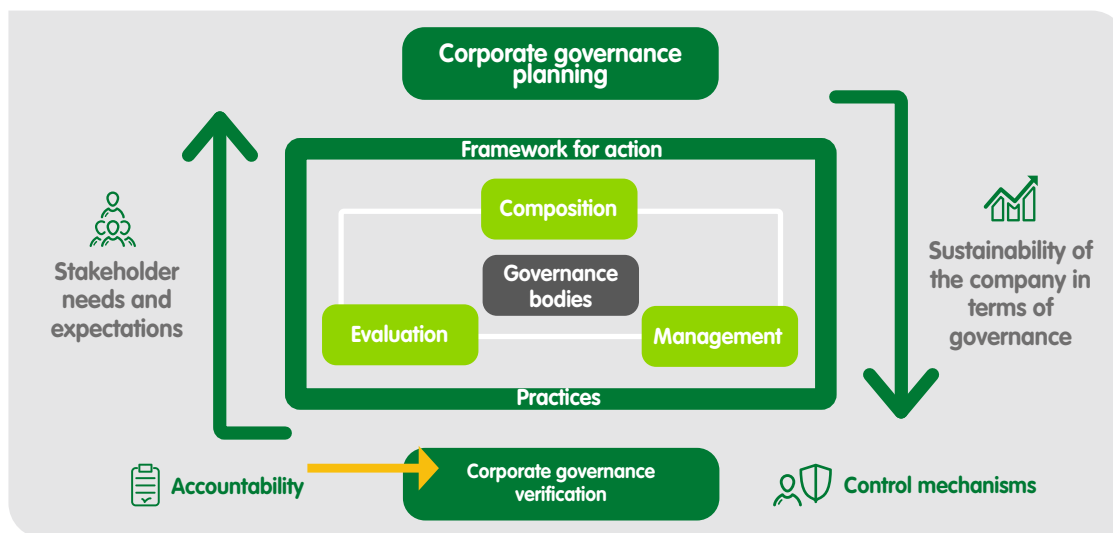
For the Grupo EPM it is of utmost importance to guarantee that the mechanisms described above exist, for this purpose, it has internal and external controls. Among the latter are all those implemented by the bodies that by law exercise control, as well as the voluntary measures that monitor the status of control practices in an impartial, independent and objective manner; these are, for example: the measurement performed by the entity Transparency for Colombia, the audit of the execution of the Annual Corporate Governance Activity Plan, the control exercised by the Financial Superintendency of Colombia and investors, among others. Likewise, the General Corporate Governance Framework interacts with other management systems implemented to promote a culture of risk management and controls, ethical management, compliance, among others, which strengthen the control environment in the Group.

In addition to the practices adopted within the control environment, it is a priority for Grupo EPM to bring the Company's management closer to the citizens and, in general, to the stakeholders, so that they can verify compliance with the best corporate governance practices, since they are guarantors of the preservation of the generation of value for the Company.

Therefore, accountability completes the control environment described above, where through timely, clear and transparent communication mechanisms, the Grupo EPM promotes the construction of a social capital that allows the durability of good business practices. Thus, accountability is manifested in practices such as ethical management, culture and values; disclosure of timely, complete and available information to stakeholders and the market in general; mechanisms for citizen participation, disclosure of conflicts of interest, rating of corporate governance standards by international external entities such as risk rating agencies, among others.



- **Verification of corporate governance:** according to the planning and the results of the different evaluations defined in the performance framework, progress is monitored, deviations are identified and improvement actions are implemented to achieve the objectives and strengthen the level of maturity in corporate governance of the Grupo EPM.



Documentation structure of the Grupo EPM's General Corporate Governance Framework

