



Annual Report 2018

enel
codensa

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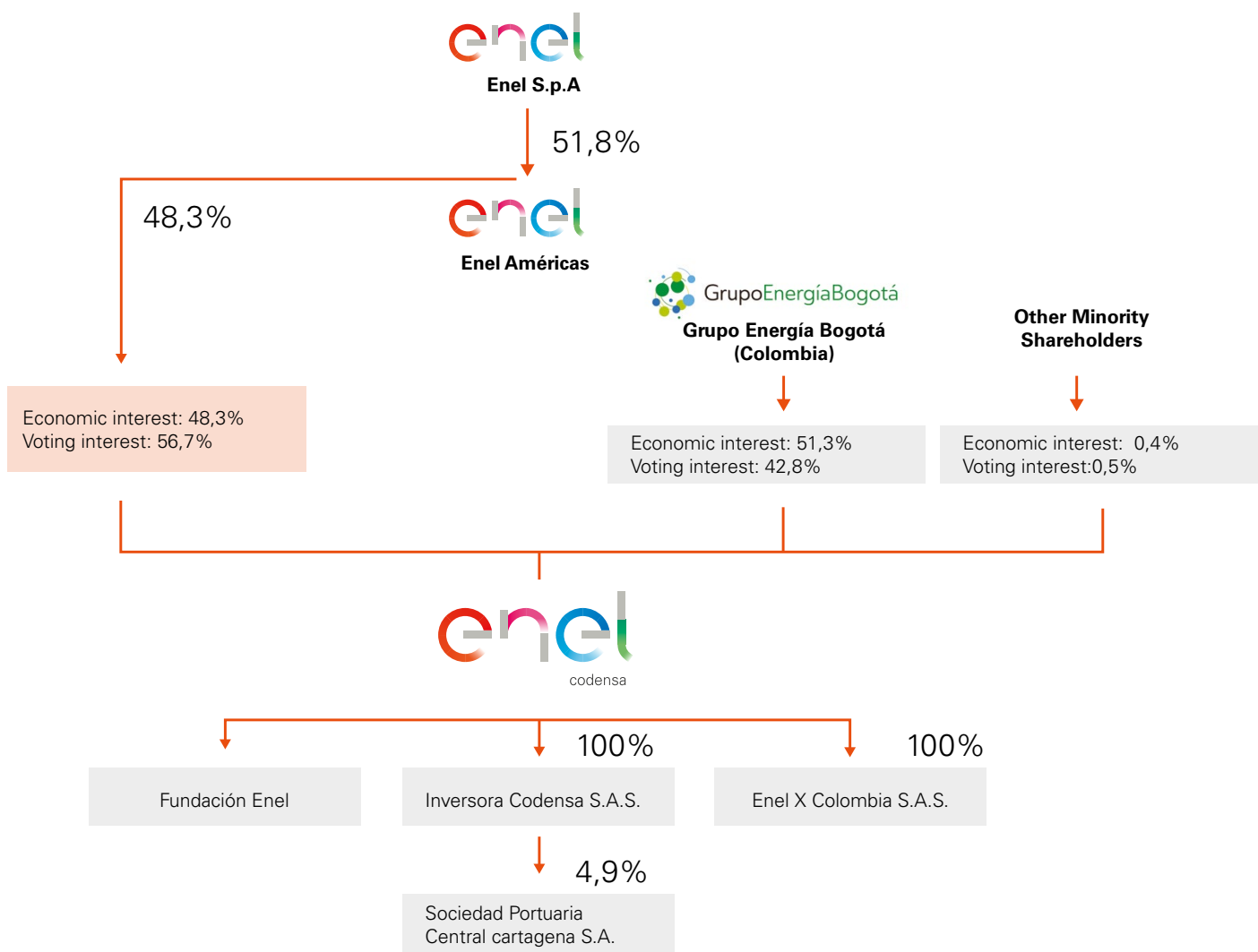
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THE COMPANY, ITS CONTEXT AND ITS MAIN RESULTS





OWNERSHIP STRUCTURE



SHAREHOLDING STRUCTURE

Shareholders	Common shares with voting rights		Preference shares without voting rights		Total shareholding structure	
	(%) Interest	Number of shares	(%) Interest	Number of shares	(%) Total interest	Total number of shares
Grupo Energía Bogotá S. A. E.S.P.	42,8411%	49.209.331	100%	20.010.799	51,3215%	69.220.130
Enel Américas S.A.	56,7175%	65.148.360	–%	–	48,3026%	65.148.360
Otros minoritarios	0,4414%	506.960	–%	–	0,3759%	506.960
	100%	114.864.651	100%	20.010.799	100%	134.875.450

CORPORATE GOVERNANCE

Board of Directors

Chairman of the Board of Directors: José Antonio Vargas Lleras

General Manager: David Felipe Acosta Correa

First Alternate of the General Manager: Carlos Mario Restrepo Molina

Second Alternate of the General Manager: Juan Manuel Pardo Gómez

The Company has a Board of Directors conformed by seven (7) principal members, each of them with an alternate, elected by the General Shareholders' Meeting through the electoral quotient system. In accordance with the Corporate Bylaws, as long as the Company is a security issuer, 25% of the Board members shall be independent according to the law. The Board members are appointed for two-year terms, as per article 58 of the Corporate Bylaws, and they can be re-elected indefinitely, and without prejudice of the faculty of the Shareholders Meeting to remove them freely at any time. The functions of the Board of Directors are described in article 62 of the Corporate Bylaws.

In the ordinary session No. 69 of the General Shareholders' Meeting held on 20 March 2018, the election of the following Board of Directors members was approved:

SEAT	PRINCIPAL	ALTERNATE
FIRST	ANDRÉS CALDAS RICO	CARLOS MARIO RESTREPO MOLINA
SECOND	JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
THIRD	LUCIO RUBIO DÍAZ	JUAN MANUEL PARDO GÓMEZ
FOURTH	ASTRID ÁLVAREZ HERNÁNDEZ	ANDRÉS BARACALDO SARMIENTO
FIFTH	FELIPE CASTILLA CANALES	ALEJANDRO BOTERO VALENCIA
SIXTH (Independent)	JOSÉ ANTONIO FRANCO REYES	DANIEL RODRÍGUEZ RÍOS
SEVENTH (Independent)	ANDRÉS LÓPEZ VALDERRAMA	VICENTE NOERO ARANGO

In extraordinary session No. 70 of the General Shareholders' Meeting held on 20 September 2018, the Meeting was informed that i) on 26 April 2018, Mr. José Antonio Franco Reyes submitted his resignation as principal member of the sixth seat of the Board of Directors, and that ii) on 22 August 2018, Mr. Vicente Enrique Noero Arango submitted his resignation as alternate member of the seventh seat of the Board of Directors. Thus, the Shareholders' Meeting appointed Mario Antonio Cajiao Pedraza as alternate member of the seventh seat of the Board of Directors and the main member of the sixth seat of the Board of Directors remained vacant. By virtue of the above, the composition of the Board of Directors as of 31 December 2018 was as follows:

SEAT	PRINCIPAL	ALTERNATE
FIRST	ANDRÉS CALDAS RICO	CARLOS MARIO RESTREPO MOLINA
SECOND	JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
THIRD	LUCIO RUBIO DÍAZ	JUAN MANUEL PARDO GÓMEZ
FOURTH	ASTRID ÁLVAREZ HERNÁNDEZ	ANDRÉS BARACALDO SARMIENTO
FIFTH	FELIPE CASTILLA CANALES	ALEJANDRO BOTERO VALENCIA
SIXTH (Independent)	VACANTE	DANIEL RODRÍGUEZ RÍOS
SEVENTH (Independent)	ANDRÉS LÓPEZ VALDERRAMA	MARIO ANTONIO CAJIAO PEDRAZA



Attendance to meetings by members of the Board of Directors

The Company’s Board of Directors during the year 2018 ordinarily held twelve face-to-face meetings. In all the meetings there was a quorum to meet and decide validly. The members of the Board participated in these sessions as indicated below:

SEAT	No. of sessions attended Principal Members	No. of sessions attended Alternate Members*
FIRST	11	1
SECOND	10	2
THIRD	10	2
FOURTH	7	5
FIFTH	12	0
SIXTH (Independent)	4	8
SEVENTH (Independent)	11	0

*The alternate members in blank did not have to replace the principal member insofar as there were neither absolute nor temporary absences.

Audit Committee

In accordance with the provisions of the Corporate Bylaws, the Good Governance Code of the Company, and Act 964 of 2005, the Company has an Audit Committee, composed of four (4) members of the Board of Directors, two (2) of which are independent members. The Chairman of the Committee is an independent member of the same committee. This committee has a Secretary, who may or may not be a member. The Statutory Auditor attends the meetings of the Committee with the right to speak but without vote.

The Board of Directors in its session No. 271 of 25 April 2018 approved the composition of the Audit Committee, which was formed as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
ASTRID ÁLVAREZ HERNÁNDEZ	ANDRÉS BARACALDO SARMIENTO
JOSÉ ANTONIO FRANCO REYES	DANIEL RODRÍGUEZ RÍOS
ANDRÉS LÓPEZ VALDERRAMA	VICENTE NOERO ARANGO

Taking into account that on 20 September 2018, in an extraordinary session of the Shareholders’ Meeting, the appointment of the alternate member of the seventh seat of the Board of Directors was held and the principal member of the sixth seat was kept vacant, it was necessary to modify the conformation of the committee in session No. 278 of the Board of Directors held on 22 November 2018. For the above, the Audit Committee was formed as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
ASTRID ÁLVAREZ HERNÁNDEZ	ANDRÉS BARACALDO SARMIENTO
VACANT	DANIEL RODRÍGUEZ RÍOS
ANDRÉS LÓPEZ VALDERRAMA	MARIO ANTONIO CAJIAO PEDRAZA

The duties of the Audit Committee are described in article 96 of the Corporate Bylaws, of which the following stand out: (i) Supervise compliance with the internal audit programme, which must take into account the business risks and fully evaluate all areas of the company. (ii) Ensure that the preparation, presentation and disclosure of financial information complies with the provisions of the law. (iii) Review the year-end financial statements, before they are submitted for consideration by the Board of Directors and the General Shareholders’ Meeting. (iv) Establish the policies and practices that the Company will use in the construction, disclosure and disclosure of its financial information. (v) Define the mechanisms that the Company will use to consolidate the information of the control bodies for the presentation of the same to the Board of Directors. (vi) Issue a written report regarding the transactions that have been entered into with related parties, having verified that they were carried out under market conditions and that they do not violate the equal treatment of the shareholders; and (vii) The others assigned by the Board of Directors.

In view of the foregoing and in compliance with its main duties of supporting the Board of Directors in the supervision of the Company’s financial accounting management, the Audit Committee presents to the General Shareholders’ Meeting a report corresponding to the previous fiscal year, where it shows the fulfilment of the duties described above.

Attendance to meetings by members of the Audit Committee

The Company’s Audit Committee during 2018 met in 6 (six) opportunities, four (4) sessions were ordinary, and two (2) were extraordinary. In all the meetings there was quorum to meet and decide validly. The members of the Committee participated in these sessions as indicated below:

SEAT	No. of sessions attended Principal Members	No. of sessions attended Alternate Members*
FIRST	4	2
SECOND	5	1
THIRD (Independent)	1	5
FOURTH (Independent)	6	0

* The alternate members in blank did not have to replace the principal member insofar as there were neither absolute nor temporary absences.

Good Governance and Evaluation Committee

In accordance with the provisions of the Corporate Bylaws and the Good Governance Code, the Company has a Good Governance and Evaluation Committee, made up of three (3) members of the Board of Directors. The Chairman of the Committee is elected among its members. This Committee will have a Secretary who can be a member thereof or not.

The Board of Directors, in its session No. 271 of 25 April 2018 approved the composition of the Good Governance and Evaluation Committee, which was conformed as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
LUCIO RUBIO DÍAZ	JUAN MANUEL PARDO GÓMEZ
ASTRID ÁLVAREZ HERNÁNDEZ	ANDRÉS BARACALDO SARMIENTO





The duties of the Good Governance and Evaluation Committee are described in Article 98 of the Corporate Bylaws, it being worth to highlight: (i) Oversee that the shareholders, investors, other stakeholders and the market, at large, have full, truthful and timely access to the company’s relevant information. (ii) Review and evaluate fulfilment of its duties by the Board of Directors over the period. The aspects to be included in the evaluation include the following: attendance of the members to the meetings; their active participation in the decisions and follow-up of key corporate issues. (iii) Monitor negotiations performed by the members of the Board of Directors with actions taken by the company or other companies of the same group. (iv) Supervise compliance with the remuneration policy for Board members. (v) Be aware of complaints expressed by investors, shareholders and other stakeholders with respect to compliance with this code and have them conveyed timely by the person in charge of the virtual office for service of shareholders and investors.

In view of the foregoing and its main function of supporting the Board of Directors in monitoring compliance with good governance provisions set forth in the Law, the Corporate Bylaws, the Good Governance Code, and the Internal Regulations of the Board of Directors, the Audit Committee presents to the General Shareholders’ Meeting a report corresponding to the previous year, in which it reports the fulfilment of the functions described above.

Attendance to meetings by members of the Good Governance and Evaluation Committee

The Good Governance and Evaluation Committee met three (3) times during 2018, one (1) ordinary session, and two (2) extraordinary sessions. The Committee members participated in said sessions, as indicated below:

SEAT	No. of sessions attended Principal Members	No. of sessions attended Alternate Members*
FIRST	3	0
SECOND	3	0
THIRD	1	1

* The alternate members in blank did not have to replace the principal member insofar as there were neither absolute nor temporary absences.

Based on the foregoing, it is inferred that in all meetings there was quorum to meet and decide validly.

CORPORATE PURPOSE

The main purpose of the company Codensa is the distribution and sale of electricity, as well as the execution of all similar, connected and supplementary activities related to the distribution and sale of energy, the performance of works, design and consulting services relative to electrical engineering and product marketing for the benefit of its customers. The company may also perform other activities related to the provision of public utility services at large, manage and operate other Public Utility Companies, execute and perform special management contracts with other Public Utility Companies, and sell or provide goods or services to other economic actors, both domestic and foreign, related to public services. It can also participate as a partner or shareholder in other public utility companies, directly, or in association with third parties, or creating a consortium with them. As part of the aforementioned purpose, the company may promote and establish companies or agencies in Colombia or abroad; acquire any kind of real or personal property, lease, sell,

encumber or offer them as guarantee; opt for any form of association or collaboration business modality with natural or juridical persons to carry out activities that are related, associated and supplementary to its corporate purpose; develop trademarks, trade names, patents, inventions or any other intangible good as long as they are related to the main purpose; issue, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, executive titles and others; participate in public and private tenders; give to or receive from its shareholders, parent company, subsidiaries, and third parties, money as loans, enter into insurance, contracts transportation contracts, shared accounts and banking and/or financial contracts. It can also participate with financial entities as a corresponding bank for the benefit of its customers.



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

One more year we turn to you to discuss the most important issues of 2018, as well as the vision we have of the current development of our business.

We are pleased to report that the behaviour of Codensa S.A. ESP (hereinafter Codensa) has been outstanding in 2018, in a sector that faces changes in many of its fundamental aspects: Regulation, Customer Relations, evolution of Technology and consumption habits.

Regarding the regulatory framework, in 2018 Resolution 015 of 2018 was issued, adopting a new methodology to remunerate distribution charges with fundamental changes in terms of the business model (moving to a Revenue Cap model), Incentives (new models of recognition of quality incentives, AOM and losses) and management of assets and information (regulation requiring Distributors to present, execute and report in detail broad and robust programmes of Capital Investments in the network) and that we consider widely beneficial for the country, the sector, our customers as well as for our Company.

In this order of ideas, we are pleased to communicate that in July 2018 Codensa presented to the Regulating Entity its 2018-2023 investment plan, which includes the charges we hope will be approved in 2019 and which continue to reflect our passion for teamwork, good results and the great commitment to bring our customers a quality product, protected under an intense investment effort.

Within this new regulatory framework, which safeguards and guarantees incentives for investments in the sector, we understand that our customer is also changing from just consuming energy to consuming and producing at the same time. The term prosumer describes this evolution of the role of the consumer, and the interaction of consumers/prosumers/network operators creates a different relationship framework, which will significantly impact the operation of the network, making it increasingly complex.

To face these complex and significant challenges, we can indicate that through new technologies applied to processes, customer service, the network, intelligent measurement, digitalisation and convergence that we are already implementing, we will be prepared to adapt to the great transformation that the

Energy Distribution sector is experiencing: we consider that by innovating and/or adopting technology to each case of use, to each business model and, of course, to regulation, we contribute significantly to the industrial and technological development of the country.

At this point, in addition to highlighting the important changes we face in the sector, it is relevant to mention that during 2018 we made the change of image by brand evolution (to Enel Codensa) in invoices, administrative offices, all the Service Centres of Bogota, Cundinamarca, and Virtual Office in the municipalities of coverage, which allowed the unification of the image and facilitated the recognition of the brand by our customers.

COLOMBIAN MACROECONOMICS IN 2018: RECOVERY COMPARED TO THE LAST TWO YEARS AND WITH GROWTH POTENTIAL

At the regional level, in 2018 the elections in Colombia, Mexico and Brazil defined the direction of the new governments and in the United States the protectionist measures began to materialise.

In terms of growth, global results for the last three years have been at rates close to 3.7% per year, maintaining similar averages according to their scale: developed economies grow at rates close to 2%, Asian economies at rates over 6% and Latin America with rates slightly above 2%.

Colombia ends 2018 with some indicators that reflect the strength of its economy:

- One-digit unemployment rate: 8.8%
- GDP growth of 2.8%
- Inflation of 3.18%
- IPP de 2,31%
- A current account deficit of around 3.6% of the national GDP
- Increase in direct foreign oil and non-oil investment

Un déficit en cuenta corriente del orden del 3,6% del PIB Nacional

Aumento de la inversión extranjera directa petrolera y no petrolera

Taking into account the above, Colombia continues to be one of the promising economies of the region and this is perceived by the rating agencies that grant the country the degree of investment.

Within this stable macroeconomic and regulatory framework, during 2018 we continued to achieve successes and progress on our path towards a world class company:

SAFETY CONTINUES TO BE A PRIMARY OBJECTIVE OF OUR OPERATION, SEEKING TO CONTINUE WITH STANDARDS OF EXCELLENCE

In 2018 we achieved a general frequency rate¹ of 0.39 (-44% vs previous year) through cultural change, revision and updating of procedures as well as innovation in security, which allows us to develop new working methods to execute operations in a safe manner and with great pride to present a very significant reduction in the last 5 years (from the 3.51 index of the year 2013).

In addition to the above, we must highlight that In April of 2018 Codensa obtained the Certification of Healthy Organisation, becoming the first company in the Colombian electricity sector to obtain it, ratifying the Company's commitment to the well-being and health of its employees.

OUR OPERATION: EFFICIENCY BASED ON INNOVATION AND APPLIED TECHNOLOGY

We are pleased to report that as of year-end 2018 we have installed over our network a total of 5,470 remote control equipment in our medium voltage network and during the year we built 252 kilometres of new substitutions, distributed in 415 circuits which allows us to operate the distribution network efficiently in the face of failures in the electric service, knowing more accurately the location where the failures occurs and reducing the number of affected customers.

In addition to the above, the considerable improvements in quality of service indicators (110 minutes in the international indicator of duration of interruptions of service SAIDI that went from 820 minutes in 2017 to 710 minutes and 0.9 times in the international

1 Frequency rate: The relationship between the total number of Work Accidents (WA) with and without disability, registered in a period and the total of Man-hours worked (MHW) during the same period.

indicator of interruption frequency of the service that went from 9.9 times in 2017 to 9 times in 2018), were covered by the execution of the following projects:

- Remote control project of the medium and low voltage network
- Redesign and replacement of medium voltage networks
- Redesign and replacement of low voltage networks
- Normalisation of substations and high voltage networks
- Modernisation of essential services in AT / MT substations
- Forest management
- Action plan to control and/or mitigate the impact of rainy and windy seasons
- Protection management
- Modernisation of communication substations

In addition, the incorporation of operational efficiency initiatives such as Prediction of failures and anticipation under early warnings, Reduction in times of inspection of circuits and removal of foreign elements from the network, Reduction of the cost in the drainage of inspection chambers and substations as well as the night service of connection of customers and simultaneous energisation of projects.

We made progress in the technological transformation of the business through the implementation of technology in our networks and the digitalisation of processes and operations.

During 2018, we continued our strong support of the process of technological transformation of the sector and the country in general, based on:

- Smart metering: During 2018 we installed 31,015 smart meters in Bogota and some municipalities in Cundinamarca (continuing the project started in 2016), reaching a total of 74,665 installed equipment as of year-end 2018, with which we firmly support the process of technological transformation of the country and our sector.
- The successful operation of 2 pilot projects aimed at the use of Non-Conventional Renewable Energies for the supply of electric power service in Isolated Areas of our concession area through Off-Grid technology: Minigrids with 20kWp supply capacity and 18 individual solutions that use the solar energy resource available in rural areas of the municipalities of Paratebueno and Puerto Salgar, Cundinamarca, respectively.



- The development of pilot projects that have allowed the validation of the incorporation of drones to improve processes and operations: Dragon Drone, Owl Drone and Weaver Drone, which have had a very positive impact on worker safety, efficiencies in the development of daily tasks and efficiencies in service quality.
- The implementation of Improvements in processes that allows them to be at the forefront and prepared for the digital transformation that this involves: evaluation of the digital state of 28 processes that make up the Infrastructure and Networks area framed in the project digl&N Colombia, under agile methodologies: During 2018 we opened 6 Agile Rooms, with 43 initiatives (20 prioritised). Of these initiatives, 48% are in the process of implementation and we have achieved that 30% of the ideas be disruptive.
- The opportunity in the connection times of new customers to the distribution system presents exceptional improvements and is part of the priorities of our strategy through which we want the experience of our customers with the Company to be easily accessible, with interaction and traceability: During 2018 strategies were implemented for the redesign of the connection chain process, achieving the optimisation of the activities of the process and reducing up to 76% of the response times to the requests.
- During 2018, 5 Virtual Office points were opened in the municipalities of Lenguaque, San Pedro de Jagua, La Calera, Tocaima and El Peñol, reaching a total of 44 points in the coverage municipalities. The Virtual Office allows Customers to contact a service advisor to attend to their requirements or queries; expanding the service channels through existing digital means in the municipalities and minimizing the movement of customers to face-to-face offices.
- In joint work with the UAESP, during 2018 we installed more than 50,000 LED luminaires in different locations, main roads, secondary roads and parks in Bogota, which provides the city with more illuminated spaces that impact on the quality of life and safety of people.
- We have developed the digitalisation of geo-positioning (including 360° images) of approximately 350 km of network and 160 transformers under the LIDAR Project.
- In 2018 the company implemented the DeX - Digital Customer Experience project, which has three emphases: improving customer experience with different digital customer journeys; achieve operational efficiency through the automation of customer service and support processes and

develop new business models leveraged in the digitally. The project, whose horizon was established until 2020, managed to mobilise the market towards digitalisation, reaching 97,485 customers registered for virtual invoices, 6.4 million electronic payments, 20,309 reports of power failures through the App and 34,466 digital sales during 2018.

WE REMAIN COMMITTED TO ENERGY EFFICIENCY AND SUSTAINABLE DEVELOPMENT

As network operators, we remain committed to energy efficiency and evidence of this are the non-technical losses reduction actions that in 2018 allowed us to reduce the loss ratio by 10 basis points closing at a value of 7.74%, through loss targeting strategies:

- *Datamining:* Through Big Data management and analysis we achieved an effectiveness of inspections with Unregistered Consumptions of 22% recovering 5GWh (51% of inspections achieved billing increases), Improvement in targeting, Operational reinforcement and Automation of analysis and settlement.

And operational efficiency strategies:

- 281 thousand inspections (11% greater operation vs 2017, and 39% higher energy recovery)
- Periodic review at high energies (22 thousand inspections) that allowed us to obtain 7GWh of higher sales
- Inspection plan for energy tolls (additional 7GWh)

Moreover, Codensa managed the treatment and disposal of waste contaminated with PCBs (Polychlorinated Biphenyls), achieving the decontamination of 25.17 Ton of solid material of the equipment and the export of 9.63 Ton of oil and waste for its elimination under the environmentally sound management and elimination framework of PCB led by the Ministry of Environment and Sustainable Development, an institution that during the framework of the International Environment Fair 2018 granted Enel Codensa recognition for being one of the leading companies in PCB management in the country.

In addition, we highlight that during 2018 the delinquency rate of electric service has a better result than that of 2017 and the collection rate reached 100.18%, obtaining a growth of 8.3% in collections compared with the previous year.

Regarding the relationship and promotion of the growth of the communities where we operate, we are pleased to comment that we have decidedly supported the urban improvement of Bogota (Energizarte Plan with Artistic Murals in our control centre) and we continue with our Seed Plan, which has benefited 205 citizens who have completed technical training, in addition to having 57 students in productive stage and 40 students in theoretical training. It is very important to note that, within this plan, 22% of the participants are women who form mixed groups and also implements 100% female groups.

OUR HUMAN RESOURCE: CULTURAL TRANSFORMATION TO FACE NEW CHALLENGES IN AN ENVIRONMENT OF HAPPINESS.

Under guidelines and promotion of inspiring leadership, we continue the transformation of our human resources towards Knowledge Management based on a Digital mentality, in order to make the people of our organisation the driving force of the digital transformation of our company, strengthening their individual contribution so that we continue to be a differential generator of value.

This is how in this 2018 we have implemented:

- School of digital transformation: Offering 6 courses (Data Driven, Scrum, Lean, Kanban, Agile, Customer Centricity, D.A) to 225 enrolled students (24.5% Digital profiles)
- Happiness strategy: Promoting determination towards Resilience, Consistency, Gratitude, Service, gender equality and quality of life benefits of our employees
- Development of Soft Skills: Training and individual development plans in solving complex problems, critical thinking, creativity, negotiation and cognitive flexibility.

OUR FINANCIAL RESULTS: WE CONSOLIDATE OUR GROWTH AND RATIFY OUR STRENGTH

We are pleased to share the economic results achieved in 2018.

Our operating revenue reached \$5.1 trillion represented by \$ 4.7 trillion from the sale of energy services and \$0.4 trillion from the sale of other associated services: operating revenues grew 11% compared to the same period last year.

The cost of sales amounted to \$3.0 trillion, showing an increase over the previous year of 19%.

Thus, as of December 2018, ENEL CODENSA generated EBITDA of \$1.5 trillion, 0.5% higher than during 2017, and the Company's net income during the year was \$0.6 trillion.

Regarding Investments, in 2018, \$0.79 trillion were executed mainly in Service Quality, Remote control, Customer Connection and Network Maintenance projects, and the debt as of 31 December is \$2.2 trillion, represented mainly in bonds issued in the national market.

With these results, CODENSA in 2018 obtained a return of 8.9% on the total assets and 22% on total equity.

For the next three years (2019-2021) the Company presents positive economic and financial projections and expects sustained growth in its results and sustainability in its profitability.

In order to comply with article 47 of Act 222 of 1995, in relation to the operations carried out with the shareholders and administrators, they reportedly observed the applicable legal provisions and are duly reflected in the financial statements.

Furthermore, Codensa complies with the rules on intellectual property and copyright and all software available for the management of the Company has the corresponding licenses and therefore complies with the rules on intellectual property and current copyright in Colombia.

Pursuant to the provisions of article 87 of Act 1676 of 2013, the Company has reportedly not hindered the free circulation of invoices issued by vendors or suppliers.





Additionally, we declare that after year-end there were no significant events in the Company worth mentioning and that in accordance with the provisions of Act 142 and 143 of 1994 the company has an internal control system, good governance and anti-corruption code and an external auditor of management and results. Moreover, during the reporting period, the company, as issuer of securities, has controlled and disclosed the financial information in accordance with the applicable regulations.

In accordance with the provisions of numeral 4 of Official Letter 028 of 30 September 2014 of the Financial Superintendence, Codensa's Implementation Report of Best Corporate Practices can be consulted on the corporate website. It also made available the Country Code survey for 2018 in the relevant information link of the Financial Superintendence of Colombia.

In line with the CODENSA Corporate Bylaws, the following reports are submitted to the shareholders:

- Management Report by the General Manager corresponding to the period January to December 2018, received by the Board of Directors
- Certified and audited year-end financial statements
- Report of Article 446 of the Code of Commerce
- Special Report of the Corporate Group pursuant to Article 29 of Act 222 of 1995
- Corporate Governance Reports

To conclude, we thank our Shareholders for the vote of confidence they have given us by keeping their investment in the Company, which motivates us every day to generate value and good results and also contribute to the development of the country.

DAVID FELIPE ACOSTA CORREA
General Manager

JOSÉ ANTONIO VARGAS LLERAS
Chairman of the Board of Directors



Operation manoeuvres

02

OUR VALUE CHAIN





MARKET MANAGEMENT E-SOLUTIONS

Business to Customers (B2C)

In 2018, the Business to Customers (B2C) process had as fundamental operating fronts the structuring and sale of the portfolio of value-added products and services to residential customers in Bogota and Cundinamarca, and the provision of all services related to customer service for complaints and grievances of all residential customers in Bogota and Cundinamarca. These fronts are framed in a programme of Digital Customer Experience (digital transformation) to improve customer experience.

• **Products other than energy trading:**



• **Energy trading:**



In 2018, the B2C strategy was mainly focused on the strengthening of the current portfolio of products and services, the capitalisation of operational efficiencies in sales, the implementation of knowledge programmes and customer loyalty, the acquisition of new technological tools to achieve operational efficiencies, and the development of programmes of digital transformation and implementation of contracts in order to improve the attention and service of residential customers.

The Company offers a portfolio of value-added products and services (VAPS), with the aim of generating residential customers an additional offer to the energy service. Among the products offered to the mass customer segment are credit cards, insurance, electrical works and assists, efficient lighting products (LED bulbs) and collection orders to third parties.

Codensa Easy Credit

Codensa Easy Credit, in agreement with Colpatria, finances electrical appliances through the electricity bill. During the last years the affiliation of commercial partners grew more than 50% including categories of clothing, education, health, personal care, travel and entertainment. Benefits have been created for the customers, among them the advances in cash and the purchase of the market with the Codensa Easy Credit card.

The participation of Codensa Easy Credit in the market allows access to formal credit, in large stores and premier stores, with an appropriate quota and at a competitive cost to low-income energy customers. By December 2018, 836,694 customers had benefited.

Insurance

In partnership with Mapfre and Seguros del Estado, customers are offered a set of insurance designed to provide protection to people in danger such as death, illness, home loss, among others, in exchange for a monthly premium within reach of the segment to which they are addressed.

In 2018, active policies increased by 3.63%, thanks to sales management and the decrease in the category's desertion rate. As of year-end 2018 there were 786,622 customers, with average premiums of \$10,000. Among the main achievements in 2018 are:

- **Launch of Vital Health:** Health insurance launched in January 2018. By December 2018, 2,708 policies had been sold; benefiting more than 87 members, who have agreed to consultations with medical specialists and diagnostic medical examinations. This product is backed by Mapfre Compañía de Seguros
- **Launch of co-ownership insurance:** This insurance began to be sold since May 2018, the sale is carried out by Seguros del Estado
- **Old car insurance of:** This product was launched in May, and by December 617 sales had been made with the support of Seguros del Estado

- **Launch of car insurance (all risk):** This product was launched on the market in November 2018, with the support of Seguros del Estado in partnership with an insurance BPO.
- **Launch of debtor life insurance:** Product available to the public since October. Associated with all energy payment agreements that are made in the service centres, the placement is made by Codensa, the premium was approximately \$2,700 per month and in December 200 sales were made.

The cumulative closing for 2018 is of 185,023 policies sold, in line with the proposed strategy and focused on the improvement of the yearly margin, which allowed a growth of 11%, equivalent to 18,061 policies compared to the process carried out in 2017. These sales were mainly through face-to-face channels with 55.9% compared to 44.1% through distance channels.

In addition, optimisation actions were developed in channel management to face the challenges of 2018, among which stand out the optimisation of street sales teams, the incursion in the upper Magdalena (Guaduas and Puerto Salgar) and the development of contractor management strategies that allowed improvements in sales ratios, quality, improvement in the turnover of advisors, and the increase in PDAs (Personal Digital Assistants), for the purpose of increasing the revenues from sales made in the field.

The desertion rate of microinsurance customers decreased by 5.4% with respect to 2017, thanks to the ongoing review of the customer experience with the services and a customer knowledge effort through data analytics, which generated the design of new forms of relationship.

Customers were offered the possibility of continuing their insurance services even if they moved from the city, with the migration to virtual billing in which they receive the value of their insurance and do not lose seniority and coverage benefits. The need of customers to receive more information when activating their service was also taken care of, by designing welcome campaigns for the acquired insurance with detailed information of their product.

In 2019, the main insurance product challenges are to strengthen B2C sales models focused on operational efficiency, vendor management and channel mix, standardise best sales practices, strengthen sales force training models and deeper knowledge and customer relations to offer a better service experience.

Electrical works in homes

The main services offered are independence, new accounts, meter transfers, load increase, internal adjustments, and measurement equipment. By 2018, 32,317 works were carried out, 72% in Bogota and 28% in Cundinamarca.



Electrical works in homes

Assistance

As of May 2018, Codensa offers assistance services to provide solutions to unexpected events that occur in homes, as well as needs of pets (dogs and cats) regarding medical and post-mortem situations. As of December 2018, there were 10,331 active customers.

With these products, the main challenge for 2019 is the exploration of new sales channels of electrical works, the repowering through a reengineering of the process and the incorporation of new products in the portfolio.

Lighting with efficient technologies (LED)

For 2018 the main challenge was to meet the expectation of digital sales, which amounted to 30,181 units, compared to sales for the year 2017 of 9 thousand units. To achieve the proposed goals, since the second quarter of 2018 a comprehensive strategy was proposed that made it possible to sell 79,513 lighting units.

Collection orders

Through the bill, Codensa offers customers the option of generating other charges with third parties that facilitate a simplified payment, our partnerships include El Tiempo, Directv and El Espectador. By the end of 2018, Codensa had more than 81,000 active collection orders. In 2019, one of the main challenges will be to expand billing and collection services to customers of strategic partners.

Customer experience

In 2018, the residential customer experience process focused on three fronts:

Analytical capabilities for customer care and campaigns

The implementation of analytical capabilities in the residential customer segment has made it possible to direct the offer of value-added products and services and improve customer knowledge.

One of the most used and created models was customer value for Codensa Easy Credit, Microinsurance and Residential Energy products, which allows describing, valuing and predicting the benefit of the economic relationship that exists with each one of the customers and defining customer segments, in accordance with the value they bring to the Company, in order to develop and retain high-value customers and monetise those with low or medium value.



Furthermore, the policy of touches and campaign management was conceptualised and implemented as a tool to take care of the residential customer experience. The touches are the contacts that the Company makes with the customer to interact and / or deliver business information in an organised way through different channels, such as a text message (SMS), an email or a phone call.

During the year more than 150 campaigns were generated, 28% of which were through digital channels. Of these, 27 were to market a product, 7 to encourage payment through digital channels, 4 to affiliate customers to virtual invoice and 2 to invite customers to register in Conecta (customer relationship and loyalty project). All these campaigns incorporated segmentation criteria to identify the propensity to the offer and allowed attracting customers at a low cost and massively, because on average they contact about 175,000 customers in a single referral.

Enel Business School

Enel Business School (EBS), is the virtual training school created to standardise the knowledge and information of processes, vision and challenges of the Company to the collaborators of the contractors of the sales and customer service channels. In the first phase of the project, the virtualisation of 156 subjects was completed, 46 in sales and 110 in service.

For the development of the second phase, in September a new agreement was established with the EAN University for the continuity and execution of the Enel Business School (EBS) project, with which new contents will be developed according to the needs of the Company. With this agreement we have the logistical support and availability of classrooms for the training of new personnel or reinforcements that the channels require, and with the academic and administrative support for the development of the project.

During 2018 the training was implemented with the Enel Business School (EBS) methodology in the sales (603 advisors) and service (78 consultants) channels, for a total of 20,480 browsing hours in the EBS virtual training platform.

In addition, training of trainers workshops were held to strengthen the implementation and application stage of the new virtual training methodology Enel Business School (EBS). In total, 25 people were trained in 96 hours.

Improvement of the customer experience

Customer journey maps were built for e-commerce projects, Conecta, digital incentives, virtual invoice, 24/7 emergencies and insurance, which allowed improving the customer experience in each of the contact points. This is backed by the service blueprint and the design of a service model that helps to improve the processes.

Moreover, the Voice of the Customer agile room was carried out, which aimed to define a model of measurement of the experience and management of the voice of the customer (VOC) supported by technology, allowing to monitor, respond and improve the interactions along the customer journey of the residential segment customers.

The main challenges for improving the customer experience are implementing the Voice of the Customer programme to improve the experience in the entire portfolio of the Company's products and promote the Customer Experience Culture within Codensa.

Energy marketing Colombia

Face-to-face service

During 2018, initiatives were developed to achieve greater customer outreach, better service, optimisation of service indicators and identification of new service and sales opportunities such as:

Brand evolution

The change of image was made by brand evolution in all the service centres of Bogota, Cundinamarca, and virtual offices in the municipalities of coverage, which allowed the unification of the image in offices and facilitated the recognition of the brand by the customers.

Change of contract of integrated customer service and management

On 1 December, we started a new contract for the integrated customer service and management in the service centres of Bogota and Cundinamarca. This agreement was made with the supplier Americas Business Process Services S.A. the materialisation of the new contract complied with the established times, so there were no issues in the customer service process due to contract changes.

SalesForce Care

The CRM (Customer Relations Management) SalesForce Care system was implemented for the face-to-face service channels of Codensa. With this new tool you can have traceability of all contacts that customers have with the Company, which allows having a more detailed knowledge of your information and needs, as well as consolidate and generate agile reports, which facilitates the management of requirements and requests.



We worked with an interdisciplinary team from different face-to-face and distance service channels, Colombia Services and Security, Data Governance and collaborators such as Deloitte, Ayesa and Americas BPS, among others, to ensure that the platform meets the needs of the Company in customer service and management. Actions were taken to ensure knowledge of the tool, such as training sessions for leaders and managers of the different channels, virtual and in-person training sessions for advisors, training workshops for Codensa staff, and working tables with different areas to validate the functionality.

Operation in Cundinamarca

Service centres:

During 2018, 507,135 services were performed in the service centres in Cundinamarca, which represented a monthly average of 42,261 services, with an average reduction of 5% with respect to last year, due to the decrease in queries from customers at the points of service.

The fulfilment of waiting time in the room was 10:23 minutes, in the module it was 6:39 minutes and the fulfilment in the level of service in the room was valued at 69.5%.

The service hours were extended in the service centres of Caqueza, Villeta, Mesitas, La Mesa and Madrid, which increased the availability of the channel in an additional 36 hours at least.

The remodelling of the Choconta Service Centre and an adaptation of the Madrid Service Centre were made, in order to have better customer service spaces. During 2018, work was carried out on the remodelling of Ubate and Chia (delivery is scheduled for 2019).

The construction of the service model for the offices of Cundinamarca was completed, this model implemented standards that improve the experience and facilitate customer service. Three construction workshops were carried out with the service centre advisors to take into account their experiences and the knowledge of Cundinamarca's customers.

During 2018, five Virtual Office points were opened in the municipalities of Lenguazaque, San Pedro de Jagua, La Calera, Tocaima and El Peñol, reaching a total of 44 points in the coverage municipalities, and through which A total of 1,895 customer services were obtained during the year.

The Virtual Office allows customers to contact a service advisor to attend to their requirements or queries through digital media, which minimises the movement of customers to physical offices.

Operation in Bogota

Service centres: During 2018 in the 24 points of service in Bogota, 2,355,697 transactions were made, representing a 3% decrease compared to last year. This decrease is due to the implementation of alternative channels such as the smart window and virtual stands.

The declared indicators fulfilled expectations, the service level reached a value of 74.75%, and remained stable compared to the previous year, the waiting time in the room was of 15:50 average minutes and the service time in module was 06:19 average minutes. Three smart windows were in operation, arranged in the offices of Soacha, Kennedy and Restrepo, through which about 60,000 transactions (video services) were made during 2018.

The video call with virtual agent presented about 9,200 interactions per month, mainly in agile procedures as proof of payment of daily balances and payment deadlines. The smart window virtual consultant offered the registration of virtual billing and the capture of data for the update through laser readers, which adds quality to the data being collected (about 800 customers signed up).

Four smart stands were installed in the Service Centre of Venecia, and two in the Service Centre of Soacha, through which approximately 600,000 coupons were generated for autonomous payment by the customer, offering digital alternatives and self-management.

During 2018, greater customer proximity and optimisation were achieved with new service and sales opportunities, through the following activities:

- Cross-selling was implemented in the front office, and in this way it was possible to identify their needs in each interaction with customers and generate sales of the B2C product portfolio. The year closed with 23,691 effective sales in microinsurance and 51,788 units sold in LED lighting.



Customer service centre

- Through the appointment scheduling service, 276,569 appointments were scheduled through the telephone channel, representing 70% more than the previous year. The average waiting time was 5 minutes once the customer showed up at the point, which improves their experience.
- The offices of Restrepo and Kennedy were opened, which were endowed with an experience centre in which they could interact with lighting products, insurance, solar panels, among others, and also expanded the jobs, generating better spaces for the attention of customers.
- The main challenges for 2019 are the improvement of performance measurement indicators; the 100% implementation of CRM Salesforce as a work tool for service and sale; the strengthening of service models that improve the customer's experience, through on-site surveys, Net Promoted Score (NPS), and specific models that allow for a better understanding of it in order to solve your needs; and the migration of attentions to digital channels, by registering customers in the virtual billing service, e-commerce, online payments and the implementation of more smart stands.

Distance service (Contact Centre)

The distance channel directed its efforts towards digital transformation; through new strategies that contribute to improving the service such as the Mobile App, the Elena Chat Bot for bill duplication, actions in social networks for the customer, and the incentive of digital billing, among others

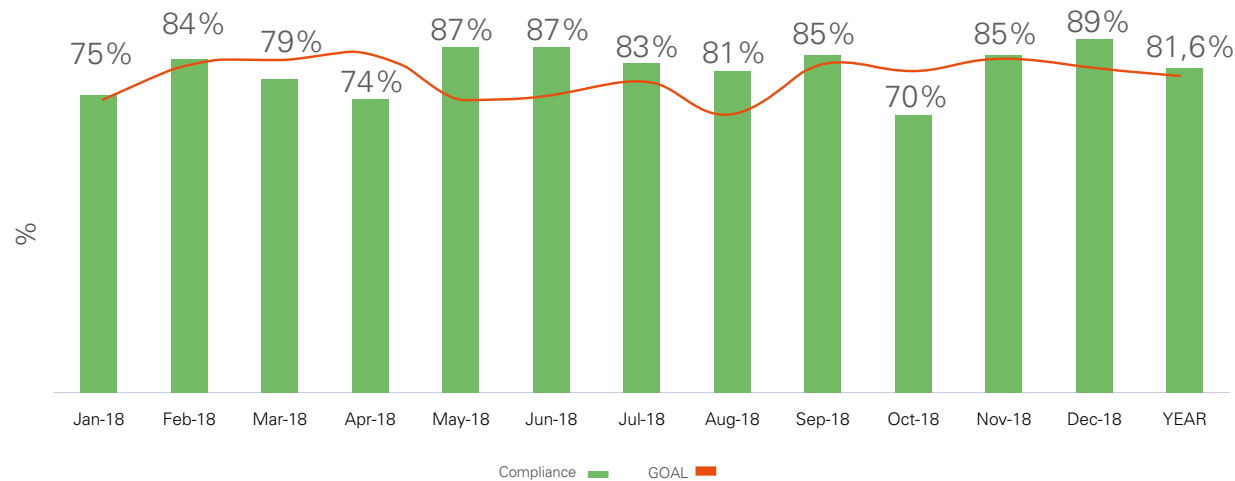
Contact Centre

This channel received a total of 2,691,923 calls, which represented a growth of 16.7% compared to 2017, represented by 384,411 more calls, mainly due to the rainy seasons throughout the year, which caused customer redials for the times of solution of the incidents in the network, which in some cases exceeded 72 hours.

The service level indicator remained stable, closing at 81.6%. The attention level indicator closed at 90.2%. This result was leveraged by the action plans to mitigate the winter season, the incorporation of more advisors in the dimensioning of the operation, the adherence and absenteeism controls, the welfare plans for the balance between work and personal life, as well as improvements at the level of processes and systems framed in the project 24/7.



Chart 1 Percentage of calls answered before 30 seconds



In 2018, new services were implemented, such as WhatsApp for Local and Municipal Town Halls, also for the economic association of Asobares, along with a specialised line with 10 channels, and the notification of cancellation of scheduled maintenance for business customers.

Vital Energy Programme

The Vital Energy programme was strengthened with the purchase of 10 new portable rechargeable battery kits, in addition to the maintenance and repair of the kits that have been in use since the beginning of the programme. This Codensa service is offered at home to oxygen-dependent residential customers located in the city of Bogota, in order to supply the energy in case of power failure.

Service to Sale

In 2018, the Service to Sales project was developed, with which the multi-channel standardisation and homogenisation of the offer and sale process in the Contact Centre was achieved, exceeding the sales of 2017 by 60%.

The daily work in the optimisation of processes and resources shows the maturity of the quality model, by means of which the perceived quality, the issued quality, the customer satisfaction, the Net Promoted Score (NPS) and the recovery of the experience are measured. We also achieved the redesign of the emergency response model, a relationship model with city halls and the activation of the free service 115 in the cellular telephone operators for the Cundinamarca area.

SalesForce Entry Processes Care Contact Centre

In September we started the management of customers in the Contact Centre, Virtual Servie and Smart Window, through the CRM SalesForce tool for the Care processes which are part of the processes of Billing, Cut and Reconnection, Loss Control, Insurance, Reports to the Ombudsman, New Connections and VAPS portfolio. The implementation of the CRM has allowed to optimise the management times of the queries and requirements, besides improving the management and solution of cases. SalesForce has not only leveraged the attention, service and sales processes, but has been a fundamental source for capturing and managing information, which allows segmenting, profiling and enhancing customer information and management of data sources that are currently being taking advantage to digitalise processes, products and services.

By the end of 2018, more than 258,500 cases of the Care processes were registered, 60% of which were consultations, 25% requests and 15% claims.

Chat Bot Elena

Elena was launched, the first Bot for the chat channel of the residential and business segment, whose objective is to meet the requirements of generating duplicate invoices automatically, which operates 24 hours a day, 7 days a week. This service provides customers with information about the last six months of billing. This service decreased the Pareto of transactions that are serviced in person at the customer service centres. In addition, it has leveraged the digitalisation processes to improve the customer experience due to its easy accessibility and self-management.

Elena works as a virtual assistant that provides digital solutions according to the needs of the customers, and is available on the Codensa website. Since its release into production, it has generated 46,963 bill duplicates in 9,751 interactions with residential and business customers.



Thanks to the Robotic Process Automatic (RPA) technology, we have ongoing improvements on the Chat Bot. Elena is able to offer the possibility of virtually paying the bill if they request the duplicate of the last billing period, among other additional functions.

NPS social networks

Since 23 August, the Net Promoted Score (NPS) indicator has been measured, which measures the level of recommendation for the customer service channel through social networks, by migrating the satisfaction survey to the measurement platform GetFeedBack, the ability to view results online, and include the NPS indicator. This standardises the measurement in the channels and manages the experience of the different types of customers.

To date, 432 customers have answered the survey, 75% of these are promoter customers and indicate that what they value most of the channel is speed, agility and kindness. Furthermore, the detractor customers are 12%, which shows constant drawbacks with the lack of supply and with the times of solution, so the channel provides a good service, its expectation is related to restore the energy service in the lowest possible time and that the answers ensure effective solution times. The cumulative net recommendation indicator is 63%, above the market reference that is 50%.

This measurement allows to visualise the observations and comments of the customers in real time, their comments and scores to each one of the questions.

The main challenges are the strengthening of the Services to Sales model, the implementation of SalesForce for the business cycle and continuing with the positive path in customer satisfaction and experience. Challenges also include offering customers new services in the sales and distance services channels, generating spaces that allow memorable experiences, implementing the Net Promoted Score (NPS) survey for all customers that contact the channel, implementing Bots or artificial intelligence in internal processes in order to optimise customer response times, preventive information delivered to customers and operating costs, and implementing IVR to improve customer experience.

Distance service (written management and re-billing)

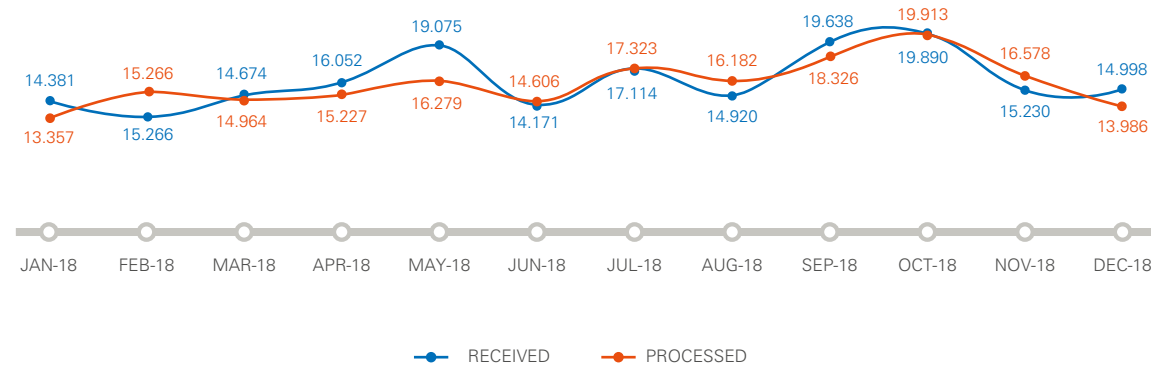
In 2018, customer service activities were executed and managed in the written channel according to the expected level of service, implementing improvement actions to increase the quality of customer service.

During 2018, 193,543 applications for Complaints and Grievances were received and 191,717 were processed, which is equivalent to an increase of 36.7% and 31.1%, respectively, compared to 2017. Among the facts to highlight in relation to the aforementioned increase, the main causes were: (i) increase in the presentation of appeals for reinstatement in the appeal subsidy, going from 10,483 in 2017 to 14,778 in 2018 (40.97%), (ii) increase in claims related to the civil liability process, going from 3,750 in 2017 to 4,346 in 2018 (15.89%) and (iii) increase in claims related to billing processes, going from 21,082 in 2017 to 31,684 in 2018 (50.29%).





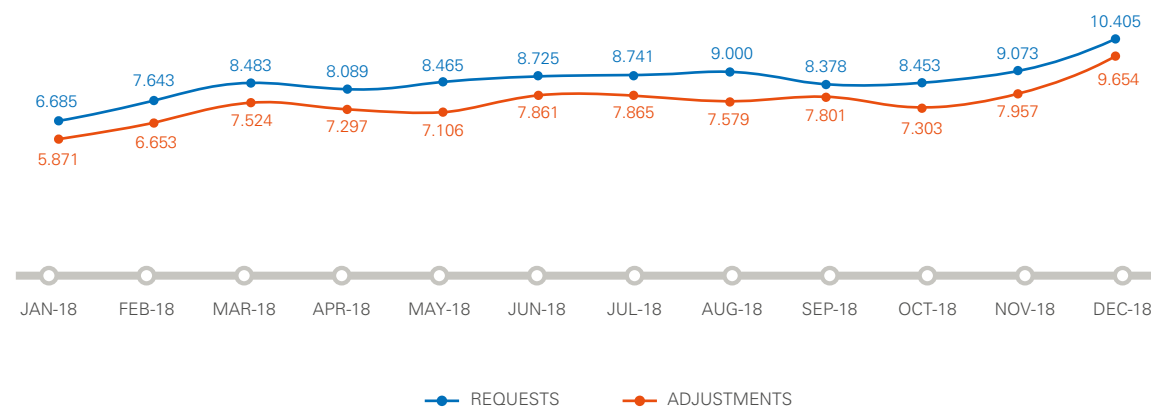
Chart 2 No. of cases received and processed



In the case of re-billing, 102,140 requests were received, and 90,471 adjustments to bills were processed, which is equivalent to an increase of 2.18% and 3.15%, respectively, compared to 2017.

At the level of civil liability figures, 5,298 cases were processed, 233 checks were made for \$252 million for compensations, and over \$ 378 million for repairs.

Chart 3 Re-billing requests and adjustments to bills



Digital relationship

It is a service scheme that seeks to solve the concerns of customers resulting from a written response issued by the Company. Through the use of chat and video call, the customers formulate their concerns and the advisors solve them online, which prevents displacement and improves their experience.

First contact adjustments

The purpose of the project is to increase the current resource capacity of the Fonoservicio for adjustments, taking into account that at the beginning of 2018 this channel processed only 15% of the originated requests. After a process of training and accompaniment, it was possible to increase the management and closing of adjustments from this channel to 51%, which points to the optimisation of resources and the improvement of the customer experience when obtaining the adjustment in a first Contact.

Reengineering of the compensation process

An analysis and evaluation of the process that is carried out for the management of claims related to civil liability was carried out. It was detected the need to redesign the response formats, reduce requirements such as quotes and purchase invoices and implement the sending of text messages to inform the customer about the different stages of case management. With the above, it seeks to make the process more flexible without putting the Company at risk, keeping the customers informed in the different stages of case management and reducing the settlement and final closure times.

The main challenges are the implementation of the letter service model through the RPA (Robotic Process Automation) technology, the consolidation of the management model from the partner company headquarters, and the implementation of the Salesforce system for all written management processes. For 2019 a decrease of 20% in adjustments due to legal provision is expected in relation to the 2018 results.

Customer experience

Conecta relationship and loyalty programme

Conecta is the relationship and loyalty programme that Codensa created to get to know its customers better and build loyalty, with multiple benefits. The basis is knowledge, capturing contact information, sociodemographic information, family composition, tastes and habits.

Four (4) phases were defined for the evolution of the programme, which contemplate the following capacities:

Phase 1 - Customer bonding: At this stage, customers will register to the programme and may use different partnerships and discount vouchers.

Phase 2 - Accumulating and redeeming points: Customers will have the opportunity to accumulate points and redeem them through a catalogue of items.

Phase 3 - Integrations: For this phase the customers will be able to make mixed payments (money and points) for the redemptions and will also be integrated into the programme with the Codensa APP and e-commerce.

Phase 4 - Redemption of points with partners: In this last stage the customers will be able to redeem their points with different commercial partners.

Once the phases of the programme were defined, phase 1 was executed. The campaign was launched to internal customers and end customers with different events, campaigns and incentives.

The referral plan for employees was structured, which, together with the launch activities, contributed to obtain a total of 7,284 registered customers in Conecta.

The main challenges for 2019 are the implementation of phase 2 of the programme, related to the accumulation and redemption of points; making feasible and structuring phase 3 of the programme, corresponding to integrations with the Codensa mobile application and e-commerce; the expansion of commercial partnerships according to the segmentation of the customers registered in the programme; and achieving more than 130 thousand registered customers.

Digital Transformation Project DeX - Digital Customer Experience

The Company implemented the DeX - Digital Customer Experience project, which seeks to improve the customer experience, achieve operational efficiency through automation and develop new business models leveraged digitally. The project, whose horizon was established until 2020, had the following achievements in 2018:

- Implementation of Salesforce as the CRM of the Company.
- Modernisation of the Codensa App.
- Improvement of the customer experience in relation to different digital customer journeys.
- Renewal of the Codensa website.
- Implementation of the proactive notification functionality for cases of supply failures, via SMS and push notification.
- Development of Chat Bot Elena for the generation of billing duplicates.
- Increase in the digital portfolio through the implementation of e-commerce, which allowed us to move from marketing 12 lighting references to 133 in e-commerce.
- Development of the PSE payment button on the website and the App.
- Launching of the positioning and customer literacy campaign towards the digital alternatives offered by the Company.



Additionally, the project managed to mobilise the market towards digitalisation, achieving 97,485 customers registered for virtual bills, 6.4 million electronic payments, 20,309 reports of power failures through the App, and 34,466 digital sales.

Business to Government - B2G

The revenues from this item were \$ 120,665 million and the contribution margin \$94,018 million, achieving a 100% compliance with the year's goal. The execution of investment projects for growth and maintenance of the business was \$78,822 million.

Public lighting B2G

Public lighting management Bogota

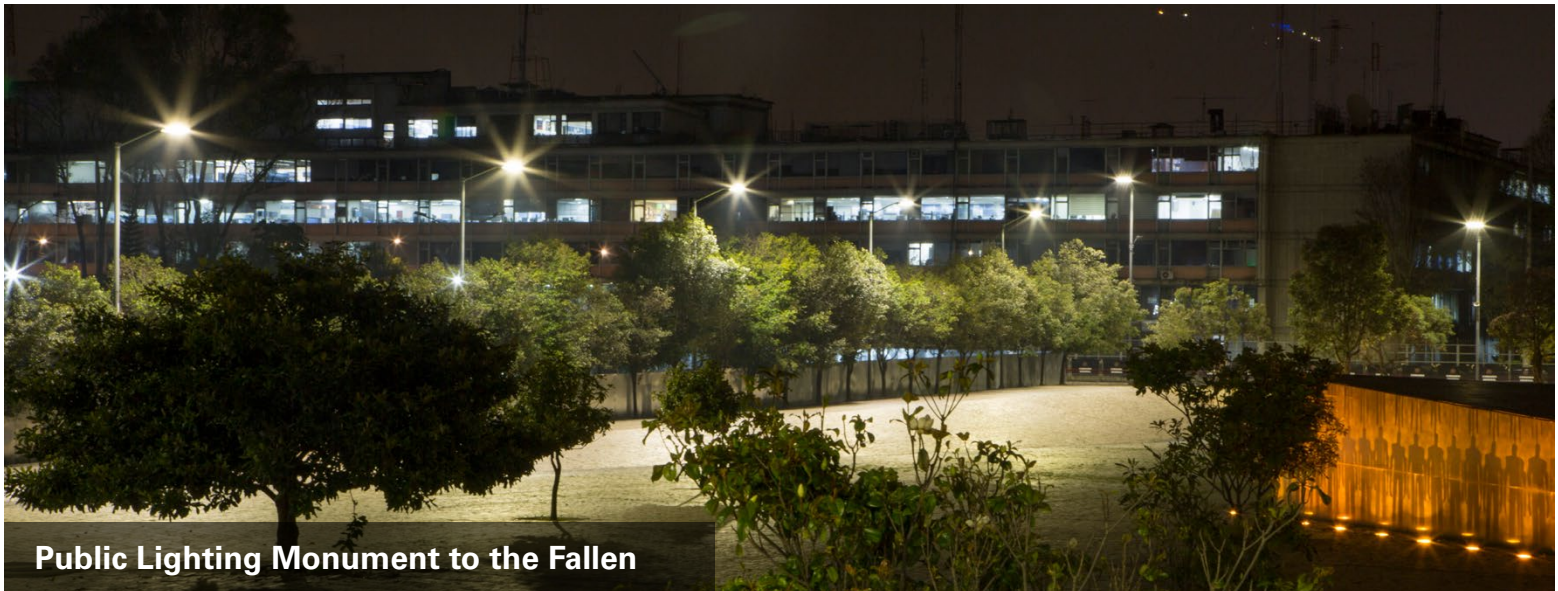
Agreements were reached with the UAESP (Special Administrative Unit of Public Services) and its inspection of issues that were in negotiation, which have an impact on the Company's generation of revenue and on the maintenance of the business, such as:

- In joint work with the UAESP, Inter-lighting Inspection, the installation of more than 50,000 LED lights was carried out in different locations, main roads, secondary roads and parks in the city, which provides more illuminated spaces that impact on the quality of life and security of people.
- The process for the RETILAP certification of LED lighting projects was developed, through field survey, path characterisation, photometric mesh designs, selection of luminaires, presentation and approval of projects by UAESP, installation of luminaires and RETILAP certification. More than 43,400 luminaires were certified.
- Agreements for the new lease and maintenance fee for the public lighting service of 2018, taking into account the acceptance of modernised luminaires with LED technology in the public lighting system database.
- Working groups were developed with the UAESP and its auditing, in order to achieve the negotiation of the different parameters for the remuneration of the service of the public lighting agreement, which allow to have improvements in the quality of the service and in the income of the deal.

Modernisation LED PL Bogota

Among the main projects developed in the city, the following stand out:

- Localities in Bogota: For the public lighting plan developed by the Bogota City Hall, UAESP and Codensa, the installation of more than 42,000 luminaires was achieved in the localities of Antonio Nariño, Rafael Uribe and Kennedy.
- El Virrey Park: In the modernisation project for LED lighting technology of the City Hall, which has been executing Codensa in coordination with the UAESP, El Virrey Park was intervened, with the modernisation of more than 350 luminaires and 300 poles and the reconstruction of all its networks. The Park now has a new system of public lighting in LED technology, which allows to prolong the use of its facilities, better-lit spaces, safe for citizens and a greater appropriation of the community of this space.
- Roads (Carrera 15 and Avenida Rojas): More than 900 LED lights were modernised on two roads in the city. One located in the town of Chapinero, Carrera 15 between streets 72 and 100; this road is an important commercial axis of the north of the city. The other intervened road is a corridor of relevance in the west of the city, located in the Town of Fontibon, Rojas Avenue between Calle 26 and Calle 63. On this road there are residential, commercial, universities, educational centres and sports. Thanks to these works, the inhabitants, merchants and pedestrians can enjoy better lighting and a better use of public spaces at night.



Public Lighting Monument to the Fallen



Public Lighting Av. 15



Public Lighting Av. El Dorado

Public lighting management municipalities of Cundinamarca

- The continuity of the 35 public lighting contracts was achieved with the municipalities that have an agreement for the management, operation and maintenance of the system.
- Three contracts were signed for the management, modernisation, operation and maintenance of public lighting in the municipalities of Choconta, Sibate and Villapinzón, ensuring the continuity of the Company and the modernisation of the lighting park with LED technology, which improves the safety and quality of life in these municipalities. With these contracts it has already been achieved that Codensa manages public lighting in five municipalities of Cundinamarca.

Modernisation LED PL Cundinamarca

- Choconta: 100% of the municipality's street lighting was modernised with LED technology (1,018 lights); The beautification of the main park of the municipality was also carried out, improving the lighting conditions of the surroundings and the quality of life for its inhabitants.
- Sibate: the signing of the Public Lighting Agreement between the Municipality of Sibate and Enel-Codensa was achieved; to carry out the modernisation of 100% of street lighting with LED technology (3,218 luminaires).
- Villapinzon: the lease of the exclusive infrastructure of Public Lighting between the Municipality of Villapinzón and Codensa was signed, to carry out the modernisation of 100% of the public lighting with LED technology of about 850 luminaires.

B2G artistic lighting

The Bogota Christmas project is an experiential and integrative project that activates the economy and tourism of the city. It has become a capital city tradition consolidated among citizens and tourists for 12 years. There were 37 nights of Christmas lighting, with more than 45 sectors that gave light and joy to millions of Bogota residents and visitors.

Christmas Route 2018 - Christmas closer to the stars

The project of Christmas lighting in Bogota covered more than 14 kilometres of roads and more than 100,000 square meters of parks and squares, in total more than 45 sectors, which for 37 nights had Christmas lighting with low consumption and low heat production.



- More than 450 employees worked 24/7
- Participation and contributions of 5 district companies, and 6 private companies
- 8 large format Christmas trees, including one of the tallest in Colombia with a height of 51 meters
- More than 10,000,000 installed bulbs

The main challenges in 2019 in the Government segment are the modernisation of more than 100,000 LED luminaires in different locations and roads in Bogota, responding to the plan of the Special Administrative Unit of Public Services (UAESP) and the City Hall of Bogota, negotiating new modernisation agreements with LED and continue ensuring the safety of public lighting operations (25,000 per month), through awareness among the staff and the search for best practices (zero accidents).

B2G Marketing

Public lighting campaigns Bogota:

Eucoles: Advertising installations were carried out in fifty publicity papers at the SITP's stops. There the citizens were informed about the progress of the modernisation of public lighting and the benefits that this modernisation brings for the city and the people.

Inserts in the invoices: 107,000 inserts were distributed in the energy bills of customers in the town of Chapinero, to advertise the work of modernisation of public lighting that has been made in this town, as well as the benefits.

Posts on social networks: Through the social networks of the Company, we have been constantly informed about the modernisation of public lighting that has been carried out in different sectors of the city.

Public lighting campaigns in Cundinamarca

During the modernisation of the public lighting to LED technology, in the different municipalities the communication campaigns were structured and developed in parallel with the modernisation works carried out. Therefore, it was divided into different moments:

- Expectation: For the execution of these phases, expectations were generated that were transmitted through stations with coverage in the municipalities; In the same way, expectation flyers were generated that were delivered to the municipalities announcing the start of the work to be carried out.



Christmas Lighting 93 Park

- Sustainability: For this phase the defined strategy included support wedges, publications in social networks, outreach in the municipalities in the days of greatest impact and increased traffic of people, in the same way were stumbled in different commercial premises of the municipality socializing the process of modernisation to LED technology of the public lighting of the municipality.
- Closure: The activity of official delivery of the modernisation of public lighting in the municipalities was planned, structured and executed, with the participation of the mayors, the municipal councillors and the community and an informative display in different media.

Bogota Christmas Campaign

- *Showroom:* The 2018 Christmas project showroom was held for Bogota, where private and official entities participated and aimed to invite big brands to participate.
- Digital strategy: The website of the Christmas Route www.rutadelanavidad.com was officially launched, with information about the lighted sites, events scheduled by the Bogota City Hall, photo gallery of visitors, as well as community publications with the hashtag #rutadelanavidad. Publications were also made on Social Networks promoting the route and opinion polls.

B2G customer knowledge

During 2018, different activities were carried out, the purpose of which was to clearly understand what customers of the B2G segment are looking for and how they are formed. A study was conducted to determine the main needs of our target audience and how they are covered by the services, and the study offered an overview of how customers perceive Codensa and how close they are to the Company.

Designs, logistics and quality of B2G materials

Designs

A total of 81,285 luminaires were designed, in locations such as Antonio Nariño, Rafael Uribe, Kennedy, Bosa, Fontibon and Usaquen, and in municipalities such as Choconta, Sibate, Villa Pinzon, El Colegio and Zipaquirá.

Codensa was the first company to carry out the procedure of filing and approval of projects before the UAESP through the Single Window of the Constructor (VUC), operating the process of design and approval of projects with 100% digital methods, replacing the physical process that It involved large amounts of impressions. Each project has its approval today with a barcode and a QR code for subsequent consultations.

Quality of materials

129 inspections were carried out, 13% of which were made in the factory and 87% under documentary protocols, which released more than 848,000 units of material.

Customer care B2G

Letters and CRM processing

- 2,001 communications were received and managed, divided into two segments: District with a 70% share and Cundinamarca-Sabana with 30%. 96% of the letters were processed, the remaining 4% were in process, within the legal terms established by law (15 business days).
- CRM received in 2018: 809 CRMs were received and processed, divided into two segments: District with a 41% share and Cundinamarca-Sabana with 59%. 100% of the CRMs were processed.

Among the main achievements of customer service in the Government segment are:

- The base of communications and matrix of escalations was consolidated, in order to control, follow-up and fulfil the response times.
- ANS were established with the maintenance inspections of Cundinamarca and Sabana, in order to provide an in-depth response to customer requests.
- The professionals who manage the letters and the substantive response of the support areas were monitored; communications commitments decreased by 72.4%. In the first semester 117 commitments were generated and in the second semester only 30.
- The exclusive chart route for the B2G sub-management was processed
- The three agreed ANSs were fulfilled 100% with the written attention channel.
- The exclusive VIP mobile and fixed line for the service of mayors was processed, at the same time the outgoing call was implemented by the Fonoservico to keep the mayors informed of the follow-up and solution to the case.

The main challenges in terms of customer service for the Government segment are the implementation of a digital signature, the response of letters through electronic notification and the digitalisation of the process (automatic response).



4U Project

A thorough look of the Company on the B2G Government customers, through a Model of Attention and Relationship with Authorities of Cundinamarca, for which five initiatives were created:

- Model of attention and relationship authorities of Cundinamarca
- Model of attention and relationship District authorities
- Telematic service and relationship model (infrastructure rental)
- B2G communication strategy
- Operational strategy: channels of attention/public lighting

In the project, the construction of the journey map “Lease of infrastructure and public lighting with mayors was carried out, and improvements were implemented in models of relationship and service of government and telematic customers. The challenges of this project are the improvement of the results of satisfaction and the consolidation of models of relationship and attention of the Government segment.

Connected with Cundinamarca

This initiative seeks the cohesion of the different Codensa work teams that impact the satisfaction of the customers in Cundinamarca, in order to coordinate a tactical plan for the region based on a 360° view of the needs of the customers to provide solutions with regional empathy, with focus on the operation, communications, attention and relationship channels. In the latter, we achieved the following:

- Creation of the Cundinamarca connection tool (municipal alerts system)

- Empowerment of 13 delegates of Codensa for the municipalities of Cundinamarca
- Start of the 360 ° Government programme with mayors (breakfast Zona Norte)
- Implementation of the “By your side in the region” programme (5 days)
- Implementation of work tables for analysis and solution of Government projects

“By your side in the region” programme

It is a programme that seeks to reach the customers of Cundinamarca (Government, companies and families), in order to position Codensa in the community as a close, agile, integral, respectful, responsible and timely company, through 7 interventions:

- Meeting with the mayor and his team
- Meeting with the representative
- Mobile integral assistance
- Spokespersons plan
- Appliance repair
- Beside you Door to Door
- Jobs in the network

Five days of attention were held in the municipalities of La Mesa, Alban, Guayabetal, La Vega and Guaduas, with positive results in the meetings with the staff of the mayors’ offices, and in the management of the cases of customers from the mobile integral attention. For 2019 we propose, the strengthening and extension of this plan to Bogota.

Table 1 Summary of the attention of each day

By your side in the region	Total people per City Hall	Total customers door to door	Plan spokespersons by municipality and means	Mobile integral attention	Attention cases of household appliances	Total
La Mesa	3	103	3	28	5	142
Albán	3	90	0	14	23	130
Guayabetal	5	94	0	9	46	154
La Vega	5	150	1	37	32	225
Guaduas	8	165	1	15	8	197
Total attendees	24	602	5	103	114	848

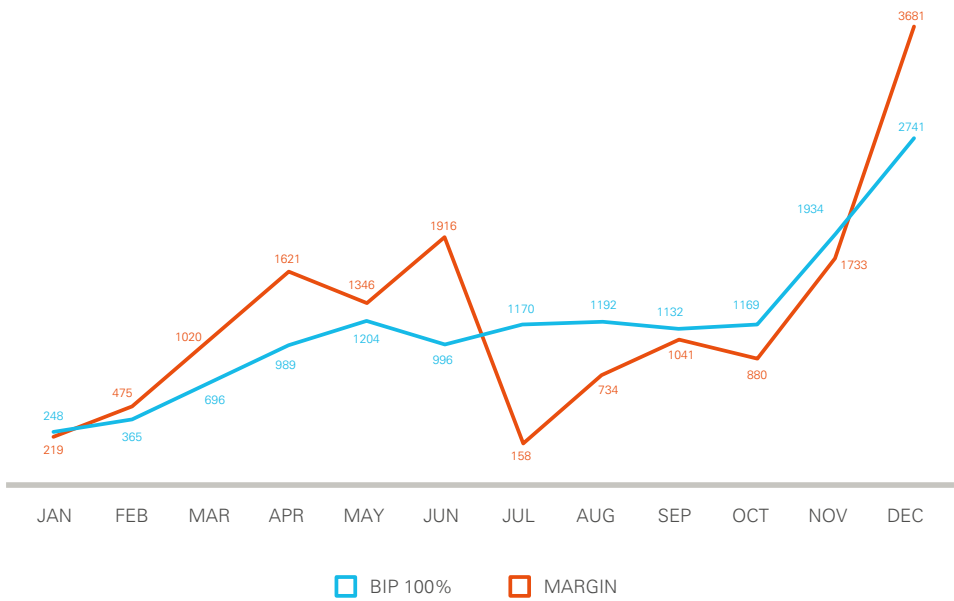
Business to Business – B2B

B2B Sales

During 2018, the sales of the business segment were aimed at the growth of average ticket and increase of the commercial margin, achieving a compliance of 105% on the 2018 margin goal, with total sales of \$11,461 million. The achievements were:

- Closing of the megaprojects with the following customers: Central Cervecera, ARA Stores, Aguas del Sinú, Natural Gas, Mining Operator, Mondoñedo Investments, Licores de Cundinamarca, ABB, Bogota Capital District and Corfecali Official Sector (Christmas Lighting).
- Increase in the sale value (average ticket) by 32% with a result of \$108,399 million in 2018.
- Increase in the sales effectiveness indicator (Winrate) by 8 points with 31.55% in 2017 and closing at 39% in 2018.
- Positioning in the market of new products highlighting 100% compliance with the sales goal of SGEF (Efficient Management Service) with 15 sales of the product.
- Market opening for the DDV product (Voluntary Disconnectable Demand) with a positive acceptance for the sales projection for 2019.
- Greater positioning of the photovoltaic product with sales of \$ 3,692 million in 2018.

Chart 4 BIP vs Margin 2018





Challenges

- New structure of the sales force according to customer segmentation.
- Commercial specialisation in new products (photovoltaic, response to demand, Christmas lighting and Energy as a service).
- Commercial strengthening in other areas of the country.
- Sales plan focused on megaprojects.

