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Update Ituango Hydroelectric Project

July 5th, 2018

Ituango Project

Colombian environmental agency - Resolution 00820

Summary

- Not a suspension of Environmental Licence
- Allows for the continuation of all contingency related work
- Suspends a few non critical activities
- Defines the need to have an independent expert concept on integrity of the project
- Not seen as impacting project continuation critical path
- Epm is in compliance with Environmental Licence

Ituango Project

EPM Team supporting the conference call

Jorge Tabares

Executive Vice President of Corporate Finance, Management Risk and Investment

Time working at EPM: 3,5 years

Jorge Ignacio Castaño

Environmental, Social and Sustainability Director of the Ituango Project.

Time working at EPM: 3,5 years

Jesús Ignacio Echavarría

Team Manager Legal Support to Projects.
Environmental Legal Support Direction.

Representative of HidroItuango S.A. E.S.P. before the National Authority of Environmental Licenses and other environmental authorities.

Time working at EPM: 24 years

Germán Ramírez

Debt and Capital Market Analyst

Time working at EPM: 11 years

Carlos Adolfo Mejía

Head of Programming and Performance Unit of the Power Generation Project.

Time working at EPM: 30 years

Juan Fernando Morales

Environmental and Social Analyst
Environmental, Social and Sustainability Direction of the Ituango Project.

Time working at EPM: 12 years

Juan Carlos Sampedro

Head of Debt and Capital Market

Time working at EPM: 26 years

Catalina López

Investor Relations

Time working at EPM: 7,5 years

Ituango Project

Contingency chronology - Recent Events

June 17



The Dam reached 415 m.a.s.l.:

Having the dam at 415 m.a.s.l. represents being able to dispose an evacuation capacity through the spillway of 6,000 cubic meters per second, a flow equivalent to a flooding of the Cauca river that happens once every 500 years, on average.

Note: as of July 3rd, the Dam reached 415,10 m.a.s.l.

June 28



The National Authority of Environmental Licenses (Autoridad Nacional de Licencias Ambientales - ANLA) through administrative act 00820 maintains the environmental license in force, prioritizes the execution of works related to overcoming the contingency, and temporarily suspends the regular activities not related to the attention of the contingency.

- **Resolution 00820** was issued by the ANLA on June 1, 2018 and notified to EPM on June 28.
- It is not a suspension, it is a preventive measure, which cites the following:

“ARTICLE ONE: TO IMPOSE PREVENTIVE MEASURE to the company Hidroeléctrica Ituango S.A.E.S.P.-HIDROITUANGO S.A. E.S.P., Nit. 811.014.798-1., Consisting of the immediate suspension of all the regular activities related to the construction, filling and operation stage of the reservoir, which are part of the activities that are carried out within the execution of the project "Construction and Operation Hidroeléctrico Pescadero - Ituango ", located in the jurisdiction of the Municipalities of Buriticá, Peque, Liborina, Sabanalarga, Toledo, Briceño, San Andrés de Cuerquia, Yarumal, Olaya, Ituango and Valdivia in the Department of Antioquia, and which are not required for the attention of the contingency presented since April 28, 2018. ”

Ituango Project

Recent Events - ANLA Resolution 00820

ARTICLE SECOND: The preventive measure imposed by this administrative act does not involve the suspension of all activities, works and in general all environmental measures that must be executed by the responsible for the project in order to prevent and mitigate the risks associated with the contingency presented.

Neither does it involve the activities, works, engineering works and civil works that the company must execute to guarantee the integrity of the project and to prevent and mitigate the risks associated with the presented contingency, which are its exclusive responsibility.

Obligations imposed

a. To hire an expert in order to issue a clear, precise, detailed and objective opinion on the current and future stability conditions of the infrastructure of the main works.

The expert must not have any link or subordination to the project.

b. To prove compliance with the following obligations:

- Weekly technical reports of the actions contemplated and implemented to guarantee the stability of the works. (To date, 4 weekly reports have been delivered and there is a daily communication with ANLA).
- Action Plans for the attention of threats by detachment of blocks, landslides and earthfall. (Delivered on June 6, 2018).
- Study of the areas of high consequence (those identified areas that may be affected by the materialization of threatening events).
- Modeling and analysis of uncertainty with respect to sediments released and impact on populated centers. (Will be delivered as much as possible on July 6).

Ituango Project

Recent Events - ANLA Resolution 00820

Activities that can be continued:

- Floating material extraction.
- Monitoring of geological instability.
- Operation and maintenance of El Palmar nursery and Wildlife Service and Assessment Center.
- Wildlife contingent rescue.
- Fish population monitoring.
- Maintenance of the right margin substitution path.
- Stabilization activities in the main civil works (dam, powerhouse, tunnels and spillway).
- Activities for the connectivity and fluvial mobility of the communities.
- Implementation of the contingency plan.
- Characterization of relocation sites of vascular epiphytes rescued in the reservoir area.
- Odor baseline and entomological monitoring.
- Construction of the bridge and roads for the connectivity of La Angelina.
- Removal of vegetation cover.
- Restoration activities within the obligation of compensation by the affectation of the vegetation cover.
- Construction and maintenance activities of the road Puerto Valdivia - Dam.
- Population studies of wildlife species (otter and felines).

Analysis of the consequences of the preventive measure imposition:

According to the preventive measure, all activities related to the construction, filling and operation of the reservoir that are not associated with the following must be suspended:

- The activities, works, engineering works and civil works that the company must execute to guarantee the integrity of the project and to prevent and mitigate the risks associated with the contingency.
- Monitoring plan measures.
- Decommissioning activities that are necessary to overcome the risk.
- Environmental measures that must be executed in order to prevent and mitigate the risks associated with the contingency presented.

Gracias

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