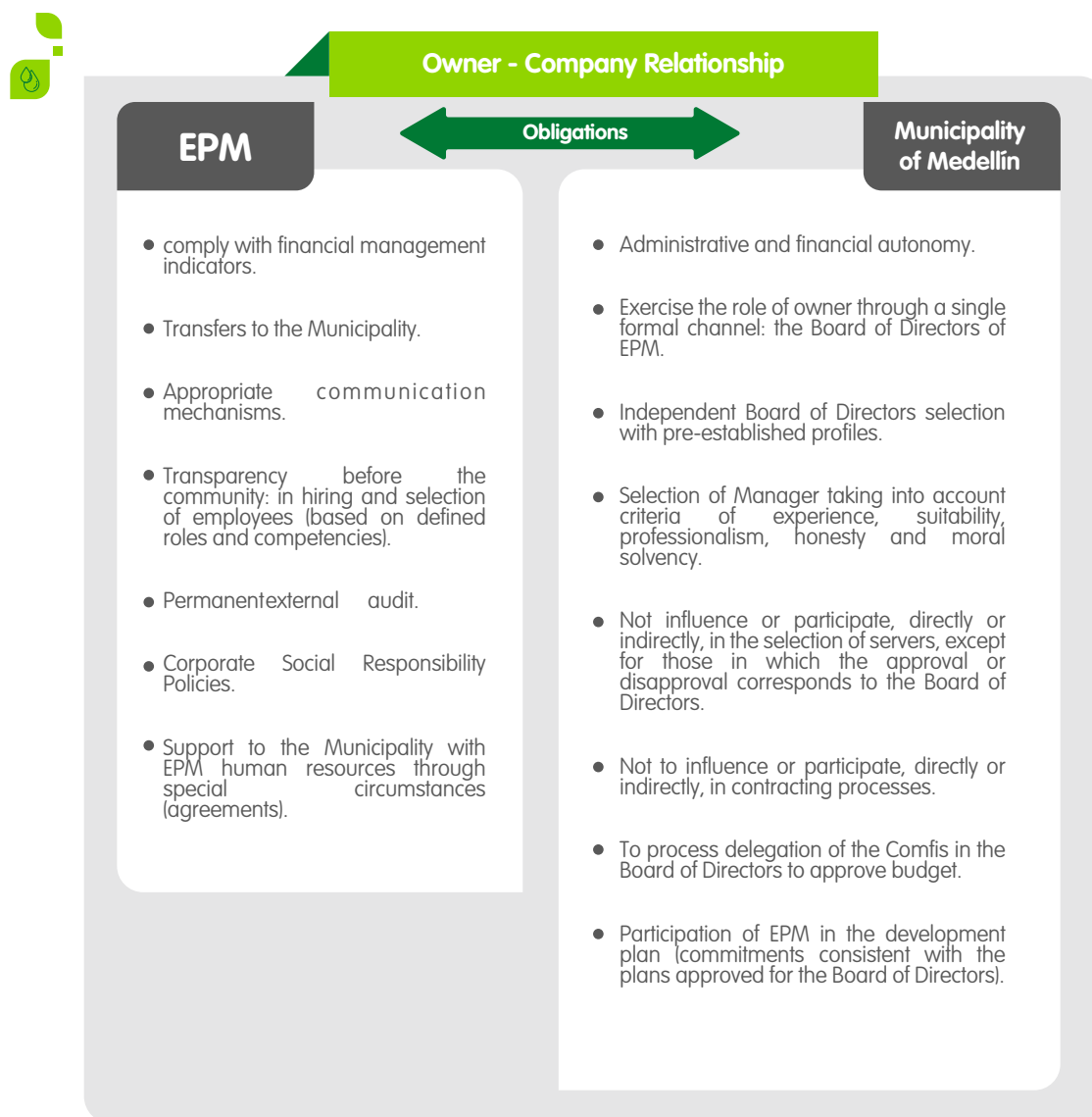
The documentation of the practices originating in the General Corporate Governance Framework is organized as follows:

Documentation structure of the Grupo EPM's General Corporate Governance Framework		
Level of the General Corporate Governance Framework	Document that formalizes the corporate governance practice	Criteria for the issuance and formalization of the document
General Framework.	Corporate Governance Code.	It is planned in EPM, submitted for consideration and formalized in the respective governing body of each Group company.
Framework for Action.	Guidelines, regulations, manuals, instructions, protocols, among other documents issued by the governing body in accordance with the competence or by the Corporate Governance Unit.	Corporate Governance, for example: the way to make the governance evaluation, the way to celebrate and manage minutes of the Governance Agreement, the application of the Board evaluation methodology, the application of the manager evaluation methodology, among others; are projected and formalized in EPM's Corporate Governance Unit, submitted for consideration and adopted in the Group's companies through the mechanisms defined by the Governance Agreement.

The documents issued and the records generated from the execution of corporate governance practices are controlled in accordance with the document management defined in each company of the Grupo EPM.

Attachment 2: Context of the Relationship Framework Agreement

The Relationship Framework Agreement⁵, signed between EPM and the Municipality of Medellín in 2007, reflects the common objective of these entities to generate business management conditions that enable sustainability and the generation of value for stakeholders, but especially, that make EPM a viable source of income for the city of Medellín.