Customer Care and Non-contact Sales

New connections Constructor Office Process

The number of attentions decreased due to the changes implemented in the process of new connections (optimisation of activities and digitalisation). In 2018, the changes in the approval process for electrical designs and the receipt of works were consolidated.

88% of the cases were attended with a waiting time of less than 10 minutes.

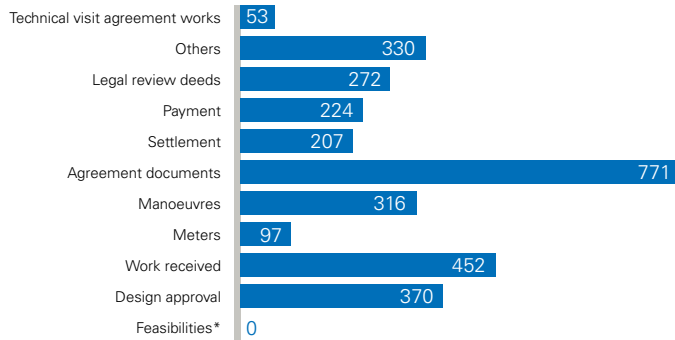
	2017	2018	%
Total attentions	20.520	18.554	-9.58%
Waiting time less than 10 minutes.	85%	88%	3%

Purchase of distribution assets - Constructor segment

- 265 payments to constructors were made for \$40,923 million, 33% more than what was executed in 2017.
- 333 agreements were processed in 2018 with an increase of 30% compared to 2017.
- There are 83 payment agreements for \$15.4 million for 2019.

Requirements for new connections

Chart 5 Volume by type of requirement



- 68.68% of the requirements were managed in less than 13 working days and of these 46.28% were attended in less than 5 days.
- The total volume of requirements with respect to 2017 was reduced by 33.84%. This is due to the improvements made in the internal processes.

Face-to-face attention processing

- 125 meetings with customers of new connections were attended and virtual meetings were consolidated.

Complaints and grievances response process – Commercial and technical cycle

	Commercial cycle	Technical cycle	VAPS post-sale
Customer email	5.809	1.125	690
Phone service	593	8	3
Business management	248	201	4
External filing	420	1.075	419
Efficient management service	2		
TOTAL	7.018	2.409	1.116

- In 2018, 10,543 PQRs were attended. It is highlighted that 72% of the attentions are received through email.
- Average service times were 6.7 days for commercial cycle requirements and 15.4 days for technical cycle requirements.
- In August 2018 the service chat channel for business customers was launched, there they can consult topics related to the energy bill; reports on emergency issues and feasibility consultations.
- As for the mass segment, in the business segment with the aim of mitigating costs and generating responses in first contact, the Elena Bot was developed and implemented, which allows the issuance of invoice duplicates for business

customers automatically and self-managed. In the last quarter, 1,229 duplicate invoices were generated through the business bot.

Sales non-contact channels

- Sales through the non-contact channel during 2018 reached \$1,985 million.
- The average ticket for the non-contact channel was \$20 million.
- 59% of the sales of the remote channel correspond to load increases greater than 34 kW.
- The pilot test of sales of Value Added Products and Services (VAPS) for B2B was carried out through the call centre and improvement opportunities were identified in internal processes, as well as in the knowledge and customer relations, especially of medium and small companies, in the development of new products that allow the optimisation of resources, as well as the increase in efficiencies and decrease in operating costs.

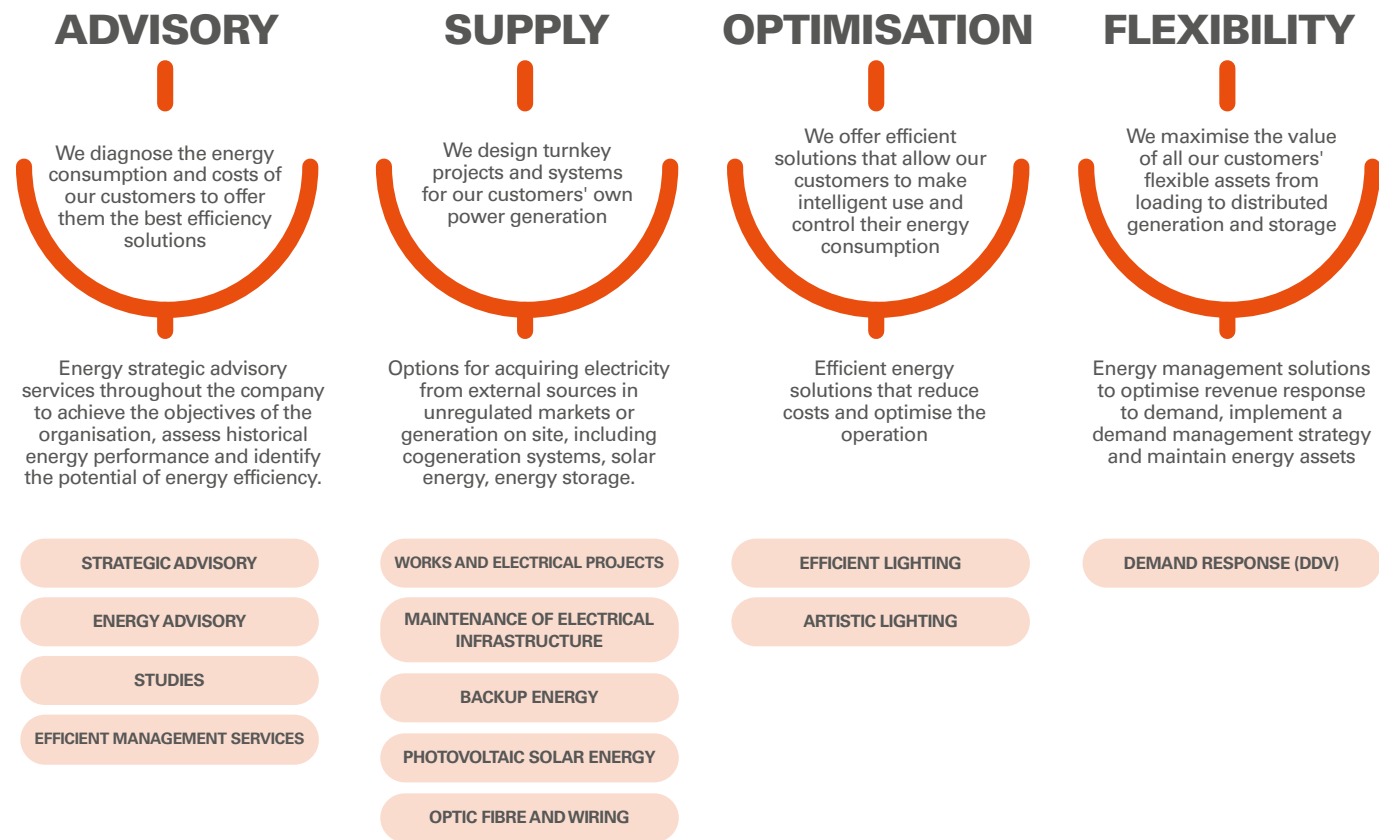
Financial results of the B2B sub-management

- As of the month of December, a margin of VAPS was obtained in the business segment of \$11,461 million, with a 99.29% compliance with the target.



Marketing and portfolio of products and services

During 2018, the portfolio of products and services was grouped under business lines and clusters according to the needs of customers, strengthening Codensa's value proposal to be the energy partner of business customers and boosting their business, maximizing the energy value of the company.



Different marketing actions were generated aimed at positioning the portfolio of products and services for industrial/business customers, which generated more than 950 leads.

Creation of the blog for companies, webinars and telephone campaigns

In July, the Business Blog was launched, a medium dedicated to generating valuable content for customers to make intelligent use of energy in their companies and businesses. Likewise, two webinars were carried out to massively carry information from the product portfolio to customers, with emphasis on issues such as Act 030 of the CREG for self-generation projects and the new Efficient Management Service. In addition, telephone campaigns were implemented to contact, present the products of our portfolio and inquire about the needs of customers.

Products

Artistic lighting

- The artistic lighting product was well received in shopping canters in intermediate cities, and projects were implemented in the cities of Villavicencio, Barrancabermeja, Cucuta and Armenia.
- A contract with the Municipality of Cali was obtained for the first time, different sectors of the third largest city in the country were lighted.
- A new business partner was linked to the decoration of shopping centres and artistic lighting projects to deliver more complete and competitive proposals.

Efficient lighting

- A new business partnership was made to strengthen the value proposition of the product and references were defined for the e-commerce channel.
- We participated in the First Lighting and Electricity Fair 2018, where companies and suppliers generated commercial exchanges and Codensa announced its efficient lighting portfolio.

Photovoltaic Solar Energy

- The concept of promoting solar energy for companies "A good business" was developed, in order to communicate the tangible benefits of this type of project. The display of advertising and marketing actions was leveraged in the flagship project with the company Italo (installation of 1000 panels in June 2018), more than 360 qualified leads were reached in the year and savings of more than \$140 million in free press.
- There was participation in different fairs and events (Renewable Energy Forum of SER Colombia, Andrec Week, Exporenovables and Expoenergía) with the objective of positioning the product and publicizing the photovoltaic solar energy solutions for the industry.

- The business model was perfected through the entry of a group of leading business partners in the implementation of solar projects. This, added to the obtaining of competitive prices in solar panels and investors, left the Company in a favourable competitive position against the competition.

Electrical works and projects

- Six breakfasts were held with customers to identify their needs and advertise the product portfolio offered by Codensa for companies.
- In August, the Company gathered potential customers from the Coast in Barranquilla, the central theme was the quality of energy and how its management can help companies to obtain savings and avoid economic losses.
- We were present at Expomantener, the international maintenance and asset management congress, where a relationship was established with companies from different economic sectors.



Iluminación artística Unicentro Villavicencio

New products and services

Efficient Management Service

- With the aim of offering solutions that lead business customers to make efficient use of energy in their processes, the new Efficient Management Service was launched, a service designed for multi-account customers to know the consumption of their different supply points or energy accounts, in an organised way and take advantage of information as a fundamental factor for making decisions in their companies.

Availability Revenue Programme

- During the year, the exploration of a demand response programme and in particular the Voluntary Disconnectable Demand began. A new service for large energy consumers to generate income for their availability and in which Codensa performs the role of energy agent and represents them in the wholesale market so that they sell their availability to the generator that requires it and support safety and reliability of the SIN.-

Pilot project with Hocol

- With the objective of providing energy backup and guaranteeing the continuity of its operations due to network failures that occur in certain areas of its operation, Codensa proposed to Hocol to carry out a pilot project to implement the first energy backup system through industrial UPS in the hydrocarbons sector in Colombia. During the first month of operation, the system supplied the energy needs of a cluster of oil wells before 26 grid failures, which represented an increase in crude production of 442 barrels. Hocol declared the success of the pilot project and in this way the escalation phase was defined to implement 5 additional UPS for 2019.

Relationship with business partners

During the year breakfasts were held with business partners of the different products to raise awareness and detect new and better ways of working together to strengthen the value propositions. The main challenges in the business customer segment are:



Photovoltaic Energy Company Italo

Los principales retos en el segmento de clientes empresariales son:

- Consolidate national expansion in the Caribbean Coast region and explore new regions.
- Implement market defence strategy to retain and recover customers from the unregulated market.

In turn, each product has several challenges, which are listed below:

Efficient lighting

- Re-launch the product to raise awareness of the value proposition, generate more offers and therefore achieve a greater number of sales to businesses in which energy efficiency is a priority.
- To materialise the linkage of new business partners that leverage the positioning of the product, improving its margins.
- Potentialise the ESCO model, since Resolution UPME 463 of August 2018 applies tax benefits from 5 kW, which supports SMEs and industrialists at the same time.

Artistic lighting

- Reduce the seasonality of revenues, through participation in lighting events and decoration of seasons other than Christmas.
- Gradual renovation of the inventory of existing artistic lighting.

Photovoltaic Solar Energy

- Design of a model for attracting, selling and executing large works (greater than 1 MWp installed).
- Design of a model of attraction, sale and execution of projects between 50 kWp and 1000 kWp, with the promise of agility and at a competitive price, as levers of value.

Electrical works and projects

- Improve the Net Promoter Score indicator, which, although it rose 3 points with respect to 2017 (28%), it should continue to increase.
- Structuring of the cogeneration business. Formalisation of contracts with EPCistas (Engineering, Purchases and Commissioner companies) and with companies supplying equipment.
- Definition of an alternative model for the marketing and execution of minor works.

Response to demand

- Build a portfolio of commercial and industrial customers (C&I) that can provide at least 1 GWh of daily capacity in the first semester of 2019.
- Position ourselves as the number one aggregator on the market.
- Identify the most pressing needs of the Colombian electricity system that can be solved with flexibility products and propose the appropriate programmes.
- Install both sales and operations capabilities to provide a firm resource to the system and income to customers.

Consulting

- Position Codensa as an integral energy consultant for the efficient management of energy of business customers.
- Position the Efficient Management Service and get more customers to adopt it as a measure to generate efficiencies in their companies.

Engineering and works (electrical projects)

During 2018, a total of 614 electrical works were executed in Codensa's coverage area, as well as outside it, with customers such as ARA, Uniaguas and Corfecali. Likewise, the first photovoltaic project was carried out with the customer Italo, who today produces part of his energy through solar panels located on his roof.

Main projects

Uniaguas Project

The object of the contract is the Construction and normalisation of aqueduct household connections, in the municipalities of the regional system of the Sinu environment, made up of the municipalities of Cerete, San Carlos, Cienaga de Oro and Sahagun, including the rural areas where the service is provided by Uniaguas up to twenty thousand meters and a value of \$ 7.567 million.

As of December 2018, the installation of 11,000 water meters and the monitoring and verification of safety issues in the work of the personnel and of the supplies and installations of the meters and accessories were executed, verifying with them the technical conditions and operations of these , together with the quality of the materials and final works.



Challenges

- Increase experience in micro water metering projects
- Extend coverage to other municipalities
- Optimise the purchase of materials

Corfecali Project: (Christmas)

In the 2018 Christmas season, Codensa participated in the project “Cali with Christmas Rhythm”, with the installation of around 1,700,000 LED bulbs, illuminating nine locations in the city of Santiago de Cali for more than 30 days.

The project involved more than 60 people around 70 days in which the assembly and maintenance was included, which allowed us to be involved in the Christmas lighting of another main city of the country.

Codensa installed the Christmas lighting of the Jairo Varela square, the Boulevard del Rio between 8a and 9a, the Cervecería Bridge, the Del Correo Square, the Pasoancho Avenue, the Dog Park and the Peñón Park, among others.

Italo Project

The incentives currently promoted by the National Government to encourage the use of renewable energies have already begun to have an effect on Colombia's industrial sector. With the support of Codensa, Comestibles Italo, the renowned confectionery producer, carried out the largest photovoltaic solar energy project in the capital. Today, 1,080 solar panels with the capacity to generate 490 MWh of energy per year (equivalent to the monthly consumption of 3,300 Colombian homes), cover part of the roof of the factory located in the industrial zone of Bogota. The objective is to replace 13% of the annual energy consumption of this company, which will result in savings of \$150 million.

In addition to the savings in the energy bill, the company will reduce CO2 emissions by almost 5,000 tons, an achievement that represents a major contribution to the fight against climate change, and allows Italo to access tariff, tax and other depreciation benefits contemplated in Act 1715.

Electric mobility

Electric taxis in Bogota

The electric taxi pilot completed its sixth year of operation. The fleet made up of 37 vehicles accumulated more than 12.5 million kilometres travelled, a total consumption of 3.7 GWh and an estimated reduction of 3,100 tons of CO2. These figures show that the electrical technology associated with public taxi transport works, which is proven in real Bogota operations. These successful results have been taken into account for the plans of massification of electric vehicles by the National Government.

The progress of the taxi pilot has identified points of improvement and the need to have the support of different stakeholders for its optimal development, including the Mayor's Office of Bogota as a regulator of rates, and the main promoter of the massification of the fleet.

Challenges

Accompany the Mayor in the realisation of the regulations to massify the city's electric taxis, in the traditional and luxury segments.

Make the cost structure of the pilot more efficient, reducing costs that do not generate value for the customer.

Adjust the public cargo network for taxis together with possible business partners such as service stations, shopping centres, parking lots and public bays.

Achieve an energy negotiation that allows to continue the operation of charging stations and services to taxis, as well as in the future conditions of the project in the massification stage.

Special services Bogota

Codensa, committed to electric mobility and its development in Bogota, acquired new electric vehicles to operate in the segment of public transport of special services, so you will have the opportunity to know the performance of electric cars, monitor indicators and promote their overcrowding with different interested partners.

Challenges

- Start operations of the vehicle fleet in the special services segment, evaluating its viability and projection in the category.
- Track KPI and share it with current and future partners.

- Ensure that recharging operations are viable and allow adequate performance of the fleet.

Agreement with Bancoldex - Electric Vehicle Financing

A collaboration agreement was signed with Bancoldex to promote the country's electric mobility and strengthen project financing. The resources made available accumulate about \$80,000 million.

Challenges

- Use the resources of the new financing line of Bancoldex in projects under development by Codensa, making lighter interest charges for the actors involved.
- Increase the number of electric vehicles in the country, in the public and private transport segments.

Transmilenio Project - Bidding Phase I and II

Codensa participated in the sizing of the electrical infrastructure associated with the offer presented by the electric bus manufacturer BYD and the bus operator Actin, in order to make feasible the implementation of fleets of articulated and biarticulated electric buses in the trunk component of the Transmilenio system. Offers were submitted for two courtyards, Americas and Suba. In spite of the efforts for the city to have electric buses, these offers were not awarded.

Challenges

- Continue the search for alternatives to include electric buses in Transmilenio operations and other mass transport systems.
- Accompany cities, bus providers and operators to size freight infrastructures and make these projects a reality in Colombia.





BiciCo electric bike programme

Bike Sharing BiciCo pilot programme

The bike sharing BiciCo project was launched, a partnership between Codensa Enel, BC Capital and Carulla, sponsored by Scotiabank Colpatría, which allows the development of a shared electric bicycle rental programme.

The system called BiciCo has 50 electric bicycles that are located in cycle-parking lots of 9 branches of the Carulla supermarket network.

The operation of the fleet and the development of the App were carried out by the business partner BC Capital and during 2018 more than 2,500 trips were made, and it has 1,500 registered users.

Challenges

- Analyse the results of the pilot project.
- Give continuity to the project and incorporate it as a new product.

Auto Show 2018

Within the framework of the Auto Show that took place in Corferías, Codensa participated with a brand activation of Enel X, through the supply and installation of charging points for electric vehicles. The Nissan, BMW, Renault, Hyundai, KIA and BYD Jaguar Land Rover brands were present in the exhibitions, companies that offer electric and hybrid vehicles in the Colombian market.

Challenges

- Make partnerships with the assemblers and distributors of electric and hybrid vehicles to install and supply recharging equipment and position ourselves as a leader in the segment.
- Achieve the massification of the electric vehicle for both individuals and public and private fleets.

Market Intelligence

National PL Study

During 2018, work was carried out on the exploration of the public lighting market at the national level, and it was found that the municipalities in Colombia move under three profiles and that their needs are different, with this finding the B2G team will be able to plan the capture of national market and guide their commercial efforts according to the interest of each municipality, also the study let see a pyramid of needs which also guides the offer to meet the market of public lighting.

Non-interconnected areas

During 2018, 25% of customers that belong to the segment of customers of Non-Interconnected Areas in Cundinamarca and who are part of the non-conventional photovoltaic energy pilot, such as a mini-grid or isolated solution, were interviewed. This study of customer perception showed as a main result the preference of the users for having a mini-grid with solution to the absence of a conventional energy network, as well as identifying that thanks to the pilot they have changed their quality of life and hope that the entire community can have an alternative energy system that increases their quality of life.

Digitalisation

During 2018 through the DeX project, each of the declared customer journeys were evaluated, in order to know if the customers were really identifying and evaluating their value offer, for which purpose the following was developed:

- *Customer Journey there is no power:* It was contrasted with what customers really experience when they have power failures or scheduled maintenance, in addition to knowing their expectations and perception with the service. This allowed adjusting the satisfaction survey at the end of the customer journey.
- *Customer journey info on my billing:* The experience with the Virtual Bill service was measured, to know the level of service recommendation during 2018, resulting in 41%. Customers value the ease of having information on the cell phone, saving paper and contributing to the environment.
- *Customer Journey I am interested in your offer:* The new Codensa e-commerce was presented to the customers, in order to know before officially going live what the impact was, they expressed their interest in products for their homes, the security of buying with the Codensa brand and the ease of navigation.



Auto Show



- *Customer journey I have to pay my bill*; The measurement that evaluates the experience of the customers with the means of electronic payment was developed, for 2018 the recommendation level closed at 57% mainly because the customers value the implementation of the payment button, ease of use and security. Finally, the evaluation of the new Codensa App was carried out, with customers and with Codensa employees beta users, who contributed to corroborate the importance of having the payment button as a new functionality.

New experience measurement model

The migration of the Codensa customer experience measurement model began, which consists of migrating from the traditional PQS (Perceived Quality System) survey to the NPS (Net Promoter Score) measurement.

This new model is based on the level of customer recommendation on a product or process and the measurement is made on a scale of 0 to 10, the groups of customers according to their rating are: - 6: detractors, 7 - 8: neutral customers, and 9 -10: promoter customer.

During the year there were more than 24,000 surveys that addressed the different projects and market segments, and a measurement migration plan was executed to this new methodology.

B2B photovoltaic product study

In 2018 the study was carried out for Codensa's photovoltaic products, which sought to: evaluate the commercial management process and the offer presented to industrial companies, determine how competitive Codensa is in presenting the offer and the critical factors of success in the selection processes of the Companies, and knowing the offer of the main competitors in this category.

The above will allow the B2B team to make the relevant adjustments in their internal processes to generate greater impact in the commercial management of said product.

Enel - Codensa brand evolution study

In 2018, the impact of brand evolution on the Company's current market (customers of the B2C, B2B and B2G segments) was measured; relying on the attributes measured in the positioning and CIER studies carried out in previous years.

It was carried out in 2 phases, which allowed to develop a coherent methodology to develop plans and/or actions that would leverage this evolution in the market.

- **Phase 1:** Generate the indicators that effectively represent the "value of the brand" Codensa, in order to carry out a follow-up that allows to have a strategic vision of the market and in turn monitor the evolution towards the Enel-Codensa brand.
- **Phase 2:** Identify the essence of the brand (Enel-Codensa), based on the definition of the same by its users and track its image through the variables that define the Brand Equity.

B2B customer desertion study

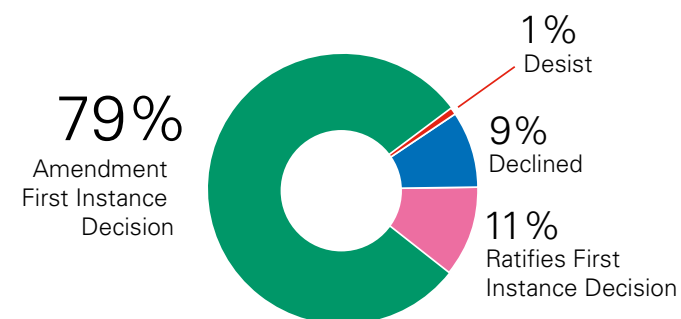
In 2018, the study was conducted to understand the reasons for the desertion of B2B customers who have decided to buy their energy from companies other than Codensa, in order to identify what are the current barriers that motivate the withdrawal, and establish the aspects that valued the retired companies and the companies that are with the competition, which can generate differentials in front of the proposal of value of Codensa.

Customer Ombudsman Office

The Office of the Ombudsman has as its mission to preserve and improve relations between Codensa and its customers, through the peaceful management of contractual conflicts. The Office acts independently as a mediator between the customers and the Company.

With its activity, the Customer Ombudsman contributes to the reduction of administrative and judicial processes associated with these contractual disputes and generates learning and pedagogy for the Company as of the resolution thereof.

Chart 6 Decisions issued - Customer Ombudsman 2018



In 2018, 79% of the cases submitted for consideration by the Ombudsman, the Company agreed to modify, revoke or reconcile the decisions that had been defined in the first instance.



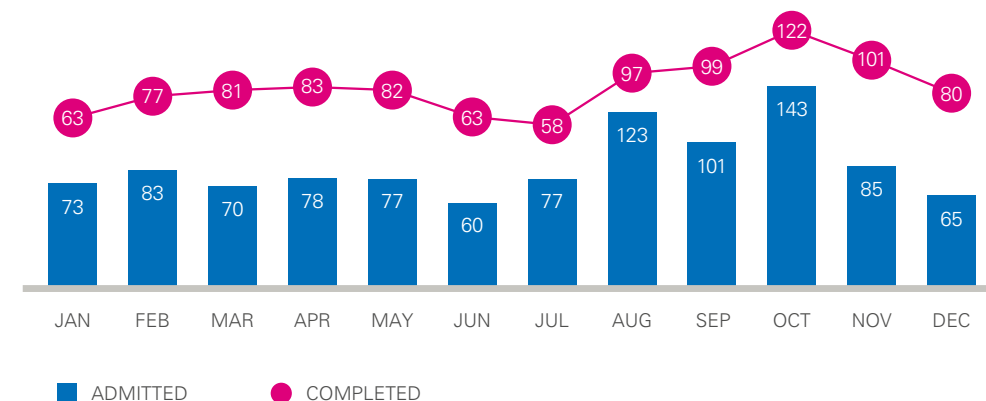
This indicator highlights the willingness of Codensa to directly resolve contractual disputes with customers at the Company's headquarters, their respect and that of customers for the opinions and decisions of the Ombudsman, as well as the independence of this role.

Customer Service Line - Customer Ombudsman

The cases admitted during 2018 were 1,035, of which 1,006 were closed, with an average response time of 11 working days.

Competition Cases Customer Ombudsman 2018

Chart 7 Cases received by the Customer Ombudsman

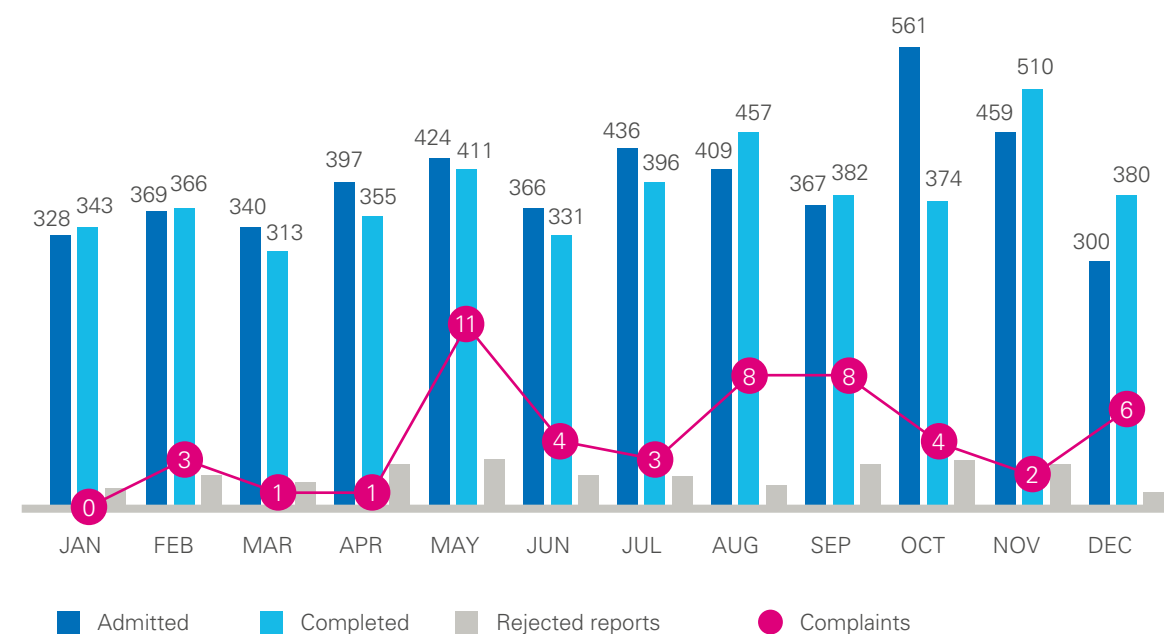


Additionally, the Customer Ombudsman Office answered 3,167 requests and queries from customers; of which 72 were resolved in first contact and the rest were transferred to traditional service channels, as claims in the first instance.

Whistle-blowing channel

These complaints correspond to the reports of users or citizens, of the behaviours or immoral, illegal or unfair behaviour of workers, contractors or third parties that affect the good relations of the Company with its customers or with the community.

Chart 8 Complaints received





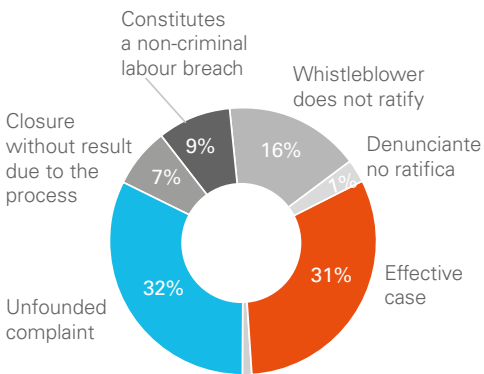
In 2018, 4,747 complaints were received, 4,618 were closed and 491 were rejected.

Additionally, 51 complaints were received for non-compliance with the Company's processes and procedures for the customer.

Results of complaints - Customer Ombudsman 2018

Of the complaints processed by the Customer Ombudsman, 32% were unfounded and 31% were effective.

Chart 9 Complaints received by type

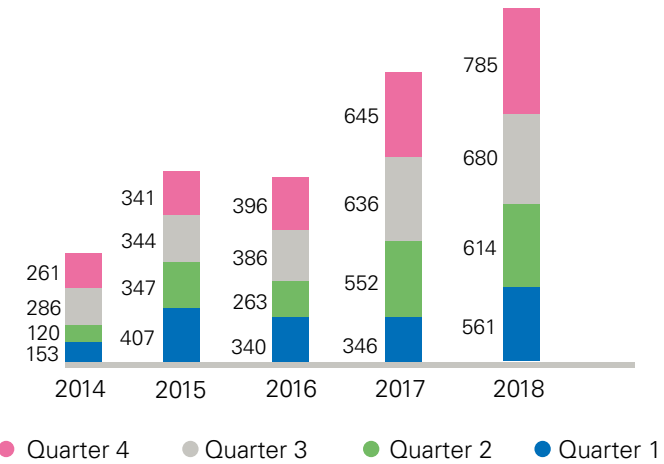


Interaction of control entities

During 2018, the control entities made 2,640 requests to the Company, as a result of the claims that the customers brought to their attention. It is noteworthy that 100% of these requests were handled within the terms of the law granted.

Below is the evolution that these have had during the last five years:

Chart 10 Amount of requirements 2014-2018



In 2018, the total claims increased 21.1% compared to the previous year, due to the climatic conditions that affected the continuity of service in some areas of Cundinamarca.

The main reason for claim corresponds to the item of maintenance of the electrical infrastructure, with a share of 27.3% of the total. In second place are the complaints associated with the continuity of the service. In third place are the claims for collections in the bill with a share of 13.9%.

Achievements

- Monetary sanctions were avoided with the processing of the requirements.
- Coordination and feedback workshops were held for officials of the Municipal Representatives of Cundinamarca, in order to inform them of the regulatory and technical aspects that, from the perspective of the control authorities have greater relevance and impact on the users of the service in these municipalities; this so that they advise and properly guide the customers that come to their offices. Additionally, we sought to give special attention to customers who come to the offices, with the purpose of providing a substantive solution and thus prevent them from addressing control entities with sanctioning powers.

The main challenges of the Ombudsman's Office are implementing improvement plans and strengthening internal management to mitigate risks.

Energy purchases

In 2018, 10,447 GWh were purchased for an amount of \$ 2.01 trillion:

Table 2 Energy purchases

Item	GWh	COP thousands
Regulated Markets	10213.74	\$ 1.952.495
Contracts	8989.63	\$ 1.797.045
GESTIÓN ENERGÉTICA S.A. E.S.P.	87.60	\$ 14.268
AES CHIVORY CIA S.C.A. E.S.P.	1658.22	\$ 352.285
CELSIA S.A. E.S.P.	161.44	\$ 35.097
EMPRESA URRÁ S.A. E.S.P.	100.00	\$ 17.955
EMGESA S.A. E.S.P.	3727.05	\$ 724.790
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.	483.48	\$ 95.791
GENERARCO S.A.S. E.S.P.	157.08	\$ 33.126
ISAGEN S.A. E.S.P.	1177.37	\$ 225.793
NITRO ENERGY COLOMBIA S.A. E.S.P.	99.60	\$ 22.012
TERMOTASAJERO S.A. E.S.P.	316.34	\$ 67.523
CENTRAL TERMOELÉCTRICA EL MORRO 2 S.A. E.S.P.	306.60	\$ 63.471
TERMOYOPAL GENERACIÓN 2 S.A. E.S.P.	175.20	\$ 37.153
VATIA S.A. E.S.P.	5.59	\$ 717
<u>Purchases on the stock market</u>	1246.85	\$ 159.666
<u>Sales on the stock market</u>	22.74	\$ 4.216
Non-regulated Market	233.29	\$ 56570.19
Contract purchase	251.61	\$ 57.851
Public lighting	203.01	\$ 46.826
AES CHIVORY CIA S.C.A. E.S.P.	83.00	\$ 19.139
EMGESA S.A. E.S.P.	120.01	\$ 27.687
<u>Purchases on the stock market</u>	30.28	\$ 3.948
<u>Sales on the stock market</u>	0.00	\$ -
<u>Others</u>	48.60	\$ 11.025
AES CHIVORY CIA S.C.A. E.S.P.	48.60	\$ 11.025
<u>Purchases on the stock market</u>	0.00	\$ -
<u>Sales on the stock market</u>	48.60	\$ 5.229

Total sales of energy	71.3	\$ 9.445.1
Total purchases of energy	10.518.38	\$ 2.018.509.91
Net	10.447.0	\$ 2.009.064.84

Contracting Management - Energy purchases

In 2018, the coverage for the regulated market was 88%, and the coverage of the public lighting market reached 87%. The average price of the contracts of these two markets was 200.68 \$ / kWh, on the other hand, the average price of the purchases in stock exchange was at 128.11 \$ / kWh. This last price presented a lower performance compared to market expectations years ago when the purchase of energy for the year 2018 was made.

During 2018 two bidding processes for the purchase of energy were advanced, the first one was to continue with the coverage for the year 2020 and to open the purchase portfolio for the year 2022. The second process sought to improve the Pc / Mc ratio for the year 2018 (Pc: Codensa long-term purchase price, Mc: Average regulated market price of long-term purchases). These two tenders allowed the award of 5,059 GWh for \$ 859,352 million for the years 2018, 2020 and 2022, destined for the regulated market of Codensa, corresponding to a total of four signed long-term contracts.



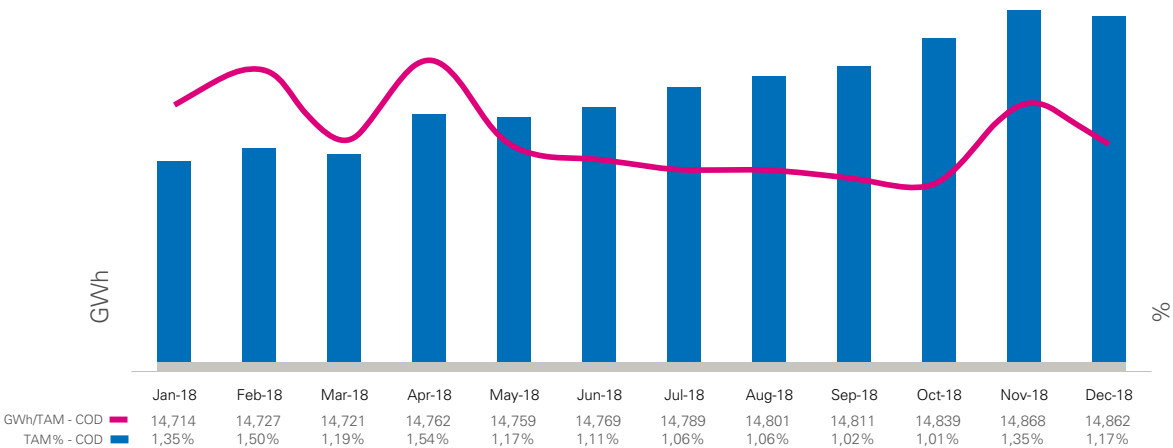


In 2018, transactions in the wholesale market for purchases of energy in contracts, purchases and sales on the stock exchange and charges associated with the purchase amounted to \$ 2.64 billion.

Evolution of demand

The (Network Operator) NO demand of Codensa energy in 2018 was 14,862 GWh, 173 GWh more than in 2017, with a growth of 1.17%. National demand reached 69,122 GWh in 2018, an increase of 3.33% compared to the demand of 2017.

Chart 11 TAM NO demand Codensa



The chart above shows the evolution of the energy demand TAM NO of Codensa for 2018. The red line shows the TAM growth rate month by month. It can be observed between the months of June and October a slight downward trend in growth, in November there was an increase in the growth rate, however, in the month of December we see again a TAM growth rate lower than the previous month. In the month of December, a reduction in energy consumption was observed, mainly explained by three moments of the month: the weekend of 8 December and the weekends until Tuesday, 24 and 31 December, when low consumption was evidenced versus the trend of business days. The year 2018 closed with a growth of 1.17%.

Challenges

In 2019, a growth rate of NO energy demand of 2.1% is expected. The expectation is to observe monthly positive growth rates between 1.8% and 2.5%. These growth rates may be affected by the incorporation into the regulation of self-generation and small-scale distributed generation processes.

During 2019, the following aspects regarding the short and long-term energy purchase process were identified:

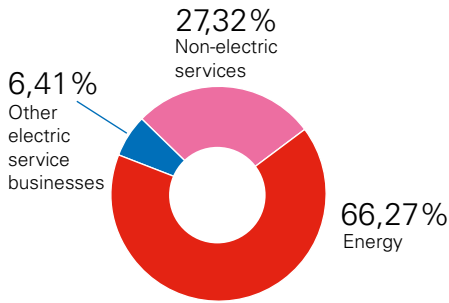
- The first long-term power purchase auction for 10 years will be held on February 26, according to the latest schedule published by the Ministry of Mines and Energy. The objective of Codensa is to participate in this new contracting mechanism and expand the options for the creation of the long-term portfolio of energy purchases
- There are strong expectations of a first quarter of the year impacted by an El Niño phenomenon, which may lead to an increase in the prices of the Exchange or energy market spot, which will have an effect on the G component of the tariff. It is important to note that current market conditions (reservoir levels, availability of supply, thermal plants) are more favourable than those observed in the past El Niño phenomenon.
- The continuation of the conformation of the energy portfolio for the years 2021, 2022 and 2023 will be subject to market dynamics and the entrance expectations of the Hidroituango generation plant.

Billing

Table 3 Amount of billed accounts

Item	Average month
Bogotá	2.532.726
Empresariales	27.708
Sabana	321.756
Cundinamarca (4.000)	188.065
Cundinamarca (6.000)	267.106
Total cuentas facturadas	3.337.360

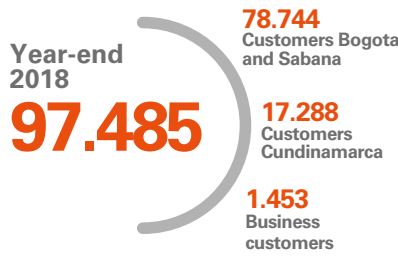
Chart 12 Billing by business %



Virtual Invoice

Several campaigns were carried out, such as posts on social networks, insertions in the bill, covers and envelopes for the invoice, advertising in mass media, exclusive advisors in service centres, mailing, among others, with which a growth of 166% was achieved in the number of registered customers.

As of year-end 2018, the following customers are registered in the virtual billing service:



Brand evolution

For the process of implementation and evolution of brand to Enel - Codensa, the change of all the material associated with the invoice, arts, preforms, thermal paper, envelopes and communications with the new image of the company was made, for the massive segments, business and tolls. Through the contracts of the area, the delivery of 3,380,000 informative communications was ensured.





Smart Invoice

Smart Invoice was implemented, a value proposal that provides customers with a tool to know information about their invoice, achieving greater interaction with the Company, dynamically visualizing the invoiced values, consumption graphs, contact data management, tips useful information on the provision of the service, in addition to product promotions. This information is available to customers who are registered in a virtual invoice and it is complementary to the sending of the mail; In this way, the sending of an email with an attached PDF will evolve, to provide an access (link) for the customer to visualise the information of their invoice.

Resolution 030 of 2018 - Small scale self-generation and distributed generation

The CREG issued resolution 030 of February 26, 2018, through which the activities of small-scale self-generation and distributed generation in the National Interconnected System are regulated. This legislation describes the guidelines for the management of customers that produce energy through non-conventional renewable energy sources and liquidation of the surplus delivered to the network, economic rewards that are made to the customer through their invoice. By the end of 2018, there were two customers with a bidirectional meter already installed and it is estimated that by the year 2019 there will be 20 customers.

Return balances in favour

A refund of \$ 782 million was made, corresponding to balances in favour with an age greater than 10 years present in 10,117 accounts. The refund was made to the total of the active customers of the Company, each customer received a payment for \$ 234 pesos on the invoice for the period of April.

Unification BD Commercial System (Codensa - EEC)

The unification of the Company's commercial system was implemented through the integration of the Codensa and the EEC databases. Additionally, for the invoicing of the Public Lighting Tax, the collection was secured for 55 municipalities (4 new municipalities that did not invoice with Codensa).

Billing requests for SAP SIE2000A

We changed the invoice requests platform that were made in Sharepoint to the Aranda system. Aranda allowed to improve the communication between users knowing the status of the billing process from the creation of the request until the printing of the documents requested, likewise it improved the times of the process due to the agility of the synchronisation of the tool. 2018 ended with a total of 53 active users in the SAP billing SIE2000A of Aranda.

Stratification

In accordance with the provisions of Acts 142 of 1994, 505 of 1999, 682 of 2001 and 732 of 2002, we attended and actively participated in 190 sessions of Standing Stratification Committees (CPE) in 45 municipalities that have this constituted consultant and observer. In addition, and in accordance with the provisions of decree 007 of 2010, the bankruptcy proceeding was paid for a total of \$445,534,764 to 21 municipalities in the area of influence of the Company that met the requirements required by law to process the payment.

Table 4 List of creditor municipalities of the economic context according to decree 007 of 2010

Anapoima	Guasca
Bogotá D.C.	Guayabetal
Cabuyaro	Gutiérrez
Cajicá	Nilo
Chía	Paime
Chiquinquirá	Quebradnegra
El Colegio	Ricaurte
Facatativá	Sasaima
Flandes	Tocancipá
Fusagasugá	Zipacquirá
Gama	

Attention of special requests

In order to provide information to the multipurpose survey conducted by DANE and the Mayor's Office of Bogota, 50,000 addresses were georeferenced and information on consumption, contributions and associated subsidies was provided, in response to a request from the Secretary of Planning of Bogota. Furthermore, joint work was continued with the Mayor's Office of the municipality of Chia, in whose work tables the review and approval of about 150,000 addresses was initiated, seeking loyalty to the Company's information. Internally, the location attribute

(Urban, Rural or Populated Centre) of 100% of the Company's accounts was surveyed, which is reported to the Public Services Information System (SUI).

Zoning

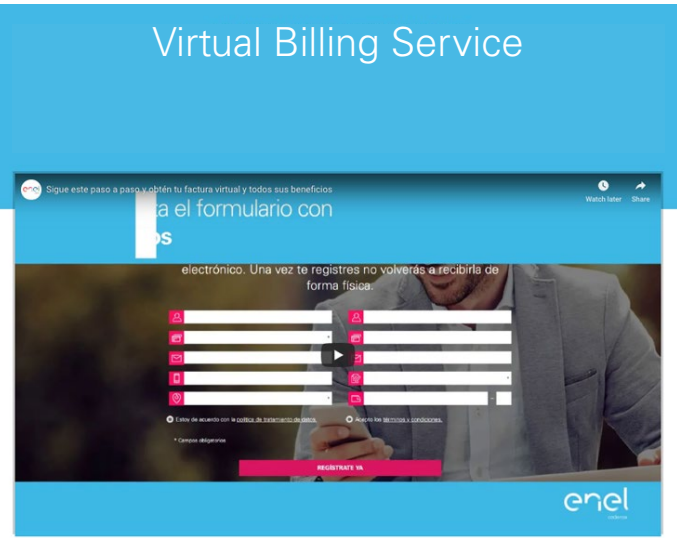
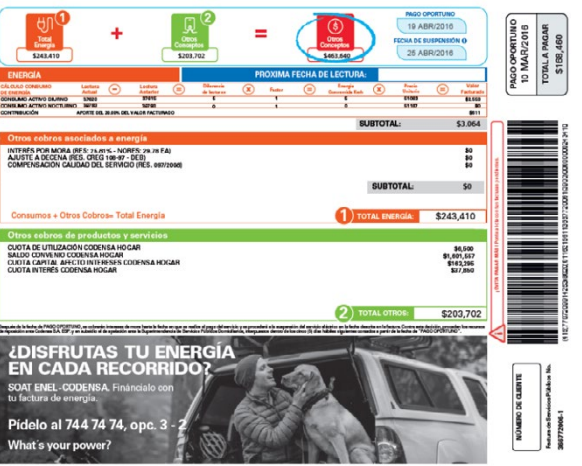
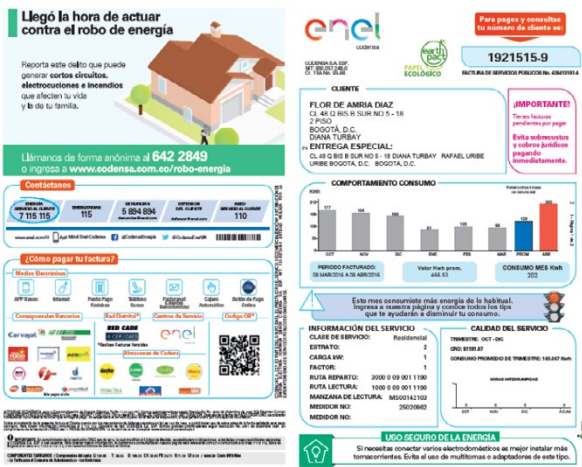
The zoning of all the distribution groups of the northern branch of Bogota was carried out, with which operative independence was achieved in the commercial system and in the land for the distribution routes. It went from having 1,354 operative groups in a monthly return to 645 groups printed in the printing provider, facilitating the logistic of enlistment and the development of the daily operation. The updating and ordering of existing routes (1,380,251 customers) was executed for the south branch of the city, thus achieving the goal of capturing operational efficiencies.

Moreover, the scenarios were modelled, and the impacts and benefits were determined to make the change of the billing scheme for about 289,000 accounts of the branches of Sabana and Cundinamarca that currently have billing on site and could move to a traditional scheme. The analyses included the development of the customer journey, identifying the critical routes and the ailments in order to mitigate the risks in the perception of the change.

Finally, the address information was updated for 13,952 accounts of the different areas of influence based on information gathering operations and reports from the area that manages the new supplies.

Invoice redesign

Residential and business customers were approached, as well as internally, to know their perception and expectations about the invoice. Different signals were obtained that were embodied in two new designs, which will go into production during the first quarter of 2019 and will allow users to receive a clearer document in terms of information and that will adequately support the collection of new products and products. services.



Solicitar la factura en la portería o buscarla en el buzón, olvidarla en alguna mesa, correr al último día para pagarla, hacer filas, perderla de nuevo y buscarla para archivarla y ocupar espacio. Esas son cosas del pasado. El mundo está en constante cambio: cada vez más veloz, más digital, y en una búsqueda constante de ser amable con el medio ambiente. Que tu factura llegue siempre a tu correo electrónico y no de manera física no solo agiliza el trámite y te facilita el acceso a ella, sino que ahorra en procesos que requieren mucho tiempo y dinero para sacar facturas impresas. En Enel-Codensa estamos siempre a la vanguardia y para hacerte la vida más fácil, queremos que tu factura te llegue a tu bandeja de entrada al instante. Con solo registrarte recibirás tu factura virtual mes a mes.

Web invoice

All customers can now consult the invoice through the website, replacing the express invoice model. Now customers have the possibility of consulting a "true copy" of their invoice in accordance with the scheme or billing segment to which they belong (traditional, on-site, business). The functionality also to be useful in the App, which was achieved homogenise the presentation of the company's invoice in all virtual channels. At the end of the year, an average of 4,600 queries were registered during the business days.





Implementation of new technologies

In 2018 tests were carried out on different technological systems to be implemented in the distribution process, both massive and special. The pilot tests covered the hot information survey, as well as the exploration of different hardware and software models. This exercise provided important inputs for the construction of the operating model that will allow for efficiencies in the distribution process and greater control of operations. On the side of the printing of invoices, the need to renew the equipment used in the On-Site Billing scheme was determined, field tests were carried out in different environments and conditions to different equipment, closing the year with the definition of the model to use and the technical specification for the purchase process.

Special distribution

During the year 2018, the portfolio of special distribution services was expanded, consolidating the process within the Company. Several initiatives were supported in the sales areas with the distribution of promotional and advertising elements, and at the operational level the distribution of the communications sent by the control process was taken. Losses corresponding to informative letters of unregistered consumption, informative letters of collection of stamps and the letters of findings, all of these with effective deliveries of more than 99.5% and a significant reduction in shipping costs.

Challenges

- Unification of billing for public lighting accounts of the municipalities of Cundinamarca.
- Capture of operational efficiencies in the process of distribution of invoices and other documents.
- Implementation and positioning of the new invoice formats.

Portfolio management

Among the issues with the greatest impact in the year, an on-going dynamic is identified by some government entities in the non-payment of their obligations. Examples such as the Capital District that persisted in not paying the VAT concepts for infrastructure rental and some municipalities such as Sopo and Nemocon that refrained from paying their bills for public lighting.

Furthermore, there were some adverse conditions such as the increase in the 2018 tariff that made it difficult for residential, commercial and industrial customers to pay their bills. The portfolio management scheme of the year focused on strengthening preventive management, through a greater volume of payment reminder operations, and on carrying out the best collection practices to achieve compliance by customers with the agreements of signed payment and the accounts of customers with higher debt will be normalised.

As a result of the year's management, significant progress was made in containing the increase in the Company's total debt and in adjusting old items of high-impact public debt in the portfolio.

Below are the variables with impact on the portfolio's behaviour:

- **Evolution of relevant macroeconomic variables in the country:** After a 2017 economic slowdown, 2018 presented a context of low and stable inflation close to 3%. Unemployment continued at levels above 9% and the consumer confidence index below historical levels. In turn, the promulgation of the financing law generated uncertainty in the market.
- **Electricity service billing growth:** The year was characterised by the increase in the rate for customers of the public home service, which led to an increase in turnover close to 8% compared to the previous year and therefore to a management of portfolio on a higher value during 2018.
- **Non-payment of lease and energy for public lighting in some municipalities:** Due to conceptual differences over the ownership of the Company's public lighting assets and the inventories that support the billing of the electricity service, municipalities such as Ubate, Tocancip and SopO continued without make the total payment of your debts, or make a payment agreement on them despite the approaches and efforts made.

- **Non-payment of VAT for public lighting by the Capital District:** The Bogota City Hall continued without making payments on the bills corresponding to VAT. This issue continues in management before judicial tribunals.

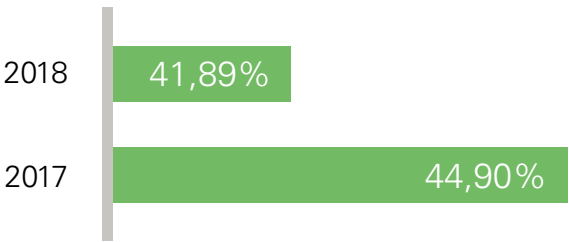
Due to operational issues, there was a partial interruption of the suspension activities, which were subsequently normalised in its entirety.

- **Execution of the Special Plan for the Recovery of Unbilled Consumption:** For the purpose of confronting with greater force the theft of energy and reducing the company's losses from these practices, a more aggressive plan was developed for identifying and recovering energy. of the year 2017. This led to an increase in the invoicing of Non-Registered Consumptions, making the payment of bills very difficult for customers under such condition.
- **Adjustment on the Public Lighting Debt of the Capital District:** After a rigorous analysis of the debt originated in the 2003-2004 period by way of the energy billed to the Public Lighting of the Capital District, a decision was made to eliminate \$35,873 million due to the inappropriateness of them. This item affected the accounts receivable of the Company for more than 12 years, remaining healthy as of year-end 2018.

Main indicators and results

- **Electric service delinquency rate**

Past due debt (\$) / Average monthly billing last 12 months (\$)

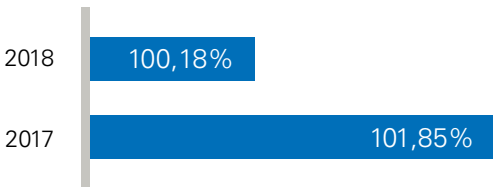


The delinquency rate of the electric service presents a better result than that of 2017. It closed at 41.89%, with an increase in the past due portfolio of \$3,123 million, equivalent to 1.98% compared to the end of the previous year versus a growth in turnover of 7.9%. Among the measures taken, a reduction was achieved in the portfolio of corporate customers of \$1,071 million and the District PL, which decreased its debt to a value of \$48,062 million.

- **Collectability Index**

Total collection for the year (\$) / Total net turnover for the year (\$)

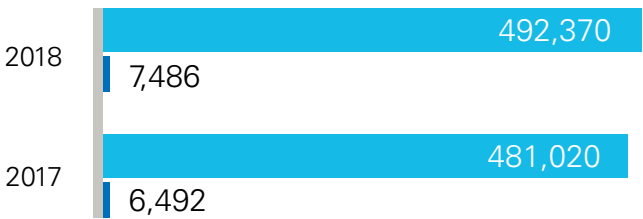
Chart 13 Collectability Index



As of December 2018, the Collectability Index reached 100.18%, with an increase of 8.3% in collections compared to the previous year.

Past due portfolio of complementary businesses

Chart 14 Past due portfolio of complementary businesses



The indicator of past due portfolio of complementary businesses closed 2018 at \$7,486 million, compared to the figure reached in 2017, it increased by 15%. Its annual turnover reached a total of \$492,370 million, higher by \$11,350 million compared to 2017, which is equivalent to an increase of 2.4%.

When calculating the percentage of past-due portfolio versus the annual turnover of complementary businesses, 1.52% was obtained for 2018 and 1.35% for 2017, a result that represents an increase of 0.18%. This means that, despite the foreseen impacts, it was possible to contain a greater delinquency and implement improvements to the interior of the area.

Outstanding actions in portfolio management in 2018

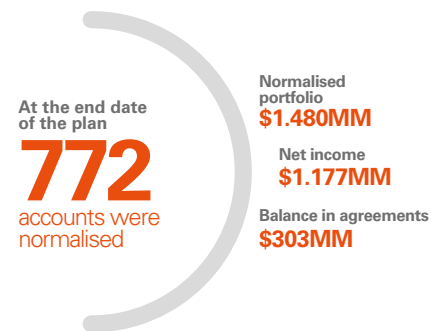
Special payment agreements plan

Financing plan designed to motivate the recovery of doubtful accounts by offering exceptional conditions that would allow recovering money before December 2018, seeking an improvement in the indicators of delinquency, collectability and portfolio deterioration.





After closing the campaign, which was in effect until 30 November 2018, the results were as follows:



Collection model of complementary businesses and VAPS

In the collection model of complementary businesses, the following actions were taken:

- The preventive strategies were reinforced, the support with the business areas of the Company and the definition of the portfolio assigned to the collection houses.
- A differential payment policy was defined for customers of VAPS portfolio of the Company's B2C segment, providing a better service and contributing to the normalisation of the delinquent portfolio of these items.
- A total of \$2,152 million was recovered in the debt of high impact customers that were delinquent as of December 2017.

Best practices within collection management

According to the identification of events that affected the increase and that led to a management on a larger universe of customers, the following actions stand out.

- **Collection management of accounts with untimely consumption re-settlement:** A universe of 35 accounts with a debt of \$1,895 million was selected, with a recovery of 29% for a total of \$547 million.
- **Own collection management in the business segment:** A recovery of more than \$1,143 million was achieved in the most relevant cases. The management carried out allowed a significant improvement in the delinquency indicator of the segment, which went from 8.22% (2017) to 6.47% at the end of the year.
- **Own management on the preventive portfolio:** Own preventive campaigns were carried out that prevented \$17,370 million from 1,273 accounts from becoming current portfolio for the Company.

- **Management of official customers portfolio:** The official segment presented positive results, decreasing \$1,037 trillion compared to the end of 2017.
- **Public lighting segment (municipalities):** In this segment it was possible to contain the rise of the portfolio, mainly presented by cases such as the Municipality of Sopo, which passed through 2018 without making payments increasing its debt by \$378 million, and the Municipality of Nemocon, which increased its debt by only \$166 million.
- **Strengthening of the portfolio definition in the post-collection stage:** The definition of the most delinquent accounts was initiated, whose scope corresponded to conducting the investigation of assets in order to qualify the account as receivable judicially or as uncollectable under a possible portfolio write-off. Hence, as of 31 December 2018, the following results were obtained:

Table 5 Results of portfolio recovery by status

Result	No. of accounts	Debt
Recovery	94	\$ 6.285.854.771
Normalisation	49	\$ 3.745.990.861
Collectability Certificates	15	\$ 1.129.647.787
Uncollectability Certificates	68	\$ 5.595.687.821
Lawsuits in progress	18	\$ 3.358.944.377
Account Write-off	63	\$ 968.195.314

- **Follow-up plan for accounts with Temporary Suspension Cancellation (ATS)**

Through the Icaro Project with a total portfolio allocation of \$ 12,954,950 million, a recovery of \$4,526 (35%) was obtained.

Challenges

For 2019, the continuity of a complex scenario in the dynamics of customer payments is estimated. There is uncertainty about the impact that the provisions of the financing law may have on the national economy, a possible upward behaviour in rates and the El Niño phenomenon, which could have a negative effect on market behaviour.

A change in the non-payment position by some municipalities is not identified. Similarly, a different position is not seen by the Capital District in the lease VAT gloss.

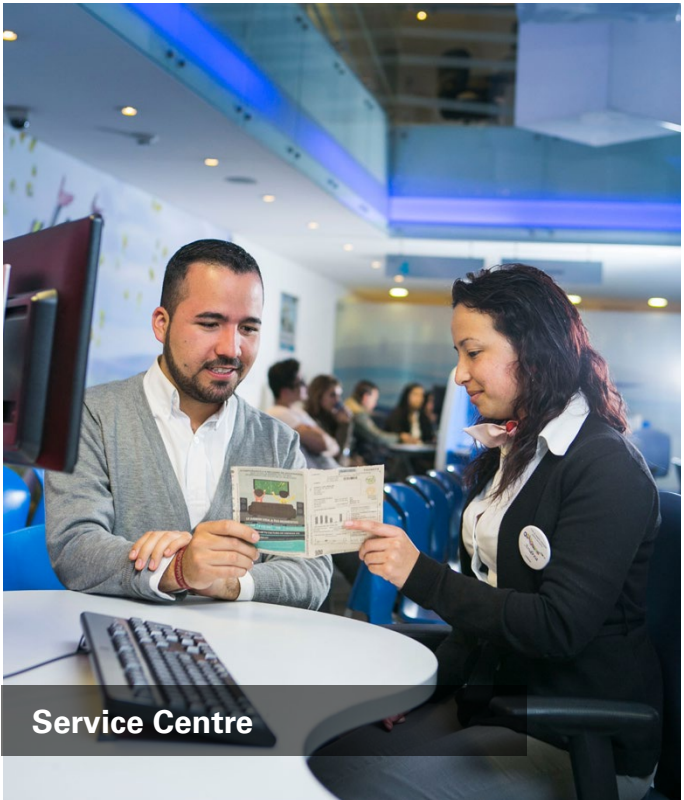
The incorporation into the billing of higher charges for the concept of energy recovery will be maintained, and the values of judicial decisions in favour of the Company will be charged to official customers (Tocagua ESP), which are highly complex in collecting due to the controversy that represent for the customer and the ability to pay them.

The challenges will be focused on making the strategy of suspension of the service due to default motivate greater market discipline, to evolve collection practices and to reach payment agreements on the most representative debts of government entities.

Operation of commercial processes and systems

The area's management focused on the following strategic pillars:

- Ensuring the registration of Codensa revenues with high quality and timeliness.
- Generating a good digital experience for customers in the payment of their bills.
- Maintaining a broad and efficient collection network in costs.
- Accompanying the development of new value-added products and services.
- Implementing technologies that optimise and shield the processes.



- Promoting a culture of data analysis and orientation towards innovation.

The area's management ensured the application of \$6.08 trillion corresponding to the collection of the energy bills of Codensa and the reconciliation and registration of \$80,208 million of income related to the value-added products and services (VAPS) of the residential segment.

Management of the collection process

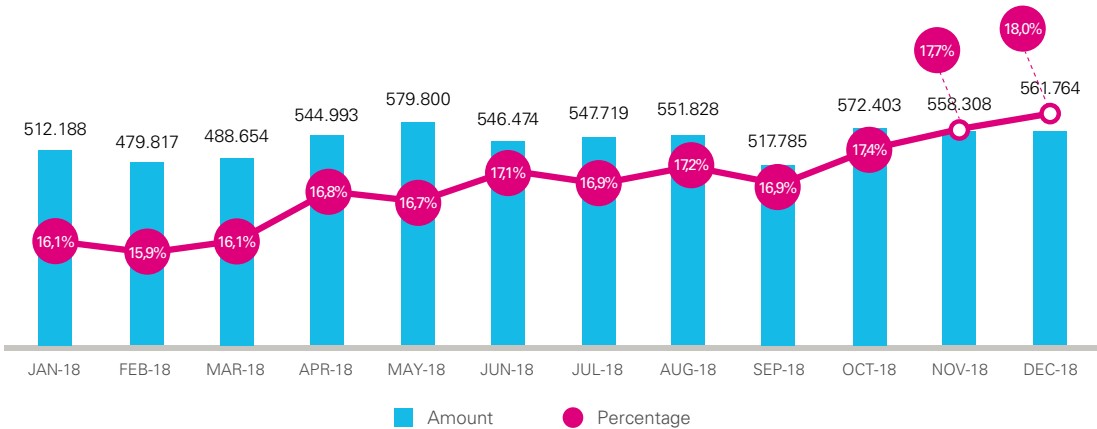
In line with the digitalisation strategy and looking for an efficient combination of coverage and efficiency, the following initiatives were developed:

1. Design of the customer experience for payments: Within the Global Digital Customer Journey project, the customer experience in the payment process was analysed and re-designed, focusing on service and efficiency and leveraging new technologies (Analytics, CRM Salesforce and Marketing Cloud).
2. Implementation of the PSE payment button: The mass payment button was put into production, as an additional digital alternative for customers. Under an agile approach, improvements were developed both in the design of its functionality and in the costs associated with its operation (in this aspect a decrease of 54% was achieved).
3. Improvement of the business payment button: A new version was implemented that allows business customers to pay multiple documents, related to their obligations, both energy and other services, in a single transaction. For Codensa this translates into a more fluid and controlled process. During the year, 5,005 payments were made by this means.
4. Digitalisation of customers: Due to its convenience in terms of service, process and costs, the mobilisation of customers towards digital channels is a central point of the collection strategy. Different campaigns aimed at leveraging this movement were developed, achieving a total of 6,133,653 digital payments in the year (exceeding the proposed target by 2.15%).



The path of digital payments is shown in the following graph:

Chart 16 Electronic payments 2018



5. Online collection: The regional project for the modernisation of the collection system was started, which seeks a more automatic, timely and controlled process, through the use of Web Services that orchestrate the flow of information between financial institutions and financial systems of Codensa

standards, achieving the continuity of the operation and a low level of incidents that was controlled during the stabilisation phase.

With this project, greater efficiency was achieved in the processes and architecture of the commercial system and the system was enabled to offer financial services in the geographical area covered by Empresa de Energía de Cundinamarca.

2. Evolution of the commercial system: 81 programmes of the system were improved or corrected. The most relevant were:

- Modifications to the invoice annex to display the interest settlement rate.
- Optimisation of the process of loading and storage of payments in transit.
- Correction to the collection of interest for non-localised financial services.
- Marking of customers with smart meters.
- Amortisation of double payments.

3. Improvements in the suspension operation: Reduction of 7.3% to 2.9% was achieved in the suspension operations with payments of previous days, generating an operative efficiency in the suspension process with the decrease of approximately 9,000 operations not effective in the year and minimizing the impact on customers who had already made their payment.

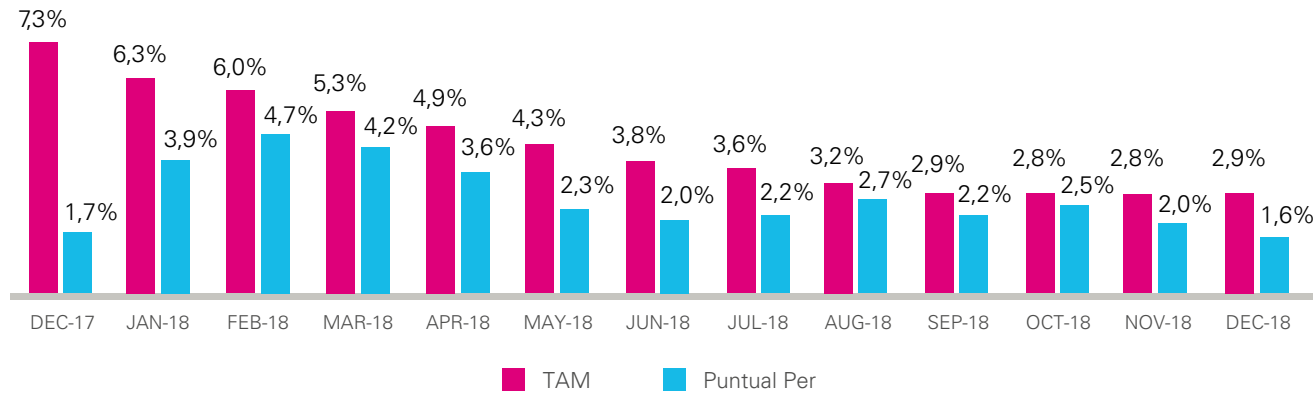
Operation and evolution of commercial systems

During the year, different projects were carried out in order to maintain and optimise the operation of Codensa's commercial systems.

1. Unification of databases: the objective of this project was to unify the commercial systems of Codensa and the former Energy Company of Cundinamarca, which functioned independently. The project was developed with high quality

Below is the monthly dynamics of the indicator.

Chart 17 - Operations with previous day payments



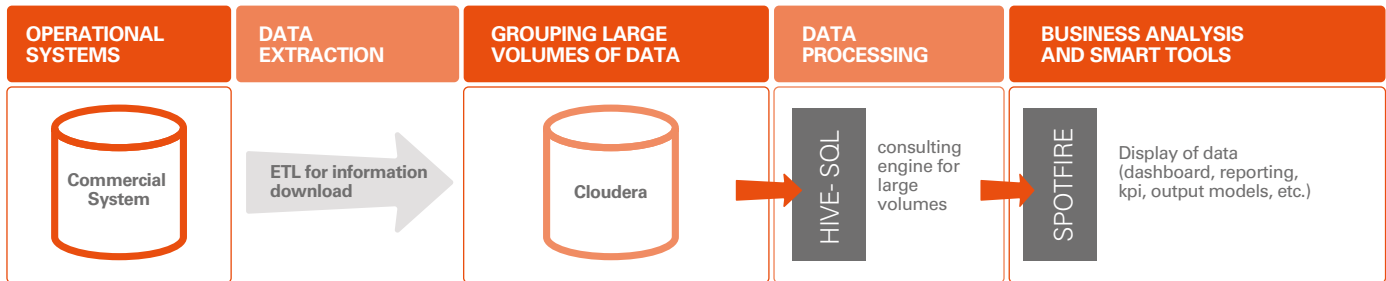
4. Management of new technological platforms: The digital transformation programme has brought with it the implementation of new applications that seek the modernisation of technology and efficiency in processes. In parallel to these implementations, work is being done on the definition of the roles for its management.

Operation of value-added products and services

For optimal operation in value-added products and services, initiatives have been developed that optimise the use of technology and improve the application of operational and financial controls.

1. 571 reconciliations were carried out with 21 business partners, likewise, for the new products, the required conciliation processes were implemented.
2. Trainings were made to collaborators from different areas of the Company in tools for data analysis. Control boards were implemented to monitor the operation and processes.
3. The Mapfre partner's reconciliation process was automated with new technological tools. This automation has led to the efficiency of the process (going from 9 to 2 days), the implementation of additional controls, the security of the information and the opportunity and visibility of the revenues.

Below is the architecture used for automation:

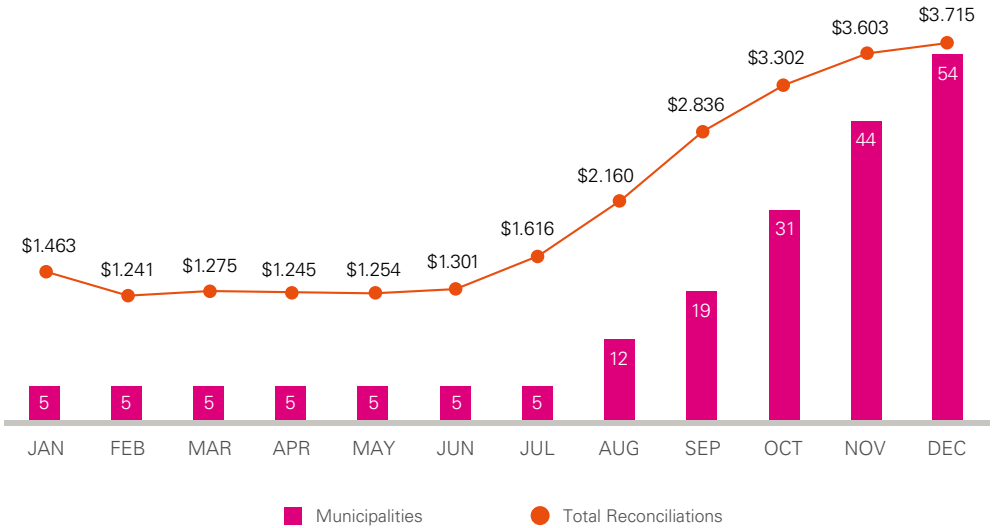




- Automation of public lighting conciliation: Using data management tools, it was possible to automate the process of conciliation of public lighting charges for the 54 municipalities that currently have an agreement. This allows greater opportunity and accuracy in the flow of money with the municipalities.

The following graph presents the monthly evolution in terms of the number of municipalities and values reconciled with the automated process:

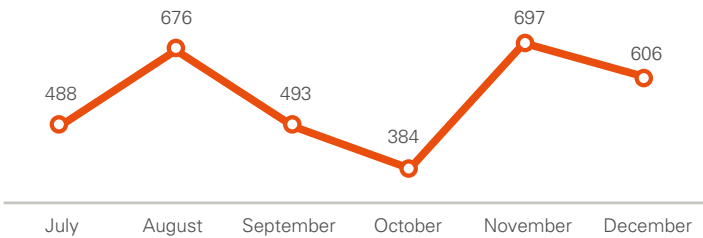
Chart 18 Reconciliations 2018



- Alternative Payment Method (APM): A new procedure was implemented to retain insurance customers who for several reasons are left without an electric account to which to relate the insurance they have acquired.

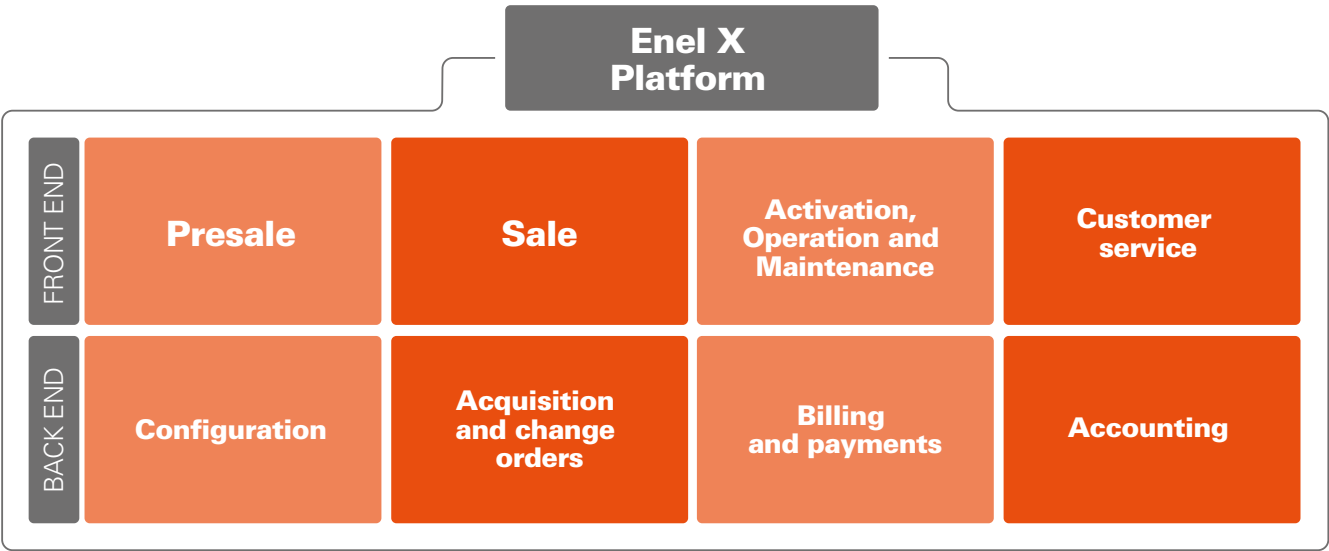
APM contributed 18% of the total withholdings made in 2018. The following chart shows the number of policies retained monthly using the alternative method:

Chart 19 Number of policies withheld Jul-Dec 2018



- Implementation of CEP (Customer Engagement Platform) for Enel X: The conceptual designs of the digital platform were generated in a regional manner to support the Enel X processes, both for the front end (which covers the stages of presale, sale, activation and after-sales), as for the back end (which covers the billing and collection needs). The implementation of this robust tool, which will also manage the integration with the different external actors, is planned to begin in 2019.