⁵ Link to the Framework Relationship Agreement: <https://www.epm.com.co/site/Portals/5/documentos/InformacionRelevante/1.%20Convenio%20marco%20de%20relaciones.pdf>

Attachment 3: Resumes of EPM Board Members



Daniel Quintero Calle
Mayor of Medellín

Chairman of the Board of Directors EPM (From 01/ Jan/2020)
Age Range: 30-45 years / PEP: Yes
No Independent

Education

- Electronic Engineer **Universidad de Antioquia (Medellin - Colombia)**
- Specialization in Finance **Universidad de los Andes (Bogota - Colombia)**
- Master in Business Administration (MBA) **Boston University (USA)**

Other studies

- Course for Global Leaders in Public Financial Management
(Harvard Kennedy School of Government)

Experience

- Vice Minister of the Ministry of Information Technologies and Telecommunications **(2016 -2017)**
- Director INNpursa Colombia **(2015 - 2016)**
- Director of Pienza Verde Foundation **(2012 - 2014)**
- Management Consultant Intrisoft S.A. **(2005 - 2015)**

Acknowledgments

- Carlos Lemos Simmonds Order for transparency, democracy and social development.
- St. Gabriel Archangel National Army Medal.



Bernardita Pérez Restrepo

EPM Board Member (From 08/25/2020)

Age Range: 60-65 years old

PEP: Yes

Independent

Education and experience

Lawyer from the University of Antioquia, specialist in Philosophy of Law from the University of Castilla La Mancha (Spain); Master's student in Political Philosophy at the Institute of Philosophy of the University of Antioquia. He has taught at the universities of Antioquia, Pontificia Bolivariana, Medellín, Nacional and Universidad Libre.

He has been a lecturer in constitutional law, political law and administrative law. She has extensive experience in the public sector as a consultant in the Superior Council of the Judiciary, Advisor to the Presidency of the Senate of the Republic, Ombudsman of Teleantioquia, Judge of the Superior Court of Medellin, Judge of the Contentious Administrative Court and Judge of the Constitutional Court.

In the private sector she has been advisor, consultant and board member of different companies in the infrastructure sector, as well as academic collaborator of Non-Governmental Organizations.





Gildardo Antonio Correa Salazar

EPM Board Member (From 08/25/2020)

Age Range: 66-70 years old

PEP: Yes

No Independent

Vocal of Control of Public Utilities of the city of Medellín Commune 1, since 2013.

Experience

- Neighborhood animator of the Local Development Plan of Commune 1 (2006 - 2013)
- Neighborhood delegate to the Participative Budget (PB) of Commune 1 (2005 - 2013)
- Trainer of Community Action Trainers (2008 - 2012)
- Coordinator of the Coexistence and Participation Commission of Commune 1 of the Participatory Budget (2007 - 2008).
- Twice Chairman of local community council 1 (1996 - 2000)
- Councilman JAL Commune 1 (1995 - 1997)
- Member of COPACO Board (1994 - 1997)
- General Secretary of the Informal Economy Union (1966 - 1968)





Jorge Iván Palacio Palacio

EPM Board Member (From 08/17/2020)

Age Range: 71-75 years old

PEP: Yes

Independent

Education and experience

Colombian lawyer and jurist, former president of the Constitutional Court of Colombia between 2013 and 2014. He is a lawyer from Universidad Autónoma de Medellín and holds a Master's Degree in Law from Universidad Sergio Arboleda.

In his career he has served as a magistrate of the Constitutional Court, magistrate of the Supreme Court of Justice and judge of the same entity. He has been a judge in Medellín and different municipalities of the department of Antioquia, national and international lecturer, professor at the Universidad de los Andes in 2019 and independent legal advisor.





Olmer Orlando Palacio Garzón

EPM Board Member (From 08/25/2020)

Age Range: 30-45 years old

PEP: Yes

Independent

Education

- Graduate in Preschool Education from **Universidad San Buenaventura**

Experience

- Vocal of control of utilities of the city of Medellín **Commune 3 (Conectémonos)**.
- He has worked as a teacher and social manager.



Omar Flórez Vélez

EPM Board Member (From 08/17/2020)

Age Range: 71-75 years old

PEP: Yes

Independent

Education and experience

Former Mayor of Medellín and former Chairman of the Board of Directors of EPM, he is an administrative engineer from Universidad Nacional and a specialist in Business Management and Competitiveness. He has served as manager of the Liquor Factory of Antioquia, Secretary of Finance of Antioquia, Secretary of Government of Antioquia, Vice Minister and Minister of Communications, representative to the Chamber of Deputies and Senator of the Republic, President of the National Association of Municipalities, among other positions in the private sector.



Pablo Felipe Robledo Del Castillo

EPM Board Member (From 08/21/2020)

Age Range: 50-55 years old

PEP: Yes

Independent

Education and experience

Lawyer, specialist in Civil Procedural Law and candidate for a Master's Degree in Contractual and Extracontractual Civil and State Liability from the Universidad Externado de Colombia.

In the public sector he has served as Superintendent of Industry and Commerce, Deputy Minister for the Promotion of Justice, Minister of Justice and Law (in charge), Deputy Minister of Criminal Policy and Restorative Justice (in charge), Director of the National Agency for the Legal Defense of the State (in charge), Deputy Minister of Justice and Law, Governor of the Department of Guaviare (in charge), among others.

In the private sector he has worked as a trial lawyer, advisor, consultant and partner of law firms. He has teaching experience in public and private educational institutions.

He participated as alternate Chairman of the Review Commission of the Draft Law of the General Code of Procedure and of the Interinstitutional Commission of Constitutional Reform to Justice appointed by the President of the Republic, member of the Drafting Commission of the Draft Law of National and International Arbitration, among others.





Sergio Andrés Restrepo Muños

EPM Board Member (Since 05/19/2021)

Age Range: 30 - 45 years old

PEP: Yes

No Independent

Education and experience

Electrical Engineer from Universidad de Antioquia, with postgraduate degrees from Universidad Externado de Colombia in Regulation and Management of Information and Communications Technologies, and in Regulation of Electric Energy and Gas. He passed the Innovation and Leadership in Government (ILG) program at Georgetown University in Washington D.C. He studied Project Management and Administration at Universidad de la Salle in Bogotá, as well as Renewable Energies - Photovoltaic Installations at Universidad Nacional de Colombia. He is currently pursuing a Master's degree in Electrical Engineering and Sustainable Energy Management at the Universidad de Bogotá Jorge Tadeo Lozano.

He has knowledge and experience in policy and structuring of public procurement processes, public utilities, energy markets and implementation of electric energy, renewable energy and information and communications technology projects.

He has been a professional services advisor at the Ministry of Information Technology and Communications, and has accompanied the National Public Procurement Agency Colombia Compra Eficiente in issues related to the structuring of technical specifications and IT standards. He has also worked as Energy Supervisor at American Tower Corporation and as Project Professional at Furel S.A.

Currently, he is a control member of the Development and Social Control Committee "Buen Vecino" (Good Neighbor), through which the benefits related to the Minimum Vital Potable Water program, among others, are promoted.

He is also a member of the Board of Directors and the Audit Committee of UNE EPM Telecomunicaciones S.A and Colombia Móvil S.A E.S.P. And he was a permanent guest member of the Board of Directors of Distribuidora Eléctrica DELSUR S.A de C.V - Grupo EPM.



Guillermo León Diosa Pérez

**Former Board Member EPM (From 08/25/2020
Until: 05/18/2021)**

**Age Range: 60-65 years old
PEP: Yes**

Education and experience

Mechanical Engineer, specialist in Maintenance Management from Universidad de Antioquia and in Environmental Education from Universidad Pontificia Bolivariana.

Member of the control of domiciliary public utilities of the city of Medellín since 2003 (CODECOS).

He has served as Undersecretary of Environment of the Municipality of Medellín and Secretary of Environment (in charge); CEO of Pontus Group SAS; territorial director of Corantioquia - Panzenú, manager of Modial Ltda; auditor of the Comptroller General of the Republic, and professor at the Instituto Tecnológico Pascual Bravo.

He has extensive experience in environmental authority, environmental licensing of projects, structuring of hydroelectric projects, hydraulic infrastructure and administration of water networks, forestry, property, contractual and legal management. He was a speaker at the forum on urban transformation, local

development and sustainable cities as change agents; an advisor for International Certification and Training S.S. and Transtech; and advisor in the implementation of the quality system of the Physical Education Institute of the University of Antioquia for sports initiation schools.

He has been a member of the boards of directors of Parque Arví, Jardín Botánico Joaquín Antonio Uribe, Centro de Extensión Académica de la Facultad de Ingeniería de la Universidad de Antioquia (Ceset), Transtech. Member of committees of Corantioquia, International Certification And Training S.A., Extension Committee of the Faculty of Engineering of the University of Antioquia, committee for the formulation of the PGIRS of the Metropolitan Area of the Municipality of Medellín.

Current representative of the alumni in the Council of the Faculty of Engineering of the University of Antioquia.