The following chart presents at a high level the processes that the platform seeks to cover:



Challenges for 2019

2019 comes with a series of challenges that seek to optimise the operation, increase customer satisfaction and transform the technological architecture.

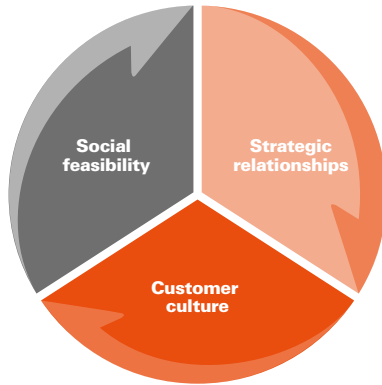
- Continue with the digitalisation of customers in the payment process, seeking to close the year with 20.2% of payments through electronic means.
- Optimise the cost of face-to-face channels by mobilizing 28.3% of payments towards low-cost channels.
- Advance with the implementation of the online collection project, improving the opportunity and quality of the process.
- Participate in the implementation of the CEP platform, which will transform the front and back office processes for Enel x.
- Implement regional e-commerce tools and develop the necessary configurations and integrations with the other applications.
- Operate efficiently the new technological tools, according to the roles defined together with the project leaders.

Operations support

Strategy that manages in a timely, transparent, and efficient way the social impacts, risks, approaches with the communities and their stakeholders, originated in business decisions and actions, facilitating relationships of trust and affection towards the Company, and avoiding reactive actions, costly and inefficient for the parties.

It has three fundamental purposes: (i) to generate favourable social environments for the development of the Company's operations, (ii) to build positive experiences and generate bonds of trust and closeness with the stakeholders, increasing the share capital, and (iii) to promote among customers a culture of intelligent and productive use of the products and services.

Strategic lines





Strategic relationship

Build, maintain and improve relationships of trust and affection, sustainable over time, promoting and ensuring scenarios of dialogue and debate with stakeholders on issues of common interest.

Methodology:

- ▼ 1. Prepare the social cartography of the different stakeholders
- ▼ 2. Develop a systematic relationship plan with prioritized stakeholders
- ▼ 3. Communication plan on topics of corporate interest
- ▼ 4. Attention plan for concerns and expectations
- ▼ 5. Recognition by leaders



Social feasibility

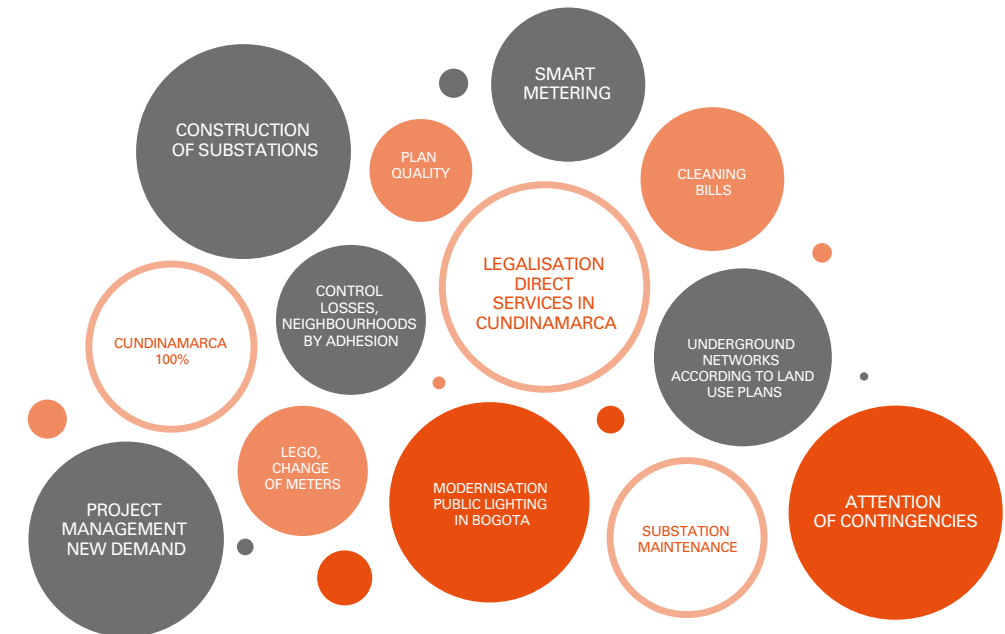
Through relationship, communication and information actions, build social, legitimate, reliable and productive environments around the development of the projects and operations of the Company that ensure social development.

Methodology:

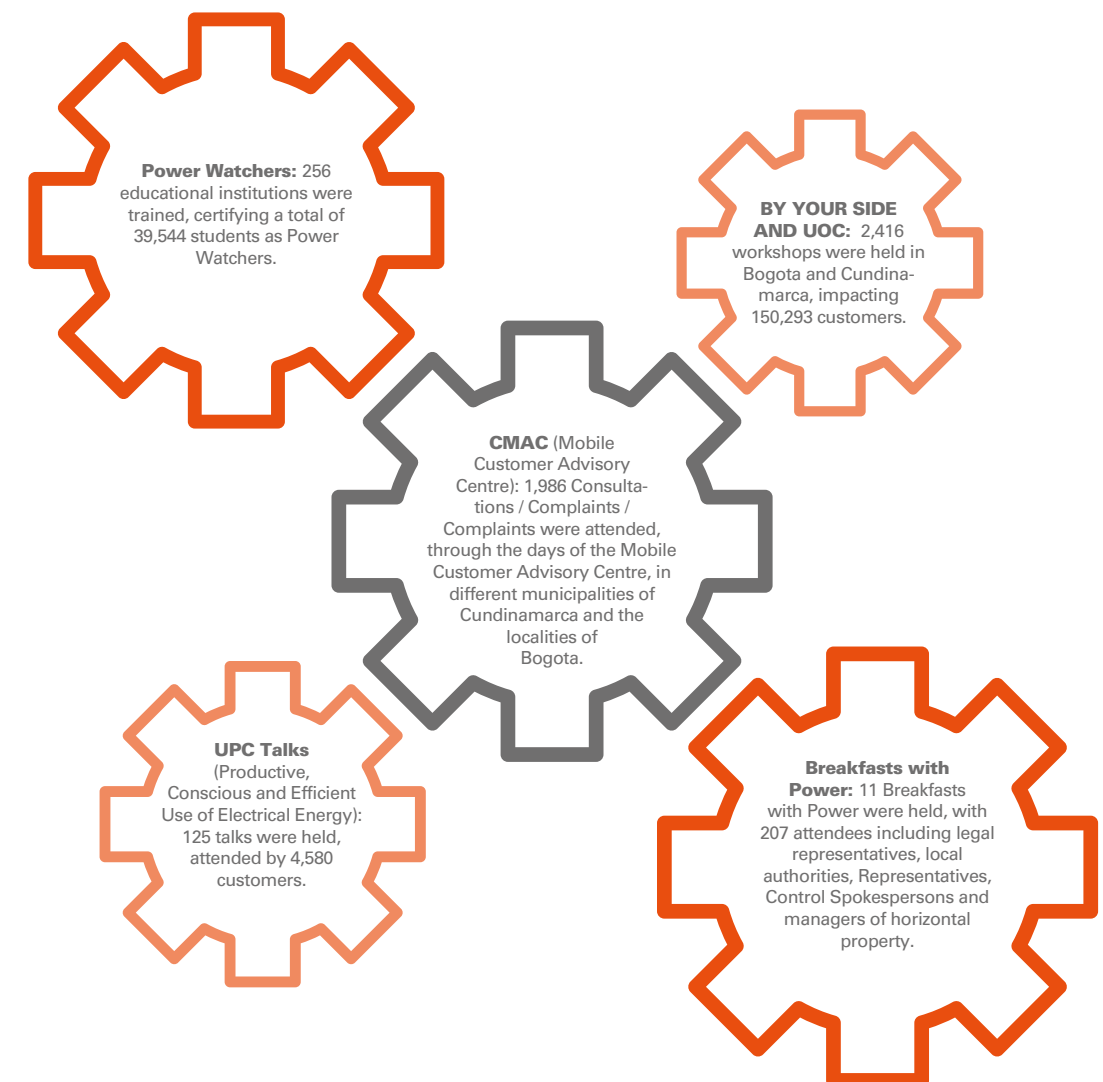


78 PROJECTS WERE MADE VIABLE. ALL OF WHICH ARE STILL UNDER EXECUTION, SOME OF THEM

Customer culture



Build strategic partnerships with the communities, which favour corporate actions, through the strengthening of citizen skills and competencies in business knowledge and other issues of common interest.





INFRASTRUCTURE AND NETWORKS MANAGEMENT

Physical data of the system

Substations	64 Power Substations 109 MV/MV Substations 86.639 Distribution Centres
Power transformers	AT: 251 unidades - 10.477 MVA= MT: 184 unidades – 818,3 MVA BT/MT: 1 unidad - 0,045 MVA
Distribution transformers	88.657 unidades - 10.643 MVA
MV (Medium Voltage) Power Supply	Urbanos 797 / 10.483 km Rurales 332 / 18.735 km
MV (Medium Voltage) Network	Aérea 25.190,62 km Subterránea 4.026,79 km
LV (Low Voltage) Network	Aérea 38.982 km Subterránea 2.991 km
Lighting Bogota	No. Luminarias 416.754 unidades Potencia 41,7 MW
Light posts	521.119 de BT 180.837 de MT 244.940 de MT/BT 125.625 de AP
Cameras	293.857 Unidades

Network digitalisation

E4E-GDS

In 2018, the Infrastructure and Networks and Digital Hub team continued with the execution of project activities defined with the E4E programme. The objective of this project is to centralise information in a single system that allows timely and effective decisions to be made and where the entire company can perform end to end traceability to both technical and accounting data. As a milestone for this year 2018, the re-planning of the programme and approval of it in the Board of Directors in May is highlighted, motivated to ensure compliance with new regulatory requirements as of the formalisation of CREG Resolution 015 of 2018. , better coverage was achieved in process automation derived from the incorporation of new information systems, and improvements in the functionalities and integrations of the initial scope systems that were implemented during 2018.

Based on this re-planning, the main focuses of action were:

- Investment of more than 8,000 man hours in standardisation and data adjustments of the technical assets database (BDE) for migration.

- Approval of 93% of user tests (3,689 test cases executed) in the ERP and GRID systems.
- Execution of 2,500 cases of acceptance tests of systems, corresponding to 71 % of expected cases.
- 20,330 hours of training in 63 courses by 36 trainers
- 25 systems in training
- 704 end users with 4.2 in satisfaction index
- 86.5% compliance with training (to be completed in phase 2 in 2019)

According to the established project plan, in the last quarter we began activities in coordination with the global Infrastructure and Networks and Digital Hub lines in order to ensure the go live during the first half of 2019. In broad terms, the Work group focused on ensuring four major areas:

- Assurance of the quality of the systems within the project and its interoperability with local systems.
- Assurance of the quality of the information subject to migration present in the current systems and the migration process itself.

- Configuration and parameterisation of the systems for their coupling with the new E4E process definition.
- Definition and Execution of the Comprehensive Test Plan that validates the optimal gear of systems, data and parameterisations.

Cybersecurity

The Company continues to actively participate in the critical infrastructure tables of the Joint Cyber Command, the Technology Committee and the Cybersecurity Subcommittee of the National Operation Council, supporting initiatives such as the creation of the CSIRT (Computer Security Incident Response Team) of the electricity sector, the National Plan of Protection and Defence for the Critical Cybernetic Infrastructure of Colombia or the update of the Cybersecurity Guide, CNO 788 Agreement, a project that is currently under review, the new proposal and will remain in force by 2019.

The first business impact analysis and risk analysis evaluation for the critical operation systems and location of the Company was carried out. This activity will continue in 2019 with the Action Plan to eliminate and reduce the identified risks in terms of cybersecurity.

Together with the Enel Cybersecurity line, the cybersecurity event management policy was developed and socialised, with clearly defined roles and responsibilities within the Organisation to adequately manage the response to incidents of this type.

Finally, new services were activated in the CERT (Computer Emergency Readiness Team), through a new real-time monitoring tool that improves the conditions of supervision and traffic analysis of communication networks. Additionally, new supervision functions for corporate Web browsing were implemented, which improves the security level of this service.

Digl&N Colombia

Codensa has understood the importance of technology and digitalisation in the electric power service and has led it to make improvements in its processes that allow it to be at the forefront and prepared for the digital transformation that this implies. This is how we began the evaluation of the digital status of 28 processes that make up the Infrastructure and Networks area framed within the project digl&N Colombia.

This project has four phases of development and during the year 2018, the first Baseline was satisfactorily completed, in which the costs and the digital progress of each of the processes that make up Operation and Maintenance, Planning and Development of the Network were mapped. Energy Balance and Customer Management. For the second phase of the project, called Design, agile tools such as Scrum, Lean Kanban and Design Thinking were used to propose improvements to six of the processes and thus increase their digital level by means of 43 initiatives generated in the Agile Rooms, where by process and for five weeks each, the different teams or squads met to develop the phase.





For the third and fourth phase of the project called Inception and Execution, respectively, two initiatives from those generated in the agile rooms were selected to make them come true together with the Digital Hub team and by 2019 we expect that through start-ups each of the initiatives generated will be executed. Codensa has developed all the above with the participation of more than 200 people in order to provide a better service to all its customers, being at the forefront and continuing on the path of being a world-class company.

The opportunity in the times of connection of new customers to the distribution system presents improvements and is part of the attention priorities.

During 2018, 100,536 new customers were connected, both from Bogota and Cundinamarca:

In particular, there was an increase of 20.8% in the number of construction customers compared to the results of 2017:

52.8% of the connections made corresponding to 53,180 accounts were made through the connection chain of customers with feasibility, these requests contain builders and business customers, complying with the regulatory times according to CREG 070:

	Average time (days)
Feasibility	6
Approval of designs	12
Work received	7
Energy and measurement manoeuvre	19

During the year, 131 projects with 259.62 MVA installed were connected to the Codensa distribution network: 90 in Bogota and 41 in Cundinamarca.

During 2018, strategies for the redesign of the connection chain process were implemented, with which we achieved the optimisation of the activities of the process and the reduction of response times to requests in the connection chain by up to 76%. The main initiatives include:

- Documentary simplification: Reduction in the number of documents requested for the filing of design approval requests (from 8 to 3 documents) and work receipt requests (from 28 to 8 documents)

- Simultaneity of design filing: Applicants can simultaneously file Medium Voltage Networks (Series 1) and Distribution Transformers in Local Substations (Series 3) or in Pole (Series 5), in addition, the design of Urbanism (Series 0) was eliminated from the requirements for design approval.
- Standardisation of designs: Guidelines based on Enel's global standards for designs submitted by third parties.
- Site Quality Control Visit: Specialised technical support to the projects during their construction phase to accompany the customer's execution process and anticipate the needs as network operators.
- Simultaneity in connection and measurement: Coordination of the work teams so that they make the connection of the project and the installation of the corresponding meters in the same operation.

Customer connections are managed digitally

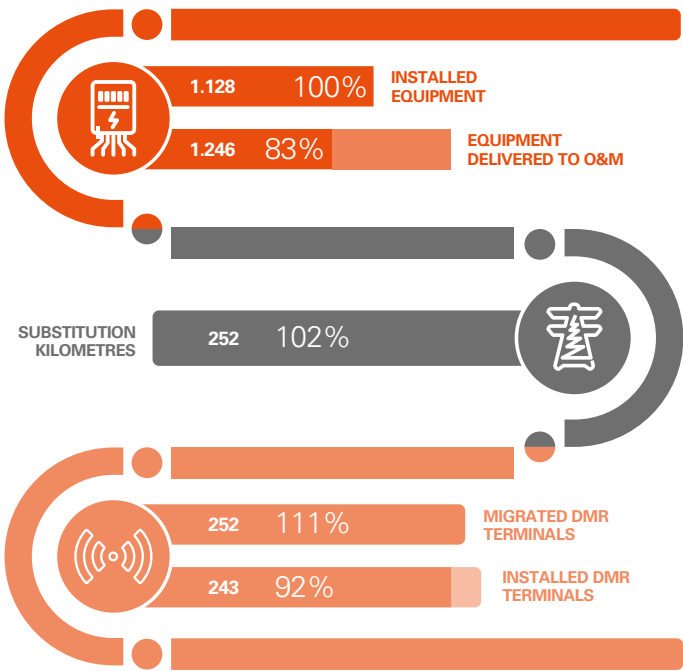
During 2018, iConnection was designed and implemented, a web information system for Business Process Management (BPM) which contains all the activities of the connection chain (feasibility, design approval, receipt of work, energisation and measurement)

Through the system, people/companies/interested entities can make their requests from any device with internet access without having to go to the Codensa service centres, additionally, they can verify the status of their request in real time, receiving alerts and notifications via email.

Remote control and automation

Technological innovation to operate the network more efficiently

During 2018, 1,128 remote control units were installed for an accumulated installation base of 5,470 and the construction of 252 kilometres of substitutions, distributed over 415 circuits, which allow the distribution network to be operated more efficiently in the face of failures in the electrical service, know more accurately the location where the failure occurs and reduce the number of customers affected.



The migration of 35 substations to the SCADA system through fibre optic networks was also carried out, in addition to the delivery to operation of the Control Centre of 1,246 computers for an accumulated of 5,223 real-time remote controlled equipment, which provide an agile response and efficient to failures.

Additionally, and contributing to the indicators of equipment availability and effectiveness of remote controlled commands, the development of the communications network itself was continued. The installation of 495 integrated devices with DMR terminals was achieved. During the year 2018, \$ 89,436 million were invested, accumulating \$ 344,291 million of real investment since the beginning of the project. The goal for 2019 is to continue with the installation of 1,215 teams, the delivery to operation of the Control Centre of 1,462 teams, the construction of 108 kilometres of new substitutions and the additional installation of 403 DMR terminals, for which it is planned to invest \$ 64,812 million more.

Network management to achieve global standards in service quality

With the projects and programmes carried out during 2018, a favourable result was obtained in the levels of voltage 1 and 2-3 grouped.

Table 1 shows the closing projections for the year 2018 of the regulatory indicators. On February 15, 2019, the definitive values will be published by the control and surveillance entities in accordance with CREG Resolution 097 of 2008 and others that modify or supplement it. These results are given according to Resolution 199 of 2016 (Unified costs and charges for distribution and trade for the STR and SDL, resulting from the integration of the systems operated by Codensa and the former Energy Company of Cundinamarca).

A closure of the IAAD is expected at -1.2% in Level 1, and for the grouped Level 2 and 3 an improvement of -4.6% is expected.

Table 1. 2018 year-end projections

Codensa Indicator	Projected value	Variation with respect to IAAD k-2 (reference)
IAAD k-1 Voltage level 1 [1]	0,00276292	-1,2%
IAAD k-1 Voltage level 2 y 3 grouped [2]	0,00079933	-4,6%

[1] Grouped Annual Index of Discontinuity, incidents originated in the local distribution system perceived by customers of voltage level 1, according to CREG 097 of 2008, as amended and complemented.

[2] Grouped Annual Index of Discontinuity, incidents originated in the local distribution system perceived by the customers of level of tension 2 or 3 grouped, according to the CREG 097 of 2008, as amended and complemented.

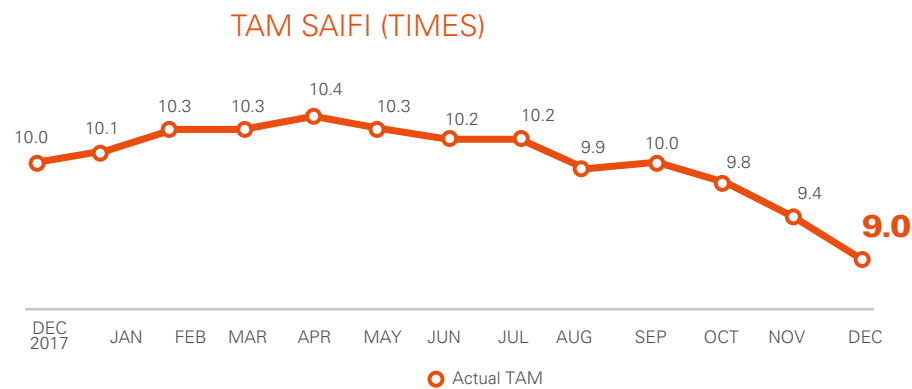
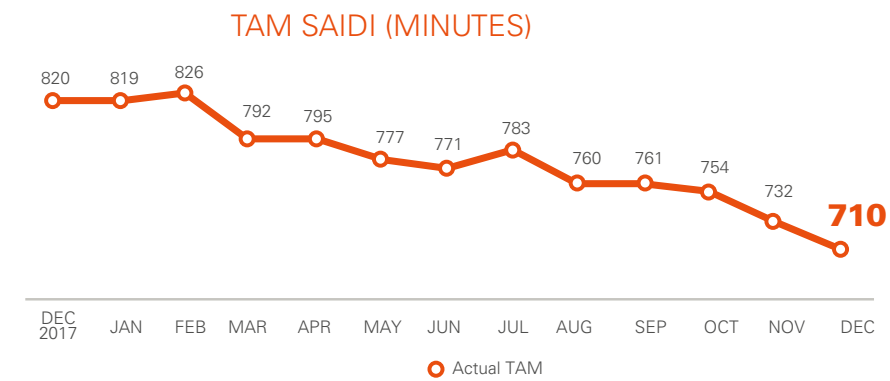
As a complement to the regulatory requirements in continuity of service, the international SAIDI and SAIFI indicators of High, Medium and Low voltage for Codensa are shown in table 2, leading the Quality of Service to international standards and considerable improvements.

Table 2. SAIDI-SAIFI Results 2018

Codensa Indicator	Unit	Value reached	Variation with respect to 2017
TAM SAIDI Global[4]	Minutes	710	-13,4%
TAM SAIFI Global [5]	Times	9,0	-9,6%

[4] System Average Interruption Duration index, incidents originated in medium and high voltage for own causes, by third parties, programmed with and without notice to the customer, according to calculation methodology defined by Enel Group Common Continuity Indexes

[5] System Average Interruption Frequency Index, incidents originated in medium and high voltage for own causes, by third parties, programmed with and without notice to the customer, according to calculation methodology defined by Enel Group Common Continuity Indexes.



As a complement to the international indicators that allow deepening the quality analysis of energy supply, the indicator CAIDI (Customer Average Interruption Duration Index) is monitored, which measures the times of restoration of service on average. customer who has had an incident without prior notice.

The reset time for the year 2018 for Codensa, presented an improvement of -6.7% with respect to the year 2017.

Table 3. CAIDI Results 2018

Codensa Indicator	Unit	Value reached	Variation with respect to 2017
CAIDI 2018[6]	Minutes	68,1	-6,7%

[6] The Costumer Average Interruption Duration Index, Average time per customer of incidents originated in medium and high voltage due to own causes, by third parties, according to calculation methodology defined by Enel Group Common Continuity Indexes, applying IEEE1366 standard: Sum of all customer interruption durations / Total number of customer interruptions, or the expression: [SAIDI / SAIFI].

The work fronts were focused on the following projects:

- Remote control project of the medium and low voltage network
- Redesign and replacement of medium voltage networks
- Redesign and replacement of low voltage networks
- Normalisation of substations and high voltage networks
- Modernisation of essential services in HV/MV substations
- Forest management
- Action plan to control and/or mitigate the impact of rainy and windy seasons
- Protection management
- Modernisation of communications substations

Ongoing quality improvement in higher investment and operational scenarios

Given the increase in the execution of works for the development of investment projects and the thorough compliance with the maintenance plan, in 2018 there was an increase in interventions analysed in the network infrastructure of 22% with respect to 2017, reaching the 45,400 managed releases.

The operation schemes of the network have been adjusted to this demand for interventions that aim to improve the quality of the service, as well as the reliability and stability of the system.

Towards an asset management that allows maximizing the Company's value

The launch of the asset management policy 369 was carried out, in an event chaired by the Codensa Manager, with all the front-line managers of Infrastructure and Networks management.

In order to facilitate the dissemination and application of asset management practices according to ISO 55000, the training of internal auditors was conducted, of which four (4) professionals from the asset management office were certified as leading auditors ISO 55001

Additionally, in order to accelerate the socialisation of the contents of this norm, a gamification strategy was adopted so that 120 professionals from the Infrastructure and Network Management managed to download the respective video game to their personal mobile phones.

In agreement with the National University of Colombia, the criteria for adopting life cycle engineering in High Voltage assets, especially power transformers and compensation banks, were designed and implemented. This advance in the design of high voltage asset projects allows strengthening the evaluation of initiatives considering the condition of each power asset, and thus complying with the risk policy defined for each of the assets intervened.

The asset management control panels for power transformers were made, which facilitate the decision-making processes where the remaining useful life of the assets can be compromised considering the best practices of the CIGRE and ISO 55001.

The life cycle cost analysis capabilities were strengthened by designing a cost simulator in agreement with Universidad de los Andes, which is expected to become operational during 2019. The investment portfolio in this way will ensure its alignment with the asset management objectives and the corporate strategy of the Company.

In agreement with the CESA university, the research on Corporate Governance and the implications of the adoption of ISO 55001, from the point of view of the Colombian electricity sector, began. This research is part of the project approved by Colciencias in 2018 and 2019 to strengthen knowledge in this area at the level of professional training.





With international standards in the design, construction and failure management

LV Switchboard Project

The construction of four prototypes of Low Voltage (LV) switchboards to be installed in pole-type distribution transformers is in progress, two of them with remote control option.

The results of these prototypes contributed to the definition of the technical characteristics for the elaboration of the Group's Global Specification of the Standardisation of the LV switchboards.

The benefits expected with the installation of the LV switchboards are: it facilitates the replenishment after the trigger, prevents low voltage failures to escalate to medium voltage, ensures the safety of people, protects the transformer in case of overload and/or failure of the LV network.

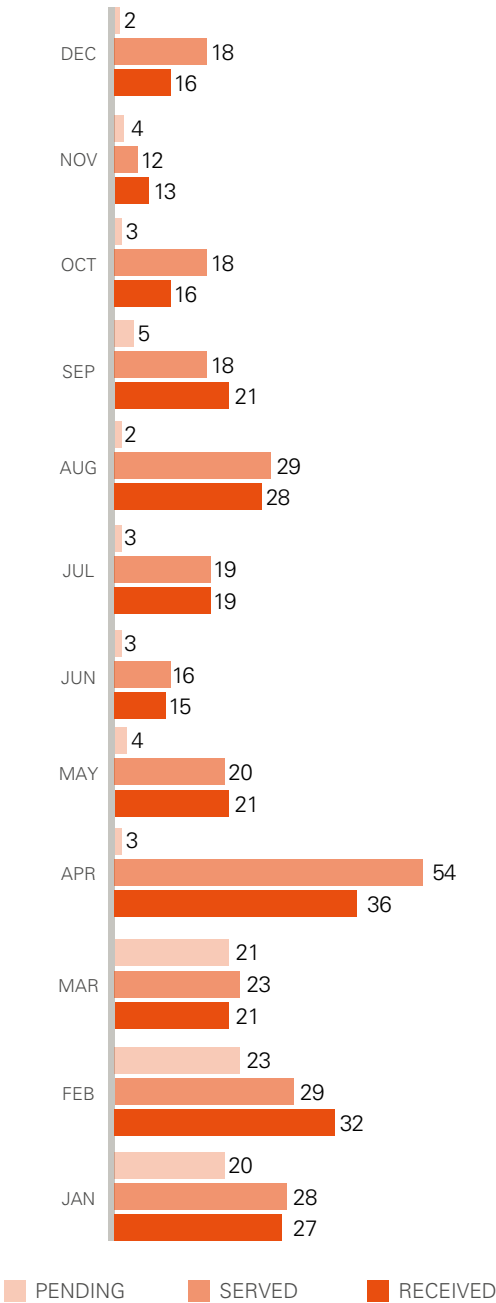
Construction standards and technical specifications

In 2018, 180 updates, expeditions and eliminations of technical standards and specifications documents were made, in accordance with the updating of the criteria for the design and construction of the Enel Group's electrical infrastructure for its application in electrical projects in the area of influence of Codensa

Additionally, 265 requests for consultation were received, which were 100% attended. These requests are received through communication channels such as the contact form, the comments made directly on each document in Likinormas and the internal consultations carried out by different areas of Codensa.

The following graph shows the number of applications received, answered and pending in each month in 2018.

Trend of requests 2018



Infrastructure Management for Demand Services

Nueva Esperanza Substation

In September 2018 the corridor of High Voltage lines No. 3 of the Nueva Esperanza substation was energised, thus completing the second 500/115 kV substation of the Codensa area of influence.



Training centre manoeuvres

In addition, the remuneration file for phase I (Infrastructure powered in July 2017) was filed with the CREG and in October 2018 the audit of the file was carried out as a preliminary phase to the resolution of remuneration.

North Substation Project

This project includes the construction of an electrical substation with two 230 / 115kV transformer banks of 600 MVA, a 230 / 115kV reserve unit of 100 MVA, four 115 kV line bays and approximately 40 km of transmission lines. → 115 kV connection. With its implementation, the transfer of energy from the National Interconnected System (SIN) to the Codensa Regional Transmission System will be increased, thus increasing the reliability and availability of power in the north of the department of Cundinamarca and Bogota with the aim of guaranteeing the attention of the growing demand in the medium and long term.

During 2018, the management of the environmental license continued with the Autonomous Regional and Sustainable Development Corporations (CAR), in addition to the permits for theft of reserves before the Ministry of Environment and Sustainable Development. It should be noted that this process has been displaced over time by the different requests of the environmental authority and by the actions North - Gran Sabana and Norte - Sesquile. Furthermore, the flow of the process of acquisition and contracting of the equipment and materials of the associated transmission lines continues.

The Directorate of Forests, Biodiversity and Ecosystem Services of the Ministry of Environment and Sustainable Development granted Codensa the definitive abduction permit of 1.24 hectares of the Forest Protector Producer Reserve of the Upper Basin of the Bogota River. The execution schedule of the project has been displaced in time by the process of the environmental license application and the actions provided in the framework of the same. The process of acquiring and contracting the equipment and materials of the associated transmission lines continues.





Gran Sabana Substation

Gran Sabana Substation Project

In June 2018, the substation started operating, thus complying with the date established by the Energy Mining Planning Unit (UPME) and the environmental management plan declared before the CAR. Within the scope of this project, the installation of two transformers of 115 / 34.5 / 11.4kV- 80 MVA, five 115 kV modules and their associated medium voltage cells was contemplated. With the energisation of these assets, the operation of the medium voltage circuits and the installed capacity of the area is improved in such a way that all the requirements of the commercial and industrial customers of the sector can be met.

Compartir Substation Project

In the first quarter of 2018, the Regional Autonomous Corporation of Cundinamarca (CAR) granted the environmental license to Codensa for the development of the project "Construction Lines Share 115 kV, Sharing Substation and Connection Modules," thus giving the environmental viability of the project for its execution, which during the year in question was executed under the commitments of the granted permit, as well as the Environmental Management Plan.

Additionally, the technical and financial approval by the UPME was granted to access a credit for \$ 17,043 million at a subsidised rate with the Territorial Development Financier (Findeter), which seeks to finance 59% of the project. It is expected to receive approval and resources in the first quarter of the year 2019.

Increase in installed capacity MV/ MV substations

SE JM Córdoba: It went from 6.75MVA to 11MVA installed. These activities benefit the customers of the municipality of Ricaurte, which has been developing at a fast pace, generating jobs in housing construction and shopping centres.

- SE El Hato: It went from 2.5MVA to 6MVA installed. This substation allows supplying substitutions to customers in the municipalities of La Mesa and Anapoima, becoming an important node in the event of unavailability of the substations of these municipalities (La Mesa and Tamarindo).
- SE Quipile: It went from 2.5MVA to 3.75MVA installed, in addition to the construction of the access road to the substation, allowing access to the property to carry out future maintenance.

Development of projects in existing substations

- The installed capacity of 115 MVA was increased in the HV/ MV Substations
- The process of Standardizing 05 Trains of 11.4 kV cells in the Bolivia and San Mateo substations was initiated
- Standardisation of:

- » Start of the engineering process and purchase of lots for stretches of high voltage transmission lines such as Zipaquira - Ubate, Nueva Esperanza - Indumil and Compartir - Indumil.
- » Substations HV/MV Victoria, Sesquile, San Carlos.
- » Incorporation of the El Sol, San Carlos, Victoria, Concordia and Caqueza substations.
- » Completion of the scope in the MV/MV, Charquito and Chia Centre substations.
- 16 switches were replaced in substations such as Bolivia, Soacha, Fontibón, among others.
- 38 power transformers were covered.
- Protection relays were replaced by new equipment with state-of-the-art technology.

Works executed 2018 on HV lines

The construction of the entrance to the line to the Faca substation was carried out, concrete posts were replaced by towers, allowing the normalisation of the input - output configuration in this substation. This prevented the imminent collapse of existing structures that were in poor condition, distance was gained ground phase and extended the periods of forest intervention in this area.

The route modification was made to the Caqueza-La Reforma line, in the area of the Pipiral bridge (Meta), which allowed the construction of the new vehicular bridge and the normalisation of the structures gaining ground phase distance and contributing to the road expansion of the country. The T-structure of the network of the FO-NO-MO line was modified by moving to an operation of two independent lines using stretches of existing lines.

Commercial Operations Management

Reduction of non-technical losses management programme

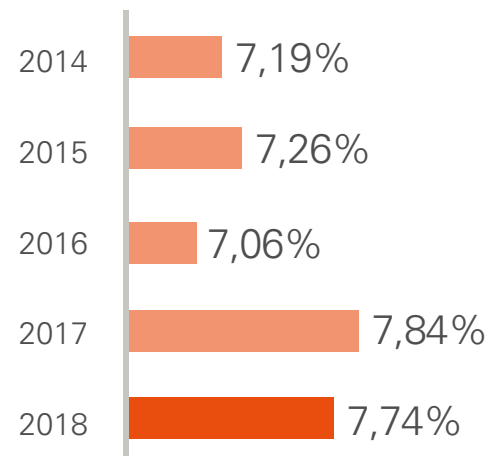
Codensa, as a network operator, remains committed to energy efficiency and proof of this are the non-technical losses reduction actions that in 2018 allowed reducing the loss rate by 10 basis points closing at a value of 7.74% with some total physical losses of 1,183 GWh-year (technical losses + non-technical losses).

The action plans executed last year were focused on the recovery of energy, achieving historical recovery values that allowed to counteract the aggressiveness of the market that was evidenced in part by the detection of technical energy thefts where the meters were manipulated in order to reduce energy consumption.



Figure 1 shows the evolution of the Codensa network operator loss ratio in the last five years.

Figure 1. Loss ratio



The increase in the loss ratio in 2017 was associated with the merger with Empresa de Energía de Cundinamarca. With the operational plan of inspections, an unregistered energy recovery of 35.5 GWh-year was achieved.

Other relevant actions executed in 2018 within the non-technical loss reduction plan are shown in Figure 2.

Figure 2. Main actions to reduce losses



Ongoing improvement of predictive and classification models for the detection of energy losses

Giving continuity to the Data Mining programme, focused during the year 2018 on the improvement of the predictive power of statistical models and in particular, maximizing the volume of energy recovered through inspection operations, the construction and operation of nine models was carried out of classification and regression, where with the execution of 32,658 operations, a productivity of 22.12% was reached equivalent to 7,225 accounts with findings of fraud and / or sub-registration, and a total of energy recovered by CNR of 5 GWh per year. These results are equivalent to an improvement of more than 120% in terms of productivity (compared to the general average of 10%) and 11% of the total energy recovered for this segment of operations. It is worth mentioning that, in parallel to this programme, at the level of Colombia and under the analytical scheme, two additional classification models were developed with similar results in terms of productivity as achieved by the regional programme.

New research model for consumption diversion

Between the months of March and June, a pilot plan was carried out to implement a new research model for the causes that generate consumption diversion, through reading contracts. The objective of this plan was to optimise the OPEX resources of the process and improve the Company's income by reducing the cases of Adjustment by Legal Disposition, improving customer satisfaction.

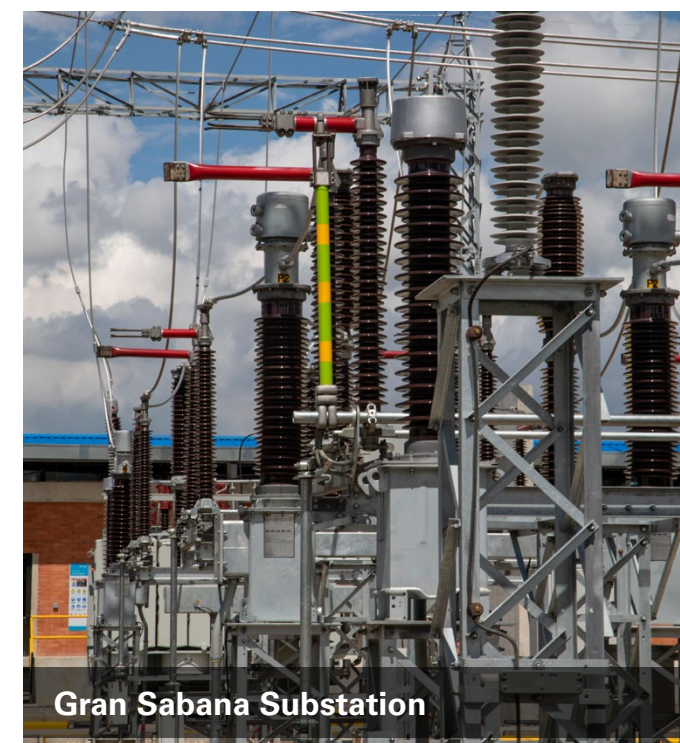
This pilot plan was launched as a phase of exploration of the project in March 2018 and ended in June of the same year. During this phase, 3,507 visits were made to customers, of which 1,283 confirmed the consumption deviation upwards, that is, the customer accepts that he made changes in his habits and accepts the highest consumption in the current period. In 518 customers, reading errors were detected where, with the new value taken by the pilot plan, the reading is corrected, and the consumption is updated so that it is not classified as a deviation. In total, in 1,801 customers the investigation of the diversion of consumption was effective and managed to avoid the need for the execution of 1,801 inspections to validate this deviation.

Additionally, we actively participated in meetings and workshops with the UPME, the CREG and some universities in the regulatory progress for the development of the most relevant aspects of the advanced measurement infrastructure (AMI), such as Interoperability for smart grids, data governance, and cybersecurity, among others.

Measurement Management Centre

From the Measurement Management Centre (CGM) of Codensa, telemetry and monitoring of the 15,279 GWh that were injected into the Codensa distribution system in 2018, from the National Transmission System, generation agents and other neighbouring network operators. This energy was recorded from the CGM through 69 border points, whose telemetry effectiveness was on average of 99.82%, thus guaranteeing the correct recording of the energy that enters the Company's system. Likewise, telemeasurement and analysis of the energy recorded at the points of exit of Codensa network operator, to other operators and to other energy marketers, including the energy delivered to generation aids. With the entry into force of CREG Resolution 030 of 2018, large and small-scale self-generators entered the market, whose energies were also recorded and monitored from the CGM; By the end of 2018, 7 users had been registered with large-scale self-generation projects, which consumed an average of 6.4 GWh-month, which, compared to the average monthly consumption of 2017 (11.6 GWh-month), represents a reduction of 45% consumption. In total, in 2018 there was a reduction in consumption of 62 GWh in these self-generated customers, which affects the energy demand of the other marketers segment.

From the CGM of Codensa, customers with Mantis equipment and consumer customers with remote measurement equipment are also monitored, as well as customers with a concentrated measurement system and macro-metering points, both in medium and low voltage. Figure 3 shows the summary of the telemetered points during 2018 from the CGM. In addition, small-scale auto-generators, which are customers marketed by Codensa that register a self-generation project with power of less than 1 MW and that can deliver surpluses to the Codensa network, have also been telemetered. During 2018, 4 customers with small-scale self-generation that have small generation projects from solar panels were connected to the Codensa network; Codensa was the first network operator to declare the first regulated customer with small-scale self-generation in the market.

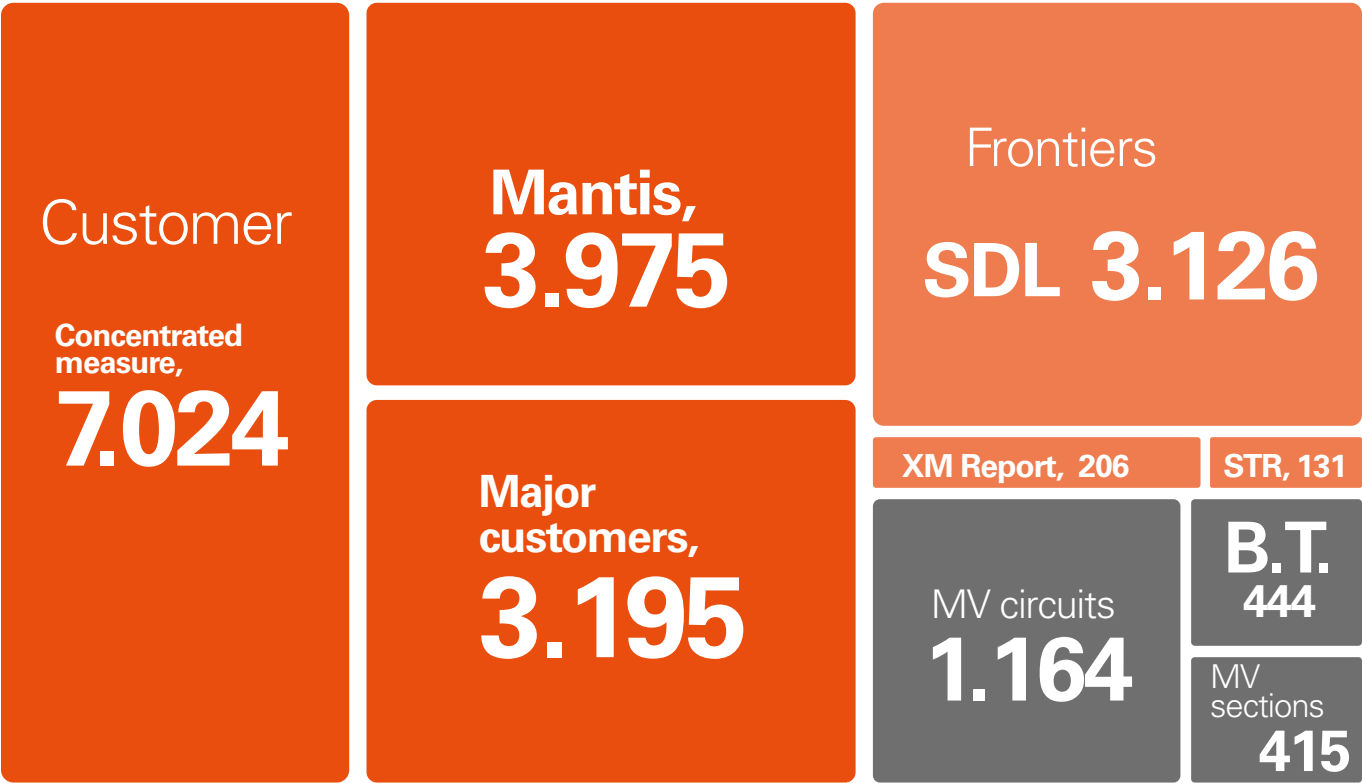


Gran Sabana Substation





Figure 3. Telemetric points CGM Codensa



Portfolio recovery improvements

From Commercial Operations a work team was formed in order to improve the indicators of the cut-off process in a progressive and sustained manner, designing a flexible process and adjusted to the dynamics of the business, whose objective was to obtain an increase in the effectiveness of the cut and achieve the proposed goal of portfolio recovery with the available resources.

As a result, strategies were implemented such as: programming from the previous day, a BackLog with MPV, a payment culture model, Commercial Operations - Market, a Script for creation of candidate variables (master, VIP, Coordinates, culture, Operating System, Cut Type), a Geographic Clustering Model “k-means” to reduce dispersion, among others. Integrated strategies were implemented, allowing for a better selection of delinquent customers, which generated better recovery and effectiveness results. The improvement obtained is shown in the following table:

	2017	2018
Recovered portfolio	55.412 MM*	70.340 MM
Operational effectiveness	83,0%	89,7%
Cut-off effectiveness	52,71 %	54,51 %
Order creation time	50 min	10 min
*Billions of pesos		

Improvements in customer affiliation

The scope of the project In Line Novelty was to implement the registration of commercial news in real time, (incorporation and / or modification of accounts) guaranteeing in a timely and correct way the billing for the customer and the income of resources to the Company.

In the first phase of the project (2018), the diagnosis of processes and systems was made, and the work scheme was improved, optimizing resources and prioritizing results; Likewise, we worked on the analysis and implementation of 100% of Eorder in the process.

Infrastructure lease improvements (SIGI)

The SIGI (Integrated Infrastructure Management System) initiative seeks to define a system that allows the sharing of cartographic, fibre optic and telematics information, which guarantees 100% control in inventories of the infrastructure installed in the Company's networks; billing of the same and traceability of projects presented by the Telematic Companies.

In the first phase of the project (2018), the whole planning and diagnostic stage of the process and associated systems was carried out; Likewise, the development of the TELEM telematic WEB application was achieved, which allows telematic companies to perform their viability requests in virtual form. Phase 2 of the project foresees the entry into operation of the new system.

Management of other sellers

In 2018, regulatory changes were introduced for the management of customers of other sellers. The Commission for the Regulation of Energy and Gas (CREG) issued Resolution 015, on Remuneration of electricity distribution activity in the STN, and Resolution 030, which regulates the activities of small-scale self-generation and distributed generation in the STN; and Resolution 038, Measurement Code, became effective. In this regard, the regulator's plans were actively pursued, specifically on trade frontier issues, field monitoring of the first five-year inspection, network operator's asset verification plan for remuneration, verification of frontier conditions of distributed generation and in the presentation in the Marketing Advisory Committee of the plans and promises of service in response to the requirements of all market agents.

In addition, work was carried out on the planning and supervision of the tolls plan for commercial operations, framed in the assurance of the correct recording of the energy of these customers, contributing to the compliance of the Company's loss index. The service promise was fulfilled regarding the Time for the Execution of Maneuvres, despite the fact that there was a decrease in the operational capacity and an increase of 530% in the number of requests received.

Billing services for Customers of Cundinamarca

In 2018, the billing services for Cundinamarca customers were auctioned, where the Elenco Compensi compensation methodology was included. In this process, the areas of operation were redistributed to make the number of operations per contract more equitable. Additionally, an operative efficiency in security was obtained since there is 100% dedicated contractor personnel to the security activities of invoicing on site and there is an outsourced auditing for the process.

Technological transformation process in the country based on smart metering

During 2018, 31,015 smart meters were installed in Bogota and some municipalities in Cundinamarca, giving continuity to the operational and social project initiated in 2016 to bring smart metering to customers. A total of 74,665 installed equipment was reached. Within these facilities, builders' projects were covered and the change of meter was advanced in some customers of the areas intervened in 2016 and 2017; this in order to improve the existing communication between the meters and the system that allows them to be managed remotely (SM-MWEB), in addition to simplifying field operations for the impacted areas.

In this regard, the following stands out:

- In September a record effectiveness of 94.1% in remote reading was reached; this figure has to do with the smart meters that are read opportunely for the billing of the customers' consumption.
- More information for efficient use of energy: Monthly issue of bulletin detailing the day of greatest consumption, average weekly consumption and a comparison with its neighbours. The consumer bulletin has been delivered to 41,460 customers, information that can also be consulted through the App and the Company's website.
- Remote suspension: 753 effective electric cuts, 79.4% effectiveness with a portfolio recovery of \$ 111 million.
- Remote reconnection: 753 effective electrical reconnections.

In regulatory terms, the publication of Resolution MME 40072 “Whereby the mechanisms to implement the Advanced Metering Infrastructure in the public electric power service” was established, highlighting aspects such as the remuneration of the investment through the rate, gradual implementation and responsibility of the network operator in the installation, administration, operation, maintenance and replacement of the infrastructure.





Experience of Codensa in Off Grid Systems in isolated areas of Cundinamarca

The energy system has been suffering its greatest transformation in history, in search of renewable energies based on digitalisation, technology and with the customer as a centre, which makes possible the creation of sustainable value.

The intersection of these key trends, such as the increase of decentralisation in power systems thanks to distributed generation, the more active and responsible participation of consumers, a proliferation of information and communication technologies, allow energy to be produced, transmitted and consumed in a more intelligent way.

This evolution of the energy system has provided tools to network operators to provide energy service in those isolated or non-interconnected areas and thus continue to fulfil the commitment to achieve the universalisation of electricity service. Codensa as of year-end 2017 launched two pilot projects oriented to the use of Non-Conventional Renewable Energies for the supply of electric power service in Isolated Areas of its market through Off-Grid technology, a mini-grid with 20kWp supply capacity and 18 individual solutions that use the solar energy resource available in rural areas of the municipalities of Paratebuena and Puerto Salgar, Cundinamarca, respectively.

After twelve months of operation in December 2018, the pilots achieved an energy generation that exceeded 24 MWh, which allowed access to electricity to more than 150 people who did not have the service, and represented an approximate reduction of 9,800 kg of CO2 emissions, achievements that aroused great journalistic interest in the minigrid system of Paratebuena, and that produced more than 70 publications in important national media in the first half of 2018.

After eight months of operation of the pilot projects, a study of the customer's perception was made to a representative sample of the beneficiary community, which gave as a general result a 100% satisfaction for the minigrid technology and the need to achieve greater contact with the customers benefited by the individual solar solutions.

In these 12 months of operation, relevant information was consolidated to improve the constructive guidelines of Enel for Off Grid solutions used globally, which will provide the basis for the definition of a sustainable business model of local and national application.

Connected Customers	2017	2018
Constructors	43437	52478

We strengthened synergies with territorial entities to expand coverage in Cundinamarca

Within the framework of the Cundinamarca project, 100% this year achieved a 53% advance in the FAER GGC 378 contract, through which Codensa manages resources for \$ 4,247 million, which are contributed by the Financial Support Fund for the energisation of interconnected rural areas of the Ministry of Mines and Energy. The connection to the electricity service of 268 users in rural areas of Cundinamarca was executed and in 2019 the connection of 235 users is projected in order to fulfil 100% of the contract, benefiting communities of 78 municipalities.

The approval by the Energy Mining Planning Unit (UPME) of a second contract was obtained using resources from the same fund to connect 154 users to the electric power service. In 2019 it will be approved by the administrative committee of the financial support fund and thus obtain the resources to continue expanding coverage.

Moreover, the SMEG 016 agreement was executed with the Government of Cundinamarca, with which 147 engineering projects were carried out in 17 municipalities, which allowed us to manage a new agreement to connect these users, as well as an agreement to connect 243 users with resources from the general royalty system, these agreements will be signed in 2019.



Structuring and execution of projects belonging to the Bogota Metro Programme: Work together with the Bogota Mayor's Office through the Company Metro de Bogota S.A. (EMB).

The Bogota Mayor's Office, through the Company Metro de Bogota S.A. (EMB), is leading the construction of the First Line of the Bogota Metro. As a public utility, it is Codensa's responsibility to support this project and contribute to the development of the capital city. A project management office (PMO) was formed to exclusively attend three large projects grouped in the so-called Metro Programme.

- 1. TAR (advance networks transfer):** The project was structured under the EPC (Engineering, Procurement and Construction) modality with the control of an external audit service for an approximate value of \$ 11,200 million. In 2018, tenders were launched and awarded. During the last quarter of the year an advance of close to 50% was obtained in the development of detail engineering.
- 2. SEM (energy supply to the metro):** Three subprojects were defined, which consist of building three new substations that will provide a point of connection to the EMB and at the same time contribute to improving the quality of service of customers in the sector of influence of the Projects. In 2018 the possible lots where the construction of the substations would be technically and economically viable were defined. Teams were developed, budgets and work schedules were estimated.

- 3. TRS (Transfer of secondary networks):** Defined as a single transfer project along the metro viaduct, but the EMB will carry out some tests of foundations, which forces Codensa to carry out a transfer of secondary networks in 4 points of Bogota in advance.

In 2018, Codensa assets that must be transferred or protected were identified. The EMB and other interested parties were informed of the guidelines that must be met at the economic, technical and legal levels prior to the execution of the works. Estimates and schedules were estimated.

Network maintenance management: to world standards

Through the articulation of the maintenance planning in 2018 of the Enel Group in Colombia, the Company's challenges in maintaining the networks were consolidated, with the commitment to protecting life and the environment, regulatory requirements and compliance. of the current regulations.

The achievements of the implementation of the innovative culture in maintenance management are reflected in the following strategic activities carried out in 2018:

Diagnosis of HV/MV/LV networks in 175 Primary Cabins / 100% of HV lines / 9,034 km MV represented in 315 feeders

- Helicopter inspection (LIDAR, thermography) in 635 km HV / 2,438 km MV.





Preventive mitigation strategy in HV/MV/LV infrastructure

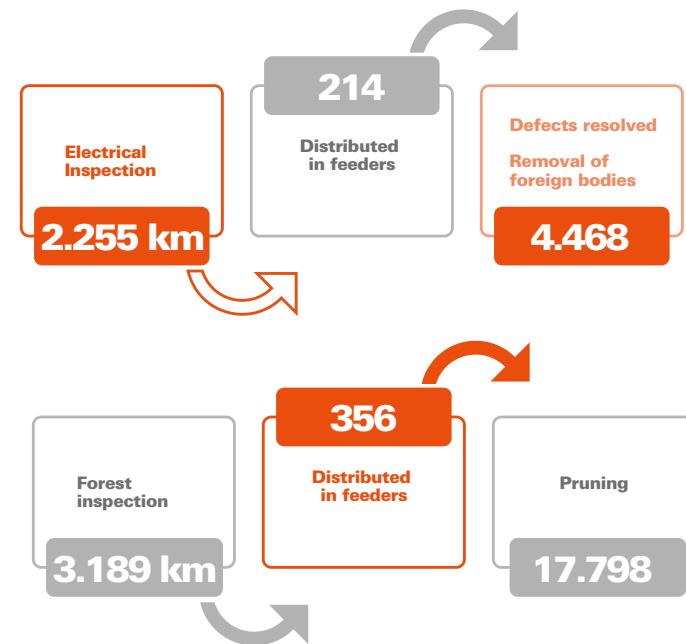
- Solution of 7,889 anomalies and 112,284 forestry actions.
- Structured plans for the reliability in the supply of the service in the seasons of winds, kites and rains.

Business management

- Use of digital tools for analysis, planning and control in the operation and maintenance processes.
- Pilots of innovative techniques for the improvement of processes and assets such as flood control and sealing in underground secondary cabins.
- Implementation of mathematical, statistical and reliability models in the selection and determination of the assets to be intervened.
- Geospatial location of diagnostics.

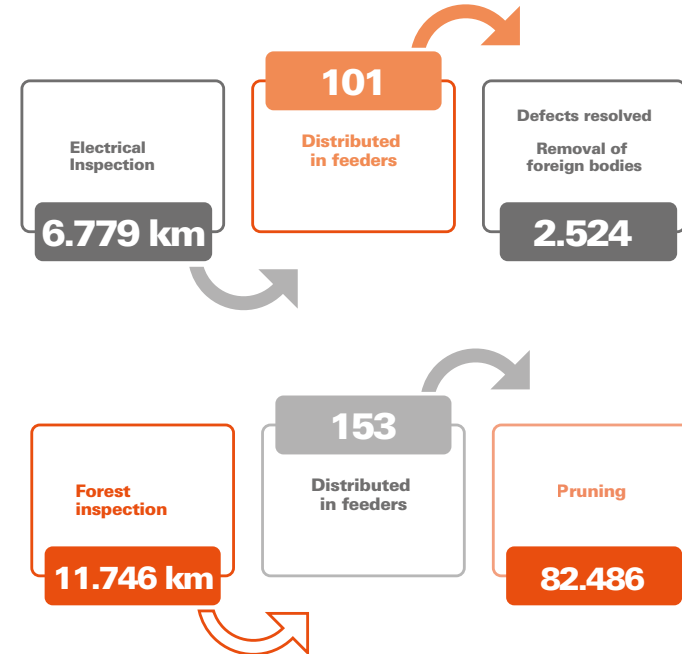
Medium Voltage Infrastructure Bogota

During 2018, 5,444 aerial and underground network lines were inspected, in 570 feeders reflected in the solution of 1,789 electrical defects, 17,798 forest defects and, in addition, 2,679 foreign bodies were removed during the wind and kite season.



Medium Voltage Infrastructure Cundinamarca

During 2018, 18,525 aerial and underground network lines were inspected, in 254 feeders reflected in the solution of 2,192 electrical defects, 82,486 forest defects and in addition, 332 foreign bodies were removed in the network during the wind and kite season.



High Voltage Infrastructure

- Standard maintenance consolidation in oils for power transformers: The policy of "Predictive Maintenance Techniques and Oil Treatment for Power Transformers" was applied locally, allowing to standardise the guidelines of predictive maintenance to the power transformer through the analysis of the dielectric oil.
- On-Load Tap Changers (OLTC): The Company participated in the pilot project of predictive oil analysis in tap changers of power transformers, which seeks to establish the most efficient maintenance methodologies to the exchanger in technical terms and economic, seeking to preserve the useful life and operating conditions of the asset.

- Development grounding system measuring procedure: Development of a standardised procedure for the measurement of the grounding system in power substations, in order to homogenise verifications of the contact and pass voltage tests.
- Development of joint work Oil Laboratories of the Enel Group: Preparation of a proposal for the unification of the oil laboratories of the Enel Group, which consists of creating a virtual laboratory and designing a common data network that includes the history of the transformers.



Helicopter inspection

Helicopter inspections were started to contemplate the inspection of the electrical infrastructure, using Lidar technology, high-resolution cameras and thermography. We inspected 3,073 km of network distributed in 54 feeders of Medium and High Voltage, managing to increase the performance of kilometres inspected from 5 km (pedestrian visual inspection) to 76 km (helicopter).

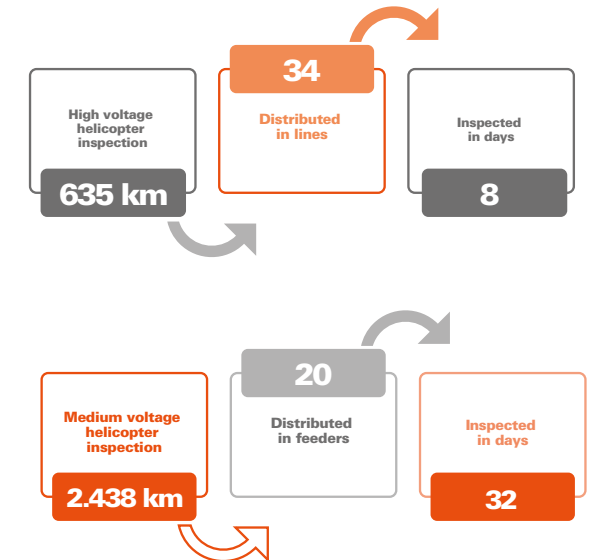


Fig. 1 Photographs of helicopter inspections



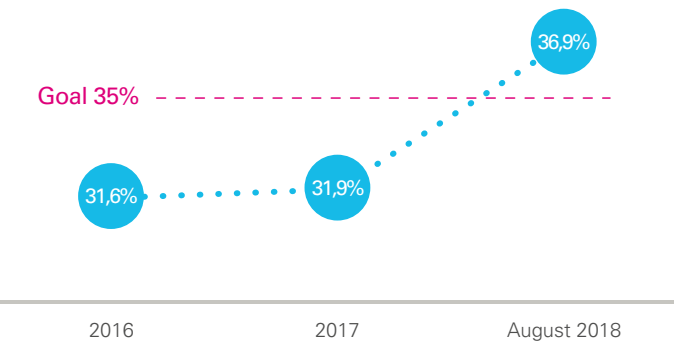


Underground networks

For 2018, an investment of more than \$ 30,000 million was made in underground network projects, executing 24km of canalisation works corresponding to 10 projects in all the operational zones of Bogota: Zona Sur (Av. General Santander, Av. Batallón Caldas) Centre (Av. Pablo VI, Av. Colombia, Av. Gabriel Andrade, Av. Fucha, Av. Luis Carlos Galan, Av. Gonzalo Ariza, Av. Cundinamarca), North Zone (Av. Cedritos, Av. Orquideas) and buried 25km of networks in agreement with the Urban Development Institute (IDU) within projects such as Av. Ciudad de Cali, Av. Bosa, Av. San Antonio and independently in Av. Pablo VI, Av. First de Mayo, Av. General Santander and Av. Pedro León Trabuchi.

Status	2016 (km network)	2017 (km network)	August 2018 (km network)
Underground network	5.775 km	6.035 km	8.355 km
Air network	12.499 km	12.909 km	14.290 km
Total network	18.274 km	18.944 km	22.645 km
% Underground network	31,6%	31,9%	36,9%

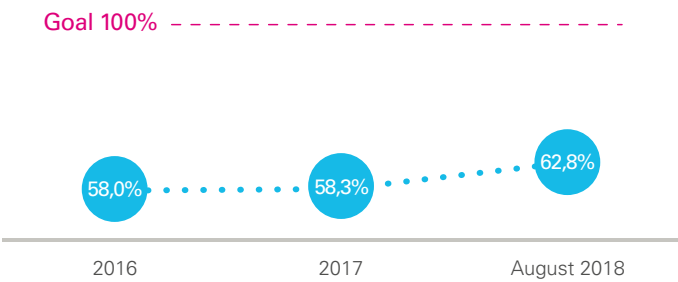
GRAPH 1



In the arterial road grid (MVA) the progress is 62.8% compared to the goal of 100%, understanding that this information is given in kilometres of network.

Status	2016 (km network)	2017 (km network)	August 2018 (km network)
Underground network	2.141 km	2.238 km	3.231 km
Air network	1.551 km	1.602 km	1.910 km
Total network	3.692 km	3.840 km	5.141 km
% Underground network	58,0%	58,3%	62,8%

GRAPH 2



Efficiency and innovation in network operation

Prediction of failures and anticipation under early warnings

Faced with a high number of circuits to intervene in Bogota, a tool was developed to predict, with sufficient anticipation, the time and type of failure in circuits, in such a way that a timely intervention can be made to avoid affecting the supply of the service. failures in the MT network.

The improvement achieved in the SAIDI indicator, for 2018 in Bogota, is equivalent to the one that would have been produced by investing \$ 6,672 million in the circuits analysed; this means that, with costs of only \$ 65.09 million, the same effect was achieved in reducing the indicator thanks to the anticipation of critical interventions in the circuits analysed with the model for the year 2018.

However, in the operations of Cundinamarca it was possible to determine the variations in climatic conditions from the evaluation of atmospheric discharges and rain levels, which allowed the dimensioning and organisation of the operative resource to attend the possible failures. Likewise, under the dynamic of optimisation of the operational resource, a 10% reduction was achieved in the average costs associated with emergency work in larger failures, from \$ 4.83 million to \$ 4.34 million.



Training centre manoeuvres

Reduction in circuit inspection times and removal of foreign elements from the network

Framed within the era of the use of new technologies and best practices for the operations of Cundinamarca, during 2018 by means of the use of drones, information of diagnosis of circuits was carried out in 4021 km, achieving a reduction of 75% in time in relation to the traditional method

In addition, the withdrawal of 105 kites in 17 days was carried out on circuits of the savannah in complex points with zero accidents and without affecting service to customers.

Reduction of the cost in the drainage of inspection chambers and substations

In order to conserve the useful life of the infrastructure and reduce costs in the maintenance of the same, during 2018 in the operation of Bogota, tests were carried out on the installation of a hydroexpansible resin injection system, which blocks the leaks and cracks of the inspection chambers and substations for waterproofing; which resulted in savings of nearly 87% in maintenance costs, going from \$ 705.71 million to \$ 7.47 million, with an investment of \$ 77 million.

Night connection of customers and simultaneous energisation of projects

In search of a better customer service, it is now possible to attend connection requests at night time. In this way, customers do not have the need to suspend their operations and the impact of our actions is mitigated.

Furthermore, the simultaneous energisation of projects was established, achieving operational efficiencies, decreasing visits to the customer and ensuring the energy consumed since the MV energisation is performed at the same time as the installation of meters.

Successful synergies

As a result of the integration of technical and commercial operations at the contractual level, and the continuous search for options to manage failures in a more timely manner, synergies materialised between the emergency and suspension, cut-off and reconnection technical groups; and in Cundinamarca we articulated and integrated the designated resource for the preventive maintenance works, investment projects, restoration of the service, with which excellent results were obtained.





Removal of foreign elements Dragon Drone

Projects developed and implemented

Taking advantage of the incorporation of new technological tools offered by the market, pilot projects have been developed that have allowed to validate the incorporation of drones to improve internal processes in order to improve customer satisfaction and improve worker safety:

Dragon Drone

Design tool for the elimination or burning of waste in MV and LV networks. Addresses the need to eliminate foreign elements entangled in electrical networks.

Owl Drone

Drone designed for the inspection and study of electrical networks and the identification of faults in MV and LV circuits. With this equipment, the time of search and identification of electrical faults, contact of trees to electrical conductors and network inspections for the identification of critical faults for their maintenance is reduced.

Beaver Drone

Use of drone with chainsaw, to support the tasks of the forestry teams and restore more efficiently in cases of failures and/or perform preventive maintenance.

Weaver Drone

Use of the drone for the laying and recovery of electrical conductors in faults that, due to the geographical difficulty, affect the quality of the service and the quality of life of the communities. It is also a tool for the construction of networks and remodelling of electrical circuits.

Inspector Drone

It facilitates the performance of inspections in areas of difficult access, the survey and analysis of information regarding types of customers, non-customers, electrical infrastructure and equipment to ensure the detection of losses and correct measurement of energy.

Hercules Drone

Use of cargo drone, with the objective of carrying out and facilitating the transfer of materials and equipment for execution work on land with dispersion, to reduce ergonomic and mechanical risk, and increase operational efficiency.

Firefly Drone

Implementation of lighting elements for staff working at night with maintenance activities, in addition to strategically located drones that through control centre communication can perform the inspection in search of failures in the network, with high power lighting (1000w/LED).

Augmented reality in substations

Through the gathering of information and parameterisation of augmented reality tools, the complete implementation of a power substation was achieved, which will serve for the training of operators and maintenance personnel. Additionally, the construction process of substations was developed by applying BIM (Building Information Modelling), which integrates design, material, and

planning information, among others, within a 3D modelling of the substation, which promises the optimisation of the design and improvement in the times of commissioning.

Biological barrier of bee hives in substations

The design and construction of an ecological barrier for bees was carried, allowing the intervention of the infrastructure affected by this condition, without affecting this type of insect.

Lidar 360 survey

The pilot and proof of concept for the survey of electrical networks was carried out using mobile mapping technologies, with successful results that will allow in 2019 the implementation of this technology in the processes for the air network that includes the inventory of poles, cables, identification of potential dangers and interferences of the network, thermographic capture, detection of breach in safety distances, among others.

Virtual reality in electrical networks

Development of operation and maintenance activities in a virtual reality environment with emphasis on safety, in order to train the personnel involved in the network looking for the reduction of accidents, facilitating the training process and improving current procedures and creating new ones.

Aquavolt

Design, manufacture and testing of a prototype that allows the detection of voltage in flooded cameras or electrical installations, which warn field personnel about the risk, improving the safety of operations in the network.

Regulatory management of the market

In 2018, regulatory management focused mainly on three issues of crucial importance:

- As part of the interaction between the Regulator and the agents, leading to the revision of rates, the Regulation Commission published Resolution 015 of 2018 that defines the remuneration methodology of the distribution. Codensa submitted the request for distribution charges and attended the audits requested by the CREG to verify the assets reported in the application in the field.
- Construction continued on the policy required by the country for technological renovation; the development of intelligent networks, intelligent measurement integration and electric transport.



- Progress was made in the definition of rules so that users of the electric power service in the country can produce energy and sell it to the National Interconnected System (SIN).

Resolution of the methodology for the remuneration of the electric power distribution activity

The most relevant regulatory novelty for Codensa's activity was the publication of the final resolution of the distribution remuneration methodology, contained in CREG Resolution 015 of 2018. This standard defines the beginning of a new regulatory period in which they are incorporated investment incentives including an investment plan as part of the tariff formula, incentives for service quality that should be improved at least 8% annually and regulatory adjustments for the technological development of the sector.

In addition to the previous resolution, the Regulation Commission published resolution 016 of 2018, which defines the rate of return (WACC) for the electricity distribution activity and the maximum revenue scheme in the new rate period.

Technological renovation

During 2018 progress was made in the policies that favour the technological renovation of the activity, achieving as a result that in January 2018, the Ministry of Mines and Energy published resolution 40072, which reflects the structural aspects of policies that have been identified as crucial for the transformation of the sector, including the assignment of responsibilities on the advanced measurement system to the network operator, a transition scheme for the adoption of this technology and the implementation of advanced measurement in 95% of urban users and 50% of rural users of the national demand, to the year 2030. In August 2018 the Regulatory Commission published a document to inform the regulatory advances and receive comments on the matter. Furthermore, in that same month the UPME issued resolution 463 of 2018 in which progress was made in the regulation of Law 1715 for energy efficiency projects or efficient energy management, which are framed within the environmental goals national, assigning the benefit of exclusion of sales tax (VAT) and / or deduction benefits or discount in income tax for the aforementioned projects. It is expected by 2019 to continue contributing to the regulator to define the person responsible for the supply and replacement of the meter and the remuneration schemes through the rate, aspects of cybersecurity and access to information, interoperability, and implementation monitoring.

Resolution of small-scale self-generation and distributed generation

In March 2018 CREG issued resolution 030 of 2018, which regulates the activities of Small Scale and Distributed Generation Self-generation in the SIN. The contents of this resolution incorporate the contributions and proposals of Codensa to the regulator. By 2019, it is still necessary to adapt the commercial and measurement systems of Codensa to carry out the surplus liquidations of the autogenerators and to carry out the development of the commercial system to adjust the billing of these customers and the adaptation of the procedures.



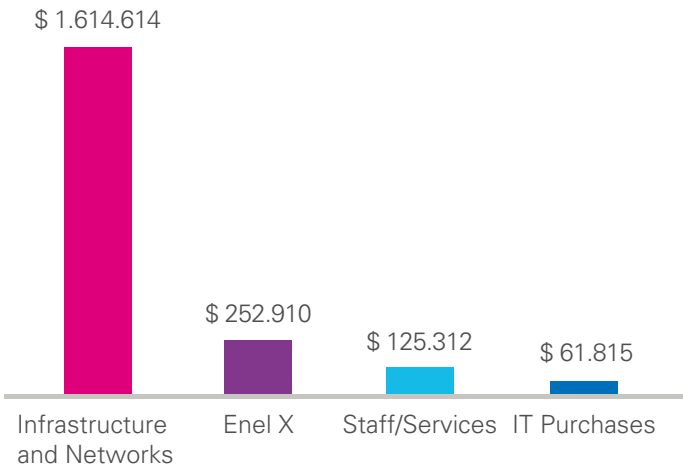
PURCHASING AND PROCUREMENT MANAGEMENT

The procurement operation is part of the supply chain. Its objective is the acquisition of materials, works and services, through an appropriate and timely selection of suppliers and contracting, in order to ensure the provision of services and services. The supply of goods in accordance with the needs of the Organisation.

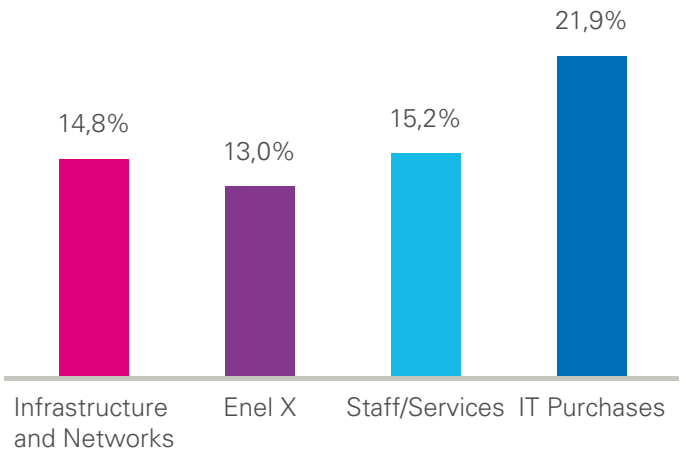
It includes the activities that start when the Company needs a material, work and / or service, until the legal relationship is formalised by signing a contract, or signing a purchase order on the occasion of the acceptance of a commercial offer, as well as the relationship with the suppliers of goods and services.

Key indicators

During 2018, there were awards for a value of \$2,054,651 million, between infrastructure and networks, goods and marketing services, general services and purchases associated with technology and information technology.