Jorge Andrés Carrillo Cardoso

**Former Board Member EPM (From 08/25/2020
Until: 04/12/2021)**

**Age Range: 30–45 years old
PEP: Yes**

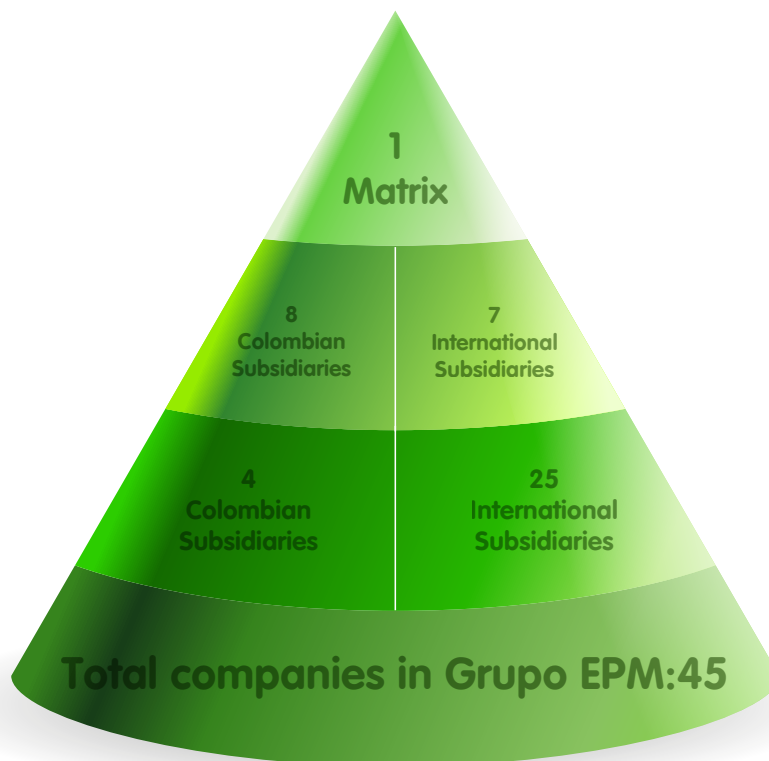
Education and experience

Civil and environmental engineer with a master's degree in Environmental Management from Universidad de Los Andes. With extensive experience as a senior official of the Colombian Government and as a business consultant, leading the formulation of public policies, regulation, projects and programs for public and private sector entities in sustainable management, water security and circular economy, project structuring and strategic direction of public-private coalitions, with excellent high-level relationship and obtaining results.