With these purchases, savings of 14.8% were obtained as a result of negotiations with suppliers. The savings achieved are distributed by purchase portfolios as indicated below:



Main achievements in 2018

- During 2018, the implementation of the Procurement Transformation project was continued with the main objective of creating value in the business units and significantly improving the experience of the stakeholders with an End to End perspective. The objective of increasing buyers' skills was continued, as well as improving integration and communication with customers to define solutions that meet the needs of the business. Suppliers were involved from the moment the need arose, listening to their proposals, to jointly develop an innovative approach in the operation of the businesses.
- In 2018, the migration of MV-LV scale contracts to Elenco Compensi was continued, changing the remuneration model to the punti system, which allows contractors to implement more efficient operating schemes for mutual benefit.
- The Company has continued with the objective of having qualified, experienced and high performing suppliers, which is why during 2018 the Transformation forum was held in the procurement process, attended by approximately 100 companies that already provide services or are potential suppliers in the business. In this forum the strategy was presented as a company for the transformation project and the main challenges in each of the business lines as well as in the areas of Procurement, HSEQ, Audit and Sustainability. The next investment plans and purchasing plan for the next three years were also made known to suppliers.
- The first Innovation by Vendors workshop called PRO-VEERNOS was held. Space created to share difficulties, problems and solutions, relevant information, concerns and priorities with suppliers, seeking greater integration. During these activities, problems were posed to find solutions jointly, clarifications were made and information was provided on the transformation of the purchasing process.
- During 2018, the supplier qualification model was continued through a system that includes the concept of sustainability (human rights, environment and safety) as a pillar in all supplier evaluations.

- During 2018, the consolidation of the new purchasing area was continued according to the current business structure of Enel X, with the objective of meeting the purchasing and contracting needs associated with new businesses, whose main field of action will focus on the development of 4 major markets: E-Industries, E-City, E-Home and E-Mobility.
- here was continuity in the implementation of the corporate portal Portal One, which allows greater autonomy and simplicity in the availability of suppliers for Enel Group purchasing processes. The main objective is to have a greater number of suppliers to participate in procurement processes for goods and services for the Company.

Purchase management

Procurement of works and services

The following were some relevant processes contracted during 2018:

- Service provision of electrical and civil works, maintenance, emergency response, operations in MV-LV networks, technical management, lease of infrastructure, and commercial operations: connection of the service, suspension, cut-off and reconnection in the South Zone Bogota and Sabana, for a value of \$558,606 million and a period of 3 years.
- Service provision of electrical and civil works, maintenance, emergency response, operations in MV-LV networks, technical management, rental of infrastructure, and commercial operations: service connection, suspension, cut-off and reconnection in the South zone of Cundinamarca zones IX, X and optional Sabana Zone VII, VIII, for a value of \$325,991 million and a period of 3 years.
- Loss control services for mass market customers, business customers, and other sellers, control of the measure in frontiers, and macro-metering system, execution of technical measures, customised standardisation, reading assurance and control of the telemetry system In place; for the North Zone, Southeast and South West of Bogota for a value of \$100,435 million and a period of 3 years.



Purchase of materials and equipment

Continuing with the strategy of the Enel Group to make purchases in volume, tenders for materials and electrical equipment were carried out, consolidating the needs of the electric power distributors in which Enel has a presence. In the case of Colombia, the amount awarded through this channel represents 64% of the total purchases of materials and equipment from Colombia.

Some relevant processes awarded were:

- Globally managed award for the supply of metal poles for distribution networks, public lighting and high voltage of Codensa, worth 122,450 million and a period of 3 years.

One of the pillars within the Procurement Transformation Project is the approach with suppliers, for which two workshops were held with the objective of socializing the Company's investment plan of 2018 - 2021 in order to encourage the participation of suppliers in the different bidding processes:

- **15 March 2018:** Medium and Low Voltage Workshop (MV_LV) for Colombia, which had a participation of 36 firms.
- **3 May 2018:** High Voltage Workshop (HV) for LATAM, which had a participation of 78 firms from different countries such as: Argentina, Brazil, Chile, Colombia, Spain, Italy, Mexico and Peru.

As activities associated with foreign trade during 2018, 160 import processes were managed for an amount of 19,687,000 dollars.

Purchase for services and staff

Some relevant processes awarded during 2018 were:

- Integrated cleaning service, cafeteria and maintenance of buildings for a value of \$18,460 million and a period of 3 years. In this process the maintenance service of the critical systems was included (UPS maintenance, air conditioning systems and equipment, firefighting system and equipment, maintenance of electric backup plants, elevator maintenance), in order to optimise costs and delegate the management of the facilities to a single expert. Management of administrative buildings was also implemented with the Facility Management model, which allows for greater cost efficiencies because the provider is responsible for the integral management of the headquarters.
- Transportation service for personnel at all costs for a value of \$17,708 million and a period of 3 years.
- Transportation service and management of the transport fleet for a value of \$16,702 million and a period of 3 years.

Purchases for information systems and technologies

Some relevant processes contracted during 2018 were:

- Contracting of the supply of Cisco equipment for Codensa, which included the purchase of hardware, licenses, support and professional services from the Cisco infrastructure to cover the needs of projects and support of both Global Digital Solutions Colombia and the business lines. The purpose of the contract is to support the connectivity of data networks, security and telephony, and thus ensure the continuity in the operation of the architectures in the data networks. The value of the contract was \$2,899,746,664 including VAT.
- The contracting of the supply of radio base stations and gridlink terminals TAIT brand was managed, to continue with the deployment of the DMR network (Digital Mobile Radio) and continue with the processes of improving the quality of the supply of electric service through the installation of these automation equipment in the medium voltage network of Codensa, to meet the quality objectives required by the regulatory bodies and ensure the operation of telecommunications equipment. The value of the contract was \$3,984,494,433 including VAT.

Management of counterparty risks

In the development of the principle of transparency and as a preliminary step to the contracting processes and / or the signing of commercial agreements by the Company, 438 analyses of counterparts were carried out, aimed at identifying and dealing with the reputational and legal risks in a timely manner. they can be derived from commercial or contractual relationships established with third parties.

For Codensa, the honour, suitability, efficiency and transparency of its suppliers must be in accordance with the values and ethical principles established by the Enel Group in Colombia.

Contractor Control

According to what was proposed as a challenge for 2018, the Gestor.com IT tool was implemented to ensure greater opportunity in the identification and monitoring of risks in the event of contractual breaches and contractual labour obligations by contractors.

In turn, in order to mitigate the legal-labour risks arising from the contracting of services, we must ensure compliance with contractual obligations and in turn strengthen relations with contractor companies, the following actions were developed:

- 44 employment inspections and audits of the main contracts were carried out to validate the fulfilment of legal aspects of employment, occupational health and safety, information security and other contractual requirements. Faced with the findings, the contractors adopted corrective actions and by the end of the year 90% of them are already implemented.
- Participation in 70 materialisations, to validate compliance with legal labour obligations of the new contracts.
- The Vendor Rating performance evaluation was carried out quarterly for 110 contracts in relation to compliance with labour legal obligations, which seeks that these companies have a continuous improvement in the provision of their services.



03

SO WE PROJECT OURSELVES TOWARDS THE ENVIRONMENT



ENVIRONMENTAL MANAGEMENT

Key business actions

During the year 2018, for the first time, a Public Hearing was held within the framework of an application for an Environmental License, which was carried out for the North Substation project, and was developed under the established regulations, innovating in the methodology of presentation and explanation of the project and with high standards of logistics for the attention to the community.

Likewise, in the first quarter of the year, the Autonomous Regional Corporation of Cundinamarca (CAR) granted the Environmental License to Codensa for the development of the project “Compartir Construction Lines 115 kV, Substation Sharing and Connection Modules”, which was executed under the commitments of the granted permit, as well as of the Environmental Management Plan. Within the framework of the Sharing Substation project during 2018, two days of voluntary planting and four beautifications of gardens of residential complexes located in the municipality of Soacha were carried out, giving rise to the shared value project called “Reforesting Soacha”.

With respect to the Gran Sabana Substation project, in 2018 wildlife management was completed, 142 amphibians, 82 reptiles, 37 registered bird species and an invasive species were rescued. The agreement with Parque Jaime Duque was signed in order to plant 1,100 trees in an area of the park and compliance with the management measures established in the Environmental License and Environmental Management Plan, among which the field measurement stands out electromagnetic and noise.

In the Nueva Esperanza Substation, the forest plantations established in the El Pireo, San Gregorio and areas located in the Renace Forest were maintained, within the framework of environmental compensation. Maintenance was also made for the 3,126 epiphytes that were rescued and moved. Furthermore, in the first two months of 2018, Codensa inaugurated the Exhibition Hall of archaeological pieces in the municipality of Soacha, receiving 50,337 visitors during the six (6) months of its administration and made the launch of the book “Nueva Esperanza, 2000 years of prehispanic history of a community in the cundiboyacense highlands”.

Additionally, as of year-end 2018, Codensa set up the Environmental Impact Study for the District Secretary of Environment for the project “Construction of the Terminal substation and line associated with 115 kV”, the first application procedure for an Environmental License that is performed before said Environmental Authority.

Furthermore, in different high and medium voltage structures the presence of bees was identified, so, in order to protect them, the safe removal of the identified colonies was carried out ten (10) times. Likewise, a technological alternative was formulated and developed in agreement with the National University in order to facilitate the extraction process of bees in the electric substations, in order to guarantee their care and that of the workers.

Likewise, during 2018 the noise measurement was carried out in 51 substations in order to identify compliance with the regulations in this matter, an activity that will continue in 2019 with the analysis of results and possible alternatives for noise mitigation in those substations that exceed the noise levels established by regulation.

Our commitment to the new environmental challenges

Environmental management in the distribution business environment during 2018 was focused on the updating of the Environmental Management System under the ISO 14001 standard in its 2015 version, the strengthening of the environmental culture of the collaborators and contractors, the establishment of guidelines for the management of biodiversity in the area of influence, the monitoring of compliance with environmental legal requirements, in addition to other aspects that account for the commitment to the environmental challenges of the environment, for the development of the distribution business.

We renew our environmental commitment

During 2018, certification was obtained under the ISO 14001 standard of the Environmental Management System in its 2015 version. Aspects related to the life cycle perspective approach were incorporated into the environmental strategy planning, among other aspects that renew the environmental commitment, in coherence with the policies and guidelines of the Organisation.

The certification was issued by TUV Rheinland Colombia S.A.S., after carrying out an exhaustive audit process, without nonconformities reported within the final report.

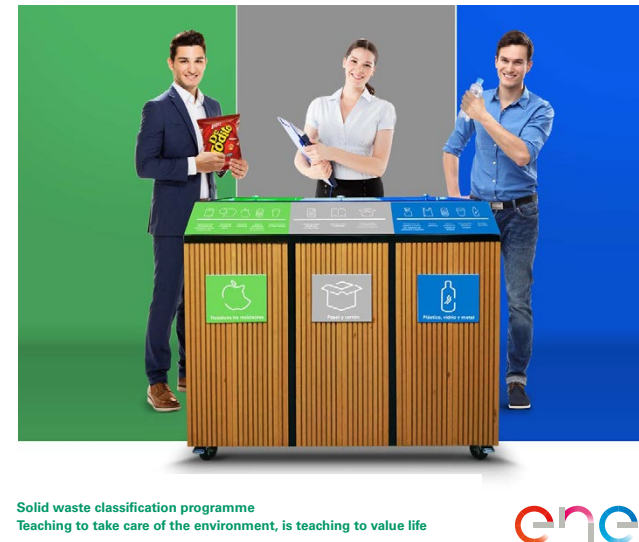
We strengthen the environmental culture in our management

Waste campaign

In 2018, the first phase of the integral waste management campaign was carried out with the objective of optimizing the process of classification, use and final disposal of institutional solid waste generated in the Company’s administrative, operational and commercial headquarters. The above aims to strengthen the environmental culture, encourage better environmental practices, achieve the reduction of the rate of collection and disposal of solid waste by the company of the public toilet service, and reincorporate the waste to the productive cycle, in accordance with the guidelines of the circular economy in all areas of the Organisation.

DO YOU KNOW HOW TO CLASSIFY WASTE?

We explain it to you with colours:



Within the framework of this campaign, 160 ecological points were installed, made of wood manufactured with 99% recycled materials in the different offices of the Company, the employees of the cleaning and cafeteria collaborating company were recognised as the ambassadors of the classification of waste, the diagnosis of temporary collection centres was also made, the scope of collection of recyclable material by the Sanar Foundation was broadened, and videos and notes were disseminated internally to communicate the message to all employees.

Meeting of environmental managers

The fifth meeting with environmental managers of collaborating companies was held, in which the results of the management of the year 2018 were presented. The meeting was held in a space that allowed to recognise the importance of the protection of species of fauna found in our area of influence, as a sign of the environmental commitment of the activities carried out by each collaborating company on behalf of Codensa.



HSEQ Week

In October 2018 about 500 collaborators lived a week full of experiences to activate the HSEQ GEN (Health, Security, Environment and Quality).

The activities developed during this week promoted the culture of safety, health care, environmental protection and quality.

Regarding the environment, the message of biodiversity conservation was promoted, through the recognition of the importance of the paramos as strategic ecosystems for the protection of water and of the fauna and flora species that can be found there.

We consolidate our commitment to the protection of biodiversity

As part of Codensa’s commitment to the conservation of biodiversity in the regions where it has a presence, during the year 2018 different activities were carried out. Environmental requirements related to the management of wildlife and flora of interest for the contracting of goods and services of the Organisation were incorporated. Likewise, measures for the protection of biodiversity were defined both in the planning stage of new projects and in the construction, operation and maintenance. Likewise,

since 2017 the Company has implemented the protocol for the management of wildlife, which has collected information on fauna findings in maintenance work.

In addition to the above, and as part of the environmental sensitisation of the personnel, in the year 2018, activities related to the management and conservation of biodiversity were carried out, which included the participation of the National Army and the Environmental and Ecological Police, who socialised initiatives in the restoration of paramo ecosystems and in the control of biodiversity traffic focused on the protection of wildlife.

We ensure compliance with our environmental legal requirements

Compulsory Compensation - Regional Autonomous Corporation of Cundinamarca (CAR)

As compensation for the pruning and felling activities carried out by Codensa in compliance with its infrastructure maintenance plans, and in order to ensure optimum service provision in the Department of Cundinamarca, during 2018, 42,000 trees were planted in the Reserve Forest Spring of the municipality of Pacho, with an investment of more than \$1,700 million.

In order to guarantee the success of this planting, before carrying out the reforestation days, the Company contracted a biophysical characterisation study, in which important information on the environmental characteristics of the ecosystem was collected, through specific sampling, observation direct and surveys made to the local community. As a result of this study, 18 plant species were selected to be planted in the most important forest reserve in the municipality of Pacho, including walnut, oak, wild cashew, yellow bells, hardy fuchsia, nacedero, among others.

Management of compensations District Secretary of the Environment (SDA)

During 2018 the payment for more than \$ 150 million was made to the SDA, for evaluation, monitoring and compensation of the activities related to the felling of trees that presented risk for the electric distribution infrastructure and the optimal service provision in Bogota



Management of environmental licenses

The environmental management of the projects associated with substations and high voltage distribution networks was focused on compliance with the requirements established in the environmental licenses of each project, as well as the management of permits for the development of new projects.

PCB management

During 2018 Codensa gave continuity to the marking and sampling of insulating fluids in equipment with oil content, with which progress was made in the national goals against the environmentally responsible disposal of Polychlorinated Biphenyls (PCB¹).

By the end of 2018, there was an advance in the marking of 41,122 equipment, 3,934 of which were analysed through chromatographies, a method for determining PCB concentrations in equipment containing dielectric oil. Likewise, the removal of 9 equipment identified as contaminated and that were connected to the distribution network was carried out.

¹ Provided by Resolution 222 of 2011, partially modified by Resolution 1741 of 2016 of the Ministry of Environment and Sustainable Development.

Similarly, in 2018 analysis was carried out on transformers declared obsolete or waste to identify the presence of PCBs, of which 71 equipment were declared as contaminated, corresponding to a weight of 40.73 tons.

In this sense, Codensa managed the treatment and disposal of waste contaminated with PCBs, and the decontamination of 25.17 tons of solid material from the equipment was achieved and the export of 9.63 tons of oil and waste for disposal.

This was done under the framework of management and environmentally appropriate disposal of Polychlorinated Biphenyls led by the Ministry of Environment and Sustainable Development, an institution that, during the framework of the International Environment Fair, gave Codensa recognition for being one of the forerunner companies in the country in PCB management.

Environmental regulation

During 2018 the environmental regulation management of the Environment Division was focused on participation in the joint construction, with the different environmental authorities of the national, departmental and local levels, of the regulation of strategic issues for the different areas of Codensa, directing the efforts in the incorporation of the proposals made in order to respond to the interests and needs of the Company.

In addition, the most critical aspects of the environmental regulations issued during 2018 and related to Codensa's own activities associated with: environmental licensing of projects, conservation incentives, environmental benefits associated with energy efficiency, air quality, archaeology, were analysed. forestry management and silviculture, Land Management Plans, Management Plans and Watershed Management, guidelines for the development of prior consultation processes, waste management (ordinary, electronic and dangerous) and climate change; of which the following administrative acts stand out:

- Resolution 75 related to the terms of reference for the preparation of the Environmental Impact Study (EIA) for projects of Electric Power Transmission Systems, required for the process of environmental licensing of projects.
- Resolutions 256 and 1428 related to the updating of the Manual of Environmental Compensation for the Biotic Component.
- Resolution 1084 related to the methodologies for assessing the economic costs of deterioration and the conservation of the environment and renewable natural resources.
- Resolution 1402, whereby a new General Methodology for the Preparation and Presentation of Environmental Studies is adopted in relation to obtaining environmental permits and licenses.

In relation to climate change, the Government regulated:

- Act 1931, which provides the guidelines for the management of Climate Change in Colombia. This creates the National Council on Climate Change, establishes the scope of management instruments at the national, regional, local and sectoral levels. In addition, it creates the National Information System on Climate Change and opens the opportunity regarding economic and financial instruments for the National Programme of Tradeable Quotas for the emission of Greenhouse Gases.
- Resolution 1447 through which the MRV systems (monitoring, reporting and verification) of mitigation actions at the national level are regulated, which represents a first step to clarify the progress of the country's goals in complying with the Nationally Determined Contribution.
- Resolution 40807 of 2018 "By means of which the Comprehensive Climate Change Management Plan for the Energy Mining Sector (PIGCC ME) is adopted.



Additionally, the Second Biennial Update Report of Colombia to the United Nations Framework Convention on Climate Change (UNFCCC) was published.

Legal environmental management

The Autonomous Regional Corporation of Cundinamarca - CAR made the expedition of Resolution 0655 of 1 February 2018, whereby “The environmental license is granted for the “Compartir Construction Line 115 Kv, Compartir Substation and Connection Modules” , located in the jurisdiction of the municipality of Soacha. The process had been under development since 2015.

In the framework of the Environmental Licensing process for the project “Substation North 230/115 kV, 115 kV transmission lines and connection modules”, which is pending decision of the CAR and thanks to the legal management was granted the Subtraction of the forest reserve through Resolution 619 of April 17, 2018 of the Ministry of Environment and Sustainable Development, informative meetings were held, and the public hearing was attended as a prerequisite for the pronouncement by the environmental authority.



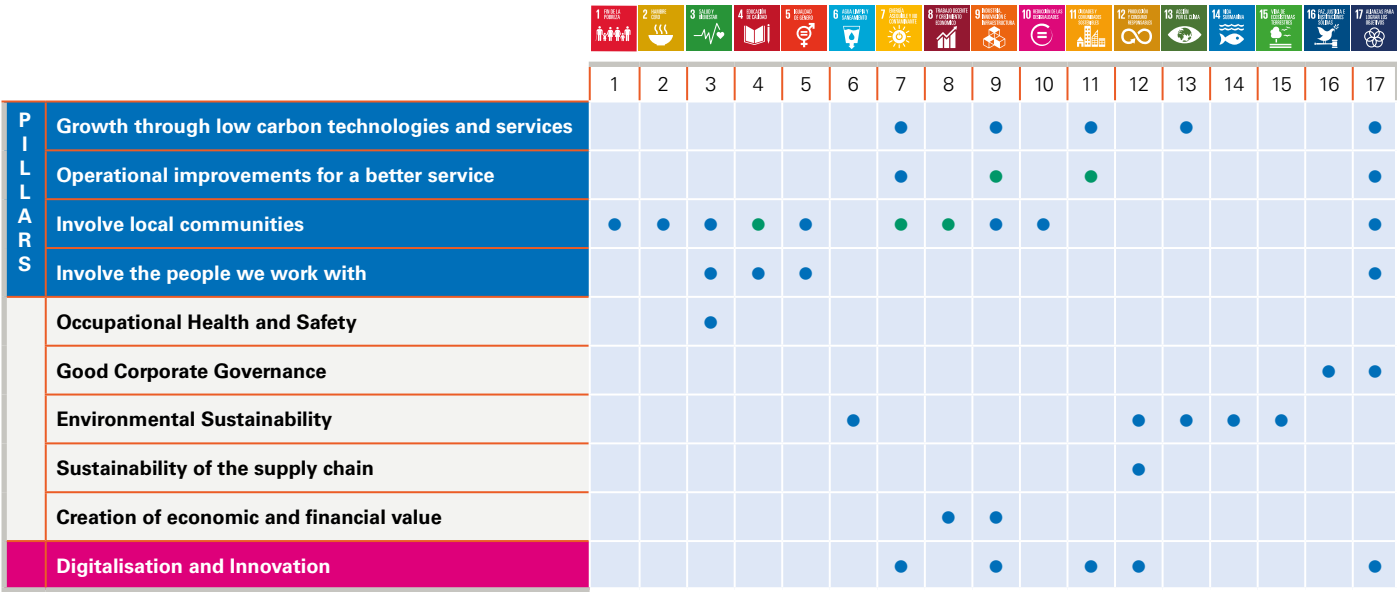
Nueva Esperanza Substation

SUSTAINABILITY MANAGEMENT

For the companies of Enel Colombia, the integration of sustainability in the corporate strategy and in the business decisions, guides the change to a new era of energy, in which the world is connected and has the opportunity to participate and face to the great challenges. That is why, environmental, social and economic sustainability is at the centre of the business culture, which permanently generates and promotes the creation of value inside and outside the Company.

The Enel Group has publicly committed to supporting the Sustainable Development Goals (SDGs).

Chart 20. Commitment of the Enel Group to the SDGs

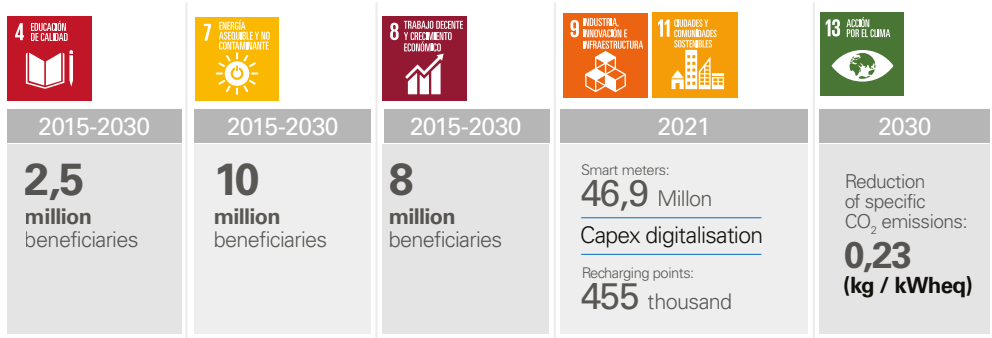


● Public or ongoing commitment with the United Nations.

In 2015, the Company declared its commitment with special attention to four goals: access to electricity (SDG 7), climate change (SDG 13), socioeconomic development (SDG 8) and education (SDG 4); and offered new energy products and services to promote the social and economic development of the communities. In 2018 the Group committed to specific goals in two additional SDGs: industry, innovation and infrastructure (SDG 9); and sustainable cities and communities (SDG 11); with the objective of creating shared value in the medium and long term for all its stakeholders.

In this regard, in 2018 the Group drew up new quantitative global targets for the SDGs with which it has committed, these goals are presented below.

Chart 21. Targets of the Enel Group within SDGs





The Enel Group in 2018 updated the guidelines framework for the 2019-2021 Sustainability Plan, the foregoing based on future trends, social, environmental, economic and Corporate Governance management, as well as the most important matters obtained from the materiality analysis of its companies in the world and the challenges for the energy sector and the sustainability of the Organisation. This new integrated model captures the main opportunities for the energy transition, including the following topics:

- Decarbonisation - growth of renewable capacity: promoting renewable energies towards a profitable combination of energies.
- Urbanisation - urban infrastructure: transform leading cities through infrastructures and platforms.
- Digitalisation - development and automation of networks: promote digital networks as a key infrastructure in the energy transition.
- Electrification - electric mobility: promoting the electrification of mobility to capture future value.

Chart 22. Sustainability Plan 2019-2021



Sustainable strategy with our stakeholders

After identifying the needs of the communities where it operates and crossing it with the principles of the Enel Group's Global Sustainability Plan, Codensa focused its sustainability initiatives and projects in accordance with the SDGs that the Group has committed to support: i) Economic development and social of the communities, ii) Education, iii) Access to Electricity. The most relevant results will be presented below.

Line of economic and social development of the communities



Coffee production chain

In 2018, the development focus of the project to strengthen the coffee production chain was based on four lines of action:

- d. Administrative and commercial strengthening of the 4 producer organisations linked to the project. (Asocafega de Gachala, Asofincas de Gacheta, Ascamecol of El Colegio and Asopalmares de Viota).
- e. Empowerment of women producers through the methodology of equality between men and women.



Inauguration of Coffee Benefit centres at El Colegio

- f. Improvement of infrastructure for homogenisation and increase in the quality of dry parchment coffee through the construction and provision of 3 mini coffee centres located in the municipalities of Gachala, Gacheta and El Colegio.
- g. Repowering of the medium voltage energy circuits adjacent to the mini coffee benefit centres, which allows guaranteeing power supply for the plant and improving the service quality of the sector.

96 coffee-growing families from the 4 mentioned municipalities were affiliated to this process.

The development of this project allows to strengthen the competitiveness of the rural sector in the regions and encourages the associativity of more producers belonging to the area of influence.

Together for the Boards

67 community action boards of the municipalities of Ubala, Gachala, Gama, Soacha, Sibate, San Antonio de Tequendama and El Colegio, participated in the process of community strengthening in political and pedagogical formation, biodiversity, entrepreneurship and formulation, evaluation and project management. In 2018 new topics and training methodologies were included, such as community tourism and information technology.

Magdalena Centre Peace Development Programme (PDP)

In order to contribute to the construction of territorial peace in Colombia, during 2018 it continued to support the community development of La Palma, Caparrapi, Yacopi, Guaduas and Puerto Salgar, municipalities belonging to the province of Magdalena Centro in Cundinamarca.

This initiative promotes leadership platforms, training for community action boards, spaces for environmental dialogue and training in individual and community capacities for more than 800 inhabitants of the five municipalities mentioned in the department, which reach a population of close to 100,000 inhabitants.

Prodepaz Network

In partnership with the Prodepaz Network, the process of public advocacy was supported in the territories where the Development for Peace Programmes are executed.

In 2018, accompaniment was given to the monitoring, monitoring and evaluation strategy of the Network, a space was created for the presentation and structuring of community proposals of the Pobladores Network and the creation of a Peace Development Programme was promoted in the department of La Guajira.



Training school for total community excellence

In 2018 the contribution to this training school was started, developed in the village of Granada in the municipality of Guaduas, Cundinamarca, through the support of the Association of Peasants of Guaduas, the communities are promoted the opportunity to acquire and strengthen their knowledge and management capabilities that allow them to develop processes and projects that improve their efficiency and autonomy.

The school achieved this year the training of more than 20 people on issues: environmental, family, organisational, political and productive, contributing to the integral development of communities and the construction of territorial peace.

Seed Plan - Sales

23 teens from Soacha - Cundinamarca were trained in a technical sales programme, to be affiliated to the door-to-door commercial work force in the B2B business of Enel Colombia.

The young people made their training with the National Apprenticeship Service and sales experts of Enel and entered to carry out their internships in the collaborating companies. This was a contribution to access to education and training for work, which allows them better conditions of entry into the world of work.

Line of education support



Educating with Power

In the framework of the Educating with Power project, carried out in partnership with the Organisation of Ibero-American States for education, science and culture (OEI), work was carried out to strengthen socio-emotional skills and vocational and professional guidance processes for young people in institutions public education, through two strategies:

1. Implementation of the methodological route directly in 5 educational institutions in Bogota, Girardot, Flanders, Gachancipa, benefiting 2,479 students;
2. In partnership with the District's Secretariat of Education, a 140-hour diploma course was held for provisional teachers, both in ownership and in "Strategies for the strengthening of socio-emotional skills, vocational and professional orientation and life trajectories". 400 teachers participated who strengthened their skills to work on the development of soft



skills according to the context of their educational institutions and which throughout the programme formulated 210 projects that will take pedagogical tools of Educating with Power to 130 educational institutions of the District.

Good Energy for your School

The Good Energy for your School programme contributes to the quality of education through the reduction of electrical risk and the improvement of the infrastructure of public educational institutions.

In 2018, 2268 children and young people benefited from 9 educational institutions in the department of Cundinamarca:

- Educational Institution La Esmeralda -Tocancipa
- Chacua Educational Institution - Sibate
- Educational Institution Gustavo Uribe Ramirez, Vereda Sabaneta - Granada
- CDI San Antonio and Hogar Comunitario Santandercito - San Antonio del Tequendama
- María Auxiliadora Educational Institution Headquarters I and Headquarters II - El Colegio
- Departmental Rural Educational Institution Kennedy - Ubala
- Villa Amalia District Educational Institution - Bogota

Training for work

200 vulnerable teens from different municipalities in the province of Sabana Centro in Cundinamarca, were benefited with the locative improvement of gifted workshops for their technical baccalaureate and technical education in areas of significant labour demand in the area where they are located.

Contribution to the construction of the Tequendama departmental educational institution

Thanks to the financial contribution made by the Company, the municipality of El Colegio managed to comply with the requirements and necessary contributions for the construction of the Mega School, within the framework of the National Infrastructure Plan of the Ministry of National Education, which will guarantee quality education to more than 1,200 students of the municipality (boys, girls and adolescents of the rural and urban areas of the municipality).

The work presents an advance of 95% and will have a built area of 2,853 m2, 16 classrooms, 2 multi-purpose rooms, 1 technology room, 2 integrated laboratories, 1 multi-room dining room and 2 recreational areas.

Power Incubators

In 2018, a partnership was signed between the Enel Colombia Foundation and the Minuto de Dios University to support the higher education of 21 vulnerable teens from the municipalities of Ubala, Gachala, Gama, Soacha, Sibate, San Antonio del Tequendama and El Colegio, who will start his studies in January 2019 in professional careers such as Public Accounting, Systems Engineering, Social Communication, Social Work, Psychology, Business Administration and Agroecological Engineering.

The young beneficiaries will have financing of 70% of the total value of their university career, as well as semi-annual financial support and psychosocial support in the development of their studies and professional practices.

Fundación Universitaria Salesiana Agreement

An agreement was signed with Fundación Universitaria Salesiana to support them in the construction of the foundations of a new professional career called Energy Engineering, with which they seek to supply the training needs of professionals who develop energy processes from their conception, planning, design, implementation and management, with emphasis on renewable sources of energy generation, with criteria of environmental and social sustainability.

This university received legal status in April 2018, and it is a work of the Salesian Community that operates 42 universities around the world, aimed especially at young people from popular classes.

Line of access to electricity



Seed Plan

180 teens from Sibate, Cundinamarca, and Bogota were trained between 2017 and 2018 as technicians in assembly and maintenance of overhead power distribution networks, and

carried out their internships in Codensa collaborating companies. The Seed Plan programme promotes education and the opportunity to generate income for young people interested in the electricity sector.

Lighting of community spaces

In partnership with the Fundación Un Litro de Luz Colombia, community spaces were recovered through the installation of luminaires with solar technology, such as bus stops, courts, parks and trails in the municipalities of San Antonio del Tequendama, El Colegio, and Ubala (Mambita) that did not have lighting. The com-

munities, at the head of the community action boards, identified the points to intervene and participated in the assembly, installation and training as Light Ambassadors for the maintenance of this infrastructure, guaranteeing appropriation and conservation.

In 2018, 66 photovoltaic lighting solutions were installed, as well as 3 stops for the benefit and enjoyment of the communities.

World of Energy

In 2018, more than 75,000 children had the opportunity to learn about the processes of generation, distribution and trade of electricity, through playful pedagogical activities carried out in the Divercity theme park.

Other sustainability initiatives

Volunteering

This programme contributes to the social work of foundations and educational institutions, through the voluntary work in working time of the workers of the Companies. It is developed within the framework of three lines of action: 1. My time: accompaniment to foundations through play activities with children, youth, seniors and people with disabilities; 2. My knowledge: support to foundations through training workshops in citizen competitions for children and young people; as well as specialised tutoring; 3. My hands: activities to improve environments in educational institutions.

During 2018, the activities carried out in the different lines, linked 363 officers of the Companies, benefiting 840 children, young people, seniors and people with disabilities from 16 foundations and 5 educational institutions in Bogota and Cundinamarca.

Sustainable mobility

The sustainable mobility plan of the Companies promotes the use of means of transport such as the shared car or taxi, the bicycle and the walk, in order to improve mobility in the city, reduce traffic and traffic congestion, contribute to the care of the environment and contribute to the well-being and quality of life of all people. In this initiative, during 2018, 279 employees of the Companies were linked, who travelled 46,043 kilometres by bicycle, 4922 km on foot, and who mobilised 662 people in shared trips.



E-Bike to Work Programme

For this electric bicycle loan programme for the employees, the fleet of electric bicycles located in the main administrative headquarters was renewed. They were changed to lighter ones, an automated parking cycle with electric locks was implemented, and the reservation and return process was digitalised so that users could access from any device, know the usage history and have a georeferenced tracking security system.

Energizarte

It seeks to improve the environment of the neighbourhoods where some substations are located through the artistic painting of its exterior walls, contributing in turn, to improve the local artistic and cultural processes. In 2018, in partnership with the Cano Gallery, the walls of the Autopista and Castellana substations were painted, with the participation of 26 invited artists and selected by convocation. The training was also given to a group of 29 young people who learned the technique of muralism and had the opportunity to make a first intervention on the wall.

Sustainability in the supply chain

In order to promote sustainability and Enel's Shared Value Creation approach in its supply chain, the Company has developed a sustainability criterion to evaluate the procurement bids for products and services, called K Sustainability.

This criterion is valued by bidders and allows identifying candidates for suppliers with greater development and commitment to sustainability issues within their Organisation, according to the following criteria: 1) Business policy, 2) Development and inclusion for employees, and 3) Community management.

This indicator was applied in 2018 to call processes, defined by managers such as Infrastructure and Networks, as a pilot that seeks to strengthen the sustainable supply chain process, appealing to the commitment with suppliers and the implementation of an effective value creation system shared.

Forests of Peace Mocoa

In response to the natural tragedy that occurred in April 2017, which affected 17 neighbourhoods and 4,506 families, the Company activated a voluntary service in which, for each peso donated by employees, the Company contributed twice as much, in order to support the reconstruction of an environmental barrier of 1.5 hectares that managed to safeguard the life of the inhabitants of the neighbourhoods Condominio Norte and El Carmen during the avalanche.

This contribution, made in the framework of an Agreement of Wills with the Solidarity for Colombia Foundation, has directly benefited 187 families, some of whom have been trained and constituted as Guardians of the Environment, allowing a social and environmental reconstruction of their own territories.

Thanks to the positive impact that the development of this initiative has generated, the following phases of the project were included in the National Government's Mocoa Reconstruction Plan, through document CONPES 3904 of October 31, 2017.

Sustainability Report 2017

The Company's Sustainability Report number 14 was published, completing more than a decade of transparent exercises and accountability to its stakeholders. The report was prepared under the parameters of the Global Reporting Initiative (GRI) - New Standards, and the sector-specific supplement for the electricity sector. The document was verified by the auditing firm Ernst & Young Audit SAS, and achieved the "Advanced GC" in the Communication on the Progress of the Global Compact, in compliance with the ten principles to which the Company has adhered since 2004.

Renace Forest (Codensa-Emgesa Natural Reserve)

The forest was born as a sustainability initiative for the conservation and protection of 690 hectares of high Andean forest. It is located in the Municipality of Soacha, and contributes with the recovery and connectivity of the ecosystems located in the middle and lower basins of the Bogota River. Since 2012, close to 35,000 trees have been planted in compensation for the activities of the Companies.

New sustainability projects

During 2018, the work of new projects sustainability focused on developing the sustainability plan of 3 projects of new substations (Share, Gran Sabana and North) and their associated transmission lines.



Compartir Substation

During the year 2018 the implementation of the initiatives that make up the Sustainability Plan began. For this project, the following 4 initiatives were proposed:

1. Beautification of the environment and solid waste management: It consists in empowering the community to transform the solid waste generated during the construction of the substation into useful pieces. In 2018 the structuring of the initiative and the search of the ally for its implementation were made.
2. Entrepreneurship: Seeks to support and facilitate the creation of sustainable ventures in the area of influence of the Substation Sharing project. In 2018 the structuring of the initiative and the search of the ally for its implementation were made.
3. Strengthening of community action boards and social organisations: Seeks to strengthen the community action boards and social organisations, through training in organisational management, advocacy and project formulation. During 2018, 5 training sessions were held on topics related to organisational management and political advocacy, benefiting more than 40 people.
4. Reforesting Soacha: Consists of carrying out reforestation and beautification in green areas near the area of influence of the Share project, with the participation of the community of the municipality of Soacha. During the year 2018 four days were developed in which more than 700 plants were planted, with the participation of more than 400 people, Codensa, different institutions and the community. This initiative was developed within the framework of the agreement signed between the City Hall of Soacha, the Regional Autonomous Corporation of Cundinamarca and Codensa.

Gran Sabana Substation

In 2018, we began the implementation of the 2 initiatives (Virtual Care and ENELgetic Efficiency) that make up the Shared Value Creation Plan (CSV) of the Gran Sabana Substation project.

1. Virtual Customer Service: Tocancipa customers were included in the pilot virtual customer service project through the Salesforce platform that implemented the Codensa customer service area. Through this platform, attention and management of customer requests is achieved virtually,

through mobile devices and computers. In this way the management times are reduced, giving timely and complete solution to your requests.

2. ENELgetic Efficiency: Proposals were presented to 3 industrial parks for the implementation of a solution to update the technology in internal perimeter road lighting, which increases energy efficiency and optimises energy consumption. As of year-end 2018 the formal acceptance of 1 of the 3 parks was achieved for its implementation and the remaining 2 are pending approval by their administration councils.

Norte Substation

During 2018 the allies with which the initiatives framed within the 3 lines of work defined in the CSV Plan of the project were identified:

- Environmental Conservation
- Sustainable production
- Ecological tourism - agro-tourism

RELATIONSHIPS AND COMMUNICATION

Institutional relations

Through the strengthening of the relationship with its stakeholders, the Company continued its dynamic management by supporting all the processes, projects and initiatives of the Enel Group, through actions to maintain the reputation and positioning of the Company, within the framework of transparency and non-tolerance of corruption.

During 2018, the focus of interest was reinforced, focusing on the contribution to the construction of public policies and sectoral rules, in a concerted manner with the different actors involved, through the inclusion and alignment of expectations, interests and needs of the stakeholders within the institutional agenda of the Company. In addition, in the strengthening within Codensa of the definition of the corporate position through an articulated and systematised strategy.



Gran Sabana Substation]

Thus, the activities were directed to the adequate and effective management of the strategic issues, product of the interaction with the institutional stakeholders, highlighting the following milestones during the period:

- Characterisation, planning and development management of the relationship strategy with the new National Government in order to position Codensa in front of national, territorial and local institutions.
- Follow up of about 40 high-impact legislative initiatives for the Company, with the redefinition of the evaluation criteria and with the support of the unions, Andi, Asocodis and Andesco.
- Generation of added value in the relationship with the Government of Cundinamarca, thanks to the support in the processes resulting from the association agreements and the interventions in the municipalities, through a relationship and closeness strategy with all the stakeholders.
- Accompaniment and articulation of the interactions with institutional stakeholders regarding high voltage projects.
- Management of the institutional agenda for the Capital District of Bogota in relation to public lighting, electric mobility, smart cities and the Land Management Plan.

We seek to give continuity to the management of strategic relationships through a process of continuous improvement of design, implementation and monitoring of relationship plans that support, in a transversal manner, the management of all areas of the Company.

Industrial relations

ILO

The International Labour Organisation (ILO), the world's highest regulator on labour matters, holds a conference each year composed of representatives of employers, government and trade union organisations from more than 150 countries that are part of the Organisation of Nations. United Nations (UN), which was carried out in Geneva - Switzerland and this year, the companies of the Enel Group in Colombia were invited as representatives of the employer sector of this country.

During the meeting, three commissions were held in which the most relevant issues of the global labour agenda for 2018 were discussed.





For the past two years, the Company has been working to consolidate itself as a business group that proposes public policies on labour issues, which share and promote its best labour practices and work on labour legal aspects hand in hand with the unions, particularly with the National Association of Businessmen of Colombia (ANDI).

In the same way, the Company participated as representative of the employer union for Colombia in the ILO Regional Conference of the Americas, which meets every four years and this time was hosted by the City of Panama.

CESLA

The National Business Association of Colombia (ANDI) made the official launch in 2018 of the new Centre for Social and Labour Studies (CESLA), which was founded with the support of 20 companies sponsoring the project affiliated to the Association, among those that are Codensa and Emgesa as leaders and precursors of this initiative.

For the year 2018 several lines of research were analysed, among which are “Outsourcing and Labour Intermediation”, “Collective Bargaining and Strike”, “Health and Stability in Employment”, in which interesting results were achieved in view of the activity own of the Enel Group in Colombia, which facilitate the most agile alignment with the new dynamics that the country is going through in administrative and judicial processes for labour issues.

Programme for the protection of personal data

In order to guarantee regulatory compliance with the Protection of Personal Data (Law 1581 of 2012), the Company’s personal data protection policies and rules were updated.

Additionally, as part of the personal data protection programme, sensitisations were made to the operational processes with greater flow and use of this information and an accompanying model was implemented to verify the impacts of the handling of personal data in new projects.

Communication management

Media relations

During 2018, the strengthening of relations with journalists and actions with traditional and alternative media were the focal points through which Codensa’s reputation as an innovative, integral company, which is at the forefront and provides a Quality service.

Through storytelling (life stories), various topics of the Company were presented to the media, such as the first group of women who serve incidents in the Bogota energy service. With this, it contributed to the positioning of Codensa, as a leading company in gender equality. Likewise, under this format, the media also highlighted the efforts of the Company to implement innovations in its operation. Within these the Dragon Drone, a tool developed with the objective of removing kites and strange elements from the network, in a more secure way.

This year, press conferences were also held to advertise the different projects advanced by Codensa, such as the first minigrid of Cundinamarca. Likewise, the Nueva Esperanza archaeological exhibition room in Soacha was opened to the public, where now, people can learn about the findings found during the construction of this substation. Finally, the largest photovoltaic energy project in Bogota was launched, together with Edible Products Italo.

Undoubtedly, one of the milestones that marked the year was the evolution of Codensa brand to Enel-Codensa. For the socialisation of this news, a press conference was held attended by 18 of the main media of national and local scope. The communication strategy executed generated an investment return of more than \$ 600 million.

During the year, themes were also managed such as the results and investments made in the electric infrastructure for the improvement of service quality, the issuance of local bonds, the certification granted for being a healthy company, the construction of new electric circuits, the works carried out by muralists in Bogota substations and the contribution of the Company in electric mobility initiatives.

Finally, as part of the strategy of relationship with the media and in order to strengthen the knowledge of the Enel Group, the newspaper El Tiempo and the news agency Primera Página were invited to the Capital Market Day, held in Milan (Italy). There, the journalists were able to know the strategic guidelines of the Group worldwide for the coming years.

Digital

The content strategy in social networks continued to be strengthened, through the storytelling methodology, with which the main projects and initiatives of the Company were disseminated. 64 audiovisual and editorial contents were made, which allowed a connection with the closest and most emotional community.

Under the programme Circuitos Digitales, broadcast on facebook live, the initiatives of the Company were made known in a different way and for a younger audience. The users knew dynamically and interactively the tendencies, innovation, sustainability and projects of the Company. The first episode was about sustainable mobility, with emphasis on bicycles and electric vehicles.

With the publications in social networks a reach of 27 million views was achieved. Additionally, the following was achieved:

- 117,348 interactions (“like” and comment). Increase of 20% compared to 2017.
- The publications were shared 18,000 times. 42% more, compared to the previous year.

During 2018 the use of the hashtag #EnelColombia was established in the publications. With this, a reach of 16’640,000 views was achieved.

In the framework of brand evolution, new formats were used: contents were developed under the Group’s global platform What’s your power? and the hashtag #CualEstuEnergía was used. About 1’529,000 people were impacted and the attributes of corporate brand identity were positioned.

Additionally, the social channels in which the companies of the Enel Group in Colombia have a presence and new audiences were reached, with the opening of the profile @EnelColombia in the social network Instagram. In the first three months there was a sustained growth of the community, with 1,554 followers, 1,235 “likes” and a range of 14,000 views.

Finally, the new corporate website www.enel.com.co was launched and the Codensa mobile application was updated, where users have at their fingertips new services and features, such as the payment button, failure reports, scheduled maintenance, detail of the invoice and service points. The “Transform your power” campaign was also developed, which sought the affiliation of customers to the virtual invoice, the download of the App, the updating of data and the payment by electric means. As a result, 71,766 customers received their Codensa invoice in their email and about 106 thousand downloads of the Codensa App were made.



Brand identity management

The Codensa brand evolved into Enel-Codensa as part of the strategic direction of the Enel Group, which seeks to consolidate its impact in terms of innovation and contribution to the country's progress. For this, the Company leveraged on the experience, technology and good practices of the Group, a global leader in the energy market. The service provider of marketing and distribution of electricity continued to be Codensa S.A. ESP., Because its shareholding composition and corporate name did not change.

For this evolution of the brand, the launch event for 260 leaders of the Company, the press conference for media and a launch event for B2B customers, local government and strategic partners, with more than 200 attendees were developed.

The brand messages, which alluded to the evolution of Codensa, were included in other scenarios, such as the annual meeting of channels attended by more than 1,500 employees. They were also in six sponsorships in the last quarter of the year, the one with the greatest impact being Titanes Caracol, where we participated as sponsors of the sustainability category. This allowed more than 6 million Colombians to see the new brand expression. Likewise, elements of the Company were also updated and graphically intervened.

Furthermore, with the objective of continuing to position the Company as a reference in energy distribution and trade, throughout the year the participation in about 50 of the most relevant scenarios in the sector was promoted, to share experiences, good practices and achievements of projects, through sponsorships and public projection events. Among these are:

Sponsorships:

- World Business Forum Bogota
- 3rd Sustainability Forum: the industrial revolution
- 20th International Congress of Public Services, ICT and TV - Andesco

Forums:

- II International Meeting of Electric Mobility
- National Congress of Municipalities 2018

Public acts:

- II WEC International Electric Mobility Meeting



- XXXV Annual meeting of the Colombian energy sector ENERCOL
- WEPS UN women
- Smart City Business Americas
- Latam Mobility Summit 2018

For the third consecutive year, the global Play Energy programme was developed, an initiative that invites children to think about the future in an innovative way, through training in energy issues and in partnership with educational institutions. In 2018, 20 schools from Bogota and Cundinamarca participated.

One of the challenges for 2019 is to continue working on the positioning of the Codensa brand, which translates into what users and customers relate to the attributes of integrity, innovation, quality of supply and leadership in the sector.

Advertising

Under the global platform of What's Your Power?, with its translation into Spanish, ¿Cuál es tu energía?, the institutional campaign of local advertising was developed, with the aim of communicating the evolution of the Codensa brand to Enel-Codensa.

The campaign had two moments of communication. In the first one, the brand evolution and belonging of the Enel Group was announced, with presence in 35 countries of the world. In the second, energy was materialised in the daily life of the people, which sought proximity and identification. The main message was "Whatever your power may be, believe in it" and testimonials of real cases were developed, in which the brand attributes were represented.

The campaign featured a media plan on national, local and cable TV, radio, press, magazine, film, outdoor advertising in Bogota and Cundinamarca, digital media and its own channels. The scope was 89.8%, equivalent to 7,140,435 target people who were impacted, at least 3 times.

Furthermore, during 2018, institutional campaigns such as Days of Flight (educational campaign with tips to fly kite safely), communication initiatives to support the management and development of investments in the network, and mobility projects in cobranding were carried out. BiciCo and CarB.

Likewise, it continued with the development of commercial campaigns. In 2018, the campaigns with the greatest presence in the media, both their own and payments, were insurance and protection services, electrical adjustments and SOAT.

For business customers, 5 webinars associated with electronic invoicing, photovoltaic systems and an efficient management system were carried out, which impacted more than 2,700 people from the target public (B2B customers).

Finally, the strategic, creative and communication plan of the relationship programme of the CONECTA Company was designed, which will impact the audiences of Bogota and Cundinamarca. In addition, the communication plan for the digitalisation project was continued under five customer journeys.

Internal communication

The internal communication efforts in 2018 were aimed at generating more experiential communication, immediacy in information and encouraging storytelling, in order to strengthen the appropriation of Open Power values.

In order for employees to have first hand all the information related to the Company's strategy, achievements made in the previous year and the challenges of both the business and the country, the Cascade process was carried out, an event that brought together more than 2,000 people. This year the event was focused on digitalisation and the transformation of the Company towards a more agile, innovative and customer-focused model, aligned with the strategic pillars of the Group.

Throughout the year, through the eight internal communication channels, the main news of Codensa and the Enel Group in the world was made known to the staff, positioning the strategic projects of the energy distribution and trade business. In total, 226 electronic bulletins with an average of 900 news were issued; three En Directos were carried out and, after two years of launching, the intranet was consolidated as a channel of consultation, both for news of interest and corporate information. A relevant milestone was the launch of Conecta Magazine, a digital medium for workers' families.

Moreover, during 2018 campaigns were developed to promote a culture of safety, healthy living and the company's happiness strategy was supported. Likewise, the process of evolution of the Codensa brand was worked on, so that employees could be ambassadors of this transformation.

04

AN INTERNAL MANAGEMENT THAT LEVERAGES RESULTS





PERSONNEL MANAGEMENT

The management model of the Enel Group is centred on its employees, since it is a priority objective within its strategy to design and implement practices that allow its employees to have opportunities within the Organisation for development, growth, improvement of their quality of life and of their families and in general, to live work as a possibility to generate happy experiences.

That is why within the framework of the Open Power culture, the Company makes constant efforts to guarantee innovative practices and reliable processes in all dimensions of people management, in order to positively impact from different areas impact lives of its workers and that in turn the Organisation can count on high levels of commitment and productivity.

We bet on happiness among people, leaders and teams

The umbrella “for your happiness all our energy” continues to guide the work for the happiness of the people. The strategy of 2018 was based on the concept “Enlighten your happiness”, considering happiness as an energy that is contagious, which is reflected in the attitude and even in the face of who is happy.

The actions defined for the development of an innovative and challenging strategy focused on specifying and landing the DNA of happiness in everyday life. One of the activations of greater impact was the possibility of interacting with the happiness machine, a surprise space in which people from different places talked about the DNA components of happiness.

Additionally, the leaders were trained in SMILE leadership principles, which seek to humanise the management style, supporting them in identifying their life purpose and leading from the heart to deliver results, among others.

Most significant management figures

82% participation in the organisational diagnostic survey on happiness	70% Index of happiness in workers	30% Happiness workshops for teams
9 Smile leadership workshops	+1.600 Individual commitments around happiness	5 Components of the DNA of happiness. Compassion, resilience, service, coherence and Gratitude
+2.300 Happiness illuminators delivered in the form of a lantern to each collaborator together with happiness DNA	10 Happiness machines installed in different offices of the Company	1 Happiness Manifesto For your happiness, all our power!

Meeting No. 38 with the F Community

In 2018 the doors of the Company were opened to the F Community, a group of organisations committed to the happiness of their work teams. With the participation of 46 representatives of the F Community, between CEO and directors of People and Organisation, and of important companies of the country, the meeting number 38 was held. In a panel in which the General Director of Enel Colombia participated, the Manager of People and Organisation and the Assistant Manager of Development, presented the evolution of the strategy of happiness that the Company has gone through.

Benefits for personal fulfilment

The Company has more than 70 benefits that generate measures to encourage the reconciliation of work-family life, diversity and inclusion.

Figures of use of labour flexibility measures in 2018

4.844 Records of use of flexibility measures	93% of the population has used some flexibility benefit										
Use of some measure of flexibility by gender and generation over the total target population.	<table><tr><td>Women</td><td>95%</td></tr><tr><td>Men</td><td>93%</td></tr><tr><td>Baby Boomers</td><td>95%</td></tr><tr><td>Generation X</td><td>99%</td></tr><tr><td>Millennials</td><td>84%</td></tr></table>	Women	95%	Men	93%	Baby Boomers	95%	Generation X	99%	Millennials	84%
Women	95%										
Men	93%										
Baby Boomers	95%										
Generation X	99%										
Millennials	84%										

Figures of participation in events held in 2018

6.461 in 22 Participations of workers Events	+1.800 Family members participating in events
100% of workers participated at least in 1 event.	1. Ecological walk 2. Bowling tournament 3. Recreational holidays were the events with the greatest participation outside the corporate celebrations

Figures of service requests in special moments in 2018

79% of the total service requests in special moments
Condolences 45% Birth 33% Incapacity 22%

ILUMINA TU FELICIDAD

Laura nunca se rinde y lucha por obtener lo que quiere.

Y así como ella, tú también puedes hacerlo. Porque en cada cosa que logras, tal vez imperceptible para los demás pero muy importante para ti, está la chispa que genera grandes dosis de felicidad

¡Elige hacerlo!

Por tu felicidad,
toda nuestra energía.







One of the benefits of greater impact in the finances of workers' families is the scholarship of academic excellence, which consists in granting university scholarships that cover the enrolment expenses of each semester or year to children of workers who have obtained the best scores in the Saber 11 State Exams.

Figures of scholarships for excellence awarded in 2018



Family-Responsible Company Recertification (EFR)

We completed another cycle as a Family-Responsible Company (EFR). In 2018, the processes were audited externally to demonstrate again the commitment to continue working for the quality of life of the people.

Being a mom and being a dad parent programme

The parental programme creates spaces for conversation with people who are at the time of life to become mothers or fathers. The objective of the meetings is to support them in this new role, to encourage the balance between personal and work life, to know the new motivations and to build necessary support networks. In 2018, 15 women and 3 men were interviewed.

Flexible remote work programme

The procedure was updated making the access to the benefit more flexible. People interested in working away from the office once or twice a week (applicable to administrative staff) make their formal request to Quality of Life, which activates a virtual course through the e-education platform, where they learn about ensuring a safe and reliable work outside the Company's facilities.

We are Enel Diverse

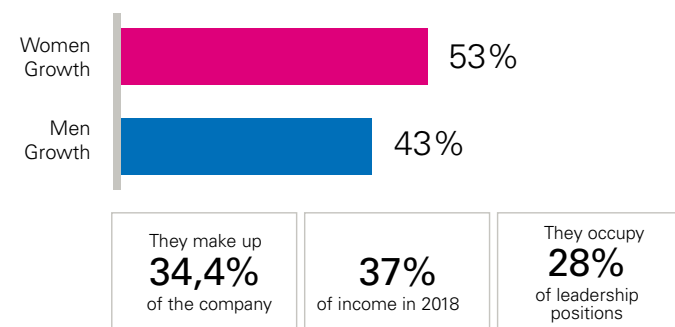
In line with the philosophy of the Enel Group of respect and promotion of the principles of diversity and inclusion as fundamental values in the realisation of activities, Enel Colombia managed different actions that address the four points defined by the holding: gender, age, nationality and disability. The management of 2018 shows a great deal of work in the gender focus.

Gender Focus: Gold Seal of Labour Equality - Equivalents

The Company obtained the Gold Seal of Labour Equality - Equivalents in 2018, thanks to the continuous work and commitment to identify and reduce inequalities, barriers and gender gaps in dimensions such as recruitment and selection, promotion and professional development, training, work environment and health, reconciliation of work, personal and family life, remuneration and wages, labour and sexual harassment in the job market and non-sexist communication and inclusive language.

This seal represents the highest level of recognition in the certification process of the Gender Equality Management System granted by the Ministry of Labour, thanks to the implementation of perceptible equity policies that have managed to reduce gender gaps within the Company.

Significant figures gender focus management 2018



PAR community: we are #4 in the gender equality ranking of Aequales

We participated in the measurement of the gender equality ranking led by Aequales for the purpose of analysing progress and improvements in the implemented practices. The comparative results with 209 private companies and 54 public companies rank the Company in fourth place among the ten private companies with the best labour equality practices in the country.

Enel Diversity Week

In the Enel Diversity Week, as a local initiative, face-to-face workshops were promoted to sensitise people and their families to the theme of diversity and inclusion, one of them being "Women in STEM (science, technology, engineering and mathematics), Women in Enel" aimed at the daughters of the workers in the process of choosing career, who had the opportunity to meet the challenges in the professional environment, the careers of the future, the balance between the personal and professional and listen testimonies of women who inspire.

Benefit Selection platform design

With the aim of the digital transformation of the Enel Group, in 2018 the Selection of Benefits project began.

It started with the measurement of the Enel Colombia benefits programme offered to individuals and their families, 59% of the population participated in a survey that sought to understand and identify the level of knowledge of the benefit plan, the level of satisfaction of the benefits with respect to personal needs, the perception on the competitiveness of the benefits plan compared to other companies and the efficiency of the communication channels of the benefits.

Generally speaking, 80% of people on average think that the benefits programme meets their needs and those of their families, however, only 67% of people on average think that the benefits programme is broad enough and complete, covering the individual needs of employees. A benchmarking process was also carried out with companies recognised for their good practices in the management of benefits, information that is added to the results of the survey.

The results of the measurement phase are the input to build the new model of benefits on demand that will allow people to digitally manage their benefits according to their time of life and personal needs. The model was designed so that people receive pockets of points to redeem in benefits of labour flexibility, smart working and tailor-made experiences that can be extended to their family.

The philosophy of this initiative includes diversity and inclusion by understanding the differences in work placement, the nature of the position held and the current life of the people.



Acknowledgments



Gold seal Equipares
Labour Equality



Top 10 Ranking
Gender Equality (4th
place year 2018)



Family Friendly Enterprise
Certificate (2013-2018)



ANDESCO Sustainability
Award (2018): Category:
Companies with Best
Work Environment

The results obtained by the Enel Group motivated the participation in various public events of entities such as the United Nations, the Inter-American Development Bank, the Secretariat of Social Integration, the F Community, the University of Los Andes and Canal Capital with diversity issues. conciliation personal and work life and happiness.

Training and development of our workers

During 2018, different trainings, events and programmes were carried out, all aimed at managing the talent of the workers and providing the leaders with the necessary tools and knowledge to develop their skills to manage teams properly.

Leadership School

In order to provide knowledge and tools in accordance with the latest trends, the Corporate University included an exclusive school for the leaders of the Enel Group in Colombia. This year, mandatory courses were designed which all the leaders should attend to learn about issues that drive the strategy of the Company, such as: digitalisation and happiness. Elective courses were also included in which leaders could register according to

their particular training needs with content such as emotional intelligence, monitoring and control of activities, managerial skills and others.

93.4% of Codensa leaders participated in at least one course of the leadership school in 2018. Of the 6 courses between fixed and elective courses, 247 leaders participated, the Agile Way To Work course being the one with the highest participation.

Digitalisation Leader's Guide

In 2018, a simpler version of the Leader's Guide was launched. Through a virtual guide, leaders will have access to three basic principles that every leader in the Organisation should consider when managing work teams. Through this guide, leaders will have at their disposal information relevant to each principle, practical advice to improve their team management skills and documents that can be filled in virtually at the moment of executing the principles.

Open Feedback Evaluation (OFE)

As of 2018, Codensa implemented a new performance evaluation model to evaluate the 10 Open Power behaviours defined by the Enel Group. This new process arises to meet the following needs:

- The possibility of an open and direct dialogue between all those who share a work activity with respect to the way in which they act in the Company.
- An opportunity to reshape behaviour based on Open Power values.
- A qualitative assessment tool of the behaviour adopted by each worker.

In order to implement this new model, 41 workshops and short videos were held to raise awareness of the evaluation process and accompany the workers in the change management process to adopt this new methodology.

Climate and safety survey

During 2018 the labour climate survey was launched for the entire Company, with a 91% participation in Enel Colombia. For this year the survey was composed of 20 questions, grouped into three main categories: happiness, commitment and safety. At the end of the survey, the workers answered two open questions in which they expressed their opinion regarding the Company's climate and how it is possible to improve.



Coaching

This methodology seeks that workers can strengthen Open Power behaviours to establish the best goals, objectively assess the resources they have and take action based on their strengths as a lever to improve their aspects to develop. In 2018, 23 coaching processes were carried out with Codensa workers, which is equivalent to 276 hours of development processes.

Mentoring

This methodology is aimed primarily at the leaders of the Company and seeks to strengthen leadership skills and team management through a mentor or guide. In Codensa 9 processes were carried out throughout 2018. In total, 126 hours were executed.

Outdoor

An outdoor activity was designed in order to provide a tool for different areas to strengthen skills such as coordination, alignment, planning, teamwork, among others. A participation of 141 people from the different lines of business and areas of Codensa was achieved, with an average rating of 4.83 out of 5 and significant savings for the different areas due to the fact that outdoor activities were previously managed with external suppliers.

Performance Appraisal

This year the last evaluation was made under the Performance Appraisal evaluation model. In this opportunity, they evaluated the 10 behaviours defined by Enel; In this process, the leaders rated the behaviour of each worker regarding the performance of 2017.

The process was carried out through the local platform and all the workers of the Company participated. By 2019 this model will be replaced by the Open Feedback Evaluation.

Objectives 2018

By 2018, 100% of the full-time workers had objectives defined by the holding, taking into account the management scope of each worker. For conventional workers, 91.4% agreed on objectives through the Performance Management tool.

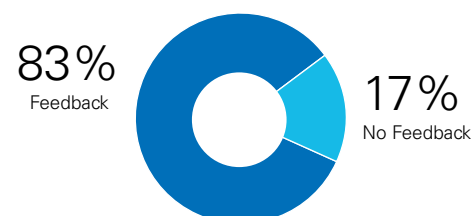
Feedback

Feedback is the process by which leaders give and receive feedback with each person in their team. The Local Performance Management tool was used. 77% of workers included their comments, perception and opinion of the information provided by the boss in the feedback. 83% of leaders included feedback comments provided to each worker.

Collaborator's feedback percentage



Manager's feedback percentage



Job Shadowing Project

The Job Shadowing project is aimed at colleagues of equal responsibility and Top 200 & Growing Youth. It aimed at knowledge and the creation of harmony between mentor and apprentice from people and their passions. It was made through an Adventure Race through the buildings, churches and cloisters, streets and squares of Cartagena.

Through this experience, they faced together the main dynamics linked to the culture of experimentation and change, training dexterity, insight and cooperation skills within the team. An activity that allowed us to explore extraordinary challenges, associated with the challenge of becoming agents of change with a view to the generational exchange between mentors and apprentices.

In total, 10 persons participated, for a total of 160 hours of activity.

Professionalisation Programme

The Codensa professionalisation programme was designed with the aim of contributing to the higher education of workers through academic benefits that help to cover university expenses and facilitate access to undergraduate programmes.

Educational loans and sponsorships

For 2018, the benefit of loans and sponsorships was granted to 55 professional workers in different national (41) and international (14) universities, in order to contribute to the development of the workers and their professional and personal growth, with approvals of sponsorship between 20% and 60%.

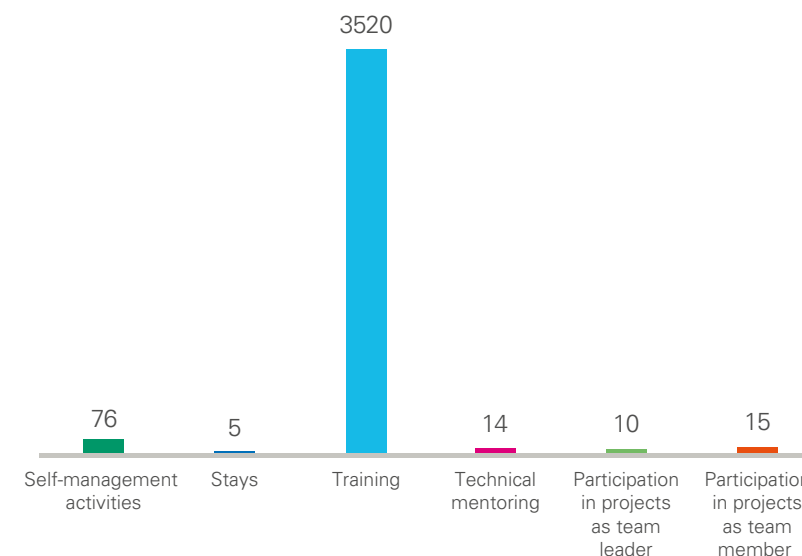
Individual Development Plan

The Individual Development Plan (IDP) includes activities aimed at strengthening different skills. There are five types of actions that make up the IDP: self-management actions for which the worker is 100% responsible; stays in other areas for some time; technical mentoring in which the worker relies on another person to gain technical knowledge; participation in projects as team member or team leader; and finally, the training courses offered and developed by the training and development division.

In total, there were 3,640 registered actions in the IDP for 1,396 workers, as follows:



Amount of IDP actions



In 2018, the entire management of the individual development plan (PDI) was included as a functionality in the Performance Management tool, allowing access to information in a reliable and safe manner.

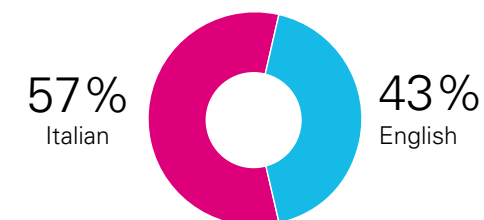
Corporate University

In 2018, the Corporate University was launched online, where each worker could visualise the availability and dates of each of the 138 courses offered in the different schools such as: behaviour and values, digital transformation, and leadership techniques.

Language

English and Italian were taught in 8,400 hours of training, with the participation of 108 workers.

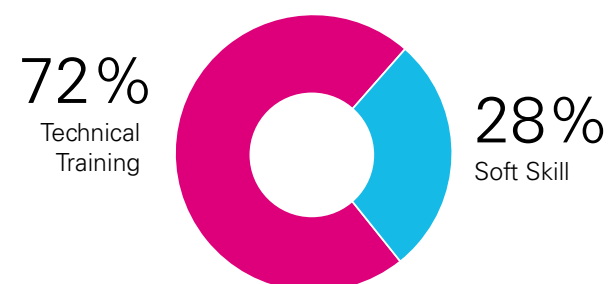
Percentage of hours in languages



Soft skills and technical training

In total, 92,030 training hours were executed in soft skills and technical subjects, as follows:

Percentage of hours by type of training



HSEQ training

Training was conducted on safety, quality and environmental issues, for a total of 11,526 hours and with the participation of 1,161 workers.

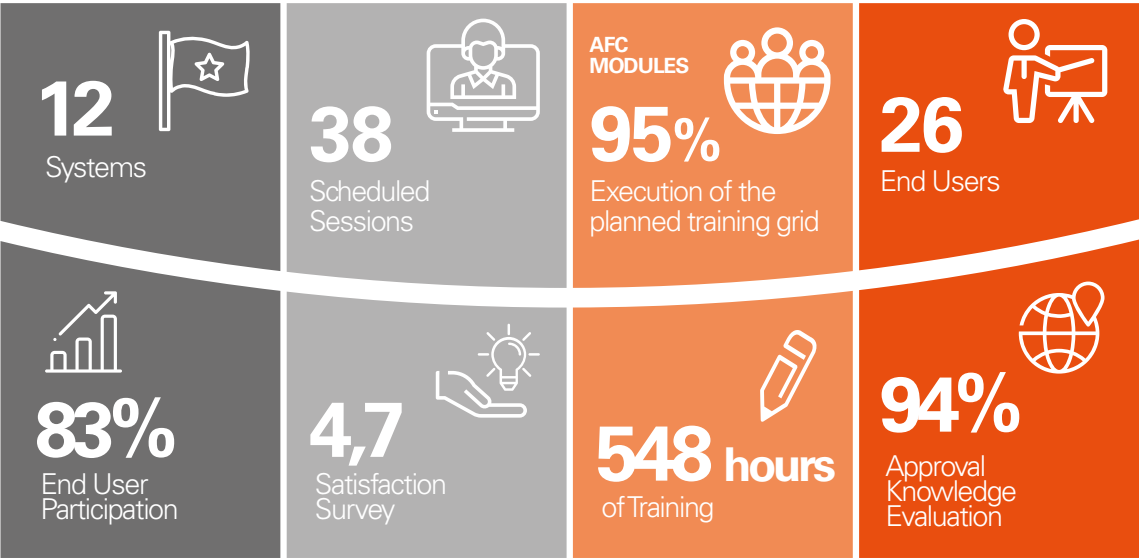
Project E4E TTT ACP&M

In 2018, 1,687 workers participated in a total of 365 different courses during the year. For each training, an assessment of the satisfaction of the participants was made and an average score of 4.5 was obtained out of a total of 5.

TTT (Train The Trainers) was carried out for the 26 trainers of ACP&M (Administration, Finance, Control, Procurement and Market), in the 12 systems that will enter Codensa and in which the end users will be trained.



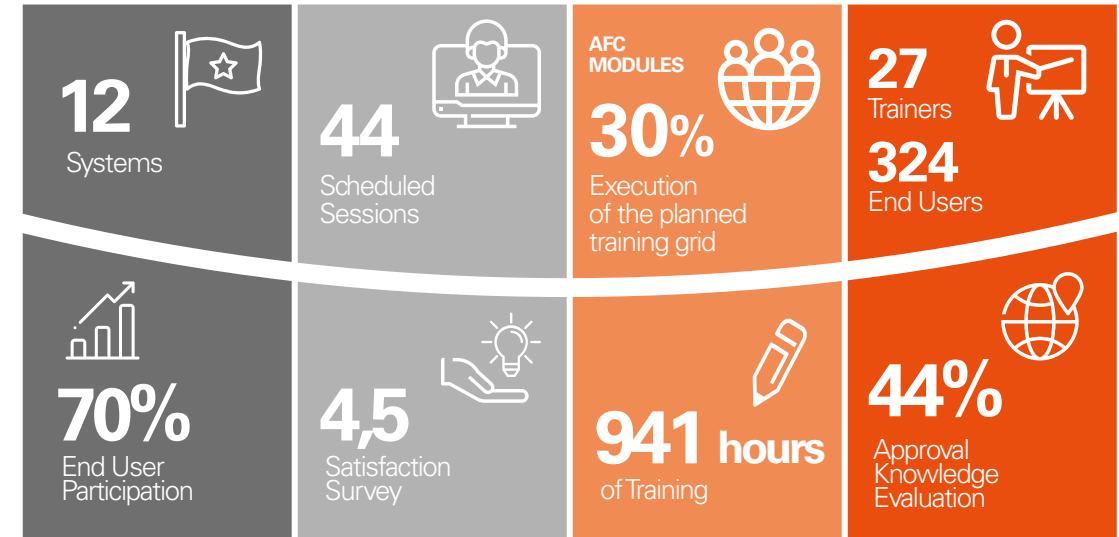
38 sessions were programmed, 95% of which were executed by Everis consultancy for all Codensa trainers in the modules: AP 1 and 2 (Accounts Payable), AR (Accounts Receivable), SD (Billing and Orders), FN (Finance), BL (Banking Accounting), MM Market (Purchases Enel X), MM PUR (Procurement Process Global Procurement), GL (General Accounting), AA (Fixed Assets), TX (Taxes) and CO (Controlling).



Metrics Training modules AFCP&M

Each manager identified the needs of the people in their areas, who registered in the different modules.

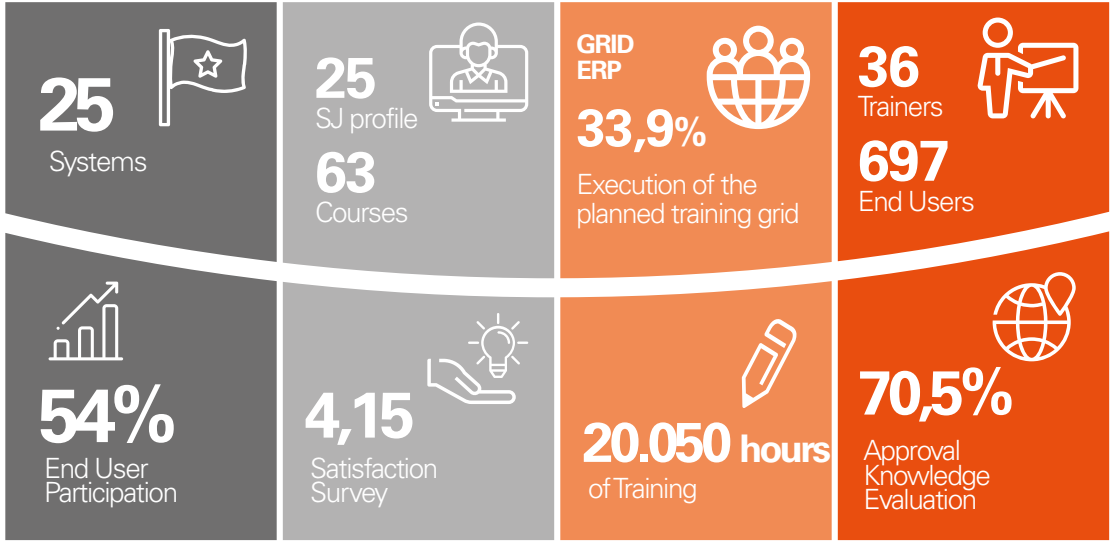
For the financial modules, 324 end users were identified, of which 191 were part of at least one training in one of the modules. 30% of the execution of the planned training grid was carried out, which will be resumed next year, followed by the main indicators:



Metrics Training Modules I&N

The managers of the operational Units supported the identification of the different Sub Job Profile (SJP) of the 697 end users. From this identification and from the profiles in the RACI matrix, the training grid was prepared, with a total duration of 3 months.

Below the main training indicators:



Attendance percentage by Sub-management

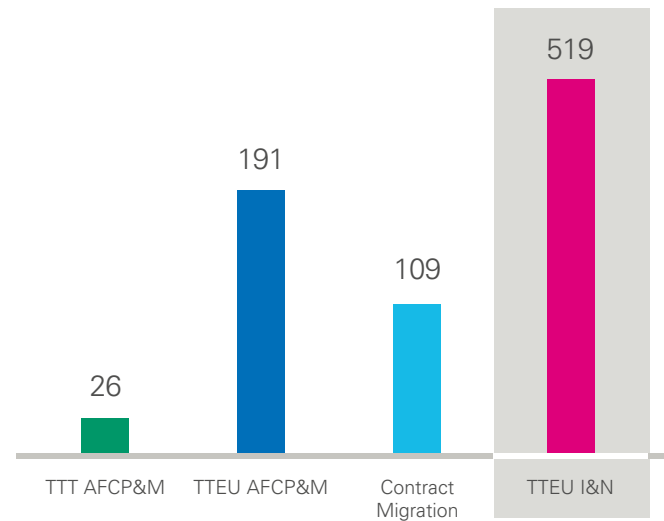
Sub-management	Total participations	Total invitations	% attendance
NETWORK DEVELOPMENT COLOMBIA	267	430	62,10%
OPERATION AND MAINTENANCE COLOMBIA	356	725	49,10%
NETWORK COMMERCIAL OPERATIONS COLOMBIA	134	338	39,60%
HEALTH, SAFETY, ENVIRONMENT AND QUALITY COL	10	20	50,00%
HV OPERATION UNIT COLOMBIA	538	847	63,50%
OPERATION UNIT CUNDINAMARCA COLOMBIA	976	1838	53,10%
MV/LV OPERATION UNIT BOGOTA COLOMBIA	389	754	51,60%
INFRASTRUCTURE AND NETWORKS COLOMBIA	0	7	0,00%



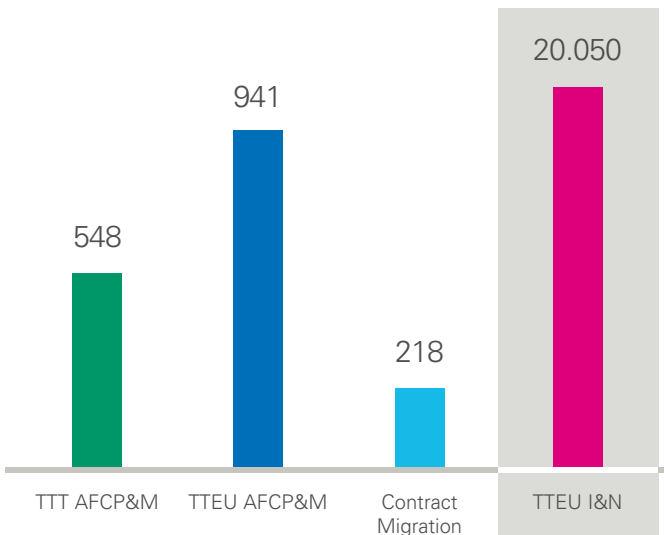


General Training Summary

Total number of participants per training



Total hours per training



Digital transformation

Several changes were made in the corporate induction process through the application of different technological tools such as: interactive screens developed for the transfer of knowledge, Labyrinth of Knowledge designed with virtual reality, Goldberg Machine.



Furthermore, the Job Training Plan (PEC) was included as one of the functionalities in the Performance Management tool, with the aim of providing specific information of the workplace in which the person will perform. We sought to advertise the environment of the position, relationships, activities to develop, responsibilities, rights and obligations, which facilitates the process of socialisation and adaptation to change and helps to have the information tailored in case of different audits.

In 2018, 33,712 hours of training in digital subjects were carried out, with a total participation of 1,959 workers, for a total of 199 courses.

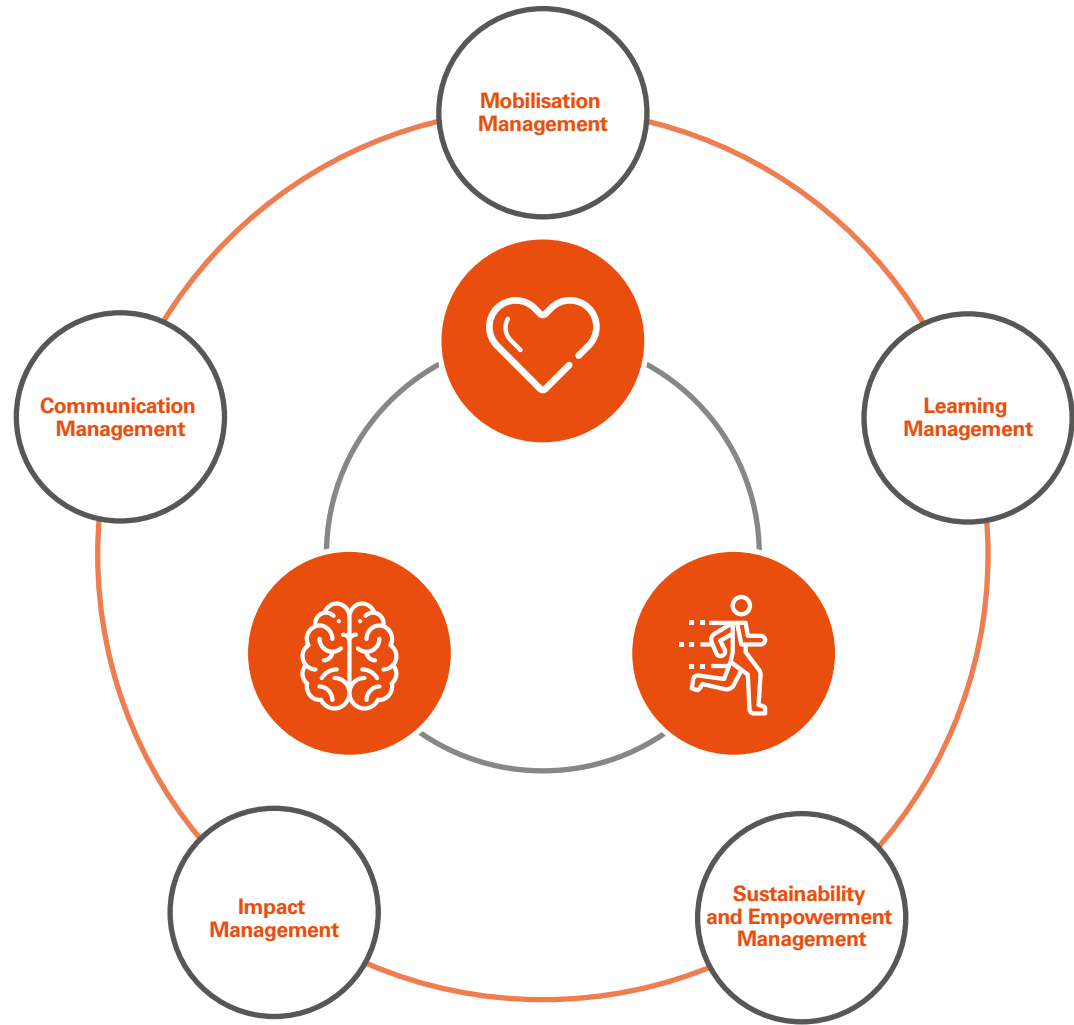
Change Management Office

In 2018, the change management office was consolidated with its own methodology that allows contributing and achieving the results of the Company's strategic projects.

The methodology designed has the following aspects:

- Personal approach
- Anticipates and plans changes
- Streamlines decision making
- Applies human development methodologies
- Develops new skills and abilities
- Create networks with multidisciplinary teams

Graph - management change methodology



In 2018, the implementation of the change management methodology began in the following projects:

PROJECT NAME	OBJECTIVE
Dex (Digital Customer Experience)	Implement a Change Management strategy oriented towards a new culture based on technology and information.
RHO online	Implement a multi-channel platform that will allow all workers to make their Human Resources applications in a more agile, efficient way.
Security	Ensure that Codensa employees and stakeholders in Colombia internalise, through the management of change, the purpose of Security, the services they provide and their channels of service.
UOC PMO Office	Implement the Project Management Office (PMO) model of the Cundinamarca Operational Unit
Facilities Management	Facilitate and contribute to the successful implementation of the process of change in the typology of jobs and spaces in the Ubate and Chia sites.
People Analytics	Promote the analysis of information for decision making through the use of the tools offered by the People Analytics project, impacting the Human Resources management team.

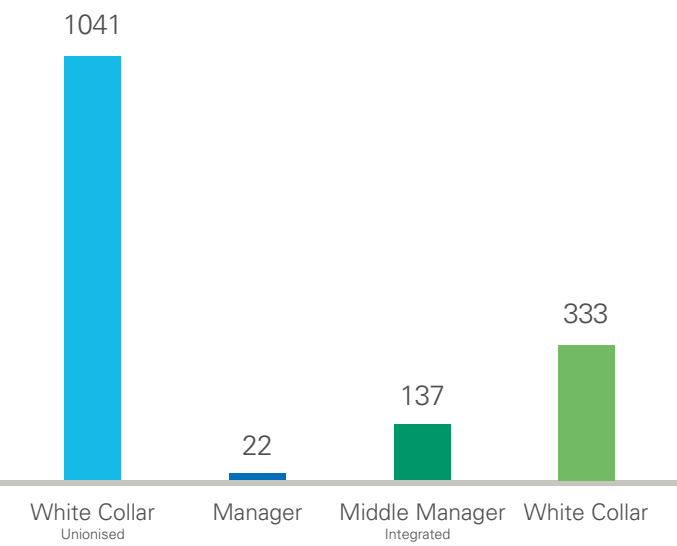




Personnel management

The total number of Codensa employees in 2018 was 1,533, 11% higher than the end of the immediately previous year, and 83.76% of which had an indefinite term contract and 16.2% had a fixed term contract. The classification according to the type of contract is detailed below:

Direct Personnel Template as of 31 December 2018 by payment regime and Enel category



Additionally, Enel-Codensa had a total of 65 apprentices (regulated by Sena quota) and 46 university interns (agreements with universities) as of year-end 2018.

Furthermore, in line with the strategy of equality and equity, the total number of women in the Company was 520, higher by 10.4% at the end of the previous year.

Compensation

During 2018, the Company carried out several activities in order to stimulate the achievement of better results; recognise higher levels of performance; attract, motivate and retain workers:

- Talks on wage policy: It began with a process of having wage policy talks within the Organisation, with the objective of informing workers of the purposes, factors and different guidelines that make up the Compensation policy,

and this way to improve the perception and knowledge on compensation issues and contribute to the improvement of the work environment.

- Variable bonus for the sales force: This year a variable compensation model was implemented for the sales force of Enel x, with the aim of generating an incentive for the sales team to support the growth of the business plan for the different segments: B2C, B2B and B2G.
- Salary levels: In application of the Company's compensation policy and seeking to improve and contribute to salary competitiveness, internal equality, development and retention of personnel, 294 salary levels were made to direct personnel: 229 for personnel under agreement collective and 65 for personnel outside the agreement (managers, middle managers and professionals).

Loans

The company during 2018 contributed financial resources for loans for a total amount of \$19,499,278,717, which were granted to 401 Codensa employees in the following credit lines.

Type of Loan	Value Deposited	No. of Loans Deposited
Conventional Housing	8.983.467.908	72
Integrated housing	5. 452.410.315	31
Guaranteed University	210.000.000	7
Dentist	15.494.338	4
Calamity	23.548.600	3
Vehicle	2.959.292.653	68
Higher education	850.450.315	84
Training	700.699.047	71
Free-use Investment	303.915.541	61
Total	19.499.278.717	401

Portfolio Management Employees

The portfolio for loans of active and retired personnel of the Company and the balance as of 31 December 2018 amounts to \$58,229,263,206.

Start-up RHO online system

During 2018, the RHO online system was launched, for all workers, this online tool with the digitalisation process, constitutes a channel for communication and management of new developments associated with payroll processes.



Workshop Digi&IN

Additionally, through the power BI and HR Dashboard modules, the indicators of quality and service opportunity are monitored.

TM (Time Management)

During 2018, change management was consolidated in the news report associated with presences and absences using the TM time management tool.

The exchange controls were managed with direct effect on the function, an action that gives us a free path to continue on the path of typing for the year 2019, integrating the report of overtime for 100% of the Company.

Model and organisational structures

During 2018, the application of the organisational model of the Enel group in Colombia was continued, in the different areas of staff, services and business lines.

The main changes in the different organisational levels at the country level, which were supported by the respective organisational directives were the following:

Enel x Business Line

The Management of E-Solutions updated its name to Enel x, and consolidated its structure at the country level, aligning it with global functions, with an emphasis on the sale of value-added products by customer segment.

Areas Staff & Services.

In Communications Management, an Organisational Unit called Communications Planning, Real-time Response and Performance Support was created, in order to intensify the planning process, KPIs and in general, follow-up on the management of the process.

The Human Resources and Organisation Management updated its name to People and Organisation, reflecting the strategy and emphasis on organisational management and development, and positioning people as the most important axis of the Organisation.

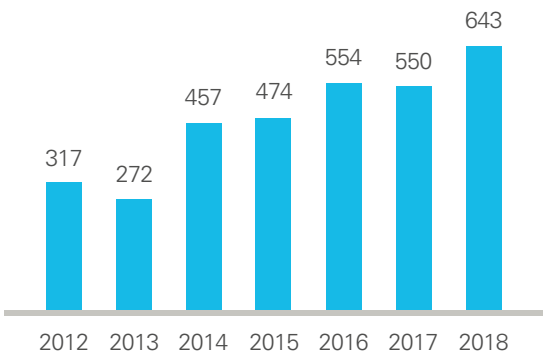
The ICT Management updated its name to Digital Solutions, thus deploying the new corporate model of the Enel Group focused on offering solutions framed in the digital transformation strategy. In addition, work teams were implemented at the Colombian level by functional area, in order to adopt the different global initiatives at the country level.



Personnel Selection

An efficiency average of 94% was achieved and the effectiveness in the selection processes was 98%. In this effectiveness index, the Infrastructure and Networks business line was not taken into account, due to the resignation of people with a fixed-term contract due to the fact that most of the vacancies that existed during 2018 in this line of business , consisted of medium-term projects for which people do not have a long duration in these positions.

History of vacancy coverage



History of Selection Processes

Year	Types of Contract		
	Direct	Students/ Trainees	Temporal
2017	140	184	226
2018	293	184	163

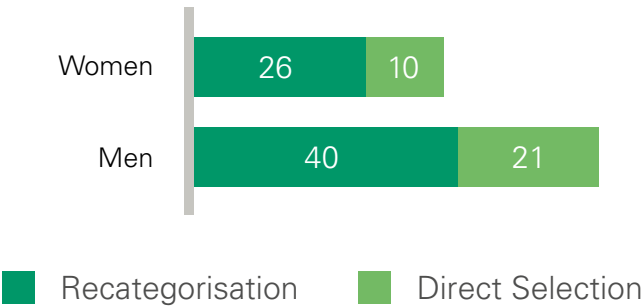
By the end of 2018 there was a 109% increase in direct vacancies (153 additional positions) compared to the previous year. Likewise, there is evidence of active management in temporary vacancies and the coverage of students in practice and apprenticeships was maintained.

Direct Selections and Recategorisations

During 2018, there were 31 Direct selections and 66 recategorisations, for a total of 97 workers promoted or transferred to a higher level of charge.

37.11% of the promotions carried out correspond to women, thus working on strategies to strengthen gender equality in the company.

Direct selection and recategorisation by gender



POSITIONING THE ROLE OF WOMEN IN THE COMPANY, WE HAVE MANAGED TO HAVE 30.1% OF LEADERSHIP POSITIONS COVERED BY WOMEN.

Internal Competitions

It was possible to cover 17% of the vacancies requested through the participation of employees in internal competitions. Finally, at the end of each internal contest feedback was given to 100% of the employees in relation to the results of their process throughout the psycho-technical tests, assessment centre and final interviews. The commitment is that the collaborator who participates in the internal calls understand the reason for their results in it and can strengthen their strengths and develop their areas for improvement.

History of internal competitions

Codensa	Covered vacancies	
	Internal level	External level
2012	17	79
2013	56	72
2014	63	39
2015	34	122
2016	34	111
2017	19	121
2018	52	244

Employer Brand

In 2018, the brand was strengthened through the optimisation of the process through the following digital platforms:

- **Taleo:** A total of 120 vacancies were managed. It was possible to include internal and external vacancies in order to control the complete traceability of the selection process from the recruitment stage to the filling of the vacancy and also to offer the possibility for all workers to participate in positions throughout the world.
- **Magneto:** In 2018, the entire evaluation process was integrated from this platform. From the phase of attraction of candidates, a call is made and a promotional video of the Company is shared with the participants. Video interviews are also carried out, as well as psycho-technical and intelligence tests that are focused on the evaluation of Enel behaviours, attitudes and competences.
- **National university fairs:** The Company participated in 30 university fairs in order to make known to students the careers of interest, the business objective, and the learning and growth possibilities it offers. Likewise, the brand workshop was given to strengthen in the students the appropriate competences to belong to the Enel Group.
- **WIB (Woman In Business):** Codensa attended the first Woman In Business conference held at the Universidad de los Andes as sponsor of the event. There, information was shared on the initiatives it has in place to ensure gender diversity and equality.

Campaigns

Vacation liability

In 2018, a programme was launched to ensure the departure of employees on vacation, taking care of the operational impact, the decrease in vacation liabilities and awareness in all areas of the feasibility of reconciling vacations with work needs, which in the end had a positive impact on costs of almost \$7 billion and a real reduction in the vacation provision of about \$3 billion.

Workplace and/or sexual harassment

Communication campaigns have been carried out that seek to strengthen the confidence and knowledge of workers regarding the treatment of workplace and/or sexual harassment.

In addition, elections were held for the Coexistence Committees of the Enel Group Companies in Colombia, which will be in force during 2019 and 2020. These groups will be focused on preventing situations of harassment and will additionally seek to implement actions in order to generate better spaces of coexistence.

The members of the Coexistence Committees are workers of the Companies that have communication skills and are distinguished by personal competences that allow the proper development of the required procedures; such as respect, tolerance, confidentiality and impartiality.

Pension campaigns

Taking into account the relevance of having information to clarify doubts and advance the necessary steps to obtain the legal old-age pension, spaces were created in which experts in the field provided necessary information on the procedures to be followed and explained the particularity of each of the regimes contemplated by Colombian labour regulations. It was attended by approximately 74 direct employees of the Companies and with a rating higher than 4 by the attendees.

Management of assigned personnel

For the management of the contract for the provision of services with assigned personnel, the companies of the Enel Group in Colombia have developed a series of activities aimed at guaranteeing the efficiency and quality of said service, including:

- Unification of internal schedules for billing of payments: An advance compliance schedule was developed based on the experience and the development of the last contract, in order to ensure the correct billing.
- Centralisation of information in the One Drive digital platform: A tool was developed to access information in real time, avoid data loss and improve control. The tool allowed to improve the billing processes and was rated with 88.2% favourability by users.
- Year-end billing monitoring at 0% of pending: Thanks to the controls, improvements and changes adopted, for the end of the year the contract for workers on mission, did not present pending values to be set, a historical figure that represents an important indicator for the Contract management in future years.



Workshop Digi&IN

Challenges

The year 2019 brings new important challenges for the Company focused on people linked to the Company's strategy. Among the most representative in the processes of people management are:

Training and development

- Consolidate the new Open Feedback Evaluation model.
- Disclose the 2018 climate results and define action plans to strengthen the work climate during 2019.
- Continue working to train leaders.
- In the Leadership School, develop the 4.0 leader and situational leadership workshops.
- Make the change management methodology and its benefits known to all the units that implement strategic projects of high impact in the Company.
- Train in digital transformation in order to raise awareness and bring all workers closer to the Company's strategy.
- Implement the new e-education platform in face-to-face and online training.

- Create partnerships with new universities, unions, associations, nurseries, state institutions in order to contribute to the adequate transfer of knowledge in the different business lines.

Quality of life

- Implement the on-demand benefits platform as a tool and strategy that reinforces total compensation.
- Strengthen the culture of happiness from the employee's experience.
- Develop strategies focused on the 4 points of diversity: gender, age, culture, and disability.

Compensation

- Understand and communicate compensation in full and annualised pay.
- Develop compensation schemes for the sales force.
- Integrate the concept of emotional salary as part of total compensation.
- Contribute based on compensation to maintain gender equality within the Organisation.

SAFETY AND HEALTH AT WORK

The health and safety at work at Codensa has scope for both workers and contractors, in order to promote the prevention of accidents and occupational diseases in the development of different activities. In 2018 it was possible to reduce the accident rate by 44%, which led to closing the year with a frequency index of 0.39; thus fulfilling the objective established for the year 2018 of reaching 0.69, in this way Codensa is positioned as one of the leading companies in this field in the country.

In addition, a result of zero accidents of own employees and contractors for the third consecutive year was obtained, which reaffirmed the commitment to health and life of people.

The arduous work has led to understand that the pillar of the security strategy is the cultural change, which has been addressed with the field monitoring of inspectors, the review and updating of procedures and innovation in security, developing tools and new methods of work that allows operations to be executed in a more secure way.

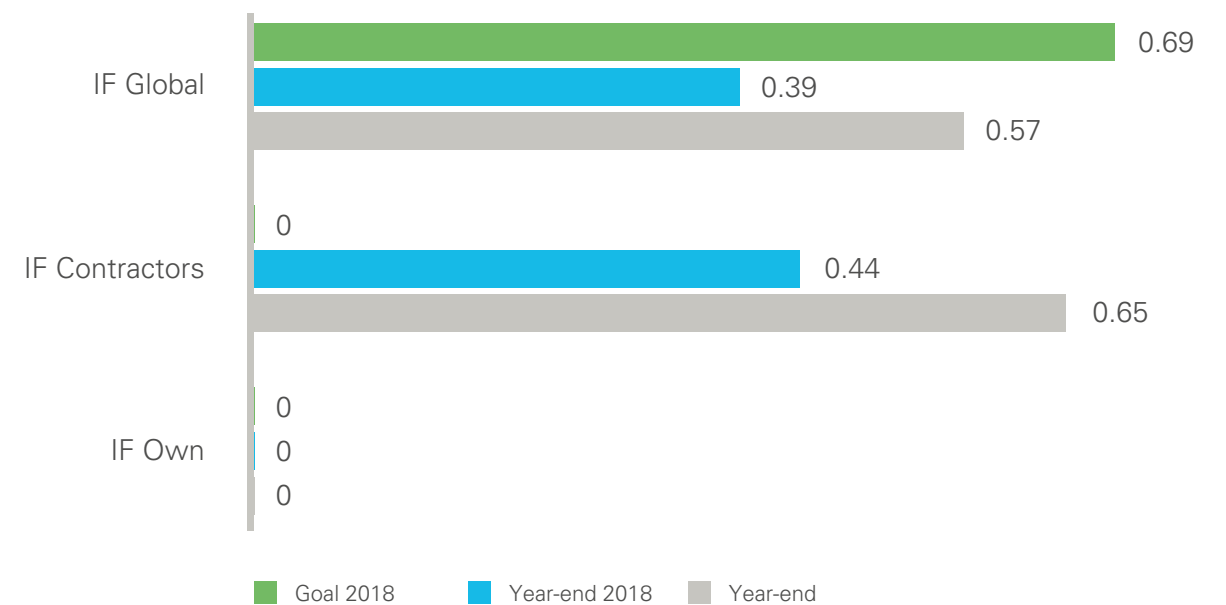
An extensive preventive programme for workers' health

Codensa promotes the health of all workers by intervening the main occupational hazards through epidemiological surveillance programmes for the prevention of occupational and common origin diseases prevalent in the working population.

In April 2018, Codensa obtained the Certification as a Healthy Organisation, becoming the first company in the Colombian electricity sector to obtain it, confirming its commitment to strengthening the skills and abilities of workers so that they can adopt lifestyles that allow them to preserve their health

The main programmes developed focused on the main aspects of the Healthy Organisation programme, which are eating habits culture, movement culture, culture of smoke-free spaces, among others.

Occupational accident frequency index





Occupational health indicators

Indicator	2017*
Total number of occupational diseases	0
Rate of occupational diseases (1)	0
Absenteeism rate (2)	1.980
Absenteeism rate - men	1.587
Absenteeism rate - women	2.723
Total number of days lost (3)	4.079
Total number of days lost - men	2.139
Total number of days lost - women	1.940

1. Rate of occupational diseases: (total occupational diseases / total days worked) X 200,000
2. Absenteeism rate: (total days lost / total days worked) X 200,000
3. Includes days lost due to common illness. (*) Data as of December 2018

Occupational health and safety committee to ensure plan follow-up and control

Codensa has a Joint Safety and Health at Work Committee (COPASST) in accordance with current Colombian legislation, whose main function is to help monitor and advise occupational health and safety programmes. The COPASST has 100% representation of the workers and during the 2018 term it made fourteen meetings in different Company locations to evaluate the progress of the programmes and the working conditions of the personnel.

Innovation in safety as an engine of electrical productivity

Innovation in safety is one of the cornerstones of the Company's strategy for achieving the goal of zero accidents. The traditional face-to-face training evolved to be practical and experiential through virtual reality, for motorcyclists the conventional reflective vest was changed by a reflective vest with airbag that operates automatically at the moment of an accidental fall and reduces the consequences of the impact.

Additionally, several technology-based projects have been developed, such as the use of high-definition cameras to record and perform real-time supervision, virtual reality as a support strategy in the operation and the development of applications for mobile devices.

Fire systems

In order to comply with the Standard of the National Fire Protection Association (NFPA), fire detection systems were updated and put in place in different operational and commercial headquarters of the company, which allows to identify in a timely manner the events and prevent damage caused by a fire.

The new works include:

- Architectural designs of the Central and South Operational Headquarters project; to start the Regularisation and Management Plan in order to ensure that the administrative and technical areas involved in the electric substations comply with the requirements of current regulations.
- Opening of the Choconta Customer Service Centre to the public and inauguration of the Operational Headquarters in this same location, to integrate a new typology for jobs that includes collaborative and itinerant spaces with the incorporation of technologies that support the work. Within this same project the work of the Operative Headquarters and the Ubate Customer Service Centre was completed, with ergonomic, modern, sustainable and inclusive spaces for the attention of our customers and the work of our employees.
- Start-up of the new Data Processing Centre (DPC) of Codensa, designed at TIER III level, with greater technology and support to the current monitoring systems of the network, adapted wider spaces and better technical systems of control with the reliability required for our operation.

Management of security risks

A document called "Security Conditions for Suppliers and Contractors" was developed, which Codensa will include as of 2019 in all its contracts for goods, works and services, a clause with guidelines that will allow its contractors and suppliers to guarantee during the development of the contracts, the implementation of Security Plans, which ensure compliance with the requirements that Security Risk Management establishes in the Company and / or the current regulations issued on this subject.

Use of HD cameras for recording and monitoring jobs

Personal camera installation

Co-responsibility in the management of security risks will facilitate the early and timely management of risks in the operation, the reduction of losses and impacts on people and goods destined to the execution of services, as well as the construction of networks of allies in the prevention and management of risks, which will result in the protection and care of our stakeholders.

Protection of infrastructure and local operation of security

In 2018, the Security Command Centre was put into operation, which provides remote and centralised management to strengthen surveillance and protection measures for people and the physical and electrical infrastructure of the Company, which facilitates the attendance of events, the response timely before incidents and risk management.

This initiative was accompanied by the security technology renovation project, which during 2018 progressed with the 100% change in access control systems and began with the renewal of the video surveillance and anti-intrusion alarm management systems, which will continue in 2019, as well as the expansion of electronic security coverage for all of the Company's strategic assets and facilities.

Occupational Health, Safety, Environment and Quality (HSEQ) - Enel X

Development of the Integrated Management System in HSEQ

In the year 2018, the implementation of an Integrated Management System (IMS) in HSEQ for the Management of Enel X began, which leverages the creation of new energy business models and Value-Added Products and Services. The SIG seeks for the Company to operate in conditions of maximum efficiency, minimise levels of exposure to environmental risks and impacts and guarantee customer satisfaction.

It is supported in following principles for the activities of Enel X:

- Ensure the protection of health, safety at work and the psychophysical integrity of people.
- Guarantee a healthy, safe and sustainable environment.
- Promote and reinforce the culture of health and safety at work, based on responsibility and commitment to self-care, for the prevention of injuries and the deterioration of health.
- Guarantee compliance with the applicable legal and other requirements in matters of health, safety at work, contractual and environmental requirements.

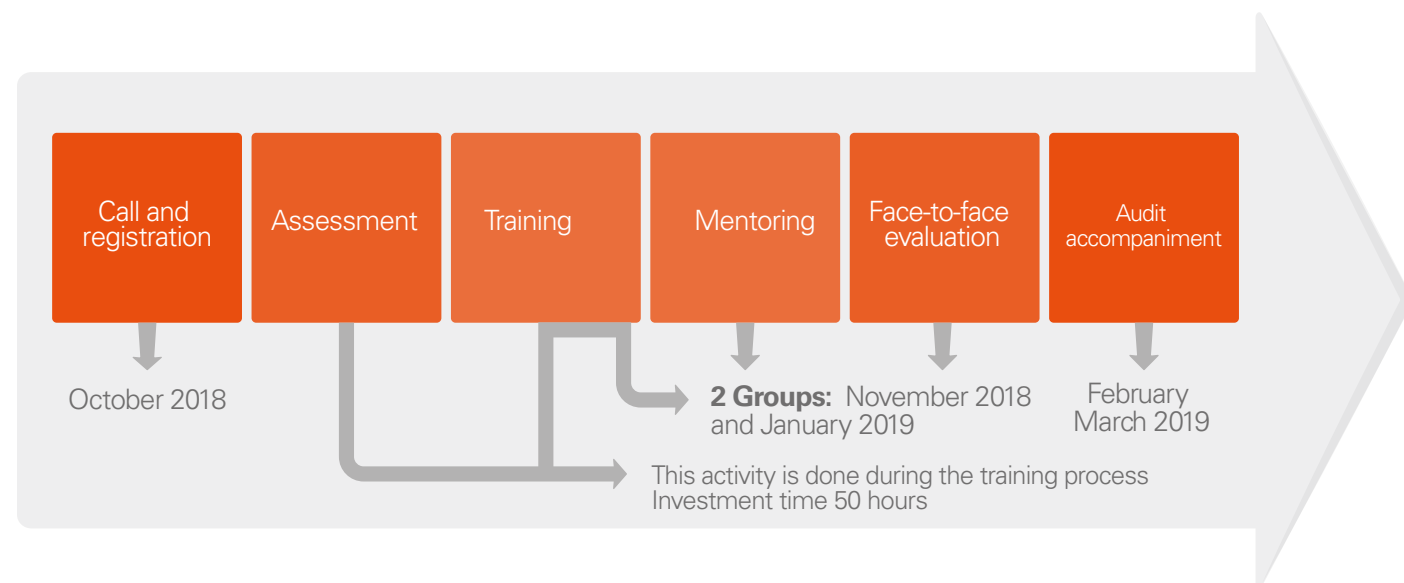


- Contribute to the community, with benefits and opportunities.
- Establish, with the contractors and suppliers, a set of actions based on principles of circular economy, energy efficiency and pollution prevention, which may affect the stakeholders in the environments derived from the operations.
- Adopt work methods inspired by quality and efficiency and ensure their dissemination through effective training and education, combining technical and safety aspects, in order to improve the awareness and sense of responsibility in safety and environmental performance within their functions.
- Provide communication tools that provide consultation and participation of employees and all stakeholders in the identification of hazards and materialisation of risks.
- Establish a rigorous process of identification, selection and management of contractors and suppliers and regularly monitor their activities, to ensure levels of quality and compliance, in accordance with the operational, safety and environmental standards of the Enel Group.
- Promote and disseminate continuous improvement in each of the Health, Safety, Environment and Quality processes that allows constant evolution in each of the HSEQ points.

These principles were included in the HSEQ policy of Enel X, which will be promoted and disseminated throughout the Organisation, collaborators, contractors and interested parties to actively contribute to the achievement of these principles, and tools were designed to monitor compliance.

Training of HSEQ internal auditors

To achieve an effective monitoring of the implementation of the Management System, during 2018 a process of registration and training of internal auditors was carried out in HSEQ, based on the three main standards that govern the Quality, Environment and Health management systems and Safety at Work which are ISO 9001:2015, ISO 14001:2015 and ISO 4500, respectively.



Opening talk HSEQ week

Internal Auditors Training Programme in HSEQ of Enel X & Market

The training process is carried out under the semi-face-to-face mode, in two groups of 25 people each, in order to train 50 auditors who will support the continuous improvement processes during 2019. ICONTEC was the selected entity to carry out this training process which includes accompaniment during the execution of internal audits.

Monitoring the Occupational Health and Safety Management System

The entire HSEQ team, including advisors, were trained and accredited in the 50-hour course of the SG-SST, which facilitates the assurance of compliance with the legal requirements associated with Decree 1072 of 2015, Book 2, Part 2, Title 4, Chapter 6, of the Occupational Health and Safety Management System, and Resolution 1111 of 2017, by which the Minimum Standards of the Safety and Health Management System at Work are defined.

Ongoing Improvement - 4U Project

The 4U project seeks to ensure that stakeholders know and value investment management in public lighting circuits and projects, scheduled energy and public lighting works, and investments in electric infrastructure and public lighting; through

3 fronts: communication, relationship and experience. The purposes of the project for the customer are to make investments visible, highlight benefits and timely reports.

Participation in the Certification of the Management System in HSEQ of Codensa

In May 2018, TÜV Rheinland carried out the certification audit of the HSEQ management system of Codensa S.A., covering the scope of the Enel X processes, which proved that the Enel X processes are in compliance with ISO 9001: 2015, ISO 14001: 2015 and OHSAS 18001: 2007. This constitutes a great advance for the purpose of the Management of Enel X to have a certification as a business division, extending the coverage to the processes according to its taxonomy by 2019, through the implementation of its own Integrated Management System.

Certificates of the Management System in HSEQ of Codensa 2018 ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007

The scope of certification for Enel X covers the processes of energy management, commercial development, sale of value-added products, energy service, infrastructure and public lighting lease, billing, portfolio, customer service and customer relations.



Control of accidents and management programmes

Chart 23 Gravity Index 2018 Enel x & Market + Collaborators

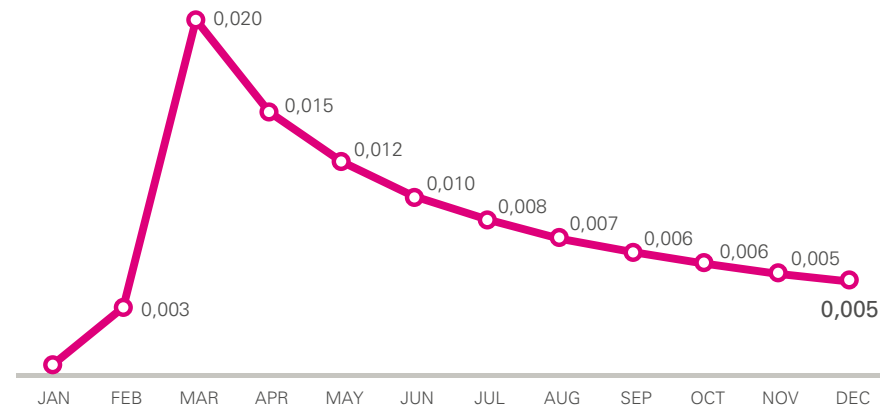
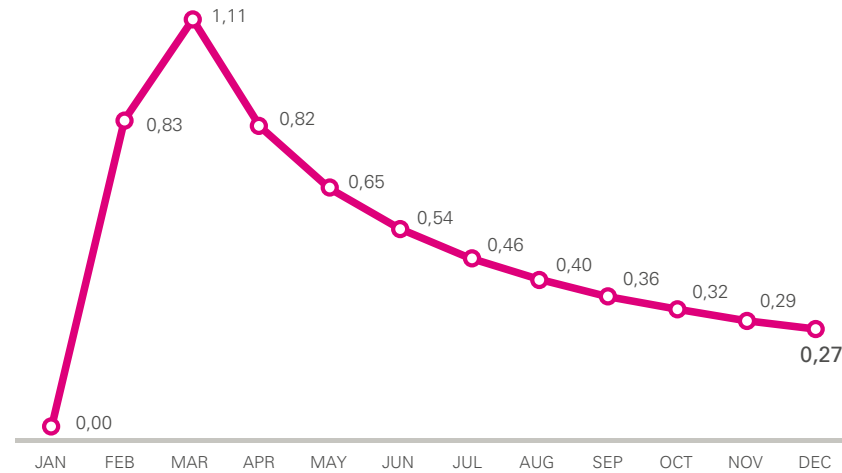


Chart 24 Trend Frequency Rate 2018 Enel X & Market + Collaborators



During 2018 the expectations regarding the Frequency Index and the Accident Severity Index were met, despite having a start to the year with the registration of 2 accidents, one of these severe, the improvement plans resulting from the investigations to assertively prevent the recurrence of similar events.

As of March, the trend continued to decline due to the efforts of the Organisation in the management of the Be Safer, Safety Walk, Co-Pilots and Security Inspections programmes, as well as the monthly monitoring and monitoring meetings of the accidents with contractors, where collaborating companies were given space to present their best practices among them. The Christmas and New Year Plan was also implemented to increase priority risk control activities and convey positive messages and a zero-accident figure was achieved.



ECoS (Extra Checking on Site) & SHE 365 Commitment Workshops

These programmes are aimed at the continuous improvement of the HSEQ management that is done in each of the countries where Enel is present, thus, ECOS visits were made to the public lighting and B2B activities that generated 28 improvement actions on issues of security and 3 of environment, that were implemented in a 100%.

Likewise, during the SHE 365 Commitment workshop, three improvement initiatives were identified, which are in the process of implementation and have been followed up. The initiatives were the following:

- 1Develop an HSE Control Centre that supports field operative personnel, with a call centre available during work hours to provide prevention and correction instructions on HSE subjects. The centre must include specialist medical, safety, environmental and electrical work personnel.
- Develop a Safety APP also involving contractors for safety management of the most frequent operational activities that include pedagogical and informative material.
- Establish a minimum percentage of electric vehicles in their fleet among the qualification requirements of suppliers, as well as economic incentives for their use in the execution of contracts (especially for those of e-city).

QUALITY, INNOVATION AND DIGITAL TRANSFORMATION

Integrated Management System

During 2018, the Integrated Management System focused on the incorporation of best practices for energy management, anti-bribery management and prevention of cardiovascular risks and other noncommunicable chronic diseases, as well as updating according to the new ones Environmental standards.

In this regard, ENEL-CODENSA's commitment to the development of its electric power distribution and trade activities is complemented, with health management and the prevention of risks at work, aimed at the objective of zero accidents, the development of effective processes, the prevention of pollution, the continuous improvement of energy performance, the prohibition of bribery and compliance with regulatory, legal, regulatory and other applicable requirements, in all its services, headquarters and with the permanent consultation and participation of Workers.

As part of this process, ISO 14001 certifications were obtained: 2015 Environmental Management System, ISO 50001: 2011 Energy Management System, ISO37001: 2016 Anti-bribery Management System and the Healthy Organisation Certification Programme , additional to the certifications of ISO 9001: 2015 Quality Management System and OHSAS 18001: 2007 Occupational Health and Safety Management System.



Quality of components and materials

In order to guarantee the quality of materials and equipment installed in the Company's infrastructure, during 2018, multiple control actions were carried out, such as:

- **Expansion in the coverage of the Company's presence in the factory acceptance technical tests (FAT):**
 - » We have given greater coverage in the quality control of the materials delivered by our suppliers for installation in the Company's infrastructure, prioritizing those high-risk materials, which are those that are installed at the 115 kV voltage level or that correspond to the first deliveries by contract.
 - » We also increased the number of audits to the production process of suppliers in order to improve the quality of materials by reviewing the process quality management system applicable to products manufactured for the Company.
- **Root cause analysis and action plan for non-conforming products:**
 - » In order to minimise and anticipate the recurrence of non-conformities in the materials to be inspected, the demand for the presentation of root cause analysis and the definition of an action plan were continued.

- **Audits to the productive process:**

- » To ensure the fulfilment of the technical requirements in the manufacture of the materials acquired by the Company and also to minimise the non-conformity findings, continuity and extension was given to the performance of audits on the production processes of the suppliers. With this activity, relevant improvements were achieved in the different stages of production that impact the quality of the final product.

Innovation

This lever of value of the Enel Group that seeks, through an open innovation system, to integrate solutions with internal and external actors to generate sustainable projects whether they are new businesses, a market segment or an internal process, generating value for both the customer and the Organisation.

The Idea Hub Unit provides the companies of the Enel Group in Colombia with tools that allow the development of innovation processes in a decentralised manner for the incubation of projects for each line of business.

The impact of innovation on culture, the number of projects closed and implemented in each of the business lines and the generation of value through Tax benefits, savings or efficiencies and the Company's positioning in the country with the innovation system are all presented below.

Culture of innovation

Idea Hub Colombia seeks, through cultural activities, training, competitions and others, to change the people's belief system and create a new way of working among the workers of Codensa and Emgesa companies.

This way, during 2018, the following results were achieved:

Indicators

Culture indicators						
752	313	479	35	2	2	31
People participating	Hours of creativity and innovation	Ideas generated	Ideas being executed	Open Innovation Workshops	Intrapreneurship workshops	Brainstorming sessions

Open innovation

Enel Explores

During 2018 an Open Innovation programme event was held whose objective is to make the people of the Organisation, voluntarily, know and interact with other innovation ecosystems and experiment with new ways to carry out their ideas. On this occasion a visit was made to learn about the innovation system of El Tiempo, with the participation of 18 workers from different areas of the Company, ideas were generated to develop between the electric sector and the world of communications in Colombia, to achieve a shared benefit.

Autogermana co-creation workshop

A co-creation workshop was held with Autogermana, with the aim of creating alternatives to mass electric mobility in Bogota. During the workshop attendees identified strengths and weaknesses of both companies to propose creative solutions that generate shared value. In the same way, said co-creation work had as a challenge to look for alternatives that would allow:

- Massify electric mobility in Bogota.
- Connect the capitals of Colombia with the electric mobility system.
- Break paradigms and myths that exist around electric vehicles, electric motorcycles, among others.

With this activity, some business initiatives were proposed, which will be evaluated and made viable between the Enel Group and Autogermana to mobilise the electric mobility market in Colombia.

Intrapreneurship

Innovation ambassadors

In 2018, 20 innovation ambassadors were appointed, the training activities were started through the innovation school (Innoschool) and the promotion of innovation culture.

66	182
Sessions provided by the ambassadors	Hours invested in sessions
464	837
People impacted in sessions	Total ideas generated

Training through the Innovation School: Innoschool

Durante 2018 a través de la escuela de innovación se desarrolló el programa global de formación orientado a crear competencias en las redes de innovación como lo son los embajadores de innovación, focal point y las personas que han participado activamente en los programas de cultura, cada uno de los programas desarrollados cumplen con un propósito dentro del modelo y la formula que hemos creado para que una persona sea innovadora, como se detalla a continuación:



The result of this programme is measured with the following indicators:

9	134	83
Training courses	Impacted people	Hours of training

Open talent

2018 had a version of the Open Talent programme with the challenge of making Bogota the city with the best electric mobility system in Latin America. With the nomination of ideas from the workers of the different areas involved, the challenge was solved, and the 3 most innovative ideas received awards:

1st place for the idea E-car for All

2nd place for the idea of mobile charger for emergency and electric mobility advertising

3rd place for the idea Turn to e-bike

123	66
registered	participants

24	17	3
Ideas generated	Ideas presented	Winning ideas

3 days devoted to innovation

The IdeaHub Colombia team carried out “3 days to innovation”. Various activities were carried out in the administrative offices of Calle 93 and 82, to transmit the culture of innovation. It was attended by speakers such as Gregorio Márquez (founder elempleo.com), Ángela Gómez (founder of the OBA group), Laura Lozzi (Open Innovation and Idea Factory Italy), Arturo Torres (Storyteller UniAndes). In addition, there were 8 workshops from different managements, within which the attendees had the challenge of generating creative ideas to solve the problems described in each challenge. In the We Talk Innovation, 4 entrepreneurs (Datagran, Pelky, Hiline, Cívico) shared with their attendees their experiences and learning throughout the process of entrepreneurship and innovation in their respective business ideas. An exhibition of 18 innovative projects was carried out, whose creators had the opportunity to explain to the attendees each of their inventions.

Financial benefits

As a result of the management of the presentation of projects before the National Tax Benefits Department of Colciencias, Codensa obtained the approval of \$ 9,979 million, that is, \$ 12,474 million in tax deductible tax benefits.

Patents

In 2018, two patents for invention and one utility model patent were granted by the Superintendence of Industry and Trade (SIC):

- Utility model: Adapter device for an arc extinguishing tool that allows to disconnect circuits that do not have the opening support.
- Invention patent: Security system that indicates and/or prevents unauthorised openings and methods of assembly and installation thereof.
- Invention patent: Security system that indicates and / or prevents unauthorised openings.

In addition, during 2018 the following two patent applications were processed and filed:

- Device for the mitigation of electric fields (gymnoto)
- Lighting post comprising a retractable mechanism useful in the maintenance of lighting in a mobile spring

Acknowledgments

- 5th position in the top 10 of the most innovative companies in Bogota and Cundinamarca, and number 14 nationally, obtaining a score of 61.82 on a scale of 1 to 100, in the study of the most innovative companies made by ANDI and the magazine Dinero.
- Recognition for the largest number of projects presented and accepted at the AMBAR Awards.
- Finalist with the Drone project laying the guiding thread in the Accenture 2018 Awards.



Results of projects by business line

Product Lab Enel X

Identifies disruptive business opportunities for the Company that contribute to its growth and profitability using as main source of information the needs and nonconformities of the customers in order to solve them. Additionally, the aim is to reduce the development time of innovation projects and incubate solutions in an effective, efficient and agile way through open innovation models in partnership with third parties and agile methodologies. To accomplish this mission, five strategic behaviours were defined.

Strategic habits/behaviours	
1.	Expand the business vision: think as a utility (service company) and take advantage of the monthly relationship with 3.3 million customers. Take advantage of the very successful billing and collection competition that differentiates the Company to include the billing and collection of other products and services in the energy bill.
2.	Project management with a start-up mentality: to develop successful disruptive innovation projects, experimentation, risk management and execution potential must be encouraged in an uncertainty ecosystem.
3.	Partnerships with third parties/start-ups: generate a start-up technology monitoring mechanism to keep Enel informed of new technological developments. Participate and support entrepreneurial contests in Colombia to encourage Enel's creative and innovative culture through contact with entrepreneurs, and position Enel in the Colombian entrepreneurship ecosystem and attract innovative talent.
4.	Create multidisciplinary work teams: include the product lines and staff areas from the beginning in the project and develop the project together.

Projects developed and implemented

BiciCo

BiciCo is a system of shared electric bicycles that allows users to rent and return bicycles at any of the stations available in the Carulla stores, under a system that operates entirely from a mobile application. The project was developed through a partnership with BC Capital and Carulla, and the sponsorship of Scotiabank Colpatría. It has 10 stations located in the Carulla stores in Bogota, 5 with recharge totems for cell phones with solar





energy. The application has had 4,281 downloads in the IOS and Android stores. To date, it has 3,756 registered users and 1,251 trips have been made.

Click Enel

30% of the Colombian population is unbanked and needs a solution to buy in electronic stores. Through Click Enel, the aim is to offer this segment the possibility of making payments to other businesses through the energy bill without having to have a credit card. Click Enel is a payment button integrated into e-commerce platforms in which members can attract a volume of customers to their e-commerce platforms.

To date there are 862 registered users to the service and 6 partners in the process of linking (Unicef, PasaPage, Fox, Deezer, Berlitz, Smart Fit).

Solar public lighting and security

Pilot for the installation of 40 systems (Panel + Battery + Luminaire) of four suppliers. (Energy and Mobility, Inadisa, Solvitae, Spectrum) in different points of Bogota and Cundinamarca (Cicloruta of 116th street between races 15 to 19, Sibate and Madrid). It is expected to include in the product portfolio photovoltaic solutions for Solar Public Lighting. Currently, 20 solutions have been installed in the Cicloruta of 116th street between races 15 to 17; and 3 systems to power security cameras in Sibate.

Collaborative work with Start-ups

The rapprochement between the Organisation and the ecosystem of entrepreneurship in Colombia was fostered. Six outstanding startups were presented in Colombia: Synopsis, ImagineApps, Emobi, Green Factory, Wee Global, Mercado a su Casa. Each entrepreneur had the opportunity to present a pitch for his company and his proposal for a pilot to work together with Enel. In this opportunity the relevance and strategic alignment of the startups with the business, the attitude of the entrepreneurs, the potential that the idea or the pilot had and finally the approval of the pilot by the assistants were evaluated. Of the 6 startups that were presented, 3 pilots were approved. Synopsis, Emobi and Wee Global, which will be developed between 2018 and 2019.

- Synopsis will develop two virtual reality experiences, one for HSEQ training in work at heights and another on commercial issues.

- Emobi is a car sharing application to rent 100% electric vehicles in the city of Bogota. Currently has 12 vehicles and more than 60 parking points, the pilot seeks to integrate 50 scooters to rent through the existing platform.
- Weee Global is dedicated to the integrated management of waste from electrical and electronic equipment WEEE. They are the last link of the productive chains in the point of departure of the generation of reusable raw material, the objective is to carry out multi-waste campaigns with the different companies that import electronic devices to seek compliance with respect to the collection of waste.

Digital Solutions Colombia

The Company has evolved to integrate technology as a strategic business driver to create tangible value by contributing to the definition of new models and solutions. Emgesa's digital transformation is based on three pillars: customers, assets and people.

OUR CUSTOMERS

Codensa has set out to be a digital leader in the energy sector with a differential value offering focused on the customer, which improves its experience and creates value to build loyalty, developing and incorporating new digital capabilities that represent a differential competitive advantage.

In this strategic pillar, the following projects were developed:

Business intelligence and analytics

In 2018 the Business and Analytics Intelligence project was continued, an initiative that aims to evolve the management of the Company towards a Data Driven model, in which the information and the quality of it are the fundamental basis for making operational decisions, tactics and strategies. Through this project the Company has been provided with Big Data platforms and has worked on the adoption of a Data Driven culture, with the purpose that the commercial team can take advantage of the information to improve the customer experience, increase sales, incorporate new products, improve internal processes or improve customer satisfaction.

- On the Business Intelligence (BI) front, work on the Reconciliation project with partners was continued and the Retail project was launched, which seeks to implement a global control model that includes financial, economics, customer base and industrial key performance indicators (KPIs), required for this line of business.



One Hub Meeting

- On the Business Analytics (BA) front, models were developed for customer segmentation, collection, agreements and cut-off to support business operations.

CRM - Salesforce

One of the enablers of the customer-oriented strategy at Codensa is the implementation of a CRM (Customer Relationship Management System), which guides all the actions of the Company to improve customer service and relations with current and potential customers. With this project, a platform is enabled to perform a more structured commercial management that enhances sales productivity, executes more effective marketing campaigns, and consolidates a deep knowledge of the customer. In 2018 progress was made in the implementation of the following processes in the Salesforce platform:

- Sale of value-added products and services (VAPS), considering the processes of presale, sale and after-sales.
- Design and execution of campaigns to manage customer information and offer products and services.
- Send invoices in digital format, in order to reduce the issuance of paper documents and improve efficiency in the process of sending to customers - Smart invoice.
- Face-to-face and distance customer service, with the participation of more than 1,200 internal and external users, with a total operational deployment in more than 40 service centres, Cades, Súper Cades in urban and rural areas.

Notification to customers by SMS or email of the events occurring in the network that affect the supply of energy in their premises.

Enel Codensa App

The new version of the Enel-Codensa APP was implemented with new features such as invoice history consultation, digital payments, consumption, online payment button, history of attention cases, automatic creation of emergency cases and public lighting, and consultation of invoices in digital format. This application is fully integrated into the Salesforce customer relationship management (CRM) system.

Portal One Hub

An external portal was implemented for customers, investors, press and other external stakeholders, in order to have a single digital presence of the Enel brand. This new platform has the highest standards of security, availability, accessibility and consistent experience, which leverages the goal of being a customer-focused company and strengthens the relationship with all stakeholders.

Collection System

Through this project, a technological solution was implemented that seeks to obtain an improvement in collections to provide more and better payment alternatives to customers, and offers:

- New digital payment channels through consultation and the amortisation of online payments.
- Better banking reconciliation with external collectors.
- Online information (processing with a maximum waiting time of 5 minutes), which optimises the operation of different areas of the Company.

- Reflection of online payments in the commercial system, which improves the quality of information delivered by customer service channels, App, portal, etc.

Elimination of the manual processes of loading collection files, which minimises the risk of applying unsupported payments.

Digital Billing

In 2018, the implementation of this functionality began, through which we can:

- Ensure the commercial cycle of billing, collection and portfolio for energy businesses and other value-added products of the B2C end-customers market.
- Ensure the reliability of the billed values, both for energy and for other businesses.
- Ensure compliance with the established business cycle.
- Manage the critical billing process comprehensively, controlling operations in a detailed and timely manner.
- Address new technical and digital solutions for the billing cycle.
- Ensure the billing scheme on site.

Provide flexibility to the process of Sales of Value Added Products and Services (VAPS) for the operation of new products and business models that leverage their growth.

Electronic Invoice

The technological solution was implemented to comply with the regulations of the National Tax and Customs Authority DIAN, which indicates that transactions for the sale of goods or services must be supported electronically, integrating the different markets defined in the billing system of the Company (SAP ISU). The above has the benefit of eliminating the physical storage of documents and optimal communication between the tax authority and Codensa as a large taxpayer.

OUR ASSETS

The efficient management of assets installed in networks is sought through the use of digital technology for remote connection and management, thus automating business processes and improving the operational performance of assets.

In the strategic pillar, the following projects were developed:



Unification database - commercial system

The information associated with the accounts of the former Energy Company of Cundinamarca (EEC) was made to the Codensa Commercial System. With this unification of data, all the information of the Company's customers is maintained in a single repository, which allows the execution of the business operation processes in a consolidated manner and avoids duplication of functions and information processing on two different databases. In addition, with this unification, a reduction in costs was achieved by reducing the infrastructure associated with the Commercial System of the former Energy Company of Cundinamarca.

Energy purchase

In 2018 adjustments were made to the process of energy purchases, which allowed:

- Having models and projections of purchases to plan energy supply transactions.
- Having analytical tools that allow monitoring the supply and demand and thus optimise the process of energy supply.
- The interrelation and administration of processes and the structured management of simulations associated with projections, mathematical, financial and statistical calculations, prospectations, among others, that facilitates analysis and decision making.
- Making long-term financial estimates of energy.

E4E – Evolution for Energy

This project seeks to converge technologically towards a single and integrated model for the management of the processes and assets of the Company's networks, incorporates the best global practices and integrates the entire life cycle of Codensa's assets.

In 2018 the activities of data preparation, software construction and integrations with the existing platforms were carried out, to initiate the final phases of the project: unit tests, end to end tests, training and start-up of the system for the first half of 2019.

Irene Project

It seeks to implement a platform for the management of infrastructure lease contracts with telecommunications companies. During 2018, the Web component of the platform was implemented, which facilitates the management and communication of Codensa with the telematic customer companies for the registration, uploading and design of projects, as well as the sending of supporting documents and evidences in a digital form and centralised in the new system.

Starbeat

It seeks to implement a new telemetry and tele-management solution for large customers common to the Group, which efficiently manages resources, ensures quality and delivers visibility of information captured from point-to-point measuring equipment.

During 2018 the project kick-off was carried out and the functional gap between the product to be installed and the current Colombian systems was determined.

Smile

Its objective is to implement a system to use the data to generate the calculation of the energy balances in a single system and automate the manual processes that currently exist, as well as to allow the analysis of the measurement data based on rules and Logics defined in order to ensure the quality of the information. During 2018, the development and testing of infrastructure in Colombia was carried out and the base software for the application was installed.

Iconnection

The Iconnection system allows to control and centralise all information and operational management for the connection of loads to the distribution networks of Codensa, in this way, it makes it possible to increase the operational efficiency, reduce the current times of the process and give a better perception to the customers.

In 2018, the necessary flows were defined to meet customer requests that, in order to obtain their energy service, must interact with Enel-Codensa in the feasibility, design review and approval, works execution and connection processes. As well as, the interaction that the areas of the company must have to connect new customers (B2B, ND, UO, OCR). The process of connecting producing customers was also included as a flow.

Own telecommunications network improvements

The communication network of Codensa, MetroLAN, supports the data traffic required for remote protection of the substations, remote control of network equipment, video surveillance, corporate network for access to the Company's information systems and communications with commercial offices, among others. In 2018, the following actions were carried out on this network:

- **High availability:** Within the operational efficiency strategy, three new fibre optic cables (29 km) were deployed, in order to enable redundant links and replace high obsolescence lines.
- **Fibre optic:** Within the framework of the digitalisation strategy, the new HV/MV Gran Sabana substation was integrated into the Codensa Control Centre via fibre optic with its own network and consolidated with the MPLS network (from the English Multiprotocol Label Switching), the remote control of 90 MT / MT substations and the communications links of six commercial offices.



- **Digital Mobile Radio (DMR):** The coverage of the own network of digital radio was extended, through a new telecommunications infrastructure that improves the availability of communication in low signal sites of mobile telephony operators, increasing the effectiveness of the remote-control systems.

Satellite communications: The installation of ten satellite equipment for the transmission of data at critical points of the electrical infrastructure, in which the cellular signal and DMR has no coverage, to increase the effectiveness of the remote-control system.

Electronic network renewal for high availability

In order to guarantee continuity to the digital contents located both in the private clouds and on the internet, the renovation project of the main infrastructure of the corporate network located in two offices of the Company was executed. The implemented architecture is much simpler, cost efficient and adapted to the present and future reality of the communications of the Group companies in Colombia, without losing the levels of availability and reliability of the data network necessary to support the digital transformation process.

Corporate telephony renewal

The TDM (Time Division Multiplexing) telephone service was migrated to IP telephony in the offices of Girardot, Facatativa, Gacheta, Caqueza, Puerto Salgar, Puerto Salgar Central, Medina, 24th Street, Fusagasuga, Villeta, Guaduas, Choachi, Pacho, Choconta, and Torre 93. The telephone service in these offices is now supported in a redundant solution based on state-of-the-art equipment called call manager. This migration is added to the sites already migrated to this technology such as the Technical Building, Calle 82, Edificio Q93, Fontibón, Veraguas, Cerro Suba, Ubate, Av. Suba Service Centres.

OUR PEOPLE AND INTERNAL PROCESSES

Through digital transformation, the Company wants to make internal processes more efficient, by adopting a service-oriented logic and automatic workflows, in order to improve quality, transparency and control with a consequent increase in productivity.

In this pillar, the following projects were developed:

Operation model

The optimisation continued to the government model of the operation service of the applications, maintaining, improving and automating the different process flows associated with the solution of incidents, requirements and changes that exist at a global level, as well as the allocation and release of infrastructure in the cases that have been required. It was also possible to optimise and improve the capacity and availability of application infrastructures.

Da Vinci

The Da Vinci programme was launched, which aims to assemble the Data Government for the Company at the infrastructure and network level, based on the following components: Master Data Bases, Advance Analytics and Data Governance.

In the second semester, the first methodological and concept approach was developed in order to structure the scope of the project, all under the premise of building a company based on a Data Driven model for decision making.

Digl&n Project

The digital project aims to digitalise the global processes of the Infrastructure and Networks (IN) area, through the use of agile methodologies.

This project covers 23 business processes and five transversal processes, framed in the four macroprocesses of the area:

- Planning and development of the electrical network
- Operation and maintenance of the electric network
- Energy balance
- Customer management

During 2018, six design sessions were carried out, in which 43 initiatives were generated, of which 36 were analysed and submitted for prioritisation, achieving the approval of 20 in total.

Ufficio Legale-SUITE Project

In 2018 the Suite Ufficio Legale application in Colombia (re-launch of Suite 5.6) went live for the redesign and digitalisation of all the legal processes of corporate litigation and the availability of legal data analysis. This system will allow to define and update legal KPIs and monitor the quality, deadlines and costs of these processes.



Digitalisation process of prepayments and legalisation of travel expenses

A solution was implemented on One Click, a platform of services for employees, in order to digitalise the process of requesting advances or per diem and legalisation originated by work trips, which applies to all direct personnel of Enel Colombia. This solution eliminates the printing of formats, allows the traceability of the process and of annexed documents and improves the approval processes.

Facility management

This project was developed as part of the technological renewal strategy defined by the Enel Group at the regional level and with the aim of optimizing the management of the services offered by the Services and Security Management. The Administrative Services Service Centre (CASA) was mobilised to the One Click Global Corporate Technology platform, which is the new and modern technological tool that the Corporation has defined for internal customer services at a global level.

Web Contractors Colombia (Gestor.com)

This system provides a computer tool that allows the control and historical record of the management of the contracts from the beginning until their liquidation; which guarantees the integrity, reliability and timeliness of the information, facilitates contractual management and mitigates the materialisation of risks. The project covers the management of contracts, the management of contractor companies-subcontractors (collaborating companies), the registration of employees and hours worked in the contracts and the management of authorisations and access.

Cybersecurity

During 2018 the cybersecurity incidents management process was strengthened through new technologies and automation, as well as the identity management process that allows to strengthen the security aspects and be aligned with the policies established in agreement 788 of the National Operation Council (CNO).

INTERNAL AUDIT MANAGEMENT

During 2018 the internal audit management was mainly aimed at strengthening and updating practices and methodologies of Corporate Governance, compliance and risk insurance in the Company. Thus, the internal control system was strengthened in order to improve quality, transparency, service, competence and leadership in the sector and in the country.

Among the main actions that were developed in 2018 are:

Corporate behaviour

In 2018, as part of the compliance model Enel Global Compliance Programme, different activities were carried out in order to strengthen the commitment of workers to transparency and the fight against corruption and bribery. Updates and issuance of relevant documents were made (management of contracts and agreements, personnel selection, flow of approval of personnel needs, guidelines for the approval and reporting of operations with subsidiaries and economic related parties), and the Matrix of the Criminal Risk Prevention Model (testing of controls and monitoring of criminal risks present in the Company's processes) was reviewed.

As a relevant milestone to be highlighted in 2018 and reinforcing the commitment of the Enel Group in Colombia to the fight against corruption and bribery, Codensa certified the Anti-bribery Management System (SGAS) in compliance with the international standard ISO 37001.

The System allows preventing, detecting and responding to the risk of bribery, strengthening the anti-bribery organisational culture of the Company. The foregoing establishes a series of conducts that give assurance to the administration, investors, partners, personnel and other stakeholders that the Organisation is taking the necessary and appropriate measures with the objective of preventing, detecting and responding to the risk of bribery, the most appropriate way

The conformity assessment process of the standard for the SGAS was performed during the last quarter of the year 2018 and the compliance of the requirements with an independent certifier was satisfactorily accredited. Obtaining this certificate represents the commitment and application of the highest international standards in bribery risk management in the Organisation's processes.



The system allows strengthening among other aspects:

- The culture of transparency and ethics of the Companies, as well as the implementation of good practices in the processes with suppliers, subcontractors and related third parties.
- The effectiveness of the policies, rules and procedures of the corporate compliance programme.
- Alignment with the regulation in force in the country.

The Internal Compliance Committee of Codensa is actively on duty, being responsible for monitoring the implementation and adaptation of compliance programmes framed in tools, protocols and control systems, to ensure transparent, honest, fair and ethical actions in the performance of the Company's activities.

During the year, the training programme on bribery, corruption, ethics and compliance was continued, aimed at the Company's employees, with the aim of reinforcing the values that are part of Codensa's corporate profile, and encouraging transparency in all actions of those who have a relationship with the Company (employees, contractors, suppliers, customers, Government).

The Codensa training programme was carried out as expected, throughout the year, 31 training sessions were carried out with 584 people, in topics such as Contracts Management, Criminal Risk Prevention Model and in the Enel Global Compliance Programme. Training of the Anti-bribery Management System was also carried out for employees exposed to the risk of bribery and corruption. Induction training was continued for personnel entering the Company, emphasizing the policies and protocols of the compliance programme, Code and Ethical Channel, Model for the Prevention of Criminal Risks and conflicts of interest.

Additionally, the internal communication campaign #YoLoHagoBien continued in force during 2018, more than 30 pieces of communication were made public by internal means such as emails, video, intranet and billboards. The ethical channel was disseminated to reinforce the commitment to report situations that go beyond the ethical framework and are not accepted by Codensa.

Furthermore, the communication channels that have been set up as mechanisms for consultation or reporting (ethical channel, emails, calls, among others) were monitored and managed, with the aim of protecting whistle-blowers against reprisals or discriminatory conduct, ensuring the confidentiality of their identity and carrying out an adequate analysis and closing of the events reported.



Operation Maneuvres

In 2018 Codensa continued its active participation in the commitment of the Collective Action for the Ethics and Transparency of the Electricity Sector that seeks to promote healthy competition, confidence and sustainability of companies and the sector, considering best practices and global guidelines in matters of transparency, anti-corruption and regulatory compliance.

In this Collective Action during 2018, awareness and closing of gaps in the sector and the Company were worked on under the principles of international transparency and mapping money laundering risks in the electricity sector. Codensa participated in the construction of the corruption risk map and defined the minimum standards of an anti-corruption programme.

The challenges for the future include continuing to update and implement the best practices and consolidate as benchmarks in the country in terms of Corporate Governance, compliance, ethics, transparency and the fight against corruption.

Audit and risk assurance

Throughout 2018, work continued on audits in line with best practices, and its tool was the information system that supports the management of the audit and compliance operation.

The annual audit plan was successfully completed with 10 works, in which the management of customer complaints, management of collection of commercial debt, management of new connections, the process of purchases in infrastructure and networks, systems security was reviewed. SCADA in distribution, management of the treasury and payment process, contracting and management of legal services, review of Codensa's Corporate Governance, among others.

In addition, the progress and compliance of the action plans as a result of previous audits was monitored, with the aim of solving weaknesses and improving the Company's internal processes.

05

FINANCIAL RESULTS





FINANCIAL MANAGEMENT

The following are the most relevant figures and indicators:

	2017	2018	Variation
Operating revenues	4.541.572	5.059.809	11.41 %
Operating costs and expenses	2.562.137	3.048.202	18.97%
Contribution margin	1.979.435	2.011.607	1.63%
Administrative Expenses	429.359	454.651	5.89%
EBITDA	1.550.076	1.556.956	0.44 %
Earnings before taxes	1.051.499	978.404	-6.95%
Provision Income tax	428.013	369.763	-13.61%
Net income	623.486	608.641	-2.38%

IFRS figures in millions of pesos

During 2018, operating revenues reached \$5,059,809 million, which reflects an increase of 11.4% compared to the end of 2017. This increase is mainly due to the following conditions: i) growth in online energy demand with what is registered at the national level; as a consequence of the reactivation of the Colombian economy and the increase of industrial production, ii) the increase in the tariff compared to December 2017, explained mainly by the generation, transmission and restrictions components, and iii) the boost in the value added products and services of the Company.

The favourable behaviour of the rate, added to the growth of the demand of the regulated market (+1.2%, compared to 2017), and to the organic growth of the customers in the area of influence of Codensa (+2,9%), produced an increase in operating revenues.

Operating Revenues



Figures in millions of pesos

Cost of sales amounted to \$3,048,202 million, an increase of 18.9% over the previous year, mainly as a result of the cost of purchasing long-term energy at a higher average compared to 2017. This is because the energy consumed during 2018 was contracted during 2015 and 2016 (in line with industry practices), a period that was influenced by the El Niño phenomenon, which produced an increase in energy prices.

In turn, administrative expenses amounted to \$454,651 million, 5.9% higher compared to the previous year, mainly as a result of: i) the increase in the workforce to attend new projects, ii) the increase in legal provisions for legislative on legal and civil matters that order to make payments when there are judgments against in the first instance, and iii) the indexation to the CPI of most of the fixed operating and personnel expenses, and iv) other expenses of exploitation associated mainly with the corrective works derived from the winter wave during the third quarter of 2018.

Therefore, the Company generated an EBITDA of \$1,556,956 million in 2018, which represented a 0.4% growth compared to the result of 2017 and an EBITDA margin on operating revenues of 30.7%.

The Company's net financial expense amounted to \$170,634 million, 3.6% higher than the \$164,660 million registered a year ago, explained by an increase in the average debt balance in 2018 compared to 2017, as a result of investment financing, an effect that was partially offset by a lower level of CPI registered so far in 2018, to which 34% of Codensa's debt was indexed.

During 2018, debt repayments were made for \$301,443 million and financing took place for \$636,000 million, corresponding to two issues of local bonds in the months of April and October and the taking of a \$81,000 million loan with Emgesa. The first placement was made in two series, the first at a fixed rate with a term of 7 years and a rate of 6.74%, the second series at CPI + 3.59% for a term of 12 years for a total of \$360,000 million. The second placement of the year was made during the month of October in a single series at a rate of CPI + 2.82% with a term of 5 years for a total of \$195,000 million. The resources of these operations were used to finance the investment plan and refinancing of financial obligations.

The Company's net income for the year 2018 was \$608,641 million, 2.4% less than the previous year, as a result of the above. This was partially offset by a lower effective rate of income tax, after the approval of the financing law. This result represented a net margin of 12.03% over income for the period.

Net Income



Figures in millions of pesos

As of 31 December 2018, the Company's total assets were \$6,824,665 million, of which net property, plant and equipment accounted for 75% or \$5,110,032 million, and cash and temporary investments amounted to \$633,939 million, equivalent to 9.3% of total assets.

Compared to 31 December 2017, total assets showed a growth of 10.4%, mainly due to an increase in the ownership of property, plant and equipment, product of the investments made by the Company.

Assets	2017	2018	Variation
Current Assets	1.202.607	1.412.073	17,42%
Non-current assets	4.981.579	5.412.594	8,65%
Total Assets	6.184.186	6.824.665	10,36%

Figures in millions of pesos

Total liabilities as of 31 December 2018 were \$4,056,828 million, an increase of 14.75% compared to the balance of 2017, mainly represented by an increase in the company's financial indebtedness, as well as the extension of the term in the payment of obligations with third parties.

As of year-end 2018, the balance of the financial debt, including interest payable, amounted to \$2,104,397 million, representing an increase of 14.6% compared to the previous year.

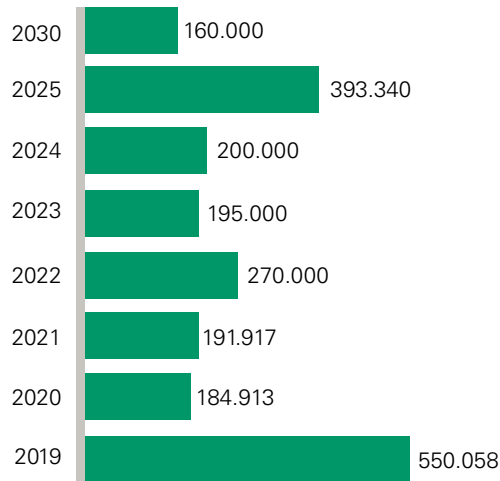
Liabilities and equity	2017	2018	Variación
Current liabilities	1.669.201	2.142.430	28,35%
Non-current liabilities	1.866.166	1.914.398	2,58%
Total liabilities	3.535.367	4.056.828	14,75%
Total equity	2.648.819	2.767.837	4,49%
Total liabilities and equity	6.184.186	6.824.665	10,36%

Figures in millions of pesos

The Company maintained its policy of minimizing the exposure of the income statement to exchange rate changes, with which, as of 31 December 2018, 100% of its debt was concentrated in pesos, 77% in bonds in the local market, 11% with banks and 4% with intercompany loans. Additionally, 34% of the interest on the debt was indexed to the CPI, 2% to DTF and 64% were at a fixed rate. Moreover, as of year-end 2018, 79% of the financial debt was long-term (maturity over one year).

The following is the profile of scheduled maturities as of 31 December 2018:

Maturities Profile



Figures in millions of pesos



In turn, the Company's equity as of 31 December 2018 amounted to \$2,767,837 million, presenting an increase of 4.49% compared to the previous year. This variation is mainly explained by i) an increase in retained earnings and ii) the increase in net income.

Dividends

On 20 March 2018, the General Shareholders' Meeting in ordinary session approved the distribution of profits for the period January to December 2017, for a total amount of \$439,631 million equivalent to a distribution of 70% of the available profits.