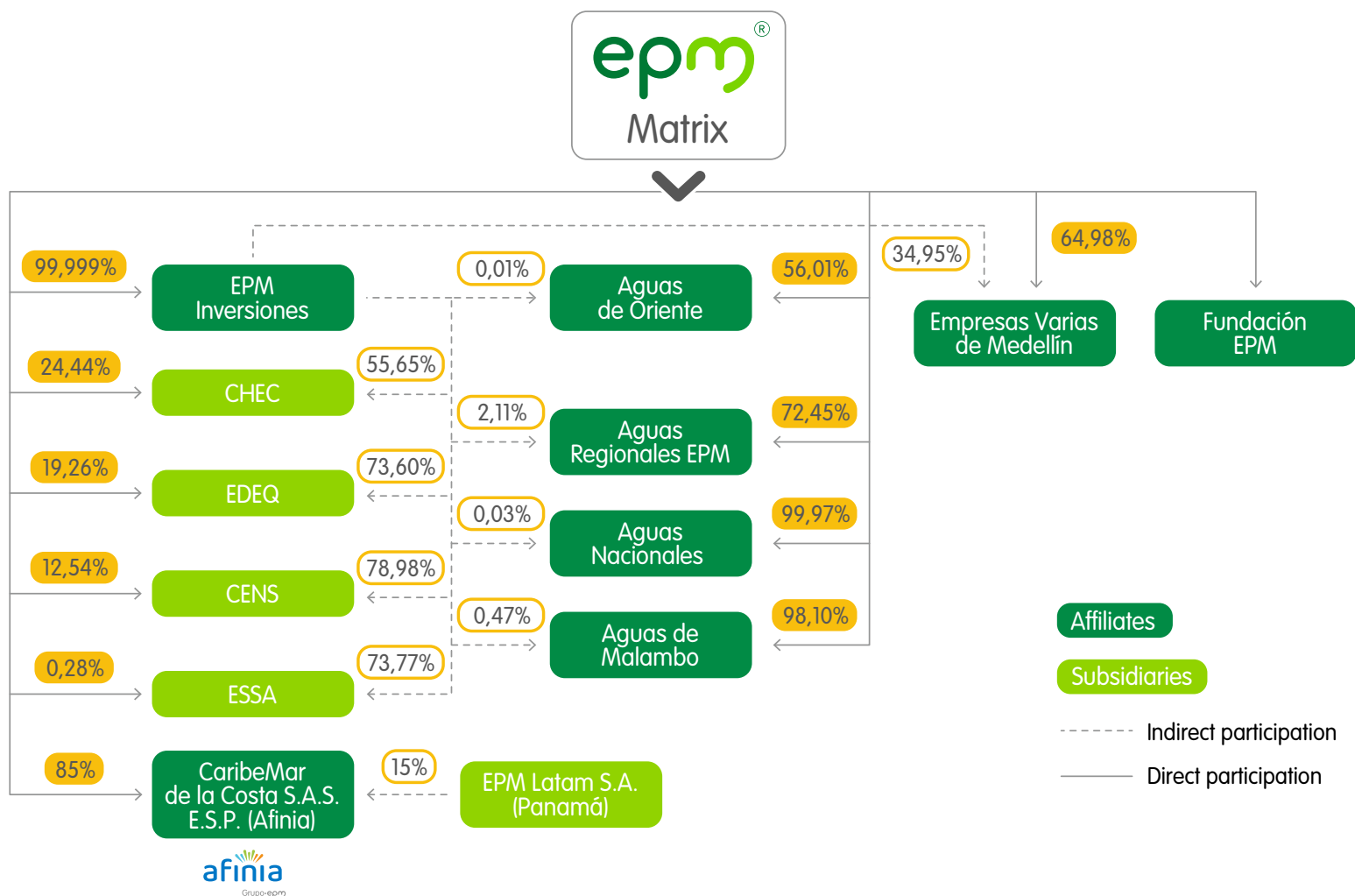
He has been advisor to the Presidency of ANDESCO, Project Manager Water Coalition for Colombia of TNC (The Nature Conservancy); manager of the Construction Services Division of Grupo Constructor Normandia S.A.; vice minister of Water and Basic Sanitation of the Ministry of Housing, City and Territory; Director of the Water and Basic Sanitation Regulatory Commission (CRA); advisor to the Board of Directors of the Colombian Geological Service; advisor to the National Water Council; advisor to the National Environmental Council; and member of the Intersectoral Commission on Climate Change. Advisor to the High Presidential Advisor for the Regions (Presidency of the Republic); coordinator of Environment and Water Resources for USAID's Orinoquia Master Plan; delegated superintendent for Aqueduct, Sewerage and Sewage (Superintendency of Public Utilities); consultant to the Business Management Directorate of the United Nations Development Program (UNDP).