In 2018 Codensa paid a total of \$424,770 million pesos in dividends to its shareholders, corresponding to the last instalment of the dividends declared on the 2016 net income and to the first two instalments of the dividends on the 2017 net income, equivalent to 70% of the total dividend declared on net income.

Current ratings

On July 17, 2018, Fitch Ratings Colombia affirmed Codensa's long-term national rating in AAA (col) and maintained a stable outlook. The rating agency also ratified in AAA (col) the rating of all issuances of current Codensa bonds, as well as its Programme of Issuance and Placement of Ordinary Bonds and Commercial Papers.

According to the rating agency's report, Codensa's rating reflects the Company's low profile of business risk, derived from the regulated characteristic of its revenues and its limited exposure to demand risk. Additionally, it shows Codensa's solid credit profile, characterised by a robust generation of operating cash flow, low leverage and strong liquidity indicators.

In addition, Fitch Ratings Colombia highlights the strategic importance of Codensa for the Enel Group. The rating also considers Codensa's moderate exposure to regulatory risk.

Investor Relations (IR) Recognition

On 4 October 2018 Codensa received for the sixth consecutive year the Investor Relations recognition by the Colombian Stock Exchange (BVC) for voluntarily raising its management models for disclosure of information and investor relations, above the requirements of local regulations and by making quarterly and annual information available to investors in English and Spanish on its website.

Quality certification to processes of the treasury sub-management

The Payment Management Processes and Liquidity Surpluses of the Company, from the years 2010 and 2011 respectively, have obtained the ISO 9001 Quality Certification granted by the international certification body Bureau Veritas.

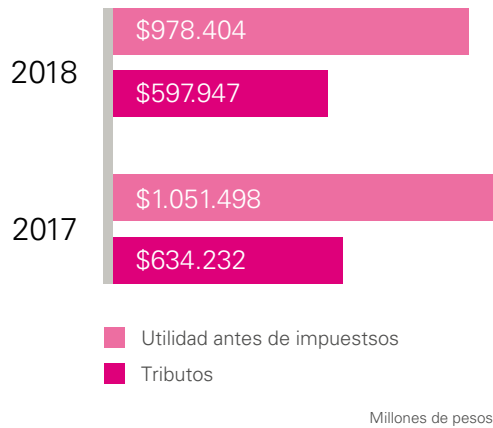
TAXES

The favourable rulings in relation to the Public Lighting Tax in the Municipality of Girardot of 2012 for \$413,729,623 stands out in the 2018 management of tax litigations.

Additionally, a project was initiated to take advantage of the tax benefits for energy efficiency and generation by non-conventional renewable sources, which will be giving results in 2019 when the respective authorisations are obtained from the competent authorities.

The tax burden paid by Codensa including all national and local taxes for the last two years is as follows:

Earnings before taxes



ACCOUNTING

Internal control

Codensa has an internal control model focused on securing financial reporting in compliance with the United States Sarbanes-Oxley Act (SOX) of 2002 and Italian Act 262 of 2005 subject to the biannual self-assessment by those responsible for controls and different audits

The management personnel and other controllers carried out the biannual process of self-assessment and certification of the Internal Control Model, confirming their responsibility to establish, maintain and evaluate the effectiveness of the Internal Control Model of the Company's Financial Report.

In response to the internal monitoring responsibility for the Internal Control Model, Deloitte&Touche executed this process without identifying significant issues and concluded that the Internal Control Model of the Financial Report operates effectively.

Additionally, the firm Ernst & Young as statutory auditor and external auditor during the year 2018 audited the relevant processes and controls and its results were communicated to the Company's Audit Committee without identifying significant design and operational deficiencies related to the internal control model of the Financial Report.

For the matters identified in the semi-annual self-assessment process and those identified in the audits, the action plans were designed to mitigate the observations received and promote the continuous improvement of the internal control model.

Access policies

In 2018 the certification of access to the relevant information systems was carried out under the scheme of the internal control model of financial reporting in compliance with Codensa's internal control policies.

Electronic billing

Codensa, being a public services company, supports its income in equivalent documents, based on article 17 of Decree 1001 of 1997 and article 1.6.1.4.39. of Decree 1625 of 2016.

The aforementioned regulations stipulate that as long as the current provisions are not modified, the other equivalent documents may be used under the current conditions.

Additionally, in compliance with Resolution 000010 of 6 February 2018, Codensa structured a project plan and implemented, as of 1 January 2019, the electronic billing to suppliers.

Effectiveness of new IFRS

As of 1 January 2019, IFRS 16 "Leases" will become effective in the accounting regulatory framework accepted in Colombia, which replaces four related standards, and establishes the principles for the recognition, measurement, presentation and disclosure of leases and includes a unique accounting model for the lessee.

For the transition of the standard, Emgesa began to expect an immaterial impact on the statement of financial position. The effects of the transition, if any, will be reflected in the accumulated earnings and profits at the beginning of the 2019 period.



06

SEPARATE FINANCIAL STATEMENTS

Separate Financial Statements

Codensa S.A. E.S.P.

For the years ended 31 December 2018 and 2017 and
for the twelve-month period ended 31 December
2018 and 2017, with Statutory Auditor's Report

Statutory Auditor's Report

To the Shareholders of:

Codensa S.A. E.S.P.

Report on the Financial Statements

I have audited the accompanying separate financial statements of Codensa S.A. E.S.P., which comprise the separate statement of financial position as of 31 December 2018 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Standards accepted in Colombia (CFRS); for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; for selecting and implementing the appropriate accounting policies; and for establishing accounting estimates reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these separate financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require me to comply with ethical principles, plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by Management, as well as evaluating the overall presentation of the separate financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the separate financial statements referred to above, taken from books of accounts, present fairly, in all material respects, the financial position of the Company as of 31 December 2018, the results of its operations and cash flows for the year then ended in accordance with the Financial Reporting Standards accepted in Colombia.

Other Matters

The separate financial statements under accounting and financial reporting standards accepted in Colombia of Codensa S.A. E.S.P. as of 31 December 2017, which are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with auditing standards generally accepted in Colombia, on which I expressed my unqualified opinion on 15 February 2018.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of any circumstance indicating failure to comply with the following Company obligations: 1) keeping Minutes, Shareholders and accounting books, according to legal norms and the accounting technique; 2) performing its activities according to the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, as well as the norms relative to integral social security; and 3) keeping correspondence and account vouchers. Additionally, there is consistency between the separate financial statements hereto and the accounting information included in the management report prepared by the Company's Management, which includes the Management's certification regarding the free circulation of endorsed invoices issued by vendors or suppliers. The report corresponding to the requirements of article 1.2.1.2 of Decree 2420 of 2015 was issued separately on 21 February 2019.



Angela María Guerrero Olmos

Statutory Auditor

Professional License 104291-T

Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá D.C., Colombia

21 February 2019

Codensa S.A. E.S.P.
Statement of Financial Position – Separate

(Thousands of pesos)

	Note	As of 31 December 2018	As of 31 December 2017
Assets			
Current Assets:			
Net cash and cash equivalents	4	\$ 633.939.201	\$ 548.070.988
Net other current financial assets	5	695.199	20.078.611
Other current non-financial assets	6	14.080.329	5.812.608
Net commercial accounts receivable and other receivables	7	607.103.818	518.146.366
Current accounts receivable from related entities	8	17.397.859	16.624.900
Net inventories	9	119.939.172	93.794.805
Assets held for sale	10	18.917.654	-
Total current assets		1.412.073.232	1.202.528.278
Non-current assets:			
Net Other non-current financial assets	5	18.886	27.660
Other non-current non-financial assets	6	15.343.312	14.035.258
Net commercial accounts receivable and other receivables	7	53.102.674	93.089.428
Investments in subsidiaries, joint ventures and associates	11	5.065.965	2.276
Net intangible assets other than capital gains	12	229.029.119	158.176.554
Net Property, plant and equipment	13	5.110.031.961	4.716.326.295
Total non-current assets		5.412.591.917	4.981.657.471
Total assets		6.824.665.149	6.184.185.749

Liabilities and equity

Current liabilities:			
Other financial liabilities	15	507.358.599	334.820.847
Commercial accounts payable and other payables	16	1.181.561.548	1.030.149.051
Accounts payable to related entities	8	265.550.455	123.544.915
Provisions	17	33.531.258	8.473.708
Taxes payable	19	69.999.930	91.384.638
Provisions for employee benefits	18	63.814.230	72.112.889
Liabilities held for sale	10	12.453.350	-
Other non-financial liabilities	20	8.160.165	8.716.178
Total current liabilities		2.142.429.535	1.669.202.226
Non-current liabilities:			
Other financial liabilities	15	1.597.038.007	1.502.255.612
Provisions	17	9.509.067	50.056.695
Net deferred tax liabilities	14	5.507.156	19.649.837
Provisions for employee benefits	18	283.208.814	261.120.766
Other non-financial liabilities	20	19.135.216	33.081.908
Total non-current liabilities		\$ 1.914.398.260	\$ 1.866.164.818
Total liabilities		\$ 4.056.827.795	\$ 3.535.367.044

Codensa S.A. E.S.P.
Statement of Financial Position – Separate (Continued)

(Thousands of pesos)

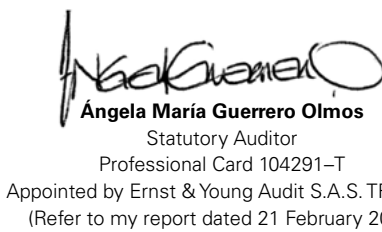
	Note	As of 31 December 2018	As of 31 December 2017
Equity			
Issued capital	21	\$ 13.487.545	\$ 13.487.545
Issue premiums		190.553.196	190.553.196
Other reserves	21	233.148.856	236.340.012
Other comprehensive income		(75.002.270)	(58.196.019)
Net income		608.640.849	623.485.951
Retained earnings		311.011.501	123.965.716
Retained losses		(37.859.236)	(37.859.236)
Retained earnings due to transition to CFRS		31.681.781	31.681.781
Retained earnings due to conversion to CFRS		1.756.025.883	1.789.210.510
Equity effect business combination		(263.850.751)	(263.850.751)
Retained earnings		2.405.650.027	2.266.633.971
Total equity		2.767.837.354	2.648.818.705
Total liabilities and equity		\$ 6.824.665.149	\$ 6.184.185.749

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
Legal Representative


Luz Dary Sarmiento Quintero
Public Accountant
Professional Card 65450-T


Ángela María Guerrero Olmos
Statutory Auditor
Professional Card 104291-T
Appointed by Ernst & Young Audit S.A.S. TR-530
(Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.
Income Statement, by Nature – Separate

(Thousands of pesos, except earnings per share)

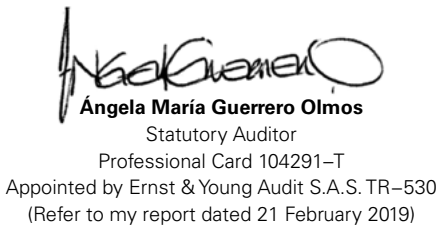
	Note	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Income from ordinary activities	22	\$ 5.038.609.808	\$ 4.520.055.651
Other operating income	22	21.198.860	21.516.127
Total income from ordinary activities and other operating income		5.059.808.668	4.541.571.778
Provisioning and services	23	(3.048.201.524)	(2.562.136.895)
Contribution margin		2.011.607.144	1.979.434.883
Works for fixed assets		79.538.010	54.562.582
Personnel expenses	24	(203.889.155)	(183.501.743)
Other operating expenses	25	(330.299.569)	(300.419.446)
Gross operating profit		1.556.956.430	1.550.076.276
Depreciations and amortisations	26	(354.627.483)	(313.504.221)
Impairment losses (Reversal)	26	(40.896.882)	(9.174.751)
Operating profit		1.161.432.065	1.227.397.304
Financial revenues		35.336.181	30.425.572
Financial expenses		(201.115.058)	(193.185.738)
Exchange difference		(4.855.282)	(1.899.740)
Financial earnings	27	(170.634.159)	(164.659.906)
Earnings from other investments	28	64.006	69
Earnings from sale and disposal of assets	29	(12.457.615)	(11.238.857)
Earnings before taxes		978.404.297	1.051.498.610
Income tax expense	30	(369.763.448)	(428.012.659)
Net income		\$ 608.640.849	\$ 623.485.951
Basic and diluted earnings per share			
Basic and diluted earnings per share in on-going operations	31	\$ 4.464,40	\$ 4.578,41
Weighted average number of outstanding common shares		134.875.450	134.875.450

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
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(Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.
Statement of Comprehensive Income – Separate

(Thousands of pesos)

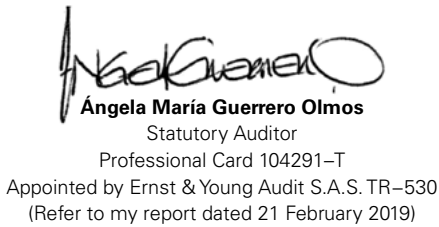
	Note	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Net income		\$ 608.640.849	\$ 623.485.951
Components of other comprehensive income not reclassified to earnings before taxes			
Gain (loss) on new measurements of defined benefit plans		(24.620.805)	9.058.500
Losses in new measurements of financial instruments measured at fair value through OCI		(8.774)	(15.441)
Other comprehensive income not reclassified to earnings before taxes		(24.629.579)	9.043.059
Components of other comprehensive income reclassified to earnings before taxes			
Gain (loss) due to cash flow hedges		(20.043)	15.314
Other comprehensive income reclassified to earnings before taxes		(20.043)	15.314
Income tax relative to components of other comprehensive income not reclassified to net income			
Effect of taxes on new measurements of defined benefit plans		7.835.955	(3.426.791)
Total income tax relative to components of other comprehensive income not reclassified to net income		7.835.955	(3.426.791)
Income tax relative to components of other comprehensive income reclassified to net income			
Effect of taxes on cash flow hedges	14	7.416	(5.524)
Total income tax relative to components of other comprehensive income reclassified to net income		7.416	(5.524)
Total other comprehensive income	32	(16.806.251)	5.626.058
Total comprehensive income		\$ 591.834.598	\$ 629.112.009

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
Legal Representative


Luz Dary Sarmiento Quintero
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(Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.
Statement of Changes in Equity – Separate
(Thousands of pesos)


	Reserves				Other comprehensive income					
	Issued capital	Issue premium	Legal reserve	Occasional reserve	Total reserves	Cash flow hedges	Gains and losses on new measurements of financial instruments	Gains and losses due to defined benefit plans	Accumulated earnings and profits	Total equity
Initial equity as of 01-01-2017	\$ 13,487,545	\$ 190,553,196	\$ 26,454,481	\$ 170,987,380	\$ 197,441,861	\$ 2,837	\$ 8,041	\$ (63,832,955)	\$ 2,208,517,028	\$ 2,546,177,553
Changes in equity	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	623,485,951	623,485,951
Other comprehensive income (Note 32)	-	-	-	-	-	9,790	(15,441)	5,631,709	-	5,626,058
Comprehensive income	-	-	-	-	-	9,790	(15,441)	5,631,709	623,485,951	629,112,009
Declared dividends	-	-	-	-	-	-	-	-	(526,470,857)	(526,470,857)
Increases (decreases) due to other changes, equity	-	-	-	38,898,151	38,898,151	-	-	-	(38,898,151)	-
Total increase (decrease) in equity	-	-	-	38,898,151	38,898,151	9,790	(15,441)	5,631,709	58,116,943	102,641,152
Final equity as of 31-12-2017	\$ 13,487,545	\$ 190,553,196	\$ 26,454,481	\$ 209,885,531	\$ 236,340,012	\$ 12,627	\$ (7,400)	\$ (58,201,246)	\$ 2,266,633,971	\$ 2,648,818,705
Changes in equity	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	608,640,849	608,640,849
Other comprehensive income (Note 32)	-	-	-	-	-	(12,627)	(8,774)	(16,784,850)	-	(16,806,251)
Comprehensive income	-	-	-	-	-	(12,627)	(8,774)	(16,784,850)	608,640,849	591,834,598
Declared dividends	-	-	-	-	-	-	-	-	(439,631,322)	(439,631,322)
Increases (decreases) due to other changes, equity (Note 21)	-	-	-	(3,191,156)	(3,191,156)	-	-	-	(29,993,471)	(33,184,627)
Total increase (decrease) in equity	-	-	-	(3,191,156)	(3,191,156)	(12,627)	(8,774)	(16,784,850)	139,016,056	119,018,649
Final equity as of 31-12-2018	\$ 13,487,545	\$ 190,553,196	\$ 26,454,481	\$ 206,694,375	\$ 233,148,856	\$ -	\$ (16,174)	\$ (74,986,096)	\$ 2,405,650,027	\$ 2,767,837,354

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Aceosta Correa
Legal Representative


Luz Dary Sarmiento Quintero
Public Accountant[†]
Professional Card 65450-T


Angela María Guerrero Olmos
Statutory Auditor
Professional Card 104291-T
Appointed by Ernst & Young Audit: S.A.S. TR-530
(Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.

Statement of Cash Flows, Direct Method - Separate

(In thousands of pesos)

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Cash flows from (used in) operating activities:		
Types of collections by operating activity		
<i>Collections from sales of goods and services</i>	\$ 4.833.235.106	\$ 4.459.778.207
<i>Collections from royalties, fees, commissions and other revenues from ordinary activities</i>	115.737.594	110.598.534
<i>Other collections from operating activities</i>	1.963.191.591	1.841.605.935
Types of cash payments from operating activities		
<i>Payments to vendors for supply of goods and services</i>	(3.439.467.073)	(2.825.877.909)
<i>Payments to and on behalf of employees</i>	(160.771.770)	(161.325.243)
<i>Payments of bonuses and compensations, annuities and other benefits of subscribed policies</i>	(4.443.028)	(3.567.878)
<i>Other payments for operating activities</i>	(1.652.538.787)	(1.799.745.506)
Reimbursed income tax (paid)	(381.415.101)	(400.390.282)
Other cash inflows (outflows)	(63.614.090)	(73.394.351)
Net cash flows from operating activities	1.209.914.442	1.147.681.507
Cash flows from (used in) investment activities:		
Cash flows used to obtain control of subsidiaries or other businesses	(5.000.000)	-
Other collections for the sale of equity or debt instruments of other entities	132.000.000	7.500.000
Other payments to acquire equity or debt instruments from other entities	(112.000.000)	(27.500.000)
Loans to related entities	-	(46.808.489)
Purchase of property, plant and equipment	(908.955.183)	(734.714.575)
Payments from futures, forwards, option and swap contracts	(153.978)	(310.588)
Collections from related entities	-	46.808.489
Interests received	10.345.929	12.777.040
Net cash flows used in investment activities	(883.763.232)	(742.248.123)
Cash flows from (used in) financing activities:		
Amount from issue of bonds	555.000.000	630.000.000
Amount from short-term loans	-	100.000.000
Loans from related entities	81.000.000	-
Dividends paid	(424.769.587)	(550.181.269)
Interests paid	(146.710.355)	(122.056.627)
Bank loan payments	(39.782.607)	(139.782.607)
Bond loan payments	(261.660.000)	(391.500.000)
Payments of finance lease liabilities	(3.360.448)	(3.489.265)
Net cash flows used in financing activities	(240.282.997)	(477.009.768)
Net increase (decrease) in cash and cash equivalents	85.868.213	(71.576.384)
Cash and cash equivalents initial balance	548.070.988	619.647.372
Cash and cash equivalents final balance	\$ 633.939.201	\$ 548.070.988

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
Legal Representative


Luz Dary Sarmiento Quintero
Public Accountant
Professional Card 65450-T


Ángela María Guerrero Olmos
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1. Overview

1.1. Economic entity

Codensa S.A. E.S.P. is a public limited company in accordance with the provisions of Act 142/1994. The Company has an indefinite duration.

The Company was organised through public deed No. 4610 of the 36th Notary of Bogota D.C. on 23 October 1997 and registered with the Chamber of Commerce on the same date with No. 00607668, with contributions from the distribution and marketing assets of the Group Energía Bogotá S.A. E.S.P. (formerly Empresa de Energía de Bogotá S.A. E.S.P), holding 51.32% of shares, and cash contributions of other investors holding 48.48% of shares.

The Company is of Colombian origin, with seat and main headquarters located at Carrera 13A No. 93-66, Bogotá D.C.

Codensa S.A. E.S.P. is a subsidiary of Enel Américas S.A., entity controlled by Enel S.P.A. (hereinafter Enel).

The situation of the Corporate Group registered with the trade register of the Bogot Chamber of Commerce was updated by registration No. 02316803 of book IX of 28 March 2018, without any change being made with respect to the parent company. The situation of the Corporate Group is exercised by the company Enel SpA (parent company) indirectly over the companies Emgesa S.A. E.S.P. and Codensa S.A. E.S.P. through the company Enel Américas S.A.; indirectly on Sociedad Portuaria Central Cartagena S.A. E.S.P. through Emgesa S.A. E.S.P.; indirectly on the company Inversora Codensa S.A. E.S.P. through Codensa S.A. E.S.P.; indirectly on the companies Enel Green Power Colombia S.A.S E.S.P. and El Paso Solar S.A.S. E.S.P. through Enel Green Power S.P.A. On 21 June 2018, through registration No. 1171351, the registry of the Corporate Group was updated in order to include the Enel Foundation and the company Enel X Colombia S.A. E.S.P.

The Company’s corporate purpose is the distribution and marketing of electric energy, as well as the execution of all activities related, connected, supplementary and associated to the distribution and marketing of electric energy, the execution of works, designs and consulting in electrical engineering and the marketing of products for the benefit of its customers. The Company may also carry out other activities related to the provision of utilities in general, manage and operate other public utilities, enter into and execute special management agreements with other public utilities, and sell or lend goods or services relative to utilities to other economic agents within the country and abroad.

Additionally, the Company’s corporate purpose also includes, among others, offering financing services for goods and services to customers, including the “Crédito Fácil Codensa” credit line, and offering subscriptions and insurance policies, part of which were transferred to Banco Colpatría Red Multibanca Colpatría S.A. as of 27 November 2009.

1.2. Corporate Cooperation Agreements

Included in the credit portfolio sale process of the Codensa Crédito Fácil business and the transfer of the going concern, a Corporate Corporation agreement was entered into with Banco Colpatría Red Multibanca Colpatría S.A., whose main purpose is regulating the terms and conditions between the parties for the promotion, administration, invoicing, and collection of financial services exclusive to the Codensa users of the “Crédito Fácil Codensa” business, and, in general, managing the “Crédito Fácil Codensa” going concern during its 10-year term of operation plus 4 years of dismantling. The basis for remuneration is directly associated with the items of current interests, default interest and management fees accrued. The agreement includes certain indemnity clauses, mainly regarding regulatory changes with the transferred deal, which involves economic sanctions as defined in the agreement.

1.3. Mapfre Seguros Agreement

In July 2010, an agreement was entered into with Mapfre Colombia Vida Seguros S.A. to provide the Company’s energy customers access to the market channel in order to allow Mapfre the sale of insurance policies for an eight-year term. On 1 December 2016, Mapfre Colombia Vida Seguros S.A., Mapfre Seguros Generales de Colombia S.A. and Mapfre Servicios Exequiales S.A.S. accepted the new commercial offer made by Codensa whose purpose is to provide the service of promotion, billing and collection of the value of the premiums and instalments of the contracts authorized by Codensa and that Mapfre sells to Codensa’s customers, among others. The term of this contract is 8 years.

On 1 February 2017, Mapfre and Codensa signed and addendum on the commercial offer accepted in December 2016, through which the marketing fund constituted with the contribution of Mapfre was eliminated and whose objective was the development of promotional activities that would allow to develop the insurance product commercially. From this moment on, the Company took on promotional activities and advertising displays and, by virtue of this new activity, the percentage of remuneration increased by 6.81 % on the collection received.

1.4. Business Combination

Codensa S.A. E.S.P., Empresa de energía de Cundinamarca S.A. E.S.P. and Distribuidora Eléctrica de Cundinamarca S.A. E.S.P.

On 30 September 2016, by Public Deed No. 4063 of the First Notary Public of the Bogota Circle, registered with the Bogota Chamber of Commerce on the same date, was executed the merger through absorption between Codensa S.A. ESP (absorbing company), Empresa de Energía de Cundinamarca S.A. ESP (hereinafter EEC) and Distribuidora Eléctrica de Cundinamarca S.A. E.S.P.

Such operation was performed after meeting all legally established requirements, including: i) the approval by the shareholders’ meetings of the companies involved in the process and the general bondholders’ meeting of Codensa, ii) the statement of no objection by the Superintendence of Industry and Trade, as stated in Resolution 16027 of 4 April 4 2016, and iii) authorisation of the merger by the Superintendence of Corporations through Resolution No. 300-002988 of 18 August 2016.

For 2018 and 2017, revenues from ordinary activities and operating costs associated with the Cundinamarca area are an integral part of the operation of Codensa SA. E.S.P.

1.5. Legal and Regulatory Framework

For the implementation of the new framework stipulated by the Constitution, the Household Public Utilities Act (Act 142/1994) and the Electric Act (Act 143/1994) were issued, which defined the criteria and policies that are to govern the provision of household utilities in the country, as well as the procedures and mechanisms for their regulation, control and monitoring.

The Electric Act makes the constitutional approach viable, regulates power generation, transmission, distribution and marketing activities, creates the market and competition environment, and strengthens the sector and the State’s intervention. Taking into account the characteristics of each activity or business, as general guidelines for the development of such regulatory framework, it established the creation and implementation of rules that provide for free competition of power generation and marketing activities; while the guidelines for transmission and distribution focused on treating these activities as monopolies, seeking in any event competition conditions wherever possible.



The main institution in the electric energy sector is the Ministry of Mines and Energy, which, through the Mining and Energy Planning Unit (UPME), prepares the National Energy Plan and the Generation-Transmission Expansion Plan. The Commission for the Regulation of Energy and Gas (CREG) and the Superintendence of Household Public Utilities (SSPD) are responsible respectively for regulating and auditing the companies in the sector; furthermore, the Superintendence of Industry and Trade is the national authority that governs competition protection issues.

The electric sector is based on the fact that trading companies and large consumers can negotiate electric energy by means of bilateral agreements. In addition, the sector agents can negotiate energy through a short-term market known as the spot market, which operates freely depending on conditions of supply and demand.

In January 2017, the Regulation Commission-CREG approved the unification of Codensa and EEC markets, for which a single regulated rate applies as of that date for users of the entire market currently served by Codensa.

The integrated market rates Codensa plus EEC were calculated and published on 20 January 2017. Under current regulations, the implementation of this new rate on the invoice starts on 7 February 2017.

The Commission for the Regulation of Energy and Gas (CREG) defines the remuneration methodology of distribution networks. Distribution charges are reviewed every five years and updated monthly according to the Producer Price Index (IPP). These charges include the new replacement value of all assets in operation; the administration, operation and maintenance (AOM) expense, as well as the non-electrical assets used in the distribution business.

The current distribution charges for Codensa were published by the CREG in October 2009.

The current review of regulated distribution charges began in 2013 with the publication of the bases of the remuneration methodology proposed by CREG in Resolution No. 43 of 2013. These bases were complemented with the development of the Purposes and Guidelines for the Remuneration of Distribution Activity for the period 2015-2019 contained in CREG Resolution No. 079 of 2014.

The Regulation Commission issued CREG Resolution No. 95 of 2015, which defines the methodology for calculating the regulated remuneration rate (WACC) for electricity distribution and transmission activities, as well as for the distribution and transportation of natural gas.

In February 2018, the Regulation Commission published CREG Resolution 015 of 2018, which gave a final decision on the Distribution Remuneration Methodology for the new rate period, and determines the remuneration of the existing asset base, as well as the presentation of investment plans, the remuneration of operation and maintenance expenses, and defines the paths of improvement of losses and quality of service.

Subsequently, in response to the comments sent by the agents in July 2018 CREG Resolution 085 of 2018 was issued, which clarifies and corrects some provisions of CREG Resolution 015. It is expected that by 2019, according to the indicative agenda of the CREG, the new charges that were requested from the regulator would be approved in accordance with the aforementioned methodology.

In March 2018, the Commission published CREG Regulation 030 of 2018, regulating the Small-Scale Self-Generation and Distributed Generation activities in the National Interconnected System.

In September 2018, the Commission published CREG Resolution 114 of 2018, which determines the general principles and conditions that must be met by the mechanisms for the trade of electric power so that their prices are recognized in the component of purchase costs of energy to the regulated user.

2. Bases for Presentation

The Company presents its general-purpose separate financial statements in Colombian pesos and the values have been rounded up to the nearest thousand (COP \$000), except as otherwise indicated.

The separate financial statements include comparative information corresponding to the previous period.

The accounting principles used in its preparation are those described below:

2.1. Accounting Principles

The Company's general-purpose separate financial statements as of 31 December 2018, have been prepared in accordance with the Colombian Financial Reporting Standards (CFRS), which take into account all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the SIC Interpretations, the IFRIC interpretations and the conceptual framework for financial information, as applicable, issued and approved by the International Accounting Standards Board (IASB) as of 31 December 2015, and which were published in Spanish by such organisation in 2016, and incorporated into the Colombian technical accounting framework by Act 1314 of 13 July 2009, regulated by Unified Regulatory Decree 2420/2015, as amended by Decrees 2496/2015, 2131/2016, 2170/2017 and compiled and updated as per Decree 2483/2018.

The Company belongs to Group 1 for adoption according to the definitions of Decrees 2784 of 28 December 2012 and 3024 of 27 December 2013, according to which the Company issued the first comparative financial statements under CFRS as of 31 December 2015.

The general-purpose separate financial statements have been prepared following the going concern principle through the application of the cost method, with the exception, according to the CFRS, of such assets and liabilities registered at fair value.

The preparation of the separate financial statements in accordance with the CFRS requires the use of certain critical accounting estimates. It also requires Management to apply its judgment in the process of applying the accounting policies.

2.2. Accrual Basis of Accounting

The Company prepares its separate financial statements using the accrual basis of accounting, except for cash flow information.

2.3. New Accounting and Financial Reporting Standards Accepted in Colombia with effective application as of 1 January 2019

Decrees 2496 of December 2015, 2131 of December 2016, 2170 of December 2017 and 2483 of December 2018 introduced new standards, modifications or amendments issued or made by the International Accounting Standards Board (IASB) to the International Financial Reporting Standards between 2015 and 2017 to assess their implementation in financial years beginning on or after 1 January 2019, with earlier adoption permitted.



IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to take into account all leases under a single model in the balance sheet, similar to the accounting for finance leases according to IAS 17. The standard includes two recognition exemptions for lessees: leases of “low value” assets and short-term leases (i.e., leases with a lease term of 12 months or less). On the start date of a lease, a lessee will recognise a right-of-use asset and a liability per lease. The lessees must separately recognise the interest expense of the lease liability and the depreciation expense of the right-of-use asset.

Lessees will also be required to remeasure the lease liability when certain events occur (for example, a change in the term of the lease, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The contract will generally recognise the amount of the new measurement of the lease liability as an adjustment to the right-of-use asset.

The accounting of lessors under IFRS 16 will continue to classify all leases using the same classification principle as in IAS 17, differentiating between two types of lines: operating and finance leases.

IFRS 16, which is effective for annual periods starting 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Company plans to adopt IFRS 16 according to the retroactive model with accumulated effect, recognised from the date of adoption without restating the comparative information. As a practical solution, the Company will choose not to apply the standard to contracts that were not previously identified as containing a lease agreement in accordance with IAS 17 and IFRIC 4.

The Company will choose to use the exemptions proposed by the standard in the lease agreements for which the lease term ends within 12 months from the date of the initial application, and to the lease agreements for which the underlying asset is of low value.

During 2017 and 2018, Management has carried out a detailed evaluation of the basis of contracts for the implementation of IFRS 16. The Company expects to recognise right-of-use assets and financial liabilities in an approximate range of COP \$29,000,000 and \$36,000,000, on 1 January 2019.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

This interpretation refers to the determination of the exchange rate to be used in the initial recognition of an asset, revenue or expense (or part thereof) in the derecognition of non-monetary assets or liabilities related to the advance consideration, the date of the transaction on the date on which an entity initially recognizes said non-financial asset or liability as a result of the advance payment. If there are multiple advance payments, received or delivered, companies must determine the transaction date for each of those payments.

The date of application of this interpretation in the Colombian accounting framework is for periods starting on or after 1 January 2019. The Company does not expect impacts due to the application of this interpretation, given that advance considerations in foreign currency are recognised at the exchange rate of the date of the transaction.

Transfers of Investment Property - Amendments to IAS 40

These amendments make some clarifications for cases in which a company must transfer properties, including properties under construction or investment properties. These amendments establish that a change in use occurs when the property begins to meet or fails to meet the definition of investment property and there is evidence of such change. A simple change in the intention to use the property by Management does not constitute evidence of a change in use. The Companies must apply the amendments prospectively on the changes in use that occur from the period in which these amendments begin to be applied. The Companies must re-evaluate the classification of the property maintained at that date and, if applicable, reclassify it to reflect the conditions existing at that time. This amendment is included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no investment properties.

Classification and Measurement of Share-Based Payment Transactions - Amendments to IFRS 2

These amendments were issued by the IASB in order to respond to three main areas: the effects of the conditions for the irrevocability of the concession in the measurement of share-based payment transactions agreed in cash, the classification of share-based payment transactions with net settlement characteristics for tax withholding obligations and accounting when a modification to the terms and conditions of the share-based payment transactions changes its classification from settled in cash to settled in equity.

In its adoption, companies are required to apply the amendments without re-expressing prior periods, but retrospective application is permitted if eligible for the three amendments and meet other criteria. These amendments are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no share-based payment transactions.

Amendment to IAS 1: Disclosure Initiative

The IASB issued amendments to IAS 1 “Presentation of Financial Statements”, as part of its main initiative to improve the presentation and disclosure of information in the financial statements. These amendments are designed to encourage companies to apply professional judgment to determine what type of information to disclose in their financial statements.

Amendment to IFRS 10, IFRS 12 and IAS 28: Investment Entities, Application of the Consolidation Exception

These amendments, which are restricted in scope to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”, clarify the application of the consolidation exception for investment entities and its subsidiaries. The amendments also reduce the requirements in particular circumstances, reducing the costs of the application of the Standards.

Improvements to IFRS (2015-2017 Cycle)

It corresponds to a series of minor amendments that clarify, correct or eliminate a redundancy in the following standards: IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”. The application is as of 1 January 2019.

IFRS 3 Business Combinations: The amendment clarifies in which cases an entity that obtains control of a business is a joint operation. This clarifies the requirements for business combinations established in stages that include re-measuring the interests previously held in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures all of its previous interest in the joint operation





IFRS 11 Joint Arrangements: A party that participates in a joint operation but does not have joint control, can obtain joint control of the joint operation in the activity of the joint operation that constitutes a business according to the definitions in IFRS 3. The amendment clarifies that the interests held before carrying out the joint operation are not measured again.

IAS 12 Income Taxes: The amendment clarifies that the consequences of dividends on income tax are related to transactions or past events that generated distributable profits to the owners. Similarly, an entity recognizes the income tax as a result of the gain or loss through profit or loss or other comprehensive income, taking into account the original recognition made by the entity as a result of past events.

IAS 23 Borrowing Costs: The amendment clarifies that an entity treats as part of general loans any loan originally made to develop an asset, contemplating all the activities necessary to prepare that asset for the use intended by management.

Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets

The amendment corrects an inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” with respect to the accounting treatment of the sale and contributions between an investor and its associate or joint venture.

The IASB decided to indefinitely defer the date of effective implementation of this amendment, pending the outcome of its research project on the equity method. The date of application of this amendment has yet to be determined.

2.4. Financial Reporting Standards Not Incorporated into the Accounting Framework Accepted in Colombia, Issued but Not yet Effective

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts covering measurement and recognition, presentation and disclosure. Once in effect, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with specific characteristics. of discretionary participation. This standard includes few exceptions.

The general objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which primarily seeks to protect previous local accounting policies, IFRS 17 provides an integral model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- » UA specific adaptation for contracts with characteristics of direct participation (variable rate approach).
- » A simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 has not been introduced into the Colombian accounting framework by any decree to date.

The Company is evaluating the potential effect of this standard in its financial statements.

IFRIC 23 Uncertainty Over Income Tax Treatments

The interpretation addresses the income tax accounting in cases where the tax treatment includes uncertainties that affect the application of IAS 12, and does not apply to taxes that are outside the scope of this IFRIC, nor does it include specific requirements related to interest and sanctions associated with uncertain tax treatments. The interpretation deals with the following:

- » When the entity considers uncertain tax treatments separately.
- » The assumptions made by the entity about the examination of tax treatments by the corresponding authorities.
- » The way in which the entity determines the fiscal profit (or fiscal loss), fiscal bases, losses or fiscal credits not used, and fiscal rates.
- » The way in which the entity considers the changes in events and circumstances.
- » A Company must determine whether it evaluates each uncertain treatment separately or in groups, using the approach that best predicts the resolution of uncertainties.

The application date of the established interpretation is for periods beginning on or after 1 January 2019. The Company has no impact due to the application of this interpretation.

Application of IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” - Amendment to IFRS 4

The amendments are intended to resolve issues that arise as a result of the implementation of the new financial reporting standard, IFRS 9, prior to the implementation of IFRS 17 “Insurance Contracts”, which replaces IFRS 4. These amendments introduce two options for entities that issue insurance contracts: a temporary exemption from the application of IFRS 9 and an overlay approach. A company may choose the overlay approach when it adopts IFRS 9 and apply this approach retrospectively to financial assets designated in the transition to IFRS 9. The company will restate the comparative information reflecting the overlay approach, if and only if, it opted to re-express comparative information in the application of IFRS 9.

These amendments must be applied retrospectively and have not been introduced into the Colombian accounting framework by means of any decree to date. These amendments are not applicable to the company.

2.5. Relevant Estimates and Accounting Criteria

In the preparation of the Financial Statements, specific estimates have been used by the Company’s Management, the business units, and the supporting areas to quantify some assets, liabilities, revenues, expenses and commitments registered therein.

The estimates basically refer to:

- » Hypotheses used in actuarial calculation of liabilities and obligations with the employees, such as discount rates, mortality rates, salary increases, etc. (See Note 3.2.13)
- » The useful life of property, plant and equipment and intangibles. (See Notes 3.2.7 and 3.2.8)
- » The hypotheses used for the calculation of the fair value of the financial instruments. (See Notes 3.2.1.2 and 3.2.1.3).
- » The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.2.9 (b))
- » Electric energy supplied to customers pending meter reading.
- » Specific magnitudes of the electric system, including those corresponding to other companies, such as production, customer billing, power consumed, etc., which allow to estimate the global liquidation of the electric system that will be materialised in the respective final liquidations, pending billing on the issue date of the Financial Statements and that could affect the balances of assets, liabilities, revenues and costs registered therein.
- » Probability of occurrence and amount of uncertain or contingent liabilities. (See Note 3.2.11)
- » Future disbursements for restorations and dismantling, as well as the discount rates to be used. (See Note 3.2.8).
- » Tax results, which will be declared to the respective tax authorities in the future, which have served as basis for recording the various balances related to income taxes in the current Financial Statements. (See Notes 3.2.12).

These judgments and estimates have been made relying on the best information available on the issue date of these Financial Statements. It is possible that future events will force their change, either upwards or downwards, in future periods, which would be done prospectively, recognising the effects of changes in the judgment or estimates in the respective future Financial Statements.

3. Accounting Policies

3.1. Changes in Policies

IFRS 9 Financial Instruments

As of January 1, 2018, IFRS 9 Financial Instruments became effective, this version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting project for financial instruments: Classification and measurement, impairment and hedge accounting.

IFRS 9 entered into force for annual periods beginning on or after 1 January 2018, with early application permitted; a retrospective application is required, but comparative information is not mandatory. The standard contemplates the exception for hedge accounting, whose requirements are generally applied prospectively, with some limited exceptions.

The Company adopted the new standard on the required date, and in accordance with the guidelines of IFRS 9 for the transition, made its retrospective application and did not express the comparative information; reflecting the impact of the transition on the initial accumulated earnings and profits for the year 2018.

The impacts for each of the relevant topics of this regulation are described below:

(a) Classification and measurement

In general, commercial loans and accounts receivable are maintained to collect the contractual cash flows; and they are expected to generate cash flows that represent only capital and interest payments. The Company analysed the contractual characteristics of the cash flows of these instruments and concluded that they meet the criteria for measuring the amortised cost defined by the new standard. In the specific cases in which sales of financial assets have been made, there has been a substantial transfer of risks and benefits and a corresponding decrease in assets. Therefore, there are no changes in the classification and measurement of these items.

Moreover, equity participations in unlisted companies are intended to be maintained in the foreseeable future and the Company applies the option to present changes in fair value through OCI.

In conclusion, there is no impact on the statement of financial position when applying the classification and measurement requirements of IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record the expected credit losses in all its debt securities, loans and commercial accounts receivable, either for 12 months or for the life of the assets, seeking to recognise the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset; whereas IAS 39 proposed an impairment model focused on losses incurred based on current and past customer behaviour.

Due to the characteristics of the Company's financial assets, in accordance with the guidelines of the Group, the models to be applied were defined as follows:

Simplified collective model

It is applied in general for the commercial portfolio of the Company, considering the following categories: Residential, Commercial, Industrial, Official, Public Lighting and Other Businesses (VAPS); this model takes as a basis the three-year statistical information, from which it determines the percentages of expected credit loss for each maturity range, multiplying the Probability of Default by the Loss Given Default, these percentages are applied to the balances of the invoiced and estimated commercial portfolio.

The expected credit loss of the commercial portfolio determined by the simplified collective model as of 1 January 2018 is as follows:

Category	Expected credit loss as of 1 January 2018	
Industrial	\$	10.826.594
Residential		7.414.769
Commercial		5.297.210
Official		3.721.613
Public Lighting		1.310.545
Other Businesses (VAPS)		1.088.931
	\$	29.659.662

Simplified individual model

This model is applied to the commercial portfolio for customers that, due to their characteristics, require individual analysis, such as the municipalities with which they have agreements and that under the previous regulatory framework had a one hundred percent impairment, special cases such as litigations in progress with the Capital District, some customers that due to their conditions are considered to be at risk of default. In addition, the toll category that fits this methodology was included in this model due to the low number of customers that comprise it.

The expected credit loss is calculated on the balance of the invoiced and estimated portfolio for each counterparty, multiplying it by the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.8 (b).

The expected credit loss of the commercial portfolio determined by the simplified individual model as of 1 January 2018 is as follows:

Item	Expected credit loss as of 1 January 2018	
Special cases		
Bogota Capital District	\$	88.080.058
Municipalities		27.762.117
Other energy customers		2.237.971
Other Businesses (VAPS)		1.285.048
Collection Requirement		6.017.803
Toll Category		280.979
	\$	125.663.976



General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of the standard, are evaluated. This model groups the counterparties into four categories defined by the group (public administrations, institutional counterparties, loans to employees and other assets), on which the risk of the other assets is measured collectively.

The expected credit loss is calculated on the balance of each category multiplying it by the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.9 (b).

The expected credit loss on the other financial assets determined by the collective general model as of 1 January 2018 is as follows:

Categories	Expected credit loss as of 1 January 2018
Public administrations	\$ 85.989
Institutional counterparties	1.138.358
Loans to employees	247.439
Other assets	7.340.965
	\$ 8.812.751

The impairment impact recognised in the Company's financial statements as a result of the adoption of IFRS 9 is as follows:

Item	Commercial Portfolio	Other Assets	Total As of 1 January 2018
Impairment Under IAS 39	\$ 105.795.436	\$ 8.623.464	\$ 114.418.900
Impairment Under IFRS 9			
Simplified Collective Model	29.659.662	–	29.659.662
Simplified Individual Model	125.663.976	–	125.663.976
General Collective Model	–	8.812.751	8.812.751
Total Impairment IFRS 9	\$ 155.323.638	\$ 8.812.751	\$ 164.136.389
Impact Adoption IFRS 9	\$ 49.528.202	\$ 189.287	\$ 49.717.489

(c) Hedge accounting

The Company determined that all hedge relationships existing as of 1 January 2018 designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9.

The Company has chosen not to retrospectively apply IFRS 9 in the hedge transition. IFRS 9 does not change the general principles of how an entity accounts for effective hedges, therefore the application of the hedging requirements of IFRS 9 does not have a significant impact on the Company's financial statements.

Impacts Summary

In summary, the impact of the transition to IFRS 9 recognised in the Company's financial statements is as follows:

Item in the Statement of Financial Position	Impairment balance as of 31 December 2017	Impairment balance as of 1 January 2018	Impairment of financial assets due to the adoption of IFRS 9
Cash and cash equivalents	\$ 1.044.516	\$ 1.095.642	\$ 51.126
Other current financial assets	-	6.102	6.102
Commercial accounts receivable and other receivables	113.374.384	163.034.645	49.660.261
Total impairment of financial assets	\$ 114.418.900	\$ 164.136.389	\$ 49.717.489
Deferred tax			(16.532.862)
Accumulated earnings and profits			\$ 33.184.627

IFRS 15 Revenue from Contracts with Customers

IFRS 15 aims to provide a single and comprehensive revenue recognition model for all contracts with customers, except for leases, financial instruments and insurance contracts; and improve comparability within industries, between industries and between capital markets; having as a basic principle that an entity recognizes revenues from ordinary activities in a way that represents the transfer of goods or services undertaken with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled in exchange for said goods or services .

IFRS 15 establishes a model for the recognition of revenue from contracts with customers based on 5 steps, which are:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 replaces the following international accounting standards and interpretations: IAS 11: Construction Contracts, IAS 18: Revenue, IFRIC 13: Customer Loyalty Programmes, IFRIC 15: Agreements for the Construction of Real Estate, IFRIC 18: Transfer of Assets from Customers and SIC 31: Revenue-Barter Transactions Involving Advertising Services.

In accordance with the provisions of this standard, the Company made the transition to IFRS 15 as of 1 January 2018, using the modified retrospective approach, which considers the adoption effect on retained earnings and does not restate comparative financial information.

In the process of adopting IFRS 15, the Company has considered the following:

Portfolio approach:

The Company obtains its main income flows from the sale of goods and/or the rendering of services based on the distribution and trade of electric power in the regulated market and related, connected and complementary activities; as well as the sale of products to benefit customers.



The practical solution of paragraph 4 of IFRS 15 allows this standard to be applied to a portfolio of contracts; for this reason, the Company, through the identification of income flows, defined the groups of contracts with customers (Categories) that have similar characteristics in the contractual terms and conditions. These categories were determined using the following types: a) Type of goods or services offered (electricity, value-added services); b) Market typology (regulated, non-regulated); or c) Type of customer (size, type, sector); which following the 5-step model and special topics of IFRS 15, allow the identification of the goods and/or services undertaken in the contracts

Contracts with multiple goods and/or services:

IFRS 15 in paragraphs 26 to 30 provides: a contract with multiple goods and services, when the Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are met independently.

The following is a detailed analysis of the different contracts related to the provision of goods and/or services that the Company offers its customers:

Distribution and Trade of Energy, Customers Regulated Market: This is the most significant category and is made up of the uniform conditions contract to which all customers who undertake and comply with the regulatory characteristics to belong to the regulated market are affiliated; the performance obligations identified in this category are: provision of energy service, connection service, reconnections and meter review; which represent different goods or services that are not substantially the same and have different transfer patterns. Therefore, it is considered that the uniform conditions contract presents multiple goods and/or services.

Supply of Public Lighting service with the Bogota District: This category is composed of the contract for the supply and payment of the public lighting service with the Capital District and includes the infrastructure lease service within the scope of other regulations. Two performance obligations have been identified: the provision of the energy service and the maintenance service; consequently, the contract in question contains the provision of two committed services.

Supply of Public Lighting service with Municipalities: Corresponds to contracts for public lighting services and/or infrastructure lease, signed with the municipalities; public lighting infrastructure lease services are under the scope of other standards and the public lighting service under the scope of IFRS 15, consequently two performance obligations have been identified: the provision of the energy service and the service of maintenance; therefore, the aforementioned contract may contain more than one committed service.

Energy transport - Tolls and transmission: This category includes the energy distribution service related to the use of the Company's distribution networks by other sellers, this service is part of Resolution 156 of 2011 issued by the Colombian Commission for the Regulation of Energy and Gas and through which the Selling Regulation of the public electric power service is established, as part of the Operation Regulation. The Company acts as the principal and has identified the use of the distribution network as the only performance obligation and, in this sense, does not present multiple goods and/or services associated with this category.

Business and government services: This category is made up of several contracts signed for the sale of goods and/or the provision of services with business or government customers and presents the following division according to the promised goods or services:

- a) **Contract for collaboration and financing of goods and services:** The performance obligation consists in the promotion, origination, administration, billing and collection of exclusive financial services to the users of the Company; therefore, it is not a contract with multiple goods and/or services committed to customers and the Company acts as agent.
- b) **Connection, administration, operation and maintenance:** The identified performance obligations are: i) the supply, testing and start-up of the communications network, ii) the revision of connection designs, construction inspection, assembly, testing and start-up, iii) administration, operation and maintenance of the line module and iv) supervision of the signals of the connection point from the Company's control centre; as a result, multiple goods and/or services are presented that are committed to the customers and that are controlled and satisfied by the Company.
- c) **Commercial offer - commercial mandate management:** The commercial management of products, works and/or services is the only performance obligation; consequently, the contract does not contain multiple goods and/or services committed to customers and the Company acts as agent.
- d) **Collaboration contracts - Insurance:** There is a performance obligation, which is the sale and provision of marketing channels; the Company acts as agent and the contract does not present multiple goods and/or services committed to customers.
- e) **Electrical works:** The identified performance obligations are access to the Company's customers for the provision of electrical work services, the supply of serial material, financing service; in this sense, the contract contains multiple goods and/or services committed to customers; when the Company controls the goods and/or services committed and satisfies performance obligations on its own, it acts as principal, otherwise it acts as agent.
- f) **Insurance and publications:** The following are identified as performance obligations: the promotion, billing and collection services through the billing of public energy service and the delivery of policies and contracts; noting that the contract contains multiple goods and/or services committed to customers, the Company does not control the goods and/or services committed and does not fulfil performance obligations on its own, i.e., acts as agent.
- g) **De-energization manoeuvres:** The performance obligation consists in the provision of the operation service for the de-energization of the networks owned by the Company; therefore, it is not a contract with multiple goods and/or services committed to customers and the Company acts as principal.
- h) **Other electrical works and projects:** Considers as performance obligations the electrical works and projects related to the transfer of high voltage networks and lighting (Graphic design and constructive design of Christmas lighting); as a result, multiple goods and/or services committed to the customers are presented and the Company acts as principal.
- i) **Electrical networks cooperation agreement:** Its performance obligations are electrical works and projects related to the installation, protection, transfer, replacement or relocation of the electrical networks; therefore, the contract does not contain multiple goods and/or services committed to customers and the Company acts as principal.
- j) **Advertising inserts:** The performance obligation is to print, insert and deliver advertising information on the bill; consequently, it is not a contract with multiple goods and/or services committed to the customers and the Company acts as principal.
- k) **Metering equipment:** The performance obligation is the supply of serial material (meters, current and power transformers and seals); in this sense, the contract does not present multiple goods and/or services committed to customers and the Company acts as principal.



Other revenues: This category is comprised mainly of the contracts of operations with related parties and they are considered not to present contracts with multiple goods and services.

Fulfilment of performance obligations:

IFRS 15 in paragraphs 32 and 35 provides that the fulfilment of performance obligations is carried out over time or on a point in time according to the pattern of transfer of control of the goods and/or services committed to customers.

In the analysis performed on the fulfilment of performance obligations of the categories: a) Distribution and trade of energy customers, regulated market, b) Supply of public lighting service with the Bogota district, c) Provision of public lighting service with municipalities, d) Transportation of energy - tolls and transmission and e) Business and government services; The fulfilment of performance obligations is carried out over time, given that customers receive and consume the committed goods or services simultaneously and benefit to the extent that the contracts are executed; except for the sale of metering equipment that is fulfilled on a moment in time with the delivery of these goods.

For the “Other revenues” category, the fulfilment of the associated performance obligations is generally made at a specific time, taking into account that the goods and/or services offered to the customers do not present future commitments.

Variable considerations:

IFRS 15 in paragraph 50 provides that if the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers.

The following is the analysis of variable considerations made on the categories:

Distribution and Trade of Energy, Regulated Market Customers and Energy Transportation - Tolls and Transmission: The consideration is regulated for the provision of energy service and is reflected net of compensations to customers. For the other performance obligations there are prices of supervised freedom that are published by the Company and are under the supervision of the Superintendence of Household Public Utilities; therefore, there are no variable considerations because the customers linked to these categories do not have valid expectations that are related to: the Company’s commercial practices, its published policies or specific statements; because no discounts are granted, and no returns, refunds, credits, price reductions or other similar elements are generated.

Supply of Public Lighting service with the Bogota District, Supply of Public Lighting service with Municipalities and Business and Government Services: The promised consideration corresponds to the prices offered or negotiated by the Company with customers; therefore, there are no variable considerations as prices are previously agreed upon and discounts, reimbursements, incentives, performance bonuses or other types of benefits that affect the amounts to be received from customers are not granted.

Contracts with amendments:

IFRS 15 in paragraph 18 provides that contracts with amendments are presented when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods or services offered to customers.

The Company, with the analysis made to the flow streams and the associated categories, determined that there is no impact, because there are no changes that provide new goods or services or in the prices that are outside the previously agreed or regulated conditions. The changes that were identified are related to the dates of commencement or termination of the contract or prices, without thereby altering the consideration agreed between the parties for the supply of goods and/or the provision of services.

Consideration as Principal or as Agent:

IFRS 15 in paragraphs B34 to B38 provides that when a third party is involved in providing goods and/or services to a customer, the Company must determine whether the commitment to comply with the performance obligation is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies itself the performance obligations for the customers, it acts as principal. Otherwise, it acts as agent.

When the Company controls and fulfils performance obligations with customers, it acts as principal and recognizes as revenue the gross amount of the consideration which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and fulfilment of performance obligations; the Company acts as agent and recognizes the revenue for the net amount of the consideration it is entitled to.

Contract costs:

IFRS 15 in paragraphs 91 to 98 allows an asset to be recognised for the costs of obtaining or fulfilling a contract.

In the contracts under the scope of this category analysed, the Company determined that it does not incur costs to obtain contracts; therefore, it does not recognize incremental costs for obtaining contracts or for fulfilling contracts.

Concession agreements:

In the contracts analysed there are no concession agreements or possible impacts that arise from them in the adoption of IFRS 15.

According to the analysis made in the implementation of IFRS 15, no changes were determined that affect the current policy of revenue recognition or impacts on the financial statements derived from the adoption.

3.2. Accounting Policies Applicable to General-Purpose Financial Statements

The main accounting policies applied when preparing the accompanying general-purpose separate financial statements are the following:

3.2.1. Financial Instruments

3.2.1.1. Cash and Cash Equivalents

This item in the Financial Statement includes cash, bank balances, term deposits and other short-term investments less than or equal to 90 days after the date of investment, with high liquidity rapidly realised in cash and which have a low risk of change in value.

3.2.1.2. Financial Assets

The Company classifies its financial assets in the following measurement categories: measured at fair value and measured at amortised cost. The classification depends on whether the financial asset is a debt or equity instrument.



3.2.1.2.1. Debt Instrument

With IFRS 9 becoming effective as of 1 January 2018, version 2015, the classification of financial assets at amortised cost is maintained and that of financial assets at fair value is extended; the previous version corresponding to 2014 only included financial assets at fair value through profit or loss and the present version adds the classification of financial assets at fair value through other comprehensive income.

(a) Financial Assets at Amortised Cost

A debt instrument is classified as measured at “amortised cost” only if it meets the following criteria: the purpose of the business model of the Company is to keep the asset to obtain contractual cash flows, and the contractual terms give rise, on specified dates, to receiving cash flows that are only principal and interest payments on the unpaid balance.

The nature of the derivatives implicit in a debt investment is taken into account to determine whether the cash flows of the investment are only principal and interest payments on the unpaid balance and, in such event, these are not accounted for separately.

(b) Financial assets at fair value through other comprehensive income

The financial assets held for the collection of contractual cash flows and for selling assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. The movements in the book value are taken through other comprehensive income, except for the recognition of gains or losses due to impairment, interest revenues and exchange gains and losses in the amortised cost of the instrument, which are recognised through profit or loss. When the financial asset is derecognized, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

(c) Financial assets at fair value through profit or loss

Assets that do not meet the requirements for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A loss or gain on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement for the period in which it arises, unless it arises from debt instruments that were designated at fair value or that are not held for trading. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

3.2.1.2.2. Equity Instrument

All equity instruments are measured at fair value. Equity instruments held to negotiate are measured at fair value through profit or loss. For other equity instruments, the Company can make an irrevocable election in the initial recognition to recognise changes in fair value through other comprehensive income in equity, instead of net income.

3.2.1.2.3. Derivative Financial Instruments and Hedging Activities

Derivatives are recognised at their fair value on the date the contract is executed and are constantly revised at fair value.

If derivative financial instruments are not qualified for recognition through the hedging accounting treatment, they are registered at fair value through profit or loss. Any change in the fair value of the derivatives is immediately recognised in profit or loss as

“other gains / losses, net.” If they are designated for hedging, the method to recognise the gain or loss from the changes in the fair value of the derivatives depends on the nature of the risk and the item being hedged.

The Company designates certain derivatives as:

(a) fair value hedging of recognised assets or liabilities (fair value hedges);

(b) hedging of a particular risk associated with a recognised asset or liability or a highly probable expected transaction (cash flow hedges); or

(c) hedging of net investments in an overseas operation (net investment hedges).

The Company documents, at the beginning of the hedging, the relationship of the hedging instruments and the hedged items, as well as their objectives and risk management strategy supporting the hedging transactions. The company also documents its assessment, both at the beginning of the hedge and periodically, on whether the derivatives used in the hedging transactions are highly effective to compensate for the changes in fair values or cash flows of the hedged items.

The total fair value of the derivatives used as hedging is classified as non-current asset or liability when the maturity of the remaining hedged item is greater than 12 months, and classified as current asset or liability when the maturity of the remaining hedged item is less than 12 months. The derivatives that are used for hedging or that are held for negotiation are classified as current assets or liabilities.

(a) Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are registered in the income statement, and the gain or loss of the hedged item attributable to the hedged risk adjust the book value of the hedged item and is recognised in profit or loss. The gain or loss related to the cash portion of the derivatives is recognised in the income statement as “financial expenses”, as well as the non-cash portion, which is also recognised in the income statement but as “other gains/(losses), net”.

If the hedging no longer meets the criteria to be recognised through the hedging accounting criteria, the adjustment of the book value of the hedged item is amortised in profit or less using the effective interest method in the remaining period until its maturity.

As of the reporting date, the Company has no fair value hedges.

(b) Cash flow hedging

The cash portion of the changes in fair value of the derivatives designated and qualified as cash flow hedges are recognised through other comprehensive income. The gain or loss relative to the non-cash portion is recognised immediately in the income statement as “other gains/ (losses), net”.

The amounts accrued in net equity are registered in the income statement for the periods on which the hedged item affects them. However, when the foreseen hedged transaction results in the recognition of a non-financial asset, the gains or losses previously recognised in equity are transferred from equity and included as part of the initial cost of the asset. The capitalised amounts are finally recognised in the cost of sales when the products are sold, if dealing with inventory, or in the depreciation, if dealing with property, plant and equipment.



When a hedging instrument expires or is sold, or when it no longer meets the criteria to be recognised through the hedging accounting treatment, any gain or loss accrued in equity on that date is kept in equity and recognised when the projected transaction affects the income statement. When no projected transaction is expected, the accrued gain or loss in equity is transferred immediately to the income statement as “other gains/(losses), net.”

(c) Hedges of a Net Investment in a Foreign Operation

Net investment hedges of operations abroad are accounted for in a similar manner as the cash flow hedges. Any gain or loss of the hedging instrument related to the cash portion of the hedging is recognised through other comprehensive income. The gain or loss related to the non-cash portion of the hedging is immediately recognised in the income statement as “other gains / (losses), net.”

Accrued gains and losses in equity are transferred to the income statement when the operation is sold or partially written-off.

As of the date of these financial statements, the Company has no hedges of investments in a foreign operation.

3.2.1.3. Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss; this classification applies to the derivatives constituted to cover obligations that reflect the strategy that the Company has to cover the market risks associated with the interest rate or the exchange rate.

3.2.1.3.1. Debts (Financial Obligations)

Debts are initially recognised at fair value, net of costs incurred in the transaction.

Debts are subsequently registered at their amortised cost; Any difference between the funds received (net of the costs of the transaction) and the redemption value is recognised in the income statement during the loan period using the effective interest method.

The costs incurred to obtain the debt are recognised as transactions to the extent that it is likely that the debt will be received in whole or in part. In such case, the fees are deferred until the loan is received. If there is no evidence of the likelihood that part or all of the debt will be received, the fees are capitalized as prepaid costs paid for services to obtain liquidity and are amortised in the respective loan period.

Loans are classified in current liabilities, unless the company has the unconditional right of deferring the payment of the obligation at least 12 months from the date of the balance sheet. As of the reporting date, the Company owes debts in bonds and loans; and because they are intangible, the transaction costs have been taken to profit or loss at the time of issuance of the securities.

The costs of general and specific assets are directly attributable to the acquisition, construction or production of suitable assets, which are those required to be substantially used for the expected use or are they added to the cost of said assets until the assets are substantially prepared for their use or sale. Revenues from investments obtained in the temporary investment of resources obtained from specific debts that have not yet been invested on qualified assets are deducted from the costs of interest susceptible of capitalisation. All other debt costs are recognised in the income statement in the period in which they are incurred.

3.2.1.4. Financial Assets and Financial Liabilities with Related Parties

Loans and debts with related parties are initially recognised at the fair value of the transaction plus the directly attributable transaction costs. After the initial recognition, these loans and debts are measured at their amortised cost, using the effective interest method. The amortisation of the interest rate is recognised in the income statement as revenues or financial costs or as other operating revenues or expenses, depending on the nature of the asset or liability that generates it.

3.2.1.5. Commercial Accounts Payable

Commercial accounts payable are payment obligations for goods or services that have been acquired from vendors in the ordinary course of business. Accounts payable are classified as current liabilities if the payment is to be made within a one-year term or less. If the payment is to be made over a period greater than one year, these are then presented as non-current liabilities.

Commercial accounts payable are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

3.2.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are recognised on the date of negotiation, which is the date when the company undertakes to purchase or sell the asset. Financial assets are written-off when the right to receive cash flows have expired or have been transferred and the company has substantially transferred all risks and benefits inherent to the property.

In the initial recognition, the Company measures financial assets at fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial asset. The financial asset transaction costs that are measured at their fair value through profit or loss are directly accounted for in the profit and loss account.

The gain or loss in a debt instrument that is subsequently measured at its fair value and which is not part of a hedging operation is recognised in profit or loss and presented in the income statement as “other (losses)/gains - net” in the period in which they are accrued.

The gain or loss in a debt instrument that is subsequently measured at its amortised cost and which is not part of a hedging operation is recognised in profit or loss of the period when the financial asset is written-off or impaired through the amortisation process using the effective interest method.

Subsequently, the Company measures all equity instruments at fair value. When Management has opted for presenting unrealised and realised fair value gains or losses, and losses in equity instruments in other comprehensive income, such fair value gains and losses cannot be registered in profit or loss. Dividends from equity instruments are recognised in profit or loss, provided they represent a return on investment.

The Company must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.



3.2.1.7. Offsetting of Financial Instruments

Financial assets and liabilities are offset and their net value is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and Management has the intention of liquidating the net amount or realisation of the asset and pay for liabilities simultaneously.

3.2.1.8. Fair Values

The fair values of investments with stock prices are based on their current listed price. If the market for a financial instrument is not active or the instrument is not listed in the stock exchange, the Company establishes its fair value using appropriate valuation techniques depending on the situation. These techniques include the use of values observed in recent transactions performed under the terms of free competition, reference to other instruments that are substantially similar, analysis of discounted cash flows and models of options making the best possible use of market information and relying as reasonably possible on in-house specific data.

3.2.2. Inventories

The stock in inventories includes materials on which the risks and benefits of the property have been acquired; this classification includes materials such as those managed in warehouses of the Company’s logistics operator.

The inventories are shown in the current asset of the financial statements, even if accounted for after 12 months, insofar as it is considered that they belonged to the ordinary operating cycle.

The cost of inventories consists of the purchase cost and all costs that are directly or indirectly attributable to the inventory, for example: transport, customs duties, insurance, non-recoverable indirect taxes, etc. and net of discounts, bonuses and premiums of a commercial nature.

The cost is measured in accordance with the weighted average method, which considers the units of an article purchased on different dates and with costs as part of a set in which individual purchases are no longer identifiable but all of them are equally available.

The weighted average cost must include additional charges, for example: sea freight cost, customs duties, insurance etc., chargeable and acquired during the period.

The cost of inventories may not be recoverable if inventories are damaged, partially or totally obsolete, or in some cases due to low turnover.

Obsolete materials are understood as those not expected to be sold or used during the Company’s ordinary operating cycle, such as scrap and technologically out-dated materials. Surplus at a stock level that can be considered reasonable, in accordance with the regular use expected in the ordinary operating cycle, are considered of slow movement. Obsolete and slow movement inventories have the possibility of being used or realised, which in some cases represent their cost as scrap sales.

Inventory items that are used in maintenance affect the Company’s results.

As of the presentation date of the financial statements, the amount of inventories does not exceed its recoverable amount.

3.2.3. Non-current Assets Held for Sale and Discontinued Activities

The Company classifies as non-current assets those held for sale of property, plant and equipment, intangibles, investments in associates, joined ventures and groups subject to disposal (group of assets that will be sold together with their associated liabilities), relative to which on the closing date of the statement of financial position active processes for their sale have started and it is estimated that such sale is highly likely.

These assets or groups subject to disposal are accounted for at the lowest value of either the book value or the fair value, less costs until the sale, and are no longer amortised or depreciated from the moment they are classified as non-current assets held for sale.

Non-current assets held for sale and the components of groups subject to disposal classified as held for sale are presented in the statement of financial position as follows: Assets on a single line item that reads “Non-current assets or group of assets for disposal, classified as held for sale” and liabilities also on a single line item that reads “Liabilities included in groups of assets for disposal, classified as held for sale.”

In turn, the Company considers discontinued activities the significant and separable business lines that have been sold or have been disposed of by different means, or that meet the conditions to be classified as held for sale, including, in each case, other assets that together with the business line are part of the same sales plan. In addition, discontinued activities are also those entities acquired exclusively for resale purposes.

Gains or losses after taxes of discontinued activities are presented on a single line item of other comprehensive income called “gain (loss) of discontinued operations”.

As of the presentation date of these financial statements, the Company classified the small hydroelectric plant PCH Rio Negro as non-current assets held for sale. The Company does not have discontinued activities.

3.2.4. Investments in Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when there is enough power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities, and is exposed, or has the right, to the variable yields of the subsidiary.

Investments in subsidiaries are initially recorded at cost and thereafter the equity method is applied in the separate financial statements of the Company, as established in Decree 2420/2015, as complemented by Decree 2496/2015 and as amended by Decrees 2131 of 2016 and 2170 of 2017.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Company according to their interest, under the item “Gain (loss) of associates accounted for using the equity method.” The measurement of the equity method is assessed according to the materiality of the figures and taking into account the interest in each subsidiary.

3.2.5. Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence on financial and operating policy decisions, without having control or joint control.



A joint venture is an entity that the Company controls jointly with other participants, where they maintain a contractual agreement that establishes joint control over the relevant activities of the entity. The parties have rights to the net assets of the entity. As of the date of acquisition, the excess of the acquisition cost over the net fair value of identifiable assets, liabilities and contingent liabilities assumed by the associate or joint venture is recognised as goodwill. Goodwill is included in the book value of the investment, is not amortised and is individually tested for impairment.

Joint operation: Arrangement whereby the parties exercising joint control are entitled to the assets and liabilities with respect to the liabilities related to the arrangement.

Joint control: The distribution of the contractually determined control of an agreement, which exists only when decisions on the relevant activities require the unanimous consent of the parties sharing control.

A joint operator will recognise in relation to its interest in a joint operation: (a) its assets, including its interest in jointly held assets; (b) its liabilities, including its share of the liabilities incurred jointly; (c) its ordinary revenues from the sale of its interest in the proceeds of the joint operation; (d) its share of revenues from ordinary activities arising from the sale of the product of the joint operation; and (e) its expenses, including its share of expenses incurred jointly.

As of the issue date of the financial statements, the Company has no investments in associates or registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

3.2.6. Business Combination

In a business combination, the Company records at fair value the assets acquired and liabilities assumed by the subsidiary at the date of control, except for certain assets and liabilities that are recorded in accordance with the measurement principles established in other IFRS. If the fair value of the transferred consideration plus the fair value of any non-controlling interest exceeds the fair value of the subsidiary's net assets acquired, this difference is recorded as goodwill. In the event of a low-priced purchase, the resulting gain is recorded with a credit to profit or loss, after reassessing whether all assets acquired and liabilities assumed have been correctly identified and reviewing procedures used to measure the fair value of these amounts.

For each business combination, the Company chooses whether to measure the non-controlling interests of the acquired company at fair value or at the proportional part of the identifiable net assets of the acquired company. If it is impossible to determine the fair value of all assets acquired and liabilities assumed on the date of acquisition, the company will report the provisional values recorded. During the measurement period, which will not exceed one year from the date of acquisition, the recognised provisional values will be adjusted retrospectively and additional assets or liabilities will also be recognised to reflect new information obtained on facts and circumstances that existed at such date but were not known to Management at that time. In the case of business combinations conducted in stages, at the date of acquisition, a fair value is measured of the interest previously held in the equity of the acquired company and the resulting gain or loss, if any, is recognised in profit or loss.

The acquisition costs incurred are charged to expenses and presented as administrative expenses in the income statement.

3.2.7. Intangible Assets

Intangible assets are recognised initially for their cost of acquisition or production and, subsequently, are valued at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been caused.

Intangible assets are amortised linearly throughout their life, from the moment when they are in usable condition. The Company evaluates in the initial recognition whether the useful life of the intangible assets is defined or indefinite and the amortisation period, which is reviewed at the end of each year.

The criteria for recognising impairment losses of these assets and, in each case, the recovery of impairment losses registered in previous years are explained in the asset value impairment policy.

(a) Research and Development Expenses

The Company applies the policy of recording as intangible assets in the statement of financial position the cost of projects in their development phase, provided that their technical viability and economic profitability are reasonably assured.

Research costs are recognised directly in profit or loss.

(b) Other Intangible Assets

These assets correspond mainly to IT software, right of way and easements. Their accounting recognition is done initially at the cost of acquisition or production and are subsequently measured at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been caused.

Average useful life for amortisation:

Item	Years of estimated useful life	
	2018	2017
Development costs	2	2
Licences	3	3
Easements	50	50
Software	4	4

The loss or gain in the derecognition of an intangible asset is determined as the difference between the net amount obtained by its disposal, and the carrying amount of the asset.

As of the date of these financial statements, the Company has no intangible assets with an indefinite useful life.

3.2.8. Property, Plant and Equipment

Property, plant and equipment are initially recognised by their cost of acquisition and are subsequently valued at the net cost of their corresponding accumulated depreciation and impairment losses. In additionallly, at the price paid for the acquisition of each item, the cost also includes, where appropriate, the following items:

- » The costs of general and specific interests are directly attributable to the acquisition, construction or production of suitable assets, which are those required for a given substantial time before they are ready for the expected use or are they added to the cost of said assets until the time the assets are substantially ready for their intended use or sale. The Company defines substantial period as a term exceeding twelve months. The interest rate used corresponds to the specific financing or, if unavailable, the average financing rate of the company making the investment.
- » Personnel expenses related directly to constructions in progress.
- » Future disbursements that the Company will have to make with respect to the closing of its facilities are incorporated into the asset value for the updated value, recognizing from an accounting standpoint the respective provision for dismantling or restoration. The Company annually reviews its estimates on the aforementioned future disbursements, increasing or decreasing the asset value based on the results of said estimation. (See Note 17).

» Components of property, plant and equipment are the spare parts that meet the recognition characteristics; These spare parts are not part of that material inventory.

Constructions in progress are transferred to assets in operation once the trial period ends, i.e., when they are available for use, after which their depreciation begins.

The costs for expansion, modernising or improvement representing an increase in productivity, capability, efficiency or extension of useful life are capitalised as greater cost of the respective goods.

The substitutions or renovations of complete items that increase the useful life of a good, or its economic capacity, are registered as the greater value of the respective goods, taking the substituted or renewed items out of the accounting.

Periodical maintenance, conservation and repair disbursements are registered directly in the income statement as costs in the corresponding period.

Based on the process of the impairment testing, the Company considers that the book value of the assets does not exceed their recoverable value thereof.

Property, plant and equipment, in this case net of its residual value, is depreciated distributing linearly the cost of the variable components during their estimated useful life, which constitutes the time during which the Company expects to use them. The estimated useful life and residual value are revised periodically and, if applicable, adjusted prospectively. On the presentation date of these financial statements, the Company did not consider significant the residual value of its fixed assets.

Below are the main types of property, plant and equipment, together with their respective estimated useful life.

Types of property, plant and equipment	Interval of years of estimated useful life 2018	Interval of years of estimated useful life 2017
Buildings	20 – 40	20 – 40
Plant and equipment		
<i>Hydraulic plants (*)</i>	-	5 – 80
Distribution plants and equipment		
<i>Substations</i>	20 – 40	20 – 40
<i>High voltage network</i>	20 – 40	20 – 40
<i>Low and medium voltage network</i>	10 – 35	10 – 35
<i>Measurement and tele-control equipment</i>	10 – 20	10 – 20
Finance leases	1 – 3	1 – 3
Other facilities		
<i>Vehicles</i>	5 – 5	5 – 5
<i>Furniture</i>	5 – 10	5 – 10
Fixed installations and accessories	5 – 15	5 – 15
Computer equipment	3 – 15	3 – 15

(*) In October 2018, the Board of Directors approved the start of the sale process of the Small Hydroelectric Power Plant PCH Rio Negro. (See Note 10)

In 2014, the opening of electrical assets such as substations, lines and networks in the accounting system was made, and the remaining average useful life was modified, and was applied as of 1 January 2015.

The change in useful life corresponds to the average of each category, which may vary from one year to the next due to the effect of fully depreciated assets.

Lands are not depreciated as their useful life is undefined.

The gains or losses arising from sales or withdrawals of goods under property, plant and equipment are recognised as other gains (losses) in the comprehensive income, and are calculated by deducting from the sum received from the sale, the net accounting value of the asset and the respective sale costs.

The excess of the tax depreciation over the accounting depreciation generates a tax effect that is registered as a deferred tax liability.

3.2.9. Asset Impairment

(a) Non-financial Assets (Except Inventories and Deferred Tax Assets)

Throughout the period, and essentially on the closing date, an assessment is performed to determine whether there is any indication that an asset could have been subject to impairment loss. Should there be any sign, an estimate is made of the recoverable value of said asset to determine, where applicable, the value of the impairment. If dealing with identifiable assets not generating cash flows independently, the recoverability is estimated for the Cash-Generating Unit (CGU) to which the asset belongs, understanding as such the smaller group of identifiable assets generating independent cash inflows.

In Codensa S.A. E.S.P., two Cash-Generating Units (CGUs) are currently identified: the Distribution assets made up of transmission lines, substations, distribution networks and equipment that jointly provide the service of distributing electricity to final consumers, located in an explicitly limited geographical area; and the Generation assets represented by the small hydroelectric power plant PCH Rio Negro that was received from the Empresa de Energía de Cundinamarca S.A. E.S.P. in the merger process carried out on 1 October 2016. As of the date of these financial statements, the latter was restated at fair value and classified as non-current assets held for sale.

The recoverable value is the greater of the fair value less the cost required for its sale and the value in use, the latter being the current value of estimated future cash flows. To calculate the recovery value of property, plant and equipment, capital gain, and intangible assets, the value in use is the criterion used by the Company in nearly every case.

To estimate the value in use, the Company prepares the projections of cash flows before taxes based on the most recent budget available. These budgets incorporate the best estimates of the Management regarding revenues and costs of the Cash-Generating Units, using sector projections, past experience and future expectations.

These projections generally cover the next 10 years, estimating cash flows for coming years by applying reasonable growth rates, which are neither growing nor exceeding the average long-term growth rates for the respective sector. These flows are deducted to calculate its current value at a rate before taxes, which reflects the business capital costs. This calculation takes into account the current cost of money and risk premiums generally used among business analysts.

In the event the recoverable value of the CGU is less than the net book value of the asset, the respective provision for the impairment loss is registered for the difference, debited to the item “Impairment loss (Reversal)” in the income statement. Said provision is allocated, first, to the added value of the CGU, if any, and then to the other assets that make it up, by prorating on the basis of the accounting value of each of them, with a cap of their fair value less the sales cost, or its use value, with no possibility of a negative value.



Impairment losses recognised in an asset in previous years are reversed when there is a change in the estimates of the recoverable amount, increasing the value of the asset, crediting profit or loss with the cap of the book value that the asset would have had should the accounting adjustment not be made. With respect to capital gain, accounting adjustments that could have been made are not reversible.

(b) Financial Assets

Policy applied for 2017

The Company assesses at the end of each period whether there is objective evidence of impairment on value of a financial asset or group of financial assets measured at amortised cost. A financial asset or a group of financial assets is impaired and the impairment losses have been incurred if there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the asset (a “loss event”), and the loss event (or events) has an impact on future estimated cash flows of the financial asset or group of financial assets that can be reliably calculated.

To determine the need of making an adjustment for impairment on financial assets, the procedure is as follows:

1) For assets with commercial origin, the Company has defined a policy for registering impairment provisions depending on the seniority of the balance due, which is generally applicable, except in cases where there is a special characteristic that makes the specific analysis of collectability advisable.

The Company performed an analysis based on the nature, impairment and payment behaviour by type of portfolio and nature of customers, having established the following impairment percentages:

Energy Portfolio

Type of portfolio	Age	Residential	Commercial	Industrial	Official	Street lighting municipalities
Energy portfolio	1 to 180 days	2,7%	3,4%	4,3%	2,8%	4,5%
	181 to 360 days	32,3%	20,7%	17,7%	38,5%	11,9%
	Over 360 days	100%	100%	100%	77,1%	100%
Agreed portfolio	With 3 or fewer late fees	24,6%	24,3%	42,0%	0,3%	17,9%
	With more than 3 late fees	100%	100%	100%	77,1%	100%
Frozen portfolio	Creditor agreement	100%	100%	100%	100%	100%
	Less than 360 days	77,7%	77,2%	76,9%	96,9%	96,9%
	Over 360 days	100%	100%	100%	100%	100%

The percentage of impairment that will be applied to the portfolio of tolls, distribution areas and unregulated customers is 100% on the portfolio with delinquencies greater than 360 days, and in special cases an analysis will be performed individually as mentioned above.

The analysis of impairment percentages is reviewed every two years.

Other businesses

The following provision percentages will be applied to Codensa’s portfolio of services, electrical work, and work for private parties, infrastructure and electricity companies.

Provision	Age
1,42%	Current portfolio - 1 to 30 days
2,96%	Portfolio 31 to 90 days past due
8,15%	Portfolio 91 to 180 days past due
20,48%	Portfolio 181 to 360 days past due
100%	Portfolio over 360 days

The write-off of the portfolio is recognised once there is legal or material certainty of the debt loss. For this write-off to be applicable, the insolvency of the debtors, the lack of real guarantees or any other cause that proves the impossibility to recover the debt with certainty must be demonstrated.

2) In the case of balances receivable with financial origin, the need for impairment is determined through a specific analysis in each case; without there being on the issue date of these financial statements any financial assets overdue for a significant amount without commercial origin.

Policy applied for 2018

As of 1 January 2018, with IFRS 9 becoming effective, the Company determined the expected credit loss on all its debt securities, loans and accounts receivables, either for 12 months or for the useful life of the assets, recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

The expected credit loss will be determined periodically applying the models defined by the group as follows:

Simplified collective model

It is applied in general for the commercial portfolio of the Company considering the following categories:

- » Residential
- » Commercial
- » Industrial
- » Official
- » Public Lighting and
- » Other businesses (VAPS)

The model is based on statistical information from three years, from which it determines the percentages of expected credit loss for each maturity range, multiplying the Probability of Default by the Loss Given Default. These percentages are applied to the balances of the invoiced and estimated commercial portfolio.





Under this model, the ratios are dynamic, the percentages applied as of 31 December 2018 are the following:

Categories / Expiry Ranges	0-30 días	31-60 días	61-90 días	91-120 días	121-150 días	151-180 días	>180 días
Residential	0,15%	5,15%	18,81%	37,55%	54,48%	72,26%	82,57%
Commercial	0,23%	7,12%	19,32%	32,13%	44,15%	56,97%	75,99%
Industrial	0,31%	8,72%	19,50%	30,20%	40,54%	53,27%	83,72%
Official	5,37%	24,36%	47,01%	70,48%	79,73%	79,73%	79,73%
Public Lighting	1,29%	5,90%	15,05%	30,11%	56,53%	60,87%	63,93%
Other Businesses (VAPS)	0,01%	10,45%	14,96%	25,26%	25,22%	28,31%	59,75%

Simplified individual model

This model is applied to the commercial portfolio for customers that, due to their characteristics, require individual analysis. In addition, this model considers the category of tolls that is adjusted to this methodology by the low number of customers that comprise it.

The expected credit loss is calculated on the balance of the invoiced and estimated portfolio for each counterparty, multiplying it by following variables.

Probability of Default (PD): Can be provided by an external provider, if available, or by evaluating the financial statements of the counterparty. In case of not having a specific PD by the aforementioned mechanisms, according to the group guidelines, the country rating minus three notches will be used. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of IFRS 9, are evaluated. This model groups the counterparties into four categories defined by the group:

- » Public administrations
- » Institutional counterparties
- » Loans to employees
- » Other assets

The expected credit loss is calculated on the balance of each category multiplying it by the following variables:

Probability of Default (PD): It is determined in accordance with the group guidelines for each category, considering the Company’s rating, the financial entity and the country, in some cases deducting three notches afterwards. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

3.2.10. Leases

To determine whether a contract is, or contains, a lease, the Company analyses the economic background of the agreement, evaluating if the performance of the contract depends on the use of a specific asset and if the agreement transfers the right of use of the asset. If both conditions are met, at the beginning of the contract, based on their fair values, payments and considerations related to the lease are separated from those corresponding to other items incorporated in the agreement.

Leases where all risks and benefits inherent to the property are substantially transferred are classified as financial. The rest of the leases are classified as operating.

Financial leases under which the company acts as lessee, are recognised at the beginning of the contract, registering assets according to its nature and liabilities for the same amount and equal to the fair value of the leased good, or at present value of the minimum payments for the lease, should it be less. Subsequently, the minimum payments for the lease are divided between financial expense and debt reduction. The financial cost is recognised as expense and is distributed among the periods that constitute the term of the lease, thus obtaining a constant interest rate in each period on the balance of the debt pending amortisation. The asset is depreciated with the same terms as the rest of similar depreciable assets, should there be reasonable certainty that the lessee will acquire the property at the end of the lease. If there is no such certainty, the asset is depreciated in the shortest of either the useful life of the asset or the lease term.

In the case of operating leases, the instalments are recognised as expense if lessee and as revenues if lessor, linearly during the term of the lease, except if there is another systematic distribution basis that is more representative.

3.2.11. Contingent Provisions, Liabilities and Assets

The existing financial statement of the financial statements of the company, whose amount and type of payment are uncertain, are registered in the statement of financial position value that is estimated as most likely for the company to cancel the obligation.

The provisions are quantified taking into account the best information available on the issue date of the financial statements, related to the consequences of the event, including their cost to be re-evaluated at the subsequent accounting closing.

As part of the provisions, the Company includes the best estimates on risk of civil, labour and fiscal lawsuits; therefore, it is not expected that additional liabilities will be derived therefrom other than those registered. Given the characteristics of the risks covered by these provisions, it is not possible to determine certain payment dates for the estimated obligation. When assessing the probability, the available evidence should be considered, as well as case law and legal evaluation.

The risks of civil, labour and fiscal lawsuits that are considered contingent are disclosed in the notes to the financial statements.

Contingent liabilities are obligations arising from past events, the existence of which is subject to the occurrence or non-occurrence of future events that are not wholly under the Company’s control, or present obligations arising from past events, the amount of which cannot be reliably estimated or it is not likely that an outflow of resources will occur for its cancellation. Contingent liabilities are not recorded in the financial statements but are disclosed in notes thereto, except those that are individually included in the purchase price report, made in a business combination, the fair value of which can be reliably determined.



A contingent asset is caused by the occurrence, or non-occurrence, of one or more uncertain events in the future, which are not fully controlled by the company. The likely occurrence of benefits is disclosed and, if the realisation of revenues is almost certain, recognised in the financial statements. The Company will refrain from recognising any contingent asset.

3.2.12. Taxes

Includes the cost of generally mandatory taxes in favour of the State and payable by the Company on account of private calculations that are determined on the taxable basis of the fiscal year, in accordance with tax regulations of national and territorial order governing the locations where the Company operates.

3.2.12.1. Income Tax and Deferred Tax

The income tax expense for the period includes income tax, income tax surcharge and deferred tax, resulting from the application of the type of levy on the period’s taxable base, after applying the deductions that are fiscally permitted, plus the variation of assets and liabilities for deferred taxes and tax credits. Differences between the book value of assets and liabilities and their tax base generate the balance of deferred tax assets or liabilities, which are estimated using the tax rates expected to be valid when assets and liabilities are realised, considering for such purpose the rates that at the end of the reporting period have been approved or for which the approval process is close to an end.

The provision for income tax is calculated at the effective rate as of 31 December 2018 of 37%. This rate includes the 33% income tax and the 4% income tax surcharge, using the accrual method, determining it based on the commercial profit adjusted according to current tax regulations in order to properly connect the revenues of the period with their respective costs and expenses, registering the amount of the estimated liabilities.

Deferred tax assets are recognised as a result of all deductible temporary differences, losses and tax credits not used, to the extent that it is likely that there will be future tax gains sufficient to recover deductions for temporary differences and to make tax credits effective, except if the deferred tax relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that:

(a) is not a business combination, and

(b) at the time it was realised, it did not affect either the accounting guarantee or the tax gain (loss).

With respect to deductible temporary differences related to investment in subsidiaries, associates and joint ventures, deferred tax assets are recognised only if it is likely that the temporary differences will revert in the foreseeable future and if there are tax gains against which the temporary differences can be used.

Deferred tax liabilities are recognised for all temporary differences, except for those derived from the initial recognition of capital gain and those whose origin is from the valuation of investment in subsidiaries, associates and joint ventures, where the company can control their reversion and it is likely that there will be no reversions in a foreseeable future.

Act 1943 of 2018 modified the income tax rate as of taxable year 2019, defining the following rates: 2019 33%, 2020 32%, 2021 31%, 2022 onwards 30%, which apply to the taxable net income obtained each year. The effects of temporary differences that imply payment of a lower or higher income tax in the current year are accounted for as deferred tax credit or debit at the current tax rate when the differences are reversed (33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 onwards), provided there is a reasonable expectation that such differences will be reversed in the future and, also for assets, that at that moment sufficient taxable income will be generated.

The income tax expense is accounted for pursuant to IAS 12 “Income Taxes”.

The current tax and the variations in deferred tax assets or liabilities are registered in profit or loss or in Total Equity lines in the statement of financial position, according to where the gains or losses that give rise to them have been registered.

The discounts that can be applied to the amount determined as current tax liability are charged to profit or loss as a “Income tax expense,” except if there are doubts about tax realisation, in which case they are not recognised until their effective materialisation, or if they correspond to specific tax incentives, which will then be registered as grants.

For each accounting close, the registered deferred tax assets and liabilities are reviewed in order to prove that they are in force, making timely corrections thereon in accordance with the results of the aforementioned analysis.

Income tax is presented net, after deducting early payments made and withholdings in favour.

Deferred tax assets and liabilities are presented net in the statement of financial position if there is a legal right to offset current tax assets against current tax liabilities, and only if such deferred taxes are related to income taxes corresponding to the same tax authority.

3.2.12.2. Wealth Tax

Act 1739 of December 2014 created the wealth tax for the years 2015 to 2017 for legal entities. The tax is determined at the rate of 1.15%, 1% and 0.4% for the years 2015, 2016 and 2017, respectively, for assets in excess of \$5,000,000; and is calculated annually on net equity on 1 January of each taxable year minus \$5,000,000.

The legal obligation of the wealth tax is caused for taxpayers who are legal entities as of 1 January 2015, 2016 and 2017.

For the 2018 term, Wealth Tax is not generated in accordance with article 296-2 of the Tax Code, complemented by article 5 of Act 1739 of 2014.

3.2.13. Employee Benefits

(a) Pensions

The Company has commitments related to pensions, both for defined provision and defined contribution, which are managed basically through pension plans. For the defined provision plans, the company registers the expenses corresponding to these commitments based on the accrual criterion throughout the employees’ working life; as of the presentation date of the financial statements, there are actuarial studies calculated with the projected unit credit method; costs for past services corresponding to variations in benefits are recognised immediately and the commitments for defined provision plans represent the current value of obligations accrued. The company does not have assets affected by these plans.

(b) Other Obligations Subsequent to the Workplace Relationship

The Company grants to its employees retired with pension, educational, electric energy and health benefits. The right to these benefits depends usually on the employee having worked until the age of retirement. The costs expected for such benefits are accrued during the employment term, using a methodology similar to that of the defined benefits plans. Actuarial losses and gains arise from adjustments based on experience and changes in actuarial assumptions, and are debited or credited to other comprehensive income in the period they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.



The retroactivity of severance pay, considered as post employment benefits, is paid to employees belonging to the labour regime previous to Act 50/1990 and who decided not to benefit from the regime change, calculating this social benefit for the whole time worked, based on the last earned salary. In the latter case, only a reduced number of employees and actuarial gains and losses derived from adjustments from experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The Company has implemented voluntary retirement plans that contemplates within the benefits a temporary income for employees who decided to benefit from it and who will qualify for the old-age pension in less than ten years. The obligation for the defined benefits is calculated by independent actuaries using the projected unit credit method.

(c) Long-term Benefits

The Company recognises its active employees with benefits associated to their time of service, such as five-year periods. The costs expected for such benefits are accrued during employment, using a methodology similar to that used for the defined benefit plans.

The actuarial gains or losses arising from adjustments for experience and changes in actuarial assumptions are debited to or credited to profit or less of the period in which they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.

(d) Benefits of Employee Loans

The Company grants its employees loans at below-market rates, and therefore their present value is calculated discounting future flows at market rates, recognising as early paid benefit the difference between the market rate and the rate granted, through accounts receivable. The benefit is amortised during the term of the loan as the higher value of personnel expenses, and the accounts receivable are updated at the amortised cost, reflecting its financial effect on the income statement.

3.2.14. Fair Value Estimate

The fair value of an asset or liability is defined as the price that would be received for selling an asset or paid for transferring a liability in an arranged transaction among market participants on the date of measurement.

The measurement at fair value supposes that the transaction for selling an asset or transferring a liability takes place in the main market, i.e., the market with the greatest volume and level of activity for the asset or liability. In absence of a main market, the transaction is supposed to take place in the most beneficial market to which the entity has access, i.e., the market that maximises the price that would be received for selling the asset or that minimises the price that would be paid for transferring the liability.

To determine the fair value, the Company uses the measurement techniques that are appropriate for the situation and on which there is sufficient data to make the measurement, maximising the use of relevant observable input data and minimising the use of non-observable input data.

Considering the hierarchy of input data used in the measurement techniques, the assets and liabilities measured at fair value can be classified into the following levels:

Level 1: Quoted prise (not adjusted) in an active market for identical assets and liabilities.

Level 2: Input data other than quoted prices that are included in level 1 and which are evident for assets or liabilities, whether directly (i.e., as price) or indirectly (i.e., derived from price). The methods and hypotheses used to determine level 2 of fair values, by type of financial assets or financial liabilities, take into account the estimated future cash flows, deducted with the zero-coupon curves of the type of interest of each currency. All the described measurements are carried out through external tools such as “Bloomberg”.

Level 3: Input data for assets or liabilities that are not based on observable market information (non-observable inputs).

When measuring fair value, the Company takes into account the characteristics of the asset or liability, particularly:

- » For non-financial assets, a measurement of the fair value takes into account the capacity of the market participant to generate economic benefits by using the asset at its highest and best use, or through its sale to other market participants who want to use the asset at its highest and best use.
- » For liabilities and equity instruments, the fair value supposes that the liability will not be liquidated and that the equity instrument will not be cancelled or otherwise extinguished on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e., the risk of an entity failing to meet an obligation, which includes, but is not limited to, the Company's own credit risk.
- » With respect to financial assets and financial liabilities with offset positions in market risk or credit risk of the counterpart, fair value is measured on a net base, consistent with the way in which market participants could set the price of net risk exposure on the measurement date.

3.2.15. Foreign Currency Conversion

(a) Functional Currency and Presentation Currency

The line items included in the financial statements are valued using the currency of the main economic environment where the entity operates (Colombian pesos).

The financial statements are presented in “Colombian pesos”, which, in turn, is the Company's functional currency and presentation currency. Its figures are expressed in thousands of Colombian pesos, except for the net profit per share and the representative exchange rate, which are expressed in Colombian pesos, while the foreign currency (for example dollars, euros, sterling pounds, etc.) are expressed in units.

(b) Transactions and Balances in Foreign Currency

Company operations in any currency other than its functional currency are registered at the type of exchange rates in force at the time of the transaction. Throughout the year, the differences arising between the type of exchange booked and that in force on the date of collection or payment are registered as exchange differences in the statement of comprehensive income.

In addition, at each year-end closing, the conversion of balances receivable or payable in a currency other than the functional currency for each company is performed at the type of exchange in force on the closing date. The valuation differences produced are registered as exchange differences in the statement of comprehensive income.

Balances denominated in foreign currency are expressed in Colombian pesos at the representative exchange rates as of 31 December 2018 and 2017 of \$3,249.75 and \$2,984.00 for US \$1 and \$3,714.95 and \$3,583.18 for 1 Euro.



3.2.16. Classification of Balance as Current and Non-current

The Company presents in its financial statements the assets and liabilities as current and non-current, after excluding the assets and liabilities available for sale. Assets are classified as current, as the intent is to realise, sell or use them during the Company's ordinary operating cycle or within the 12 months following the reporting period, all other assets are classified as non-current. Current liabilities are those the Company expects to liquidate during the ordinary operating cycle or within the 12 months following the report, all other assets being classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities in all events.

3.2.17. Recognition of Revenues

Policy applied for 2017

Revenues are booked according to the accrual criterion. Ordinary revenues are recognised whenever there is gross inflow of economic benefits generated during the Company's ordinary course of business during the period, provided that such inflow generates an increment in the total equity that is not related to the contributions made by the owners of such equity and those benefits can be valued reliably. Ordinary revenues are measured at fair value of the consideration received or to be received, derived therefrom and booked based on the accrual criterion.

The following criteria are followed for recognition of ordinary revenues:

Distribution and trade of electric energy: revenues are registered in accordance with the amounts of electric energy supplied to the customers during the period, at prices established in the respective contracts or stipulated by the electricity market under the current regulations, as the case may be. These revenues include an estimate of energy supplied but not yet read in the customer's meter.

Ordinary revenues derived from the provision of services are recognised only when they can be estimated reliably and according to the degree of realisation of the service provision on the date of the statement of financial position.

Exchanges or swaps of goods or services for other goods or services of similar nature and price are not considered transactions that generate ordinary revenues.

The Company registers the net amount of purchase or sale agreements of non-financial items that are calculated by the net cash or other financial instrument. Agreements that have been executed and maintained for the purpose of receiving or delivering said non-financial items are registered in accordance with the contractual terms of purchase, sale or use requirements expected by the entity.

Gains or losses derived from changes in the fair value of the category financial assets at fair value through profit or loss are presented in the profit and loss account under Other (losses)/gains- net in the period in which they arise.

Revenues from dividends of financial assets at fair value through profit or loss are recognised in the profit and loss account as part of other revenues upon establishing the Company's right to receive payments. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Revenues (expenses) for interests are accounted for considering the effective interest rate applicable to the principal pending amortisation during the respective accrual period. Exchanges or swaps of goods or services for other goods or services of similar nature and price are not considered transactions that generate ordinary revenues.

The Company registers the net amount of purchase or sale agreements of non-financial items that are calculated by the net cash or other financial instrument. Agreements that have been executed and maintained for the purpose of receiving or delivering said non-financial items are registered in accordance with the contractual terms of purchase, sale or use requirements expected by the entity.

Gains or losses derived from changes in the fair value of the category financial assets at fair value through profit or loss are presented in the profit and loss account under Other (losses)/gains- net in the period in which they arise.

Revenues from dividends of financial assets at fair value through profit or loss are recognised in the profit and loss account as part of other revenues upon establishing the Company's right to receive payments. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Revenues (expenses) for interests are accounted for considering the effective interest rate applicable to the principal pending amortisation during the respective accrual period.

Policy applied for 2018

As of 1 January 2018 with IFRS 15 becoming effective, the Company applies a recognition model for revenue from contracts with customers based on 5 steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The recognition model for revenue from contracts with customers contemplates the following:

(a) Portfolio approach:

In order to identify the goods and/or services promised in contracts with customers, the Company applies the practical solution that allows them to be grouped into "Categories or Clusters" when they have similar characteristics in the contractual terms and conditions.

These categories are determined using the following types: a) type of goods or services offered; b) market typology; or c) Type of customer.

(b) Contracts with multiple goods and/or services:

A contract is established with multiple goods and services when the Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are satisfied independently.



(c) Fulfilment of performance obligations:

The fulfilment of the performance obligations according to the transfer pattern of the control of the goods and/or services undertaken with the customers is carried out:

- » Over time.
- » On a point in time.

Performance obligations are met over time when:

- » The customer simultaneously consumes the benefits provided by the performance of the entity as the Company performs them.
- » The Company's performance creates or improves an asset that the customer controls as it is created or improved.
- » The Company's performance creates or improves an asset with an alternative use for it. The Company has the enforceable right to pay the performance it has completed to date.

Revenue is recognised in accordance with the measurement of fulfilment of performance obligations.

The measurement of fulfilment of performance obligations over time is done through two types of methods:

- » Product Methods: They are made based on direct measurements of the goods and/or services undertaken with customers.
- » Resource Methods: They are made in relation to the total expected resources.

(d) Variable considerations:

If the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers. Where applicable, the value of the considerations will be presented net of the payment to customers.

(e) Contracts with amendments:

These are configured when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods and services offered to customers.

(f) Consideration as Principal or Agent:

When a third party is involved in providing goods and/or services to a customer, the Company must determine if the commitment to fulfil the performance obligations is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies the performance obligations by itself, it acts as principal. Otherwise, it acts as agent.

When the Company controls and satisfies performance obligations with customers, it acts as principal and recognizes as revenue the gross amount of the consideration to which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and satisfaction of performance obligations, the Company acts as agent and recognizes the revenue for the net amount of the consideration it is entitled to.

Contract costs:

An asset may be recognised for the costs of obtaining or fulfilling a contract.

Contract Assets and Liabilities:

The Company will recognise a contractual asset and a contractual liability to the extent that the following circumstances arise in the supply of goods and services:

- » Contract asset: It is presented as the right that the Company has to a consideration in exchange for the supply of goods and/or services transferred to customers, when that right is conditioned by something other than the passage of time.
- » Contract liability: Corresponds to the obligation of the Company to transfer goods and/or services to customers for which the Company has received a consideration from customers.

3.2.18. Recognition of costs and expenses

The Company recognizes its costs and expenses to the extent that economic events occur in such a way that they are recorded systematically in the corresponding accounting period, independent of the flow of monetary or financial resources. Expenses are made up of disbursements that do not qualify to be recorded as a cost or as an investment.

The costs include purchases of energy, personnel costs or third parties directly related to the sale or provision of services, maintenance of assets, transmission system costs, depreciation, amortisation, among others.

The expenses include taxes, public services, among others. All of them incurred for the processes responsible for the sale or provision of services.

Investments include costs directly related to the formation or acquisition of an asset that requires a substantial period of time to put it in conditions of use and sale.

Personnel costs directly related to the construction of projects, interest costs of the debt to finance projects and overhaul costs that increase the useful life of existing assets, among others, are capitalized as constructions in progress.

3.2.19. Capital Stock

Common shares, with or without preferred dividend, are classified under equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received net of taxes.

3.2.20. Reserves

Registered as reserves are the appropriations authorised by the General Shareholders' Meeting, through profit or loss, to comply with legal provisions or to cover expansion plans or financing needs.

The legal provisions that contemplates the establishment of reserves applicable to the Company is the following:

- » The Code of Commerce requires the Company to appropriate 10% of its annual net profits determined as legal reserve to local accounting standards until the balance of such reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve cannot be distributed before the Company's liquidation, but it can be used to absorb or reduce annual net losses. The balance of the reserve exceeding 50% of the subscribed capital are freely available for shareholders.
- » Up to 2016, article 130 of the Tax Code, which sets out the appropriation of net profits at 70% of the higher value of tax depreciation over accounting depreciation, calculated pursuant to local accounting standards. This article was repealed by Act 1819 of 2016 in article 376. Therefore, as of 2017, this reserve is not appropriated, but reserves from previous years are maintained.





3.2.21. Earnings per Share

The basic earnings per share is calculated as the quotient between the net gain of the period attributable to Company shareholders and the average weighted number of ordinary outstanding shares in said period, after making the appropriation for preferred dividends corresponding to 20,010,799 shares as of 31 December 2018 of the Group Energía de Bogotá S.A. E.S.P. Preferred dividends have a value of US \$0.10 per share.

3.2.22. Distribution of Dividends

Commercial laws in Colombia stipulate that, once making the appropriations for legal reserve, statutory reserve or other reserves and tax payments, the remainder will be distributed among the shareholders, in accordance with the share distribution project presented by the Company Management and approved by the General Shareholders’ Meeting. The dividend payment will be made in cash on the dates set out by the General Shareholders’ Meeting to those qualifying as shareholders at the time the payments are payable.

When it is necessary to absorb losses, these will be covered with reserves specially designated for such purpose or otherwise with the legal reserve. Reserves whose purpose is to absorb specific losses cannot be used to cover others, except if so decided by the General Shareholders’ Meeting.

As of the year-end closing, the amount of the obligation with the shareholders is determined net of the provisional dividends approved in the course of the period, and it is accounted for under the line item “commercial accounts payable and other payables” and under “accounts payable to related entities”, as applicable, through total equity. Provisional and definitive dividends are registered as the lower value of “total equity” at the time of its approval by the competent body, which in first instance is the Company’s Board of Directors, while in the second instance is the General Shareholders’ Meeting’s responsibility.

3.2.23. Operating Segments

An operating segment is a component of an entity:

- (a) that develops business activities from which it may derive ordinary activity revenues and expenses in expenses (including revenues from ordinary activities and expenses for transactions with other components of the same entity);
- (b) whose operating results are reviewed by the maximum operations decision-making authority, to decide on resources that are to be allocated to the segment and to evaluate their performance; and
- (c) over which there is differentiated financial information.

The Company, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business;

4. Cash and Cash Equivalents

	As of 31 December 2018	As of 31 December 2017
Balances in Banks	\$ 617.129.012	\$ 492.194.410
Other Cash and Cash Equivalents	16.760.658	28.018.755
Other Cash and Cash Equivalents (1)	16.824.853	28.018.755
Impairment of cash and cash equivalents (2)	(64.195)	-
Petty Cash	49.531	57.823
Term Deposits (3)	-	27.800.000
\$	633.939.201	\$ 548.070.988

The detail of cash and equivalent in pesos by currency type presented above is the following:

	As of 31 December 2018	As of 31 December 2017
Colombian Pesos	\$ 563.808.817	\$ 476.994.319
U.S. Dollars	70.108.784	71.057.281
Euros	21.600	19.388
\$	633.939.201	\$ 548.070.988

- (1) Corresponds to fiduciary commissions and collective portfolios originated in usual operations of additions and decreases made daily by the treasury to these entities, in order to channel the proceeds from collection and arrange them for the management of the Company’s short-term liquidity.

Entity	As of 31 December 2018	EA Rate	As of 31 December de 2017	EA Rate
Corredores Asociados	\$ 8.674.410	3,12%	\$ 25.496.763	5,16%
Credicorp	6.476.532	3,15%	3.886	4,74%
Fiduciaria Bogotá 378	1.360.823	1,40%	1.586.628	1,00%
Fiduciaria Occidente	135.618	3,34%	186.210	5,19%
Alianza Valores	96.288	2,77%	92.906	4,58%
BBVA Fiduciaria	41.894	2,78%	40.321	4,78%
Fondo Abierto Alianza	14.769	2,97%	279.661	4,38%
Valores Bancolombia	10.406	2,57%	116.889	4,44%
Fiduciaria Bogotá	9.724	2,67%	9.467	3,43%
Fondo de inversión BBVA	3.183	3,86%	-	-
Fiduciaria Corficolombiana	1.206	2,73%	206.024	3,98%
\$	16.824.853		\$ 28.018.755	

- (2) Corresponds to \$ 64,195 for the implementation of IFRS 9, calculating an impairment in cash and cash equivalents.

- (3) Term deposits correspond to certificates of deposit expiring in a term less than or equal to three months from the date of acquisition and accruing market interests for this type of short-term investments, which are listed below:

As of 31 December 2018, the Company does not hold term deposits with maturities of less than 90 days.

As of 31 December 2017:

Entity	Value	Objective	Date of Purchase	Maturity	Term (Days)	EA Rate
GNB Sudameris	\$ 20.000.000	Dividends	17/10/2017	15/01/2018	90	5,60%
Banco Av. Villas	7.800.000	Interest Bonds	16/11/2017	15/02/2018	89	5,30%
Total	\$ 27.800.000					

As of 31 December 2018, there are no restrictions or limitations on cash reflected in the financial statements.

5. Other Financial Assets

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Judicial Foreclosures (1)	\$ 695.199	\$ –	\$ 58.567	-
Investments held to maturity (2)	-	-	20.000.000	-
Financial investments - companies that are unlisted or have little liquidity (3)	-	18.886	-	27.660
Forwards (4)	-	-	20.044	-
	\$ 695.199	\$ 18.886	\$ 20.078.611	\$ 27.660

(1) As of 31 December 2018, as a result of foreclosures executed on the Company’s bank accounts, a balance of \$695,199 is presented, where 92% corresponds to alleged tax debts of the process advanced by the Municipality of Girardot against Codensa SA ESP according to Official Letter No. 123-14-02- AP-842-2018.

(2) Investments held to maturity correspond to term deposits that mature within three months from their acquisition date and accrue the market interest for these types of investments that are listed below:

As of 31 December 2018, the Company does not have term deposits.

As of 31 December 2017:

Entity	Value	Objective	Date of Purchase	Maturity	Term (Days)	EA Rate
GNB Sudameris	20.000.000	Dividends	12/10/2017	15/01/2018	95	5,60%
Total	\$ 20.000.000					

(3) Corresponds mainly to the following financial investments in unlisted companies:

Share certificates	Economic activity	Common shares	% Interest	As of 31 December 2018	As of 31 December 2017
Electrificadora del Caribe S.A E.S.P (a)	Energy	714.443	0,0014%	12.567	\$ 21.341
Transelca S.A E.S.P	Energy	12.026	0,0665%	4.781	4.781

A decrease originated in the investment in Electricaribe S.A E.S.P.is reflected as a result of the valuation calculated at fair value based on the Company’s interest in Electricaribe’s equity, this being the most appropriate method for measuring the investment by the conditions of the counterparty; this equity instrument is classified as measured at fair value through other comprehensive income, for \$8,774 and \$15,441 for 2018 and 2017, respectively. This Company was intervened by the Colombian State.

(4) As of 31 December 2017, the Company acquired a forward with BBVA of active valuation for the obligations contracted with Seguros Mapfre, this covers the corporate insurance policies for all material damages.

Below are the main characteristics of said forward:

Underlying	Maturity	Risk factor	Asset notional	Currency	Fixed rate	MTM
Insurance coverage	19/01/2018	Exchange rate	USD 1.258	USD	\$ 2.974,17	\$ 20.044

6. Other Non-Financial Assets

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Prepayments on purchases of goods and services (1)	\$ 11.962.875	\$ -	\$ 4.366.358	\$ -
Employee benefit for loans (2)	1.319.509	15.264.646	1.323.974	13.956.592
Others (3)	717.183	78.666	68.984	78.666
Travel prepayments	80.762	-	53.292	-
	\$ 14.080.329	\$ 15.343.312	\$ 5.812.608	\$ 14.035.258

(1) As of 31 December 2018 and 2017, the composition of this line item corresponds to prepayments for exchange transactions and international energy transactions to XM for \$4,285,630 and \$2,313,103, and for the purchase of goods and services from local creditors for \$7,677,245 and \$2,053,255, respectively.

(2) Corresponds to the recognition of the benefit paid in advance of employee loans agreed on at a rate of zero or below market rates, for which reason the Company discounts future flows at the market rate, recognising as benefit paid in advance the difference between the market rate and the granted rate, and amortising them over the term of the loan.

(3) As of December 31, 2018 corresponds mainly to account receivable from the Superintendence of Household Utilities by judgments of the Council of State in favour of the Company in November 2017. In April 2018, the Superintendence issued correction order on settlements of the special contribution of the year 2014 (contribution settled by the former EEC) for \$605,945.

7. Commercial Accounts Receivable and Other Receivables, Net

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Commercial accounts, gross (1)	\$ 664.562.468	\$ 98.766.103	\$ 601.703.519	\$ 77.533.684
Other accounts receivable, gross (2)	11.979.447	39.045.976	11.216.856	34.077.124
Total commercial accounts and other accounts receivable, gross	676.541.915	137.812.079	612.920.375	111.610.808
Impairment provision commercial accounts	(69.096.829)	(77.226.478)	(94.484.210)	(11.391.503)
Impairment provision other accounts receivable	(341.268)	(7.482.927)	(289.799)	(7.129.877)
Total commercial accounts and other accounts receivable, net	\$ 607.103.818	\$ 53.102.674	\$ 518.146.366	\$ 93.089.428

(1) As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Energy portfolio						
Not- agreed portfolio (a)	\$ 452.477.034	\$ 26.252.749	\$ 9.385.398	\$ 50.819.378	\$ 538.934.559	\$ 65.377.443
Mass customers	181.023.793	8.465.631	2.158.642	12.040.318	203.688.384	-
Large customers	152.987.500	15.434.262	4.520.393	29.611.542	202.553.697	-
Institutional customers (b)	118.465.741	2.352.856	2.706.363	9.167.518	132.692.478	65.377.443
Agreed portfolio (c)	16.803.442	1.090.762	351.974	211.151	18.457.329	13.870.849
Mass customers	4.553.686	464.937	86.317	46.379	5.151.319	860.303
Large customers	6.252.821	625.345	259.081	164.772	7.302.019	3.716.192
Institutional customers	5.996.935	480	6.576	-	6.003.991	9.294.354
Energy portfolio, gross	469.280.476	27.343.511	9.737.372	51.030.529	557.391.888	79.248.292
Energy portfolio impairment	(14.263.378)	(5.448.230)	(7.531.185)	(36.769.364)	(64.012.157)	(76.885.245)
Energy portfolio, net	\$ 455.017.098	\$ 21.895.281	\$ 2.206.187	\$ 14.261.165	\$ 493.379.731	\$ 2.363.047
Supplementary business portfolio and others (d)						
Mass customers	36.931.770	16.637	58.455	468.560	37.475.422	10.269.188
Large customers	57.687.628	2.776.079	1.041.392	3.206.312	64.711.411	9.248.623
Institutional customers	4.983.747	-	-	-	4.983.747	-
Supplementary business portfolio, gross (e)	99.603.145	2.792.716	1.099.847	3.674.872	107.170.580	19.517.811
Supplementary business portfolio impairment	(604.464)	(1.074.479)	(666.765)	(2.738.964)	(5.084.672)	(341.233)
Supplementary business portfolio, net	98.998.681	1.718.237	433.082	935.908	102.085.908	19.176.578
Total commercial accounts, gross	568.883.621	30.136.227	10.837.219	54.705.401	664.562.468	98.766.103
Commercial accounts impairment	(14.867.842)	(6.522.709)	(8.197.950)	(39.508.328)	(69.096.829)	(77.226.478)
Total commercial accounts, net	\$ 554.015.779	\$ 23.613.518	\$ 2.639.269	\$ 15.197.073	\$ 595.465.639	\$ 21.539.625



As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Energy portfolio						
Not- agreed portfolio (a)	\$ 407.717.783	\$ 26.217.295	\$ 5.735.046	\$ 79.083.980	\$ 518.754.104	\$ 48.509.984
Mass customers	164.453.132	7.869.673	1.886.337	8.749.411	182.958.553	-
Large customers	160.959.933	13.248.398	3.443.809	25.012.310	202.664.450	-
Institutional customers (b)	82.304.718	5.099.224	404.900	45.322.259	133.131.101	48.509.984
Agreed portfolio (c)	11.961.624	3.978.834	163.219	64.982	16.168.659	12.478.889
Mass customers	3.829.400	374.757	55.406	30.414	4.289.977	803.671
Large customers	5.568.495	1.501.040	107.813	34.568	7.211.916	3.746.580
Institutional customers	2.563.729	2.103.037	-	-	4.666.766	7.928.638
Energy portfolio, gross	419.679.407	30.196.129	5.898.265	79.148.962	534.922.763	60.988.873
Energy portfolio impairment	(6.576.774)	(4.184.583)	(1.681.819)	(77.869.595)	(90.312.771)	(10.596.982)
Energy portfolio, net	\$ 413.102.633	\$ 26.011.546	\$ 4.216.446	\$ 1.279.367	\$ 444.609.992	\$ 50.391.891

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Supplementary business portfolio and others (d)						
Mass customers	20.682.285	9.063	964	689.070	21.381.382	10.065.910
Large customers	35.309.103	2.430.511	971.578	2.716.770	41.427.962	6.478.901
Institutional customers	3.971.412	-	-	-	3.971.412	-
Supplementary business portfolio, gross (e)	59.962.800	2.439.574	972.542	3.405.840	66.780.756	16.544.811
Supplementary business portfolio impairment	(978.948)	(76.988)	(403.124)	(2.712.379)	(4.171.439)	(794.521)
Supplementary business portfolio, net	58.983.852	2.362.586	569.418	693.461	62.609.317	15.750.290
Total commercial accounts, gross	479.642.207	32.635.703	6.870.807	82.554.802	601.703.519	77.533.684
Commercial accounts impairment	(7.555.722)	(4.261.571)	(2.084.943)	(80.581.974)	(94.484.210)	(11.391.503)
Total commercial accounts, net	\$ 472.086.485	\$ 28.374.132	\$ 4.785.864	\$ 1.972.828	\$ 507.219.309	\$ 66.142.181

(a) As of 31 December 2018 and 2017, corresponds mainly to customer portfolio of the regulated market for \$415,617,761 and \$364,352,232, tolls portfolio \$29,530,725 and \$27,870,432, public lighting portfolio for \$69,005,790 and \$98,420,375 and portfolio of regulatory schemes \$91,887,144 and \$44,438,653, respectively.

From the portfolio specified above, as of 31 December 2018 and 2017, \$81,745,734 and \$101,386,135, respectively, are in the process of being claimed by customers, mainly by the Special Administrative Unit of Public Services (hereinafter UAESP).

The portfolio of the regulatory schemes belongs to the Ministry of Mines and Energy for the deficit in the application of subsidies and contributions to users of electric power service, its balance presents an increase due to the recording of this deficit during the year 2018, and its latest balance validation corresponds to December 2017.

(b) The Company's main institutional customer is the UAESP. As of 31 December 2018 and 2017, the main items subject to claim by the UAESP are described below:

VAT portfolio of public lighting infrastructure

On 14 November 2013, the Company filed a query with the DIAN (the Colombian tax authority) regarding the applicability of Article 19 of Decree 570/1984, to determine the special taxable base for movable property. The DIAN issued a response without solving the request made by the Company. Subsequently, on 4 November 2014, the DIAN issued a new opinion, but failed to define the Company's query and therefore on 16 December 2014, a new query was filed requesting clarification of the opinion.

At the same time, in order to clarify whether the lease of public lighting infrastructure gives rise to VAT, on 5 December 2014 the Company filed a query with the DIAN.

On 6 June 2015, the Company submitted a settlement request with the UAESP to the Attorney General's Office, which was rejected initially arguing that it was not relevant; nonetheless, the corresponding appeal was filed, which was resolved favourably on 1 July 2015, scheduling the settlement hearing for 5 August 2015. The settlement hearing was held on such date, but the parties decided to not settle.

Simultaneously, on 17 June 2015, the claim against the UAESP was filed in order to prevent the Entity from arguing the expiry of the term for filing the claim, were it submitted after the settlement hearing. On 2 October 2015, the Company applied for an injunction aimed at getting the UAESP to pay in advance the outstanding balance, which was rejected by the Third Section of the Cundinamarca Administrative Court, considering that this was resolved in the judgment.

The DIAN, through opinion No. 100202208-0808 of 1 September 2015, decided on the treatment of the VAT on the lease of the public lighting service infrastructure, making it clear that the public lighting service is a household public utility and, hence, it gives rise to VAT. This opinion supports the charge that the Company has been applying to the UAESP.

In compliance with the opinion above and pursuant to the communications issued by the Company to the UAESP, on 5 November 2015 began the billing of current and default interests, calculated on the outstanding balance of this Entity. As of 31 December 2018 and 2017, current interest amounts to \$5,059,734 and default interest amounts to \$1,148,266. Interests have not increased since February 2016, considering that the Company froze the billing of interests as a result of the working groups established jointly with the UAESP.

On 6 October 2016, the Company was notified of the first instance decision issued by the Administrative Court of Cundinamarca on 28 September 2016, which denied the claim filed by the Company with respect to the UAESP's obligation to pay VAT on the lease of the infrastructure for the provision of the public lighting service. The judgment states mainly that: (i) the Company is providing the public lighting service in the District of Bogota and, in as service provider, is responsible for the tax; (ii) in Annex 1 to the agreement of 25 January 2002, the VAT was not included in the liquidation components (a) energy supply, (b) infrastructure lease, (c) administration, operation and maintenance, which means that VAT is included in the service provision cost; and (iii) the denaturalisation of the lease agreement, taking into account that covenant No. 766/1997 does not meet the requirements thereof.

On 21 October 2016, the Company filed with the Court of Cundinamarca the appeal against the judgment issued by said judicial corporation. Subsequently a request for preference of judgment was filed with the Council of State, in order to expedite the appeal, taking into account the importance and impact of the process.

On 17 March 2017, the Company was notified by the Third Section of the Council of State about its acceptance of the appeal against the ruling issued by the Administrative Court of Cundinamarca. In this sense, and in order to expedite the declaration of this instance with respect to the judgment issued, the Company filed a report requesting the priority of the judgment, which was filed on 7 April 2017.



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On 4 September 2017, the DIAN, through the opinion No 100202208-0881 addressed to the UAESP, confirms the rule contained in Official Letter No. 025652 of 3 September 2015, which concludes that the public lighting service is not within the exclusion framework provided in article 476 of the tax code, in other words, the public lighting service is not a public household service and therefore no VAT is caused by this service.

On 29 September 2017, the court notified that it will refrain from giving priority to the ruling in the current procedural stage of the process and noified the parties to submit the closing arguments. On 11 October 2017, the Company submitted the closing arguments and on 13 October 2017, the UAESP submitted its arguments.

On 23 October 2017, a report was submitted, providing the opinion in question as part of the evidence of the process, as well as requesting the priority of judgment again.

To date, the UAESP has not paid the VAT for the lease service corresponding to 2015 and earlier, except November and December 2015, which were paid in March 2016 for \$1,987,355. The UAESP also paid the period between January and July 2016 for \$7,104,425; however, as a result of the aforementioned judgment, the UAESP refrained from making payments as of the service billing of August 2016.

Non-current balances as of 2018 and 2017 contain the account receivable in arrears from the UAESP for the VAT of the public lighting infrastructure lease, invoice not collected since July 2013, including interest. This amount corresponds to \$65,377,443 and \$48,509,984, respectively. The variation between the periods in question corresponds to the VAT invoicing made in 2018.

In line with the provisions of IFRS 9, the Company considered that, regardless of the loss percentage established, there are variables that can lead to the existence of a high risk of loss and therefore the decision was made to provision 100% of the portfolio as of December 2018.

(c) The agreed portfolio corresponds to agreements between the Company and the customers on payment of a given sum, with a deadline and a pre-established interest rate. These agreements are applicable to customers requesting financing on account of electric energy consumption that are in arrears or at risk of not being paid. As of 31 December 2018 and 2017, the short-term portfolio amounts to \$18,457,329 and \$16,168,659, the detail on maturity terms of the non-current portfolio is as follows:

Year	As of 31 December 2018	As of 31 December 2017
Between one and two years	\$ 3.688.275	\$ 3.950.008
Between two and three years	2.130.870	1.808.113
Over three years	8.051.704	6.720.768
	\$ 13.870.849	\$ 12.478.889

(d) As of 31 December 2018 and 2017, corresponds mainly to works for individuals \$25,828,196 and \$26,772,653, electric works \$26,834,056 and \$27,265,747, infrastructure \$7,453,140 and \$5,314,830, Codensa Services \$16,632,695 and \$12,705,539 and collection orders of \$7,471,144 and \$6,186,810, respectively.

(e) The supplementary business portfolio corresponds to agreements between the Company and the customers on payment of a given sum, with a deadline and a pre-established interest rate, applicable to customers requesting financing on account of installations, adjustments, fines for losses and other services provided by the Company. The detail on maturity dates of non-current portfolio is as follows:

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Year	As of 31 December 2018	As of 31 December 2017
Between one and two years	\$ 12.042.589	\$ 10.660.896
Between two and three years	5.516.442	4.748.484
Over three years	1.958.780	1.135.431
	\$ 19.517.811	\$ 16.544.811

The increase between 1 January and 31 December 2018 corresponds mainly to the signing of agreements of the Codensa Servicios line, among which are the agreements Uniaguas E.S.P. S.A. for \$2,987,832, Sociedad de Cirugía San Jose Hospital \$1,360,070, Emmanuel Instituto de Rehabilitación \$928,771, Vased \$539,957, Bancolombia \$469,332, Incca University \$465,579, Clinica Chia S.A. \$411,386, Agua del Sinu S.A. E.S.P. \$373,063, Fermín de Santamaría \$357,000, Fidufes Sociedad Fiduciaria \$280,101, Fiduciaria Helm Trust \$246,112, José A Gonzalez M \$232,244 and other lesser amounts.

Portfolio Impairment

With IFRS 9 becoming effective as of 1 January 2018, the expected credit loss is calculated recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

In the implementation, three models defined by the group were adopted:

- » Simplified collective model
- » Simplified individual model
- » General collective model

(See note 3.1 Changes in Policies and note 3.2.9 (b) financial asset impairment policy)

The evolution of portfolio impairment is as follows:

Item	Impairment under IAS 39 as of 31 December 2017	Impairment under IFRS 9 as of 1 January 2018 (i)	Impairment under IFRS 9 as of 31 December 2018 (ii)
Provision for impairment of commercial accounts			
Simplified Collective Model (1)		\$ 29.659.662	\$ 36.485.026
Simplified Individual Model (2)		125.663.975	109.654.933
Total Provision for impairment of commercial accounts	\$ 105.795.436	\$ 155.323.637	\$ 146.139.959
Provision impairment other accounts receivable			
General Collective Model		7.711.006	8.007.543
Total Provision impairment other accounts receivable	\$ 7.578.948	\$ 7.711.006	\$ 8.007.543
Total	\$ 113.374.384	\$ 163.034.643	\$ 154.147.502

(i) Due to the adoption of IFRS 9 in accordance with note 3.1. (b) changes in policies.

(ii) By 2018, the following variations in the impairment are presented:

(1) Simplified Collective Model:

Provision increase of \$6,825,364 mainly due to the increase in the portfolio balances of the residential, commercial and industrial categories.

(2) Simplified Individual Model:

- » Increase in the provision of customers that present risk of default in payment agreements for \$3,034,216, mainly by the Municipality of Agua de Dios \$1,730,005, Fabio Mussilini \$492,539, Pablo Forero \$480,644 and Fabiola Rojas \$475,530.
- » Increase in the provision of VAT Infrastructure for Public Lighting PD 100% \$13,173,133

- » Adjustment of provision for litigation portfolio UAESP luminaires - \$35,873,423
- » Increase in the provision of prescribed customers (without ongoing demand) that in 2017 changed from the collective model to the individual with PD 100% \$ 1,742,709.

The movements of the provision for impairment of commercial accounts are as follows:

Debtors for sale due and not paid with impairment	Value
Balance 31 December 2017	\$ 113.374.384
Impact Application IFRS9	49.660.259
Balance 31 December 2017	\$ 163.034.643
Commercial Portfolio	
Increases (decreases) in the period	(7.750.875)
Amounts written off	(1.136.266)
Balance 31 December 2018	\$ 154.147.502

(2) As of 31 December 2018 and 2017, corresponds mainly to accounts receivable from employees for a present value of \$38,265,474 and \$32,795,453, accounts receivable from personnel retired for a present value of \$3,299,422 and \$3,286,835 for housing loans, appliances, education, among others, respectively. Loans granted to employees are awarded with rates between 0% and 4.75% and for retired personnel between 0% and 7%, which is why the Company discounted the future cash flows at the market rate, recognizing as a prepaid benefit the differential between the market rate and the awarded rate, and amortising them over the term of the loan.

Guarantees granted by Debtors:

For customers subscribing to payment agreements for financing products other than electric energy, the Company supports these debts with blank promissory notes. In addition, for employee debts of, personal guarantees (promissory notes and instruction letters) and collaterals (mortgages and pledges) are established.

8. Balances and Transactions with Related parties

Accounts receivable from Related Entities:

Company	Type of related entity	Country of origin	Type of transaction	As of 31 December 2018	As of 31 December 2017
Emgesa S.A. E.S.P	Otra (*)	Colombia	Sale of energy (1)	\$ 11.311.486	\$ 11.223.241
		Colombia	Other services	406.296	922.669
Enel SPA	Controladora	Italia	Expatriates	2.854.408	2.741.774
Grupo Energía Bogotá	(**)	Colombia	Christmas Lighting	1.323.529	-
Grupo Energía Bogotá	(**)	Colombia	Other services	8.608	44.827
Enel Green Power Col	Otra (*)	Colombia	Other services(2)	393.185	706.994
Enel Energía	Otra (*)	Italia	Expatriates	268.162	258.650
EOSC	Otra (*)	España	Other services (3)	232.562	222.797
Endesa Energía	Otra (*)	España	Other services (3)	257.959	104.630
Enel Distribuzione	Otra (*)	Italia	Expatriates	106.309	93.182
Enel Iberoamérica S.R.L	Otra (*)	España	Expatriates	95.450	95.450
Enel Chile S.A.	Otra (*)	Chile	Expatriates	76.264	47.958
Enel Distribución Perú S.A.	Otra(*)	Perú	Other services	23.704	11.683
Empresa Distribuidora del Sur	Otra (*)	Argentina	Expatriates	15.513	-
Endesa CEMSA S.A.	Otra (*)	Argentina	Expatriates	12.429	-
Cia, Energetica Do Ceara	Otra (*)	Brasil	Expatriates	11.995	-
Energía Nueva	Otra (*)	México	Expatriates	-	86.472
Enel Américas	Controladora	Chile	Other services	-	64.573
				\$ 17.397.859	\$ 16.624.900

(*) They correspond to companies over which Enel SPA has significant influence or control

(**) Grupo Energía Bogotá S.A. E.S.P is a shareholder of Codensa (See Note 21).

(1) As of 31 December 2018 and 31 December 2017, the balance consists of the tolls, regional transmission system (STR) and billing by distribution areas (ADDs) estimates for \$11,095,278 and \$10,688,689; use of lines and networks for \$160,829 and \$365,619 and energy billing for \$55,379 and \$168,933, respectively.

(2) Corresponds to the administration services for Enel Green Power Colombia.

(3) Corresponds to the services provided by CAT (Call Centre).

Accounts payable to related entities

Company	Type of Related entity	Country of origin	Type of Transaction	As of 31 December 2018	As of 31 December 2017
Grupo Energía Bogotá	(**)	Colombia	Dividends (1)	\$ 55.674.005	\$ 48.009.432
Emgesa S.A E.S.P	Other (*)	Colombia	Loan (2)	81.000.000	-
	Other (*)	Colombia	Purchase of energy (3)	53.699.255	651.439
		Colombia	Financial interests	276.572	-
		Colombia	Other services	133.796	950.237
Enel Américas	Controlling	Chile	Dividends (1)	52.399.066	45.185.349
Enel Italia	Other (*)	Italia	Other services (4)	14.374.334	19.414.128
	Other (*)	Italia	Expatriates	1.812.716	1.748.418
Enel Distribuzione	Other (*)	Italia	Other services (5)	2.419.902	2.432.212
Enel Chile	Other (*)	Chile	Other services (6)	2.001.395	3.611.602
	Other (*)	Italia	Expatriates	269.732	245.856
Enel Iberoamérica S.R.L	Other (*)	España	Expatriates	504.025	243.051
Enel Global Infr. & Network	Other (*)	Italia	Expatriates	574.694	-
Enel SPA	Controlling	Italia	Expatriates	410.963	692.549
Enel Green Power	Other (*)	Italia	Expatriates	-	182.306
Enel Distribución Chile	Other (*)	Chile	Expatriates	-	178.336
				\$ 265.550.455	\$ 123.544.915

(*) Correspond to companies over which Enel SPA has significant influence or control.

(**) Grupo Energía Bogotá is a shareholder of Codensa (See Note 21)

(1) Dividends declared payable corresponding to 2017 profits according to the payment plan will be paid in January 2019.

(2) Corresponds to intercompany loans granted to the Company in December with maturity date 11 February 2019 at a rate of 6.93% E.A. for payment of creditors.

(3) Energy Portfolio due for consumption in December.

(4) Corresponds mainly to (i) Cybersecurity and Digital Enabler services requested by the ICT area; (ii) Computer services associated with the implementation of the Cloud service.

(5) Corresponds to the acquisition of meters by Smart Metering project.

(6) Corresponds to IT expenses and technology regarding support, maintenance, Sales Force SAP licenses.



Effects on net income with related entities

Company	Type of transaction	As of 31 December 2018	As of 31 December 2017
Revenues			
Emgesa S.A. E.S.P.	Tolls and use of lines and networks	\$ 139.445.674	\$ 133.204.648
	Energy and other services	704.213	760.367
	Other revenues	269.515	790.009
	Financial interest loans	–	108.149
	Compensation quality of service (1)	(1.399.450)	–
Grupo Energía Bogotá	Christmas lighting	1.323.529	1.293.103
Enel Green Power Colombia	Other services (2)	1.090.883	569.862
Enel Spa	Expatriates	370.397	1.751.999
	Exchange difference	5.259	8.921
Endesa Operaciones y Servicios	Other services (3)	681.594	764.505
	Exchange difference	77.460	83.987
Endesa Energía	Other services (3)	304.682	267.209
	Exchange difference	35.154	29.460
Enel energía	Expatriates	9.512	258.650
Enel Italia	Exchange difference	132.271	355.227
Enel Distribuzione Spa	Expatriates	106.309	93.182
	Exchange difference	27.805	143.842
Enel Chile S.A.	Expatriates	27.212	47.958
	Exchange difference (4)	511.779	35.101
Empresa Distribuidora Sur S.A	Expatriates	15.513	–
Endesa CEMSA S.A.	Expatriates	12.429	–
Cia, Energetica Do Ceara	Expatriates	11.995	–
Enel Distribución Perú S.A.	Exchange difference	2.315	47
	Expatriates	10.981	–
Energía Nueva Energía Limpia	Exchange difference	3.253	7.633
	Expatriates	–	15.663
Enel Green Power Italia	Exchange difference	2.399	–
Enel Américas	Other services	–	54.263
Enel Distribución	Exchange difference	–	1.137
Enel Iberoamérica S.R.L	Expatriates	–	29.830
	Exchange difference	–	15.744
		\$ 143.782.683	\$ 140.690.496
Costs and expenses			
Emgesa S.A. E.S.P.	Energy	752.606.390	789.958.065
	Other services	337.270	714.969
	Financial interest loans (5)	297.390	–
Enel Italia Servizi	Computer Services	10.135.748	14.742.646
	Expatriates (6)	64.298	1.748.418
	Exchange difference	501.355	674.031
Enel Spa	Expatriates	883.372	930.025
	Exchange difference	2.890	16.579
Fundación Enel	Contributions to Foundation	740.489	714.068
Enel Distribuzione Spa	Expatriates	536.597	517.326
	Exchange difference	57.420	93.460
Enel Global Infr. & Network	Expatriates	574.694	319.051
Enel Iberoamérica S.R.L	Expatriates	260.973	253.449
	Exchange difference	–	(5.367)
Endesa Operaciones y Servicios	Exchange difference	76.416	45.916
Grupo Energía Bogotá	Leases	24.523	–
Endesa Energía	Exchange difference	23.414	12.326
Enel Chile S.A.	Exchange difference	14.223	338.745

Company	Type of transaction	As of 31 December 2018	As of 31 December 2017
Energía Nueva Energía Limpia Mx	Exchange difference	5.602	8.589
Enel Distribución Chile S.A	Exchange difference	3.018	–
	Expatriates (7)	(52.362)	178.536
Enel Américas	Exchange difference	2.346	–
Enel Distribución Perú S.A.	Exchange difference	1.275	–
Enel Green Power Italia	Expatriates	–	229.649
	Exchange difference	–	40.601
		\$ 767.097.341	\$ 811.531.082

- (1) Compensations for quality of service are not recognized as an expense, but as a lower value of the revenue generated by energy sales in accordance with the group guidelines for the implementation of IFRS 15 paragraph 51.
- (2) Invoicing of administrative services provided to Enel Green Power Colombia for the months of January to December.
- (3) Corresponds to invoicing for CAT (Call Centre) services.
- (4) Exchange difference generated in the payment of the invoicing of software licensing and leasing services provided in 2017.
- (5) Interests intercompany loans granted to the Company in December with maturity date 11 February 2019 at a rate of 6.93% E.A. for payment of creditors.
- (6) In 2017, Enel Italia Servizi generated invoicing of expatriate costs corresponding to previous periods.
- (7) Corresponds to recovery of expenses of the previous period.

Board of Directors and Key Management Personnel

Board of Directors

The Company has a Board of Directors made up of seven (7) principal members, each of whom has a personal alternate, elected by the General Shareholders’ Meeting by the electoral quotient system. In accordance with the corporate bylaws, while the company has the quality of issuer of securities, 25% of the board members will be independent as provided for by the law. The appointment of board members will be for two (2) years, and they can be re-elected indefinitely and without prejudice to the power of the Shareholders’ Meeting to remove them freely at any time.

In accordance with the minutes number 69 of the General Shareholders’ Meeting held on 20 March 2018, the following board of directors was approved:

Seat	Principal	Alternate
First	Caldas Rico Andrés	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Baracaldo Andrés
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (Independent)	Franco Reyes José Antonio	Rodríguez Rios Daniel
Seventh (Independent)	Lopez Valderrama Andrés	Noero Arango Vicente



On 26 April 2018, Mr. José Antonio Franco Reyes, principal member of the sixth seat, resigned as member of the Board of Directors of Codensa. On 22 August 2018, Mr. Vicente Noero submitted his resignation as an alternate member of the seventh seat of the Board of Directors. Consequently, on 20 September 2018, an Extraordinary session of the Shareholders’ Meeting was held, where the appointment of Mr. Mario Antonio Cajiao Pedraza as alternate member of the seventh seat of the Board of Directors was approved and the vacancy of principal member of the sixth seat remained, given that there was no proposal for this position. Therefore, the Board of Directors, as of the reporting date, is composed as follows:

Seat	Principal	Alternate
First	Caldas Rico Andrés	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Baracaldo Andrés
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (Independent)	Vacante	Rodríguez Rios Daniel
Seventh (Independent)	López Valderrama Andrés	Cajiao Pedraza Mario Antonio

The Company appoints a Chairman, who is elected by the Board of Directors among its members for a given period, and may be re-elected indefinitely or removed freely before the expiry of the period. In addition, the Board of Directors has a Secretary, who may or may not be a member of the Board. The appointment of the Chairman was approved by the Board of Directors in a meeting held on 26 May 2015. The Secretary of the Board of Directors was appointed on 21 March 2018.

In accordance with the provisions in Article 55 of the corporate bylaws, the General Shareholders’ Meeting must set the remuneration of the Board members. The current remuneration as of 30 September 2018 amounts to USD \$1,000, after taxes, for attendance to each session of the Board of Directors, approved by the General Shareholders’ Meeting in ordinary session held on 20 March 2018.

Below is the list of fees paid to members of the Board of Directors:

Name	As of 31 December 2018	As of 31 December 2017
Rubio Díaz Lucio	\$ 37.266	\$ 46.850
Castilla Canales Felipe	37.107	30.197
Caldas Rico Andrés	33.808	-
Lopez Valderrama Andrés	33.739	6.757
Vargas Lleras José Antonio	33.613	40.092
Rodríguez Rios Daniel	27.418	3.423
Álvarez Hernández Gloria Astrid	20.066	40.056
Moreno Restrepo Ernesto	16.238	6.793
Baracaldo Sarmiento Andrés	10.114	-
Franco Reyes José Antonio	9.689	30.197
Lopez Vergara Leonardo	6.906	3.435
Acosta Correa David Felipe	6.711	40.092
Pardo Juan Manuel	3.252	-
Cabrales Martínez Orlando	-	43.415
Angulo Gonzalez María Victoria	-	13.229
Eduardo Aguirre José Bernardo	-	13.229
Restrepo Molina Carlos Mario	-	6.757
Botero Valencia Alejandro	-	3.423
	\$ 275.927	\$ 327.945

Key Management Personnel

Below is a list of key Management personnel:

Name	Position
Lucio Rubio Díaz	Country CEO
David Felipe Acosta Correa	General Manager Codensa
Di Murro Michelle (a)	Administration and Finance Manager

(a) As of April 2018, Michele Di Murro was appointment as Administration and Finance Manager, replacing Daniele Caprini.

The fees received by key Management personnel include salaries and short-term benefits, out of which the most representative corresponds to the annual bonus for meeting objectives.

The detailed fees are listed below:

	As of 31 December 2018	As of 31 December 2017
Remunerations	\$ 2.254.743	\$ 1.148.205
Short-term benefits	245.102	336.209
Long-term benefits	91.631	135.885
	\$ 2.591.476	\$ 1.620.299

Incentives Plans for Key Management Personnel

The Company has established for its executives an annual bonus for meeting objectives and level of individual contribution to the Company. These bonuses correspond to a specific number of gross monthly remunerations.

As of 31 December 2018 and 2017, the Company does not have payment benefits based on actions of key management personnel, nor has it established warranties in their favour.

As of 31 December 2018, there are no compensation payments for contract termination.

9. Net inventories

	As of 31 December 2018	As of 31 December 2017
Net electrical material (1)	\$ 106.586.480	\$ 84.995.774
Transformers (1)	8.570.211	5.391.458
Non-electrical material (1)	4.333.101	2.915.072
Added value (2)	449.380	492.501
	\$ 119.939.172	\$ 93.794.805

(1) In 2018, the Company increased material procurement required for projects such as the maintenance and optimisation plan in quality of medium voltage lines and networks infrastructure, reinforcement of tele-control network and equipment, undergrounding small and medium voltage networks for land-use planning (POT), expansion of high voltage capacity and other projects intended to improve quality indices, service capacity and ation and expansion of public lighting.



Below is the detailed movement of the provision for impairment associated with electrical material:

Balance as of December 2017	\$ -
Endowment of provision	(799.886)
Balance as of December 20168	\$ (799.886)

(2) Corresponds primarily to the inventory of induction stoves available for sale; to date there are no signs of impairment of said inventory.

(3) The consumption of materials through profit or loss as of December 2018 and 2017 corresponds to::

	As of 31 December 2018	As of 31 December 2017
Maintenance substations and networks	\$ 6.672.816	\$ 7.793.689
Lighting and new business	2.796.565	3.227.257
Other materials	3.351.146	2.060.903
	\$ 12.820.527	\$ 13.081.849

There are not inventories pledged as guarantee of debt compliance.

10. Non-current assets and liabilities held for sale

In October 2018, the Board of Directors approved the start of the sale process of the Small Hydroelectric Power Plant PCH Rio Negro, and the contracting of an investment bank to channel said sale process.

The Rio Negro PCH Power Plant was received in the merger with the company Empresa de Energía de Cundinamarca - EEC in 2016. Considering that Codensa was created after 1992, the vertical integration restriction is applicable and therefore cannot commercially operate or represent any generation assets, therefore, to date, the sale process has been initiated with the advice of the investment bank.

The sale plan is being advanced with the Bancolombia investment bank, based on a schedule that closes the sale in 2019.

Taking into account the sale process and the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations,” prior to classification as a non-current asset held for sale, the PCH has been recorded at fair value. This involved recognizing an impairment loss of \$15,453,756, which has been determined in accordance with the valuation made.

Below are the non-current assets and liabilities held for sale as of 31 December 2018.

	Balance as of 31 December 2018
Non-current assets held for sale	
Net property, plant and equipment	\$ 18.917.654
Hydraulic power plant	
Non-current liabilities held for sale	(12.453.350)
Dismantling	\$ 6.464.304
Net value of assets and liabilities held for sale	



11. Investments in Subsidiaries, Joint Ventures and Associates

The Company’s interests in other associates and subsidiaries are registered using the cost method and the equity method, in accordance with the defined policy (See Note 3.4 and 3.5). The detail of investments is as follows:

Share Certificates	Economic activity	Relationship	Common shares	Interest %	As of 31 December 2018	As of 31 December 2017
Enel X Colombia S.A.S. (1)	Services	Subsidiary	5.000.000	100,00%	\$ 5.063.775	\$ -
Inversora Codensa	Investment	Subsidiary	5.000	100,00%	2.190	2.276
					\$ 5.065.965	\$ 2.276

(1) Incorporation of Company Enel X: On 17 April 2018, with private document number 02332222 of Book IX, the company Enel X Colombia SAS was incorporated, which has as main corporate purpose among others to execute Public Lighting projects for the development of modernisations, administrations, operation and maintenance, expansions, tele-management, inventory surveys, photometric designs, supervision, among others; under different modalities of contracting with the state as concessions individually or jointly forming strategic alliances.

The authorized capital is 20 billion Colombian pesos divided into 20,000,000 common shares with a par value of \$1,000 each, where Codensa S.A E.S.P. it has a 100% stake of the subscribed capital amounting to \$5,000 million.

Article 2.1.2. of part 1 of book 2 of Decree 2420 of 2015 added by Decree 2496 of 2015, establishes the application of Art. 35 of Act 222, which indicates that the interests in subsidiaries must be recognized in the separate financial statements by the equity method, under this guideline the equity method was applied as of 2016. In January 2017, the amendment to IAS 27 came into effect, which allows investments to be recognized using the equity method in the separate financial statements, eliminating the exception to IFRS that existed in the local framework against the standards issued by the IASB.

12. Net Intangible Assets Other than Capital Gains

	As of 31 December 2018	As of 31 December 2017
Software (1)	\$ 131.666.454	\$ 99.128.344
Easement (2)	55.967.613	31.833.163
Licenses (3)	39.207.888	24.004.853
Development costs	2.187.164	3.210.194
Net intangible assets	\$ 229.029.119	\$ 158.176.554
Software	233.010.593	185.282.959
Easement	66.687.010	41.294.319
Licenses	73.306.820	54.778.057
Development costs	30.676.152	31.147.905
Gross intangible assets	403.680.575	312.503.240
Software	(101.344.139)	(86.154.615)
Easement	(10.719.397)	(9.461.156)
Licenses	(34.098.932)	(30.773.204)
Development costs	(28.488.988)	(27.937.711)
Accumulated amortization	\$ (174.651.456)	\$ (154.326.686)





(1) Corresponds to the following software:

	Net cost as of 31 December 2018	Remaining life (Years)	Net cost as of 31 December 2017	Remaining life (Years)
Administrative management systems	\$ 6.841.930		\$ 5.863.703	
SAP Software	2.632.421	2	2.578.046	2
Institutional Portal Project Latam	1.811.028	3	597.652	2
Archibus system	736.976	4	866.650	4
Storia system	621.235	4	491.723	4
SAP RRHH software	547.372	4	579.570	4
ABC Flow Charter	289.872	2	441.110	3
Mercury	203.026	2	308.952	3
Commercial management systems	20.805.254		21.844.917	
E - Order field work management	8.196.693	3	6.483.260	3
Epic Evolution CRM	5.166.007	4	5.849.844	4
Synergia 4J Project	3.012.589	2	5.227.520	3
One Hub	1.739.000	4	-	
Electronic billing	1.185.436	4	-	
Billing on Site	704.008	2	989.860	3
ICT online services portal	422.814	0.4	1.796.738	1
Business Intelligence Software	333.915	1	1.095.713	2
Automation Vehicle Recharge System	35.890	0.2	364.829	1
Business partners operation system	8.902	0.2	37.153	1
Distribution management system	104.019.270		71.419.724	
Sap E4E (a)	59.087.108		42.172.552	
Scada Software - Front end Communication (b)	10.497.028	4	6.774.463	4
Software DMS / EMS	8.228.963	4	2.260.260	3
SIR-regulation information system	7.605.654	4	5.534.874	4
Software Scada STM	7.305.806	4	8.953.726	4
Software Scada (b)	3.753.682	4	77.224	1
Digl&N Colombia	1.690.631		-	
Oracle licensing	401.400	2	733.858	3
IBM Transformation Project	527.064	2	699.953	3
Cas Projects 2015	76.674	0.3	230.021	1
Effective Monitoring of Power	54.493	1	179.159	2
Linux License	186.539	2	279.910	3
Service Now Project	155.508	2	236.643	3
Novel IDM Licenses	22.149	0.4	66.447	1
Corporate Data Network Metrolan HA	694.643	3	817.851	4
PIM System Power Quality	442.466	4	470.480	4
Big Data Analytics and Dashboards	529.303	4	413.787	4
Other minor computer programs	2.760.159		1.518.516	
	\$ 131.666.454		\$ 99.128.344	

((a) Corresponds mainly to the development of the E4E project (Evolution for Energy), which aims to standardize the SAP systems that support the accounting models, asset management and operation of the Company, among the most important costs associated with the project are consulting fees to perform the “roll out” and implementation of the system.

(b) Corresponds mainly to the development of Scada software, tele-control and automation technology for the medium voltage distribution network under the Enel model, which will significantly improve service quality indicators.