Attachment 4: Grupo EPM Shareholding Composition

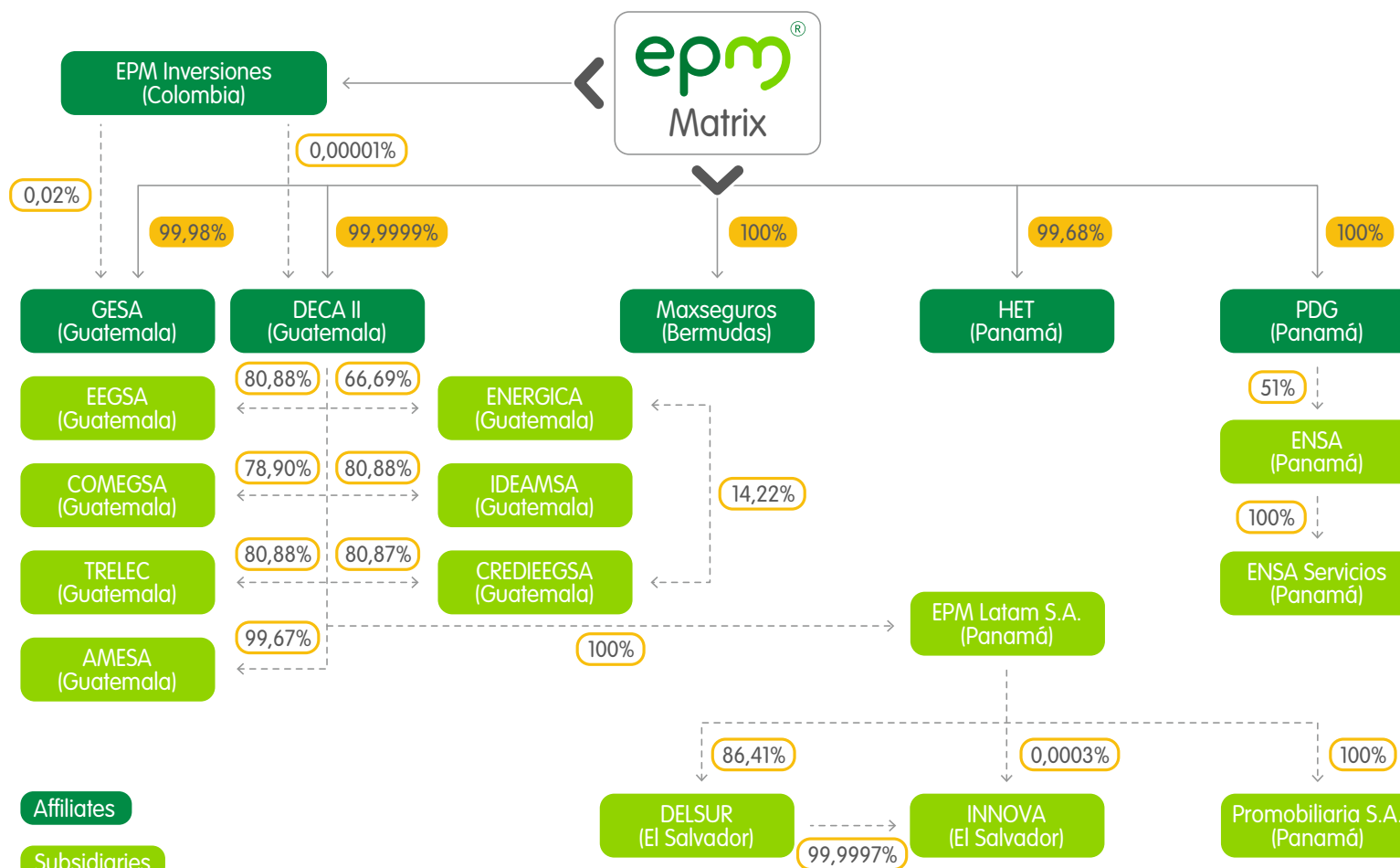
General structure of the Grupo EPM



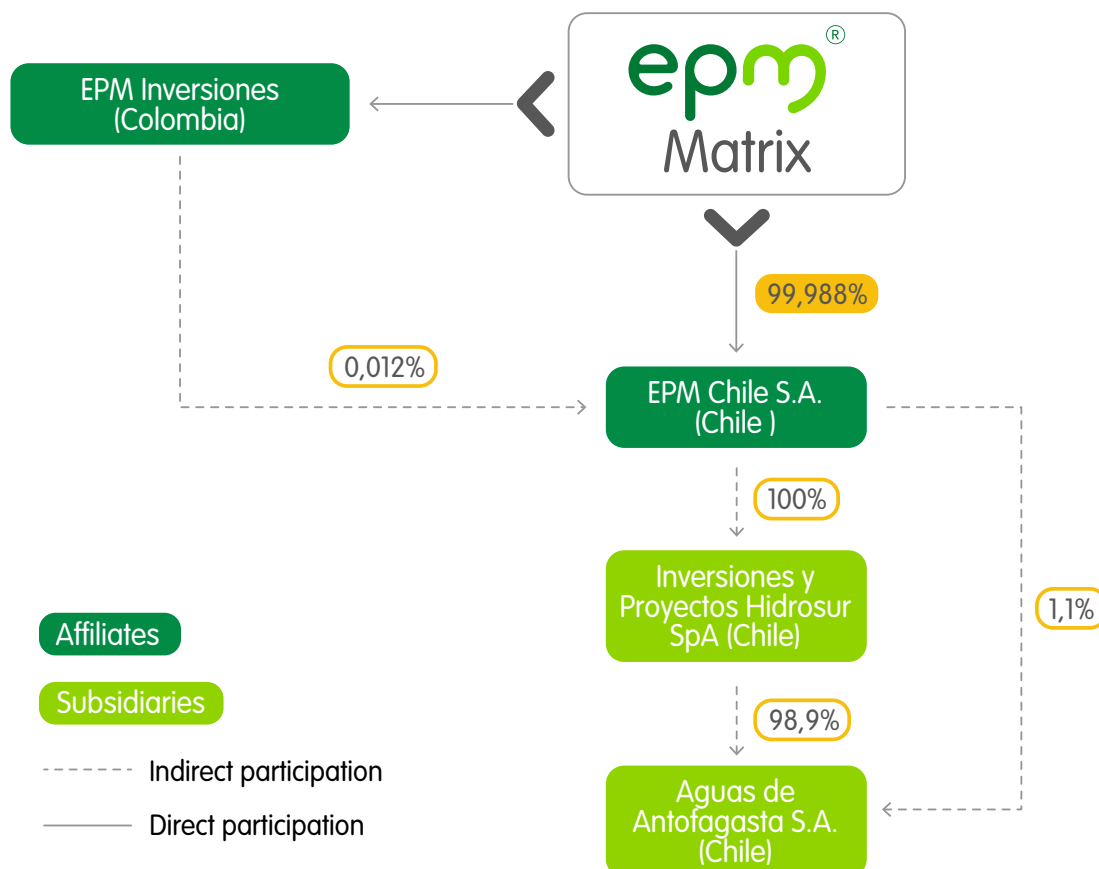
Subsidiaries in Colombia



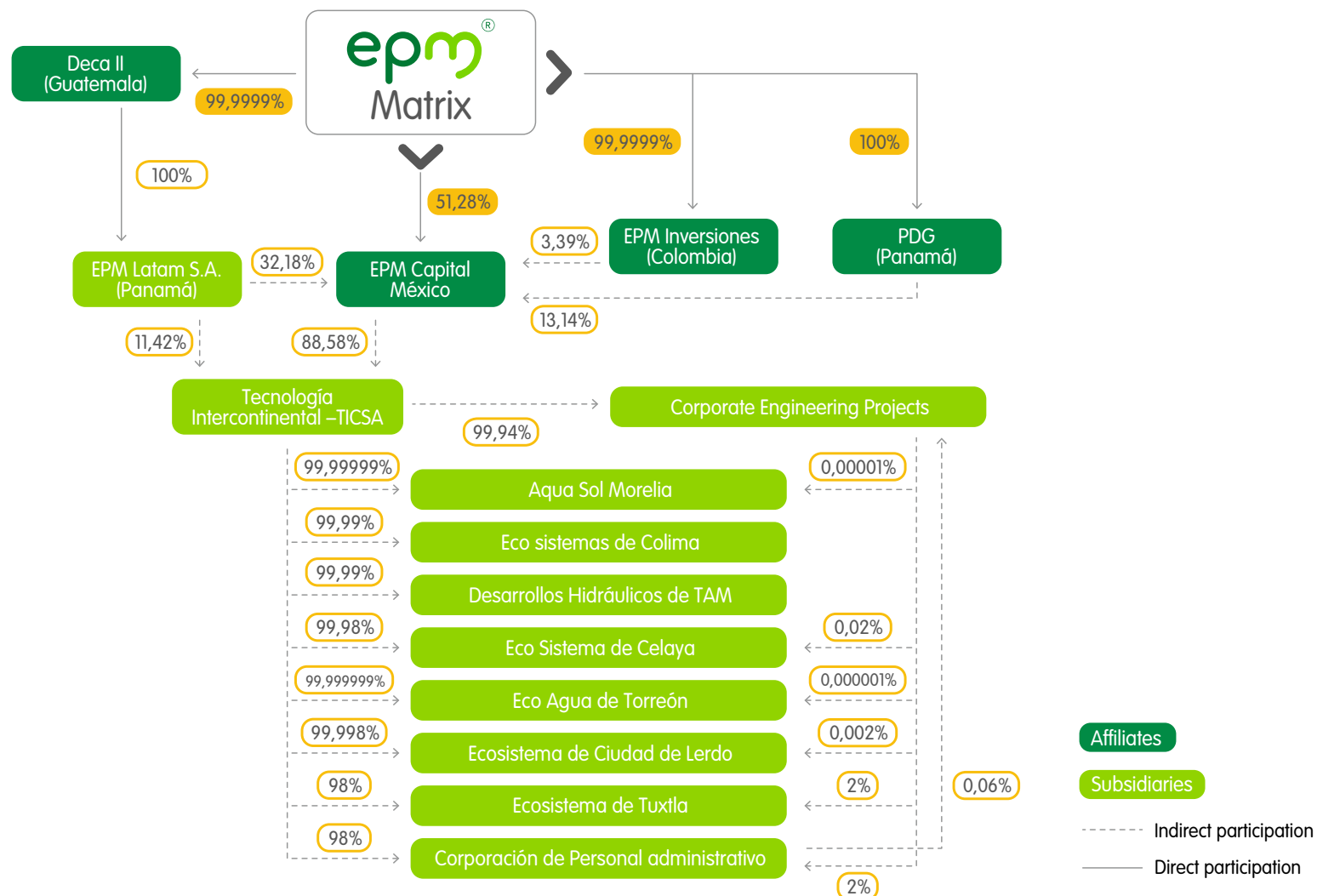
Subsidiaries in Central America and the Caribbean



Subsidiaries in Chile



Subsidiaries in México





Sustainability Report

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