(2) As of 31 December 2018 and 2017, correspond to 38 and 36 easements, respectively. The easements are presented below:

	As of 31 December 2018	As of 31 December 2017
Nueva Esperanza (a)	\$ 34.459.714	\$ 13.941.939
Subestación Bacatá AT/AT y AT/MT (*)	13.455.250	10.146.170
Other minor easements	3.007.093	3.232.528
Northwest Substation HV/HV HV/MV (*)	3.106.669	2.843.211
Legalization of easements substations HV/MV (*)	1.938.887	1.669.315
	\$ 55.967.613	\$ 31.833.163

HV (High voltage) y MV (Medium voltage)

(a) Corresponds mainly to the legalization of easements for corridors of high voltage lines such as Nueva Esperanza - Bosa 2 115 Kv and Nueva Esperanza - Ceiling 115 Kv- Nueva Esperanza - Muña 115kv.

(3) Corresponds mainly to the projects of the CRM Sales Force platform for \$22,179,142 and the BI-BA platform for \$3,739,198. The first is the transformation of the multi-channel service platform that allows for the management of pre-sale, sale, after-sales processes for value-added products and services (VAPS), and the transformation of the BI business intelligence system into the new Cloud platform, which will optimize the extraction and data processing.

The detail and movements of the intangible asset is as follows:

	Development Costs	Easement	Licenses	Software	Intangible assets
Initial balance 01/01/2017	\$ 1.996.444	\$ 25.328.069	\$ 44.829.358	\$ 46.801.441	\$ 118.955.312
Movements					
Additions	1.637.187	7.244.505	24.168.158	23.608.420	56.658.270
Withdrawals	-	-	(176.585)	(764.298)	(940.883)
Amortisation (see Note 26)	(423.437)	(1.193.060)	(2.643.526)	(12.689.771)	(16.949.794)
Other increases (decreases)	-	453.649	(42.172.552)	42.172.552	453.649
Movements of the period	1.213.750	6.505.094	(20.824.505)	52.326.903	39.221.242
Final balance 31/12/2017	\$ 3.210.194	\$ 31.833.163	\$ 24.004.853	\$ 99.128.344	\$ 158.176.554
Movements					
Additions	-	20.159.570	18.411.163	47.484.777	86.055.510
Transfers	-	-	117.600	(117.600)	-
Amortisation (ver Nota 26)	(551.277)	(1.258.241)	(3.325.728)	(15.189.524)	(20.324.770)
Other increases (decreases)	(471.753)	5.233.121	-	360.457	5.121.825
Movements of the period	(1.023.030)	24.134.450	15.203.035	32.538.110	70.852.565
Final balance 31/12/2018	\$ 2.187.164	\$ 55.967.613	\$ 39.207.888	\$ 131.666.454	\$ 229.029.119

As of 31 December 2018 and 2017, the Company has no intangible assets with indefinite useful life. Additionally, there are no restrictions or guarantees on intangible assets.



13. Net Property, Plant and Equipment

	As of 31 December 2018	As of 31 December 2017
Construction in progress (1)	\$ 1.087.398.798	\$ 820.496.119
Buildings	187.860.259	187.193.449
Land	108.751.871	95.026.725
Improvements in third-party property	1.940.277	2.781.441
Plant and equipment	3.648.731.122	3.545.040.509
<i>Electrical distribution networks and installations</i>	2.784.854.721	2.698.392.975
<i>Substations and high voltage lines</i>	863.876.401	813.716.052
<i>Hydraulic power plant</i>	-	32.931.482
Fixed installations and others	66.862.309	63.365.970
<i>Other installations</i>	43.029.732	38.112.395
<i>Fixed installations and accessories</i>	23.832.577	25.253.575
Finance leases	8.487.325	2.422.082
Net property, plant and equipment	\$ 5.110.031.961	\$ 4.716.326.295
Construction in progress	1.087.398.798	820.496.119
Buildings	243.670.265	237.400.120
Land	108.751.871	95.026.725
Improvements in third-party property	10.128.371	10.128.371
Plant and equipment	8.046.608.037	7.676.179.899
<i>Electrical distribution networks and installations</i>	6.132.597.844	5.818.490.058
<i>Substations and high voltage lines</i>	1.914.010.193	1.818.748.396
<i>Hydraulic power plant</i>	-	38.941.445
Fixed installations and others	186.786.732	175.236.459
<i>Other installations</i>	123.390.829	105.725.984
<i>Fixed installations and accessories</i>	63.395.903	69.510.475
Finance leases	14.739.797	14.695.992
Gross property, plant and equipment	9.698.083.871	9.029.163.685
Buildings	(55.810.006)	(50.206.671)
Improvements in third-party property	(8.188.094)	(7.346.930)
Plant and equipment	(4.397.876.915)	(4.131.139.390)
<i>Electrical distribution networks and installations</i>	(3.347.743.123)	(3.120.097.083)
<i>Substations and high voltage lines</i>	(1.050.133.792)	(1.005.032.344)
<i>Hydraulic power plant</i>	-	(6.009.963)
Fixed installations and others	(119.924.423)	(111.870.489)
<i>Other installations</i>	(80.361.097)	(67.613.589)
<i>Fixed installations and accessories</i>	(39.563.326)	(44.256.900)
Finance leases	(6.252.472)	(12.273.910)
Accumulated depreciation of property, plant and equipment	\$ (4.588.051.910)	\$ (4.312.837.390)

(1) Assets undergoing construction correspond to the following projects:

Project	As of 31 December 2018	As of 31 December 2017
Connections lines and mass urban networks	\$ 295.437.169	\$ 215.144.355
Latam tele-control project - Codensa	116.847.000	126.935.371
Normalisation and quality medium voltage service	112.363.807	69.628.339
Modernisation of public lighting Bogotá	83.078.567	25.959.509
Medium voltage lines quality plan	57.160.582	24.550.189
Land use planning IDU - Municipalities	52.208.334	28.933.127
Medium voltage capacity expansion	39.132.680	50.298.420
Public Lighting Expansion	36.194.789	32.401.805
Construction Substation North STN-115Kva	34.156.379	37.044.989
Replenishment of rural and urban infrastructure level 2	32.972.188	14.997.626
High voltage capacity expansion	26.562.300	47.187.990

Project	As of 31 December 2018	As of 31 December 2017
Replenishment transformers and urban rural equipment	25.506.832	19.876.756
Replenishment of rural infrastructure level 1	22.222.756	6.971.291
Adaptation of loss control measures equipment	19.280.757	15.603.239
Construction Gran Sabana Substation	18.760.200	6.054.769
Substation equipment modernisation	18.532.786	25.966.849
Commercial Headquarters Adjustments	17.371.124	5.612.189
Other minor projects	15.798.322	24.123.915
Normalisation and quality high voltage service	13.102.826	3.156.800
Smart Metering	12.099.879	20.287.401
Expansion Peripheral networks MV - LV	10.756.143	7.103.314
Rural Public Lighting	10.720.307	1.766.867
Concessions medium voltage lines	8.099.259	4.403.302
Substation San José	5.465.307	–
Construction Substation Compartir 115-11.4Kva	3.568.505	375.966
Construction Nueva Esperanza Substation 500-115Kva	-	5.273.811
Modernisation of the Rionegro Hydraulic Power Plant	-	830.909
Expansion Gorgonzola substation exits	-	7.021
	\$ 1.087.398.798	\$ 820.496.119

The composition and movements of the line item Properties, plant and equipment are detailed below:

	Construction in progress	Lands	Buildings	Plant and Equipment				Other installations	Finance leases	Property, plant and equipment
				Improvements third-party property	Substations and high voltage lines	Installations and electric distribution networks	Hydraulic power station			
Initial balance 01/01/2017	\$ 768.482.031	\$ 95.130.567	\$ 118.197.959	\$ 9.122.269	\$ 708.742.115	\$ 2.475.571.542	\$ 30.215.368	\$ 70.225.916	\$ 5.255.446	\$ 4.280.943.213
Movements in property, plant and equipment										
Additions (a)	738.578.490	7461	-	-	-	-	-	1.240.616	961.497	740.788.064
Transfers	(685.824.264)	(100.007)	73.516.699	(5.334.724)	151.726.474	451.735.443	3.365.914	10.914.465	-	-
Withdrawals	(286.489)	(11.296)	-	-	(1.400.979)	(6.093.844)	-	(442.890)	(161.408)	(8.396.906)
Depreciation expenses (see note 26)	-	-	(4.521.209)	(1.006.104)	(45.351.558)	(222.820.166)	(649.800)	(18.572.137)	(3.633.453)	(296.554.427)
Other increases (decreases)	(453.649)	-	-	-	-	-	-	-	-	(453.649)
Period movements	52.014.088	(103.842)	68.995.490	(6.340.828)	104.973.937	222.821.433	2.716.114	(6.859.946)	(2.833.364)	435.383.082
Final balance 31/12/2015	\$ 820.496.119	\$ 95.026.725	\$ 187.193.449	\$ 2.781.441	\$ 813.716.052	\$ 2.698.392.975	\$ 32.931.482	\$ 63.365.970	\$ 2.422.082	\$ 4.716.326.295
Period movements										
Movements in property, plant and equipment										
Additions (a)	756.230.386	8.210.964	-	-	-	-	-	2.092.288	9.866.110	776.399.748
Transfers	(484.125.744)	5.543.679	6.345.282	-	104.488.455	345.638.352	2.136.702	19.973.274	-	-
Withdrawals (b)	-	(29.497)	(13.641)	-	(1.273.761)	(7381.561)	-	(20.630)	(98.906)	(8.817.996)
Impairment (see note 26)	-	-	-	-	-	-	-	(15.453.755)	-	(15.453.755)
Depreciation expenses (see note 26)	-	-	(5.664.831)	(841.164)	(53.054.345)	(251.795.045)	(16.150.529)	(3.094.838)	(3.701.961)	(334.302.713)
Other increases (decreases) (see note 12 and note 13)	(5.201.963)	-	-	-	-	-	(18.917.655)	-	-	(24.119.618)
Period movements	266.902.679	13.725.146	666.810	(841.164)	50.160.349	86.461.746	(32.931.482)	3.496.339	6.065.243	393.705.666
Final balance 31/12/2018	\$ 1.087.398.798	\$ 108.751.871	\$ 187.860.259	\$ 1.940.277	\$ 863.876.401	\$ 2.784.854.721	-	\$ 66.862.309	\$ 8.487.325	\$ 5.110.031.961

(a) As of 31 December 2018 and 2017, \$2,998,967 and \$8,786,465 of financial expenses were capitalized into eligible assets for projects such as replacement and redesign of rural medium voltage, Nueva Esperanza substation and Norte substation.

(b) Corresponds mainly to the removal of MV/LV distribution transformers and street lighting luminaires, modernisation and replacement projects.

Additional information on property, plant and equipment, net

Main investments

As of 31 December 2018 and 2017, additions to property, plant and equipment correspond to investments in conditioning, modernisation, expansion and construction of substations, lines and networks in high, medium and low voltage and distribution transformers in order to enhance efficiency and levels of quality of service. The main additions to property, plant and equipment correspond to:

Additions by project	Class	As of 31 December 2018	As of 31 December 2017
Adaptation and modernisation in HV, MV and LV lines and networks *	Lines and Networks	\$ 296.548.085	\$ 79.850.462
Expansion of HV, MV and LV lines and networks *	Lines and Networks	100.515.680	255.353.584
Tele-control Latam	Lines and Networks	78.612.610	95.763.109
Expansion and modernisation of rural and urban public lighting	Lines and Networks	76.070.098	63.376.178
Adaptation, modernisation and expansion of HV/MVand MV/ MV substations *	Substations	72.673.316	4.032.792
Expansion and adaptation of MV and LV distribution transformers *	Lines and Networks	33.635.887	22.944.382
Acquisition of measuring devices to control MV and LV losses *	Lines and Networks	27.978.435	15.018.781
Expansion Gran Sabana substation	Substations	9.853.427	13.085.640
Expansion substation Norte STN/115 Kv	Substations	7.779.667	7.557.888
Expansion substation Compartir STN / 115 Kv	Substations	6.298.040	-
Expansion substation Nueva Esperanza 550/115 Kv	Substations	1.769.067	29.886.061

* HV (High voltage), MV (Medium voltage) and LV (Low voltage)

As of 31 December 2018 and 2017, direct workforce was capitalized directly related to the construction in progress for \$79,538,010 and \$54,562,582. The variation corresponds mainly to the greater execution of tele-control projects, replacement quality and urban and rural infrastructure in medium voltage networks, Gran Sabana substation, North Substation, massive urban and rural connections in medium and low voltage networks and compliance with the district land use planning.

Main transfers to operation

As of 31 December 2016, the main constructions in progress that started operations correspond to:

Project	Bogota Urban	Cundinamarca	Total Activation
Modernisation, conditioning and expansion medium voltage lines and networks	\$ 113.736.027	\$ 101.332.285	\$ 215.068.312
Modernisation, conditioning and expansion high and medium voltage substations (1)	54.080.253	46.804.786	100.885.039
Modernisation, conditioning and expansion low voltage lines and networks	53.259.878	37.003.967	90.263.845
Modernisation, conditioning and expansion distribution transformers	10.881.432	15.851.313	26.732.745
Modernisation, conditioning and expansion of Public Lighting	10.910.591	2.657.752	13.568.344
Modernisation, conditioning and expansion high voltage lines and networks	5.165.126	7.076.519	12.241.644

(1) On 10 September, the Company declared to XM the entry into operation of the new lines of Nueva Esperanza - Bosa 2 115 Kv and Nueva Esperanza - Ceiling 115 Kv. The application was approved and communicated by the National Dispatch Centre. With this communication and other requirements contained in the regulation, the Company will initiate the rate application process before the CREG for the allocation of the charges that remunerate the assets. The Company made a transfer of construction in progress to property, plant and equipment in operation for an approximate value of \$12,139 million pesos.

As of 31 December 2017, the main constructions in progress that started operations corresponded to:

Project	Bogota Urban	Cundinamarca	Total Activation
Modernisation, conditioning and expansion medium voltage lines and networks	\$ 197.076.665	\$ 116.367.138	\$ 313.443.803
Modernisation, conditioning compensation high and medium voltage substations	97.870.847	73.718.640	171.589.487
Modernisation, conditioning and expansion of Public Lighting	63.994.076	1.260.293	65.254.369
Modernisation, conditioning and expansion low voltage lines and networks	31.134.304	23.607.973	54.742.277
Modernisation, conditioning and expansion high voltage lines and networks	17.433.723	11.676.368	29.110.091
Modernisation, conditioning and expansion distribution transformers	11.009.154	7.056.847	18.066.001

Finance lease

As of 31 December 2018 and 2017, property, plant and equipment includes \$8,487,325 and \$2,422,082, corresponding to the net book value of assets that are the subject of finance lease agreements. As of December 2018, the variation is mainly due to the termination of the contracts of the temporary union rentacol EEC in January and the business consortium in August, the latter was replaced by Transportes Especiales Aliados S.A.S. in September.

The finance lease agreements correspond to the lease agreements of vehicles established mainly with Mareauto Colombia S.A.S., Transportes Especializados JR S.A.S. and Transportes Especiales Aliados S.A.S; for the support the Company’s operation; and Equirent S.A., for the transport of the organization's executives.

On 1 September, Codensa and Transportes Especiales Aliados S.A.S. signed an agreement for \$22,418,741 with a 3-year term, and aims at the use of 90 vehicles under the modality of finance lease. The start of this agreement was 1 September 2018. This agreement replaced the business consortium under which about 45% of the fleet of vehicles for the operation of the Company was contracted.

The present value of future payments derived from said agreements are as follows:

Minimum Payments for leases, obligations for finance leases	As of 31 December 2018		As of 31 December 2017			
	Gross	Interest	Present value	Gross	Interest	Present value
Less than one year	\$ 4.386.631	\$ 865.489	\$ 3.521.142	\$ 1.754.959	\$ 171.013	\$ 1.583.946
Over one year but less than five years (see note 15)	5.685.794	494.425	5.191.369	1.036.970	101.299	935.671
Total	\$ 10.072.425	\$ 1.359.914	\$ 8.712.511	\$ 2.791.929	\$ 272.312	\$ 2.519.617

Operating Lease

The income statement as of 31 December 2018 and 2017 includes \$10,817,333 and \$11,232,970, respectively, corresponding mainly to the accrual of operating lease agreements of real estate, including:

	Start date	End date	Purchase option
Administrative offices			
North Point (a)	Jun-14	May-19	No
Oficina Q93	Jan-10	Dec-20	No
Calle 82 Piso 5y6	April-13	Dec-20	No
Calle 82 Piso 7	Aug-11	Dec-20	No
Calle 82 Of.801	Oct-09	Sept-21	No
Corporativo torre 93	oct-09	sept-21	No



	Start date	End date	Purchase option
Customer service offices			
Calle 80	Jan-04	Dec-22	No
Chapinero	Sept-11	Sept-21	Si
Suba 91	Oct-14	Oct-24	No
San Diego	Oct-10	Sept-20	No
Kennedy	Aug-13	Jul-23	Si
Soacha	Oct-11	oct-21	Si

(a) Floors 5 and 6 will be delivered on 31 January 2019; floors 3 and 4 on 1 March 2019.

As of 31 December 2018, related contracts are adjusted annually in accordance with the Consumer Price Index (CPI) and points contractually defined; and on agreements that establish a purchase option, the Company has no expectations of exercising said option.

As of 31 December 2018, future payments derived from said contracts are as follows:

Minimum future payments for non-payable leases, Lessees	As of 31 December 2018	As of 31 December de 2017
Less than one year	\$ 10.386.241	\$ 6.702.319
Over one year but less than five years	21.570.925	11.199.244
Over five years	7.673.506	1.034.199
	\$ 39.630.672	\$ 18.935.762

The above information does not include VAT

Insurance policies

Below are the policies for the protection of Company property:

Insured property	Risks covered	Insured value	Maturity	Insurance company
Company equity (*)	Non-contractual civil liability	USD \$20.000	01/11/2019	Axa Colpatría
	Non-contractual civil liability (tier of USD 200 million in excess of USD 20 million)	USD \$200.000	01/11/2019	Mapfre Seguros Colombia
	Environmental civil liability	USD \$11.322	31/10/2019	Chubb Seguros Colombia
Civil works, equipment contents, stores and profit loss (*)	All risk material damage, earthquake, seaquake HMAcc – AMIT, profit loss and machinery breakdown	USD \$1.132.250	01/11/2019	Mapfre Seguros Colombia
		Damage to third party property: \$ 300,000		
Vehicles (a)	Non-contractual civil liability	Death or injuries 1 person: \$ 300,000	02/01/2019	Seguros Mundial
		Death or injuries 2 or more people: \$ 600,000		

(*) The Company's insurance policy agreements are executed in dollars.

(a) The Company renewed the vehicle insurance policy for 2019 under the following conditions:

Insured property	Risks covered	Insured value	Maturity	Insurance company
Vehicles	Non-contractual civil liability	Damage to third party property: \$ 300,000	03/01/2020	Seguros Mundial
		Death or injuries 1 person: \$ 300,000		
		Death or injuries 2 or more people: \$ 600,000		

14. Net deferred taxes

The recovery of asset balances for deferred taxes depends on the achievement of profit in the future. Management considers that future tax profit is sufficient for asset recovery.

Below is the detail of the net deferred tax assets as of 31 December 2018:

	Initial balance 01-01-2018	Increases (decreases) for deferred tax in profit or loss (i)	Increases (decreases) for deferred tax in equity	Increase (Decrease) due to deferred taxes in profit or loss by rate change (i)	Increase (decrease) due to deferred taxes in other comprehensive income (ii)	Final balance 31/12/2018
Deferred tax assets						
Provisions and others (1)	\$ 46.367.067	\$ (14.255.048)	\$ 16.532.862	\$ (2.041.131)	\$ -	\$ 46.603.750
Defined contribution obligations (*)	13.092.034	4.381.892	-	(2.083.734)	5.458.901	20.849.093
Total deferred tax asset	\$ 59.459.101	\$ (9.873.156)	\$ 16.532.862	\$ (4.124.865)	\$ 5.458.901	\$ 67.452.843
Deferred tax liabilities						
Excess of tax depreciation on book value (2)	77.592.344	(279.979)	-	(5.526.769)	-	71.785.596
Others (3)	1.516.594	(231.215)	-	(103.560)	(7.416)	1.174.403
Total deferred tax liabilities	\$ 79.108.938	\$ (511.194)	\$ -	\$ (5.630.329)	\$ (7.416)	\$ 72.959.999
Net deferred tax assets (liabilities)	\$ (19.649.837)	\$ (9.361.962)	\$ 16.532.862	\$ 1.505.464	\$ 5.466.317	\$ (5.507.156)

(*) In the Increase or (Decrease) due to deferred taxes in other comprehensive income (ii), the effect of the change in the rate equivalent to (\$545,890) is included.

(i) As of 31 December 2018, the decrease in deferred tax in profit or loss includes: (i) Deferred tax for the period (\$15,355,206) (ii) Deferred tax from prior years of \$7,498,708.

(ii) Deferred tax assets correspond to the calculation due to a change in policy due to the recognition of IFRS 9 in the Company and to the difference between the actuarial calculation of pensions of Decree 2783 of 2001 for fiscal purposes and the result under IFRS as of 31 December 2018. Deferred tax liabilities correspond to the movements of the settled forwards.



(1) As of 31 December 2018, the detail of deferred tax assets on account of other provisions corresponds to:

	Final balance 31/12/2017	Increase (decrease) due to deferred taxes in profit or loss	Increase (decrease) due to deferred taxes in Equity	Increase (decrease) in deferred taxes in profit or loss due to change in rate	Final Balance 12/31/2018
Provision of uncollectible accounts (a)	8.615.050	471.169	16.532.862	(784.099)	24.834.982
Provisions of works and services	2.783.040	(347.302)	-	-	2.435.738
Labour obligations provision	6.687.404	(1.962.254)	-	(90.973)	4.634.177
Provision for contingent liabilities (b)	10.917.030	(4.634.782)	-	(571.113)	5.711.135
Provision - Claims with third parties (c)	7.302.028	(7.302.028)	-	-	-
Provision for dismantling	169.613	(4.073)	-	(15.049)	150.491
Others	9.892.902	(475.778)	-	(579.897)	8.837.227
	46.367.067	(14.255.048)	16.532.862	(2.041.131)	46.603.750

- (a) The increase in equity corresponds mainly to the change in the accounting policy with the recognition of IFRS 9.
- (b) For 2018, it corresponds mainly to the reclassification of the dismantling of the PCH (Central Rio Negro - Puerto Salgar) to liabilities held for sale, and to the calculation of the deferred tax of the provisions on litigation.
- (c) Provision for the litigation of Public Lighting with the UAESP (see note 17).
- (2) As of 31 December 2018, corresponds to the difference in accounting and fiscal depreciation for: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation for reduction of balances as of 2014, iii) difference in the cost of assets for technical re-assessment, iv) accounting and fiscal differences for the adjustments for inflation in 2004, 2005 and 2006, v) the fiscal-level assets as of 2017 are evaluated according to the percentages of depreciation defined in Article 137 of the Tax Code.

(3) As of 31 December, 2018, corresponds mainly to the deferred tax for the difference in the valuation of financial obligations.

Deferred taxes as of 31 December 2018 by rate are presented below:

	2019 Income tax and surcharge	2020 Income tax and surcharge	2021 Income tax and surcharge	2022 Onwards
Estimated provisions and liabilities	\$ 27.524.397	\$ 462.684	\$ 230.516	\$ 110.231.142
Property, plant and equipment	(17.403.031)	(32.085.803)	(39.618.552)	(147.117.990)
Portfolio	25.619.081	25.619.081	26.395.416	819.832
Others	(345.432)	(75.180)	(75.180)	(3.376.823)
	\$ 35.395.015	\$ (6.079.218)	\$ (13.067.800)	\$ (39.443.839)
Rate	33%	32%	31%	30%
	\$ 11.680.355	\$ (1.945.350)	\$ (4.051.018)	\$ (11.833.152)
Occasional earnings	6.420.068			
Rate	10%			
Tax	642.009			
Total deferred tax liabilities	\$ (5.507.156)			

The following is the detail of net deferred tax assets (liabilities) as of 31 December 2017:

	Final balance 31-12-2016	Increase (decrease) due to deferred taxes in profit or loss (i)	Increase (Decrease) due to deferred taxes in other comprehensi- ve income (See numeral 1 note 32) (ii)	Final balance 31-12-2017
Deferred tax assets				
Provisions and others (1)	\$ 70.446.499	\$ (24.079.432)	\$ -	\$ 46.367.067
Defined contribution obligations	17.894.416	(4.463.071)	(339.311)	13.092.034
Total deferred tax assets	88.340.915	(28.542.503)	(339.311)	59.459.101
Deferred tax liabilities				
Excess of tax depreciation on book value (2)	69.314.546	8.277.798	-	77.592.344
Others (3)	4.971.029	(3.459.959)	5.524	1.516.594
Total deferred tax liabilities	74.285.575	4.817.839	5.524	79.108.938
Net deferred tax assets (liabilities)	\$ 14.055.340	\$ (33.360.342)	\$ (344.835)	\$ (19.649.837)

- (i) As of 31 December 2017, the decrease in profit or loss due to deferred tax includes: (i) Deferred tax for the period of \$28,720,448 (ii) Deferred tax from prior years of \$ 4,639,893.
- (ii) Deferred tax assets correspond to the difference between the actuarial calculation of pensions under Decree 2783 of 2001 for tax purposes and the resulting one under IFRS. Deferred tax liabilities correspond to the movements of the forward constituted to cover the exchange rate risk.

(1) As of 31 December 2017, the detail of deferred tax asset for other provisions corresponds to:

	Final balance 31-12-2016	Increase (decrease) due to deferred taxes in profit or loss	Final balance 31-12-2017
Provision of uncollectible accounts (a)	\$ 17.182.182	\$ (8.567.132)	\$ 8.615.050
Provisions of works and services (b)	14.526.743	(11.743.703)	2.783.040
Labour obligations provision	10.034.277	(3.346.873)	6.687.404
Provision for contingent liabilities	9.729.381	1.187.649	10.917.030
Provision of industry and trade (c)	7.487.994	(7.487.994)	-
Provision - Claims with third parties	6.000.000	1.302.028	7.302.028
Provision for dismantling	2.831.593	(2.661.980)	169.613
Others (d)	2.654.329	7.238.573	9.892.902
	\$ 70.446.499	\$ (24.079.432)	\$ 46.367.067

- (a) The variation corresponds mainly to the decrease in the temporary difference between the policy of provision of the fiscal portfolio and the provision of the accounting portfolio.
- (b) The tax reform provided for 2017 the deduction of the industry and trade tax expense at 100% as long as said tax is paid before the presentation of the income tax return, however, for 2016 only what was effectively paid in the year was considered deductible.



- (c) For 2016 deferred tax was calculated on the pending invoices due to the fact that there was an obligation to have the physical invoice at the time of closure to be considered as deductible, however, as of the tax reform the services or goods purchased can be taken as deductible even if the invoice has the date of issue of the following period.
- (d) For 2017 onwards, it mainly corresponds to the calculation of the deferred tax of the provisions on labour and civil litigations that through the reform would be considered deductible.
- (2) As of 31 December 2017, corresponds to the difference in accounting and fiscal depreciation for: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation for reduction of balances as of 2014, iii) difference in the cost of assets due to technical revaluation, iv) accounting and fiscal differences for inflation adjustments for 2004, 2005 and 2006.
- (3) As of 31 December 2017, corresponds mainly to the deferred tax for the difference in the valuation of financial obligations.

The deferred tax as of 31 December 2017 by rate is presented below:

	2018 Income tax and surcharge	2019 onwards Income tax and surcharge
Estimated provisions and liabilities	\$ 27813.662	\$ 122.046.528
Property, plant and equipment	–	(237.074.807)
Portfolio	12.307.215	13.148.550
Others	1.554.644	(6.338.825)
	\$ 41.675.521	\$ (108.218.554)
Rate	37%	33%
	15.419.943	(35.712.123)
Occasional earnings	6.423.430	
Rate	10%	
Tax	642.343	
Total	\$ (19.649.837)	

15. Other Financial Liabilities

	As of 31 December 2018			As of 31 December 2017		
	Current		Non-current	Corriente		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	\$ 160.000.000	\$ 28.013.636	\$ 1.493.340.000	\$ 261.660.000	\$ 22.892.111	\$ 1.098.340.000
Bank Obligations (2)	309.831.972	5.991.850	98.506.638	42.404.813	6.279.978	402.979.941
Lease obligations (3)	3.521.141	-	5.191.369	1.583.945	-	935.671
	\$ 473.353.113	\$ 34.005.486	\$ 1.597.038.007	\$ 305.648.758	\$ 29.172.089	\$ 1.502.255.612

- (1) The bond movement from January to December 2018, is summarized as follows:
- (i) On 11 April 2018, the first placement was made of the seventh tranche of the Ordinary Bonds and Commercial Paper Issuance and Placement Programme of Codensa S.A. E.S.P. of \$360,000,000. The award was made as follows:
- a. Subseries E7: \$200,000,000 for a term of 7 years and with a coupon rate of 6.74% E.A.
- b. Subseries B12: \$160,000,000 for a term of 12 years and with a coupon rate of CPI +3.59%

The resources were used to finance the Company's investment plan.

- (ii) On 23 October 2018, the first placement was made of the eighth tranche of the Ordinary Bonds and Commercial Paper Issuance and Placement Programme of Codensa SA. E.S.P., for \$195,000,000. The award was made as follows:
- a. Subseries B5: \$195,000,000 for a term of 5 years and with a coupon rate of CPI +2.82%

The resources were used to refinance financial obligations.

- (iii) On 15 November 2018, payment was made on the fifth issue, corresponding to the second tranche under the Company's Bonds and Commercial Paper Issuance and Placement Program, as follows:
- a. Second Tranche - First Lot for \$166,400,000
- b. Second Tranche - Second Lot for \$ 15,260,000
- (iv) On 11 December 2018, the balance of the third issue of Ordinary Bonds for \$80,000,000 Subseries A10 was paid.
- (v) The following bonds were classified from long-term to short-term:
- a. Fifth Tranche of the Bonds Programme, Subseries E2 for \$160,000,000 maturing on 9 March 2019.

The total financial debt of the Company in bonds is represented in seven (7) bond issues in force in the local market, below are the main financial characteristics of the bonds issued and effective since 2008 as of 31 December 2018:

Bond Issuance and Placement Programme

Through Resolution No. 194 of 29 January 2010, the Colombian Financial Superintendence ordered the registration in the National Register of Securities and Issuers (RNVE in Spanish) of the Codensa Ordinary Bond Issue and Placement Programme for an amount of up to \$600,000,000, and its public offer. Through Resolution No. 0624 of 3 April 2013, the Colombian Financial Superintendence authorised the renewal of the validity term of the authorisation for the public offer of the Codensa Ordinary Bond Issue and Placement Programme for a three-year term counted as of the signing of the aforementioned Resolution, i.e., until 30 April 2016. Subsequently, having met the requirements established for such purpose, the Limit for the Issue and Placement Programme was extended on 13 March 2014 through Resolution No. 0407/2014 of the Colombian Financial Superintendence to \$185,000,000, increasing the Programme's Global Limit to \$785,000,000. The Limit of the Issue and Placement Programme was extended once again on 7 October 2014 through Resolution No. 1780/2014 of the Financial Superintendence to \$165,000,000, increasing the Programme's Global Limit to \$950,000,000. Resolution No. 0623 of 23 May 2016 approved the extension of the Global Programme Limit to an additional amount of \$560,000,000, bringing the Global Limit to \$1,510,000,000, while the renewal of the term for the authorisation of the public offer of the bonds in the Programme was approved for three additional years as of the execution of said Resolution, i.e., until 3 June 2019. On 28 December 2017, Resolution No. 1893, approved the following amendments to the Company's Issuance and Placement Programme of ordinary bonds: i) The inclusion of Commercial Papers in the Programme for the issue and placement of securities of ordinary bonds of the company, their registration with the RNVE and their public offer and ii) The incorporation of the changes derived from the application of article 6.1.1.1.5 of Decree 2555 of 2010, referring to the modality used for issuing the securities, the Plan for the amortisation of the securities and the possibility of publishing the interest rate offered separately from the offer notice. Finally, Resolution No. 0136 of 31 January 2018 approved the expansion of the Programme's Overall Quota in an additional amount of one trillion two hundred ninety-five billion Pesos (\$1,295,000,000,000) bringing the Overall Quota to a total of two trillion eight hundred five billion Pesos (\$2,805,000,000,000).



As of 31 December 2018, eight (8) issues have taken place under the Programme. The first Tranche was issued on 17 February 2010, the second Tranche on 15 November 2013, the third Tranche on 25 September 2014 the fourth Tranche on 15 September 2016, the fifth Tranche on 9 March 2017 and he eighth Tranche on 23 October 2018. Below is the detail of current issues:

Second Tranche under the Programme

Total placed value	\$375.000.000, as follows: Subseries B5: \$181,660,000 Subseries B12: \$193,340,000
Current balance as of 31 December 2018	\$193.340.000
Par value per bond	\$10.000
Issue terms	Subseries B5: 5 years Subseries B12: 12 years
Date of issue	15 de noviembre de 2013 para todas las series
Maturity	Subseries B5: 15 November 2018 Subseries B12: 15 November 2025
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B5: CPI + 3.92% E.A. Subseries B12: CPI + 4.80% E.A.
Rating	AAA (Triple A) Granted by FitchRatings Colombia S.A. S.C.V).

Third Tranche under the Programme

Total placed value	\$185,000,000, as follows: Subseries B7: \$185,000,000
Current balance as of 31 December 2018	\$185.000.000
Par value per bond	\$10.000
Issue Terms	Subseries B7: 7 years
Date of Issue	25 September 2014
Maturity	Subseries B7: 25 September 2021
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B7: CPI + 3.53% E.A.
Rating	AAA (Triple A) Granted by FitchRatings Colombia S.A. S.C.V).

Fourth Tranche under the Programme

Total placed value	\$90,000,000, as follows: Subseries E4: \$90,000,000
Current balance as of 31 December 2018	\$90.000.000
Par value per bond	\$10.000
Issue Terms	Subseries E4: 4 years
Date of Issue	15 September 2016
Maturity	Subseries E4: 15 September 2020
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E4: 7.70% E.A.
Rating	AAA (Triple A) Assigned by FitchRatings Colombia S.A. S.C.V.

Fifth Tranche under the Programme

Total placed value	\$430,000,000, as follows: Subseries E2: \$160,000,000 Subseries E5: \$270,000,000
Current balance as of 31 December 2018	\$430,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E2: 2 years Subseries E5: 5 years
Date of Issue	9 March 2017
Maturity	Subseries E2: 9 March 2019 Subseries E5: 9 March 2022
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E2: 7.04% E.A. Subseries E5: 7.39% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Sixth Tranche under the Programme

Total placed value	\$200,000,000, as follows: Subseries E7: \$200,000,000
Current balance as of 31 December 2018	\$200,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E7: 7 years
Date of Issue	8 June 2017
Maturity	Subseries E7: 8 June 2024
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E7: 6.46% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Seventh Tranche under the Programme

Total placed value	\$360,000,000, as follows: Subseries E7: \$200,000,000 Subseries B12: \$160,000,000
Current balance as of 31 December 2018	\$360,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E7: 7 years Subseries B12: 12 years
Date of Issue	11 April 2018
Maturity	Subseries E7: 11 April 2025 Subseries B12: 11 April 2030
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E7: 6.74% E.A. Subseries B12: CPI+3.59% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Eighth Tranche under the Programme

Total placed value	\$195,000,000, as follows: Subseries B5: \$195,000,000
Current balance as of 31 December 2018	\$195,000,000
Par value per bond	\$10,000
Issue Terms	Subseries B5: 5 years
Date of Issue	23 October 2018
Maturity	Subseries B5: 23 October 2023
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B5: CPI+2.82% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.





Codensa S.A. E.S.P.
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On 11 December 2018, the payment by maturity of the subseries A10 of the third issuance of bonds by the Company in 2009 was for \$80,000,000. With this payment all the subseries under this issue were expired, therefore to date there is no current balance.

The detail of the obligations for debt bonds as of 31 December 2018 is as follows:

Series	Rate EA	Type of rate	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds B12-13	8,23%	Variable	\$ 1.989.160	\$ -	\$ 1.989.160	\$ -	\$ -	\$ 193.340.000	\$ 193.340.000
Bonds B7-14	6,92%	Variable	239.129	-	239.129	-	185.000.000	-	185.000.000
Bonds E4-16	7,70%	Fixed	313.956	-	313.956	90.000.000	-	-	90.000.000
Bonds E2-17	7,04%	Fixed	160.691.636	-	160.691.636	-	-	-	-
Bonds E5-17 (*)	7,39%	Fixed	16.290.395	-	16.290.395	-	270.000.000	-	270.000.000
Bonds E7-17	6,46%	Fixed	829.813	-	829.813	-	-	200.000.000	200.000.000
Bonds E7-18	6,74%	Fixed	2.956.457	-	2.956.457	-	-	200.000.000	200.000.000
Bonds B12-18	6,98%	Variable	2.444.313	-	2.444.313	-	-	160.000.000	160.000.000
Bonds B5-18	6,18%	Variable	2.258.777	-	2.258.777	-	195.000.000	-	195.000.000
			\$ 188.013.636	\$ -	\$ 188.013.636	\$ 90.000.000	\$ 650.000.000	\$ 753.340.000	\$ 1.493.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity, payment due 09/03/2019.

The detail of Obligations for debt bonds as of 31 December 2017 is as follows:

Series	Rate EA	Type of rate	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds A10-08	9,90%	Variable	\$ 439.563	\$ 80.000.000	\$ 80.439.563	-	-	-	\$ -
Bonds B5-13	8,20%	Variable	1.862.031	181.660.000	183.522.031	-	-	-	-
Bonds B12-13	9,12%	Variable	2.195.790	-	2.195.790	-	-	193.340.000	193.340.000
Bonds B7-14	7,80%	Variable	268.928	-	268.928	-	185.000.000	-	185.000.000
Bonds E4-16	7,70%	Fixed	313.956	-	313.956	-	90.000.000	-	90.000.000
Bonds E2-17	7,04%	Fixed	691.636	-	691.636	160.000.000	-	-	160.000.000
Bonds E5-17 (*)	7,39%	Fixed	16.290.394	-	16.290.394	-	270.000.000	-	270.000.000
Bonds E7-17	6,46%	Fixed	829.813	-	829.813	-	-	200.000.000	200.000.000
Total Bonds			\$ 22.892.111	\$ 261.660.000	\$ 284.552.111	\$ 160.000.000	\$ 545.000.000	\$ 393.340.000	\$ 1.098.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity

(2) On 17 March 2016, the Company acquired a loan with The Bank of Tokyo Mitsubishi UFJ for \$200,000,000, EA rate 8.4931% maturing on 17 March 2019, and on 10 June 2016 another one was acquired with the same bank for \$162,000,000, EA rate 8.815% maturing on June 10, 2020. These resources were intended for general purposes of the Company.

The loans with The Bank of Tokyo Mitsubishi UFJ have an active agreement, which establishes a maximum Net Debt/Ebitda ratio of 3.5x, which has been fulfilled.

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(Thousands of pesos)

In addition, as a result of the business combination process, the Company recognised fourteen treasury credits for \$138,098,600 with the banks Banco de Bogota, Banco AV Villas, Banco Popular and Banco Agrario, on which an assessment of each financial obligation was made with applicable market rates in accordance with the nature of the loans (13.08% EA), reflecting a fair value of \$128,511,053.

During 2018, payments of principal were made for \$ 39,782,607.

The detail of bank loans as of 31 December 2018 is as follows:

Description	Maturity	Rate EA	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	Total Non-current	
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	\$ 204.899.556	\$ -	\$ 204.899.556	\$ -	\$ -	\$ -	-
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	793.350	81.000.000	81.793.350	81.000.000	-	-	81.000.000
Banco de Bogotá	12/03/2019	7,72%	2.446.456	-	2.446.456	-	-	-	-
Banco AV Villas	12/03/2019	7,50%	1.247.405	-	1.247.405	-	-	-	-
Banco Popular	01/12/2019	7,45%	650.297	1.251.594	1.901.891	-	-	-	-
Banco Popular	01/12/2019	7,44%	1.252.185	3.676.498	4.928.683	-	-	-	-
Banco BBVA	21/01/2020	6,21%	255.496	730.739	986.235	216.963	-	-	216.963
Banco BBVA	23/02/2020	6,10%	214.507	626.414	840.921	185.972	-	-	185.972
Banco BBVA	25/03/2020	5,96%	113.979	340.441	454.420	101.104	-	-	101.104
Banco BBVA	21/04/2020	6,21%	434.400	1.231.900	1.666.300	715.418	-	-	715.418
Banco BBVA	21/05/2020	6,07%	277.085	803.931	1.081.016	466.915	-	-	466.915
Banco BBVA	22/06/2020	6,03%	258.435	769.270	1.027.705	446.781	-	-	446.781
Banco BBVA	17/03/2021	6,72%	668.057	1.965.971	2.634.028	2.127.152	531.788	-	2.658.940
Banco BBVA	21/04/2021	6,86%	349.448	951.782	1.301.230	1.007.850	503.925	-	1.511.775
Banco BBVA	23/05/2021	6,75%	513.741	1.458.762	1.972.503	1.544.697	772.348	-	2.317.045
Banco Agrario	22/08/2021	7,15%	1.742.681	4.899.442	6.642.123	5.077.557	3.808.168	-	8.885.725
Total Bank Loans			\$ 216.117.078	\$ 99.706.744	\$ 315.823.822	\$ 92.890.409	\$ 5.616.229	\$ -	\$ 98.506.638

The detail of bank loans as of 31 December 2017 is as follows:

Description	Maturity	Rate EA	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	3 to 4 years	Total Non-current
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	\$ 4.853.333	\$ -	\$ 4.853.333	\$ 200.000.000	\$ -	\$ -	\$ 200.000.000
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	-	833.018	833.018	81.000.000	81.000.000	-	162.000.000
Banco de Bogotá	12/03/2019	7,72%	2.497.631	7.348.175	9.845.806	2.155.890	-	-	2.155.890
Banco AV Villas	12/03/2019	7,50%	1.271.588	3.742.966	5.014.554	1.099.476	-	-	1.099.476
Banco Popular	01/12/2019	7,45%	724.533	1.977.986	2.702.519	1.660.286	-	-	1.660.286
Banco Popular	01/12/2019	7,44%	1.382.588	3.966.739	5.349.327	4.335.123	-	-	4.335.123
Banco BBVA	21/01/2020	6,21%	285.864	779.997	1.065.861	842.815	210.704	-	1.053.519
Banco BBVA	23/02/2020	6,10%	234.839	668.640	903.479	722.479	180.620	-	903.099
Banco BBVA	25/03/2020	5,96%	122.144	363.390	485.534	392.673	98.168	-	490.841

Description	Maturity	Rate EA	Current		Non-current				Total Non-current
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	3 to 4 years	
Banco BBVA	21/04/2020	6,21%	486.232	1.315.405	1.801.637	1.390.183	695.091	-	2.085.274
Banco BBVA	21/05/2020	6,07%	303.742	858.427	1.162.169	907.248	453.624	-	1.360.872
Banco BBVA	22/06/2020	6,03%	277.610	821.416	1.099.026	868.130	434.065	-	1.302.195
Banco BBVA	17/03/2021	6,72%	724.260	2.110.626	2.834.886	2.075.387	2.075.387	518.847	4.669.621
Banco BBVA	21/04/2021	6,86%	393.939	1.021.970	1.415.909	983.696	983.696	491.848	2.459.240
Banco BBVA	23/05/2021	6,75%	566.221	1.566.338	2.132.559	1.507.676	1.507.676	753.838	3.769.190
Banco Agrario	22/08/2021	7,15%	1.923.639	5.261.534	7.185.173	4.958.297	4.958.296	3.718.722	13.635.315
Total Bank Loans			\$ 16.048.163	\$ 32.636.627	\$ 48.684.790	\$ 304.899.359	\$ 92.597.327	\$ 5.483.255	\$ 402.979.941

(3) The detail of the obligations for commercial leases as of 31 December 2018 is as follows:

Description	Rate	Type of rate	Current		Non-current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	Total Non-current	
Equirent S.A.	9,54%	Fija	\$ 32.423	\$ 102.002	\$ 134.425	\$ 96.853	\$ 96.853	
Mareauto Colombia SAS	11,78%	Fija	644.406	2.065.440	2.709.846	3.259.399	3.259.399	
Transportes Especializados JR S.A.S.	9,48%	Fija	6.642	13.747	20.389	1.835.117	1.835.117	
Transportes Especializados Aliados S.A.S.	12.50%	Fija	200.154	456.327	656.481	-	-	
Total lease obligations			\$ 883.625	\$ 2.637.516	\$ 3.521.141	\$ 5.191.369	\$ 5.191.369	

The detail of obligations for commercial leases as of 31 December 2017 is as follows:

Description	Rate	Type of rate	Current		Non-current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	Total Non- current
Banco Corpobanca (Helm)	7,36%	Fija	\$ 20.442	\$ 27.701	\$ 48.143	\$ -	\$ -	\$ -
Consorcio Empresarial	7,08%	Fija	288.151	591.194	879.345	-	-	-
Equirent S.A.	9,54%	Fija	29.495	92.791	122.286	134.426	96.853	231.279
Mareauto Colombia SAS	11,78%	Fija	90.559	268.264	358.823	384.393	299.611	684.004
Transportes Especializados JR S.A.S.	9,48%	Fija	6.044	19.011	25.055	20.388	-	20.388
Unión Temporal Rentacol	10,80%	Fija	150.294	-	150.294	-	-	-
Total lease obligations			\$ 584.985	\$ 998.961	\$ 1.583.946	\$ 539.207	\$ 396.464	\$ 935.671

As of 31 December 2018, the Company has \$3,928,388 in unused authorized credit lines, jointly with Emgesa S.A. E.S.P. and re-assignable between the two Companies, in respect of which, if required, the financial entities will update the conditions for their approval and disbursement, and as part of their financing strategy Codensa subscribed on 26 January 2018, a credit line committed for COP \$215 billion with Bancolombia, with (1) year of availability of resources for disbursement.

Additionally, an intercompany credit line with Emgesa S.A. E.S.P. has been approved for USD \$100 million for general purposes of the Company.

16. Commercial accounts payable and other payables

	As of 31 December 2018	As of 31 December 2017
Other payables (1)	\$ 949.906.128	\$ 843.199.871
Accounts payable for energy purchases (2)	231.655.420	186.949.180
	\$ 1.181.561.548	\$ 1.030.149.051

(1) The detail of other accounts payable as of 31 December 2018 is as follows:

	As of 31 December 2018	As of 31 December 2017
Accounts payable for goods and services (a)	\$ 777.611.344	\$ 695.215.100
Taxes other than Income Tax (b)	53.848.456	49.377.510
Collection in favour of third parties (c)	61.334.940	47.576.297
Other payables (d)	34.957.135	34.293.924
Balances in favour of customers (e)	18.371.849	15.564.786
Fees	3.782.404	1.172.254
	\$ 949.906.128	\$ 843.199.871

(a) As of 31 December 2018, corresponds mainly to invoices for energy purchases of Emgesa S.A. E.S.P. for \$89,038,245 transferred by this generator to Sumitomo Mitsui Banking Corporation through factoring operations, without responsibility for the seller.

As of 31 December 2018 and 2017, it corresponds primarily to the account payable to Banco Colpatria Red Multibanca Colpatria S.A. for the collection of the “Crédito Fácil Codensa” business portfolio, which was reconciled and outstanding for \$236,967,327 and \$154,804,892, respectively. This balance was paid in the first week of January 2019 and 2018, respectively.

(b) As of 31 December 2018 and 2017, taxes other than income tax correspond to:

	As of 31 December 2018	As of 31 December 2017
Provision for tax payment (i)	\$ 28.240.237	\$ 26.321.979
Territorial taxes, municipal and related taxes (ii)	25.608.219	23.055.531
	\$ 53.848.456	\$ 49.377.510

(i) As of 31 December 2018 and 2017, corresponds to withholdings to third parties of \$8,465,910 and \$8,510,604 and self-withholding of \$19,774,327 and \$17,811,376, respectively.

(ii) As of 31 December 2018 and 2017, corresponds mostly to the industry and trade tax for \$15,119,562 and \$13,569,824, respectively. The Company is subject to the industry and trade tax in Bogotá at the rates of 0.966% on operating revenues, 1.104% on other non- operating revenues and at a 15% rate for signs and billboards over tax. In other municipalities where the Company is subject to the industry and trade tax, such tax is paid in accordance with the rates set out for each territorial entity.

(c) As of 31 December 2018 and 2017, corresponds mostly to liabilities for mandate contracts of subscription to periodicals, magazines and insurance policies for \$20,100,611 and \$23,693,189; Banco Colpatria Red Multibanca Colpatria S.A. for \$25,356,674 and \$13,644,331 for the collection in the settlement process made by the Company of the loan portfolio of the business “Crédito Fácil Codensa” sold to the Bank, in accordance with the business cooperation contract, respectively. The collection made by the Company is reconciled periodically by the parties and transferred subsequently.

- (d) As of 31 December 2018 and 2017, corresponds mostly to liabilities on account of energy distribution areas (ADDs) for \$15,182,236 and \$21,072,936, respectively. The ADDs correspond to the distribution charge of other network operators that, by regulatory order, must be invoiced and collected by the Company from its final users under the distribution areas scheme. The distribution areas is a regulatory mechanism implemented in Colombia under CREG Resolution 058-068 and 070 of 2008, which is intended for the distribution of costs that are to be assumed by final users, in an equitable manner, in the different regions among all users nationwide.
- (e) Corresponds to balances in favour of customers generated mainly by the higher value paid by customers and by invoicing adjustments.
- (2) The main suppliers of energy purchases correspond to:

	As of 31 December 2018	As of 31 December 2017
XM S.A. E.S.P.	57026.365	71.481.972
Aes Chivor y Compañía Eca E.S.P.	54.843.397	20.689.320
Isagen S.A. E.S.P.	51.269.259	59.429.400
Empresas Publicas de Medellín E.S.P.	22.660.634	3.812.414
Empresa De Energía del Pacifico S.A. E.S.P.	14.305.416	5.138.305
Empresa De Energía De Boyacá S.A. E.S.P.	6.082.736	6.235.878
Termotasajero S.A. E.S.P.	5.839.158	-
Empresa Urrea S.A. E.S.P.	3.054.950	5.852.817
Celsia S.A. E.S.P.	2.974.166	937.368
Gestión Energetica S.A E.S.P.	2.427.607	-
Generarco S.A E.S.P.	2.394.378	4.061.502
Nitro Energy Colombia S.A.S.	1.898.777	453.820
Others of smaller amount	6.878.577	8.856.384
	231.655.420	186.949.180

The variation is mainly due to a rise in long-term prices in 2018, explained by the market expectations of a supply deficit in the 2014-2016 portfolio formation years. For 2018 and 2017, the average contract price was 203.06 /Kwh and 180.42 \$/Kwh, respectively.

Additionally, the level of coverage of long-term demand for 2018 reached 88%, while in 2017 it was 79%, as a result of the new hiring strategy with the aim of reducing the average contract price.

17. Provisions

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Provision for legal claims (1)	\$ 14.517.695	\$ 2.288.790	\$ -	\$ 14.374.556
Labour	5.707.455	1.470.738	-	6.238.500
Civil	8.810.240	818.052	-	8.136.056
Dismantling, restoration and rehabilitation costs (2)	18.441.204	6.069.987	7.636.536	12.606.527
Other provisions	572.359	1.150.290	837.172	23.075.612
Public Lighting (3)	-	-	-	22.127.357
Environmental Compensation Nueva Esperanza (4)	25.140	-	808.785	65.159
Environmental Compensation Gran Sabana (5)	-	-	28.387	-
Environmental Compensation Compartir (6)	547.219	288.698	-	-
Other provisions	-	861.592	-	883.096
Total provisions	\$ 33.531.258	\$ 9.509.067	\$ 8.473.708	\$ 50.056.695

- (1) As of 31 December 2018, the value of the claims against the Company administrative, civil, labour and constitutional actions amount to \$12,937,190,246; based on the assessment of success probability in the defence of these cases, \$16,806,485 have been provisioned to cover probable losses for these contingencies. Management estimates that the result of the lawsuits corresponding to the non-provisioned portion will be favourable to the Company's interests, and would not cause significant liabilities to be accounted for or, if they do, they would not materially affect the Company's financial position.
- Given the characteristics of the risks covered by these provisions, it is not possible to determine a reasonable calendar with payment dates.

The Value of claims for administrative, civil, labour and contractor processes is detailed as follows:

Processes	Qualification	No. of proces- ses	No of processes (undetermined amount)	Value of contingency (a)	Value of provision	VPN	Total value
Civil	Probable	74	3	12.436.121	\$ 10.020.392	\$ 392.101	\$ 9.628.291
	Likely	128	55	508.966.595	-	-	-
	Remote	37	25	370.000	-	-	-
Total civil		239	83	521.772.716	10.020.392	392.101	9.628.291
Labour	Probable	40	-	8.499.121	7.395.169	216.976	7.178.194
	Likely	98	32	15.661.333	-	-	-
	Remote	4	-	300.000	-	-	-
Total labour		142	32	24.460.454	7.395.169	216.976	7.178.194
Total processes		381	115	\$ 546.233.170	\$ 17.415.561	\$ 609.077	\$ 16.806.485

- (a) The value of the contingency corresponds to the amount which, according to the experience of the lawyers, is the best estimate of payment in case of a decision unfavourable to the Company. The provision is determined by the lawyers as the amount of loss in the event that the decision is probable. Processes qualified as probable are provisioned one hundred per cent on the value of the real contingency.

Below are the details of the main legal proceedings classified as probable that the Company has as of 31 December 2018:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Olga Josefina Nieto Avendaño	2014	3.825.824	Electrocution	In Court with appeal by the Company.
Maria de Jesús Segura	2012	1.067.000	Electrocution	Pending judgment hearing.
Adriana Pereira Carrillo y otros	2010	1.000.000	Work accident	He finds himself with unfavourable judgment in the last instance, at court to fix costs, and payment of sentence.
Maria Cecilia Guerrero y Otros	2011	700.000	Electrocution	Pending judgment hearing.
Jorge William Duran Castellanos	2008	500.000	Refund for ineffectiveness of dismissal, payment of salaries and others.	The judgment was paid and on 11 October 2018, compliance with the judgment was sent. The case due for service of notice of the executive process, payment must be excepted
Narda Ruth Botero	2014	444.000	Electrocution	Evidence stage
Gloria Isabel Linares Paris	2014	100.000	Conventional pension recognition	The case file is requested, the sentence was paid.
Gerardo Salamanca	2015	40.000	Recognition and payment of the readjustment of 8% of the old-age pension allowance.	On 16 April 2018 referred to Court to set the date of ruling.
Juan Nepomuceno Chala	2011	30.000	Pension compatibility	On July 6, 2018, the Court does not file the unfavourable judgment for the company. The ruling is in the process of payment with request to human resources for the reassessment of pension factors for retroactive payment.
Elsy Maria Bermudez de Rodríguez	2016	21.315	Executive by imposed sentence.	On 9 November 2018 the process is definitively filed with payment of the judgment by the company.
Félix Antonio Cifuentes Olarte	2010	20.000	Payment of salaries, benefits and compensation.	In the Supreme Court of Justice since 5 December 2014 to issue judgment.

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Olga Cecilia Martínez de Zuluaga y Otros	2015	13.800	Pension Increase	Final file since 19 November 201,8 with favourable judgments for the company.
Martha Angarita Serpa y Otros	2015	13.800	Pension Increase	On 18 October 2018, referred to Court to set the date of ruling.
Lorenzo Porras Martínez y Otros	2015	13.800	Pension Increase	On December 17, 2018, a cassation appeal requested by CODENSA is admitted.
José María Salazar Montealegre	2015	13.800	Pension Increase	On 16 April 2018, referred to Court to set the date of ruling.
Hilda Consuelo Estévez y Otros	2015	13.800	Pension Increase	On 16 November 2017, referred to Supreme Court of Justice to set the date of ruling.
Hipólito González Acosta	2015	600	Refund of pension allowance paid in excess by Empresa de Energía de Cundinamarca.	As of July 2018 it was created for payment of costs, they have already been paid and currently the process is pending filing.

Below are the details of the main legal proceedings classified as likely that the Company has as of 31 December 2018:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Centro Medico de la Sabana PH y Otros	2014	337.000.000	Compensation for damages to users of voltage level 1 for owning the distribution assets.	In Court with the evidence gathered by the summoned parties.
UAESP	2018	113.082.894	Executive debt collection of Resolution 412 and 730 of 2017 that re-settled unilaterally the Public Lighting Agreement for the periods 1998-2004.	Suspended because admission writ for the claim against the resolution subject of the proceedings was provided.
ASOCUAN	2009	15.000.000	Claim for property vindication where the substation is located.	Process pending to continue with procedure. Service of notice to all co-owners of the horizontal property as defendant in counterclaim is under way (it involves more than 1,200 notices).
ASOCUAN	2011	15.000.000	Claim that seeks the nullity of a license granted by the Ministry of Culture.	Judicial process without having closed the evidentiary stage, pending the respective closure to proceed with the respective closing arguments
Soledad Cobos Laurens	2014	11.000.000	Compensation of easement for location of infrastructure on property	Initial Hearing was set for 23 May 2019.
AENE Servicios S.A.	2012	7.000.000	Claims for breach of contract	Hearing of Art. 373 CGP was set on 19 February 2019.
Carlos Eduardo Moreno	2016	5.754.000	Electrocution injury	The Evidence Hearing was suspended for Codensa to provide a copy of the complaint filed against the National Police for the construction of the Police Station in the Municipality of SUSÁ.
Inversiones Rico LTDA en Liquidación	2015	4.000.000	Compensation for the location of high voltage towers in a high valuation area	Favourable ruling in the initial Hearing, appealed and referred to the Council of State.
Zamir Humberto Villamil y Otros	2016	3.000.000	Death by electrocution	Waiting for an initial Hearing date to be set.
Cooperativa de Ingeniería y servicios ISECOOP	2012	2.916.000	Declare the nullity num 5 clause second contract CPS037-06	Favourable ruling in first instance, with appeal, referred to the Council of State for review.
Victor Manuel Vega Arenas y otros	2013	2.500.000	Death by electrocution	Favourable ruling, it was appealed and referred to the Superior Court Civil Chamber.
Abelardo Garcia Rodriguez	2016	2.000.000	Cenvar	In Court to set the date of the Judgment Hearing.
Carlos Alberto Amador Morales y Otros	2017	1.800.709	Fatal work accident of contractor - Employer's fault - solidarity - relatives claim compensation for damages	Initial hearing set on 15 March 2019 at 10:30 a.m.
Cooperativa de trabajo asociado SERVICOMTREC	2012	1.740.380	There was a mathematical error in the settlement of the contract CPS019-06	Favourable ruling in first instance, under terms to file appeal.
Yuli Andrea Roa Cubides y Otros	2013	1.259.952	Death by electrocution	Initial hearing set on 15 March 2019 at 8:30 a.m.

(2) Taking into account that Colombia, through Act 1196 of 2008, embraced the Stockholm Convention, inasmuch as this event is regulated by Ministry of Environment Resolution No. 222 of 15 December 2011, as amended by Resolution 1741 of 2016, the Company acknowledged the provision for transformers contaminated with PCB (polychlorinated biphenyls) as of 2012 and has subsequently made the updates of the obligation taking into account changes in financial variables and main assumptions.

Export of contaminated transformers

On 11 November 2014, an agreement was entered into with LITO S.A.S., which intended to carry out the disposal process of PCB-contaminated transformers, upon authorisation of the border transit permit issued by the ANLA (National Authority of Environmental Licenses). However, in 2015 the MAERSK shipping company was limited during the period of authorisation to carry out the agreed transport, taking into account the existence of the period of exclusive transport restrictions for food destined to Europe.

In order to generate costs and export efficiency of the contaminated transformers, the Company implemented ultrasonic cleaning technology for the treatment of equipment contaminated with PCB, which was endorsed at large by the Ministry of Environment and Sustainable Development as a result of the pilot project implemented by the Company together with its partner company LITO S.A.S. In August 2016, addendum No. 1 to the agreement with LITO S.A.S. was executed, which included the handling, packaging, loading, transport, treatment and final disposal of electrical equipment contaminated with PCB without oil using the ultrasound cleaning technique.

On 9 September 2016, the National Authority of Environmental Licenses (ANLA) issued the permit for the transboundary movement of waste, which was the reason for the decontamination of 164 equipment contaminated with PCB with a weight equivalent to 65 tons during the last quarter using the new technology, representing savings of 31% of the cost of the traditional export alternative. In addition, the traditional export of 23 tons was made which due to their characteristics cannot be cleaned. The total export and washing cost during 2016 amounted to \$461,067.

During 2017, the Company performed carcass washing for 4.7 tons at a cost of \$17,256, however, no export was made in this period, taking into account that the term of the aforementioned contract ended. In December, the award of the new contract for the service of “Handling, packing, loading, transport, treatment and final disposal of waste contaminated with PCBs” was made to LITO S.A.S. for \$ 531,220, with an expected term of 3 years. In accordance the previous paragraph, the Company moved the export activities planned in 2017 to the following periods.

During 2018, the Company performed carcass washing for 21.92 tons at a cost of \$102,257 and exported 9.66 tons for \$85,997. These activities were carried out under the contract LITO S.A.S.

Inventory Marking and Sampling

On 21 December 2015, agreement 5600014180 was entered into with Empresa Colombia Multiservicios S.A. (hereinafter CAM) for a 3-year term, whose objective is to carry out sampling, handling, analysis and storage of samples and marking of equipment in general. On 2 February 2016 began the marking and sampling of medium voltage equipment.

In early 2016, the real rates were updated after the award of this agreement, generating an approximate impact of \$4,419 million pesos.

On 26 April 2016, the EEC signed the agreement 5600014342 for a 3-year term, for the inventory of the Cundinamarca area. On 5 September 2016 began the marking and sampling of medium voltage equipment in the area in question.

On 2 November 2017, the Company and CAM signed a transaction agreement for each of the agreements in question that had as purpose (i) to carry out the early termination with an end date of 31 July 2017; (ii) recognize the cost overruns assumed by CAM in relation to the displacement of crews, availability of crews to provide the service, equipment among other concepts. The amount of the transaction agreements amounts to \$658,123 and \$282,463 on the agreements signed by the Company and EEC, respectively.

As of 31 December 2018 and 2017, the expenditures associated with sampling and marking including transaction agreements and those associated with equipment in MV and LV oil to Compañía Ingelectrica S.A. amount to \$101,593 and \$3,459,666, respectively.

Regulatory Changes

The Ministry of Environment issued Resolution 1741 of October 2016, modifying articles 4, 5, 6, 7, 8, 9, 14, 26, 29 and 34 of Resolution 222 of 2011 with respect to the identification, marking, and other aspects associated with the collection of information on equipment owned by third parties. The impact was measured and included by the Company in the provision for \$962,238.

Changes in Other Assumptions

In addition, during 2016 the provision presented important changes associated with the following assumptions: (i) Savings for the implementation of the stratification in the assets of the Cundinamarca area; (ii) inclusion of costs associated with non-performance visits within the marking activities; (iii) inclusion of quality control activities included in the integrated audit framework; (iv) incorporation of the workforce required for the project; (v) update of prices due to the change of value added tax from 16% to 19%, among others.

As of 31 December 2018 and 2017, the value of the projected undiscounted flows are as follows:

Year	As of 31 December 2018	As of 31 December 2017
2018	\$ -	\$ 7.319.367
2019	18.441.204	7.554.627
2020 onwards	6.669.849	6.298.725
	\$ 25.111.053	\$ 21.172.719

As of 31 December 2018 and 2017, the Company updated the provision discounting future cash flows at net present value at a rate of 6.21% and 6.09% E.A., generating a financial effect of \$(844,326) and \$1,068,337, the most appropriate discount rate, considering the interest rates of government bonds (TES) that have maturities similar to those of the obligation.

(3) As of 31 December 2018, the payment corresponding to the provision of the Public Lighting litigation was made with the UAESP for \$24,471,044 that had a balance as of 31 December 2017 of \$22,127,357.

The following is a brief description of the main events of this litigation and the events that took place during 2018:

On 20 April 1997, an inter-administrative agreement was entered into by the District and the GEB (Grupo Energía de Bogotá), which ensures the supply of electric energy to the city for public lighting purposes. The agreement was assigned to the Company on 23 October 1997; the same year, the CREG, through Resolution No 99/97, modified the household electric energy service rate, expressly excluding public lighting, and the Company submitted to the District some invoices where it made its own, unilateral calculation of the value of electric energy it supplied. The District questioned the Company's rate, but paid what it considered was the fair cost. On 25 January 2002, the parties established a methodology that would be applicable in the future and decided to prepare a georeferenced inventory, the result of which would be compared with the existing census so that, in the event of differences, the costs and remunerations would be recalculated with respect to given periods as applicable. The georeferenced inventory (prepared between the years 2000 and 2003) resulted in a difference of 8,661 luminaries less than those invoiced by the Company to the District, so the Company is required to recalculate, and to include default interest for the excess values paid between 1998 and 2004.

As a result of a popular action that took place in the Tenth Administrative Court of Bogotá, A first instance judgement was issued on 09 November 2009 compelling the UAESP and the Company to take all necessary measures, within two months as of the issue of the ruling, to finally settle the balance, in favour or against, duly updated with the DTF (values updating formula), plus interest. Should no agreement be reached, the UAESP must prepare within two months a liquidation for consideration of the company, which can resort to pertinent government channels and in case of no payment, it can proceed to execute the judgement. The second instance judgement confirms what was declared and currently is in force, without other appeals being applicable.

On 26 August 2014, UAESP and the Company signed an agreement in which they reached an agreed settlement where the Company assumed 50%, equivalent to \$14,432,754. This agreement had to be authorized by the Company and the director of the UAESP and ratified by the Administrative Judge No. 10 of Bogotá (who became aware of the process in the 1st instance).

On 1 June 2017, the 10 Administrative Judge of the Circuit of Bogota refused to consider the aforesaid agreement taking into account that it was not executed within two months following the enforcement of the ruling of 29 September 2011, which expired on 2 February 2012; ordering the UAESP to carry out the unilateral settlement. However, taking into account that the Judge did not issue a statement of approval or rejection of the agreement, it remains enforceable for the parties.

On 31 August 2017, in compliance with the order of the Administrative Judge, the UAESP issued resolution 412 of 2017, through which it made the invoicing re-settlement for the public lighting subject of the process for an amount of \$141,016,977. Consequently, the Company filed an appeal for reconsideration.

On 29 December 2017, the Company was notified of resolution 730 of 2017 issued on December 18 by the UAESP through which it resolved the appeal filed by the Company, confirming the contested decision and reconsidering the calculation of the re-settlement notified in August on the basis of updating the DTF in accordance with the order of the Judge in judgment of September 2009. Accordingly, the new claim of UAESP amounts to \$113,082,893.

On 25 January 2018, the UAESP summoned the Company, the Company, faced with this situation, offered the UAESP the payment of the amount that it considers fair of \$14,432,754, which as of 28 February and according to the agreed update amounted to \$23,633.336. This sum may be offset with three invoices that the UAESP must pay for public lighting as of the date. Given the silence of the UAESP, a request was filed on 16 March 2018 for a working table to reach an agreement, as the UAESP began non-coercive persuasion of the debt. However, on 22 March 2018, the UAESP notified the decision to issue a payment order against the Company for the sums of money contained in the Resolution.

On 22 March 2018, the UAESP informed that a payment order had been issued against the Company as judicial collection began. Once the judicial collection was answered and the Company's exceptions were resolved unfavourably, the UAESP was informed of the admission of the claim for nullity and reinstatement of the right by the Administrative Court of Cundinamarca, upon which the UAESP, through writ of 6 September, proceeded to suspend the judicial collection process.

Given the impossibility of reaching an agreement with the UAESP regarding the amounts of administrative acts, Resolutions No. 412 of 2/08/2017 and 730 of 18/12/2017, on 25 July 2018, the Company proceeded to file with the Administrative Court of Cundinamarca for the Nullity and Reinstatement of Right. This claim was admitted by the Court on 22 August 2018, and is currently in the status of serving notice to the UAESP.



On 28 September 2018, the Company paid the UAESP the sum of \$24,471,044, which corresponds to the amount that was agreed upon in the agreement signed by the parties in 2014, updated at a rate equal to the DTF from the date on which the difference occurred to the actual date on which the payment is made.

The remaining unilateral re-settlement of the new claim by the UAESP and which is subject of a claim for nullity and reinstatement of right is qualified as contingent with an estimated time of process completion of 3 years.

- (4) Corresponds to compensations included in Resolution 1061 and Agreement 017 of 2013 between the Ministry of Environment and the Cundinamarca Regional Autonomous Corporation, respectively, which approves the substitution of the forest reserve protecting and producing the high watershed of the Bogota River, committing the Company to implement a compensation and reforestation plan in the construction area of the Nueva Esperanza substation.

Environmental License Nueva Esperanza Substation

On 31 July 2014, through Resolution No. 1679, the Cundinamarca Regional Autonomous Corporation – CAR, granted the Environmental License for development of the project “Construction of the Nueva Esperanza 500/115 kV substation, its 115 kV lines and the connection modules.” Nevertheless, on 8 August 2014, the company filed an appeal for reconsideration against said ruling, based on article 55 of the aforementioned Resolution, which requests including and clarifying issues associated with the geographical zone, the compensations, the census, etc.

On 30 December 2014, the Company was notified about Resolution 3788 of 24 December 2014, whereby the appeal for reconsideration is resolved, granting the Environmental License for the construction and operation of the “Nueva Esperanza” project. The appeal corrects the essential aspects and compensates favourably all of the issues presented by the Company in the appeal for reconsideration.

Ban Release and Reforestation

On 20 February 2015, the partial promise of sale was executed between the Company and Álvaro Eduardo Convers for \$1,350,000 for the acquisition of property No. 5 El Pireo, which is intended for the compliance with the environmental compensation obligation associated with the construction of the Nueva Esperanza Substation. 50% of the payment for this property was made in 2015 and the remaining 50% in 2016, following the procedures of the relevant authorities to obtain the segregation license and the removal of marginal notes 2 and 3 on the property registration page, and the milestones associated with the deed and registration in favour of the Company. The legalisation of the Pireo property was made on 4 October 2016 by public deed No. 3333 of the 11th Notary Public of the Bogota Circle.

Ban Release: Resolution No. 1702 of 17 July 2015 “Whereby a partial release of the ban is ordered and other decisions are made,” issued by the Ministry of Environment and Sustainable Development. The ban is partially released through the aforementioned resolution for the taxonomic groups Bromelias, Orchids, Moss, Lichen and Hepaticas and for five (5) individuals of the species Cyathea caracasana, reported in the area of intervention of the Nueva Esperanza project, according to the relevant coordinates.

The Company was notified of Resolution 2128 of 30 September 2015, whereby the appeal for reconsideration, associated with the Ban Release of the “Nueva Esperanza” project is resolved. The appeal corrects essential aspects and replaces favourably all the points presented by the Company in its appeal for reconsideration. This fact is essential for the project and allows to continue with the construction of the 115kV transmission lines.

On 1 December 2015, the environmental compensation agreement was executed between the Company and the Geosintesis Consortium, which is intended for forest use of 3,600 tree individuals; the establishment, isolation and maintenance of protective forest plants; the ecological reclaiming of 0.5 hectares; the forest management plan of El Pireo property; and the design, creation and maintenance of a living barrier for the Nueva Esperanza substation, among other direct influence activities of the project. The remaining contract term is 12 months and the disbursements incurred to date amount to \$3,718,609, of which \$1,366,606 were executed in 2017.

On 23 December 2016, the promise of sale was executed between the Company and Anselmo Ibañez León for \$433,000 for the acquisition of the San Gregorio property located in the municipality of Sibaté, where the reforestation requested under the environmental license must be continued. 50% was paid upon the signing of the promise to purchase agreement and the other 50% was paid in the first two months of 2017.

During 2018, the maintenance of the forestry in the El Pireo and San Gregorio properties and areas located in the RENACE Forest was carried out, within the framework of the environmental compensation, as well as the maintenance for the 3126 epiphytes that were rescued and transferred.

Furthermore, in the first two months of 2018, CODENSA S.A. E.S.P. opened the Exhibition Hall of archaeological pieces in the municipality of Soacha, receiving 50,337 visitors during the six (6) months of its management, and launched the book “Nueva Esperanza 2000 años de historia prehispánica de una comunidad en el altiplano cundiboyacense.”

As of 31 December 2018, the commitments established in the framework of the Environmental Management Plan were fulfilled, in the construction phase of the project’s corridor 3, as well as the activities necessary to comply with the obligations contained in the Resolution that granted the environmental license and the obligations contained in the permits for the removal and release of the ban. The amount of the payments in 2018 amounted to \$988,497.

The value of the projected undiscounted flows is presented below:

Year	As of 31 December 2018	As of 31 December 2017
2018	-	808.784
2019	25.140	69.885
	\$ 25.140	\$ 878.669

As of 31 December 2017, the Nueva Esperanza provision was updated to the net present value at a rate of 7.25% EA (IBR + 2.55%), generating a financial effect of (\$92,331). As of 31 December 2018, no financial update was made, as the balance of the provision corresponds to short-term flows.

- (5) On 6 February 2017, through Resolution No. 0263, the Regional Autonomous Corporation of Cundinamarca - CAR granted the environmental license for the development of the project “Construction of the Gran Sabana Substation, 115 kv lines and connection modules.” The license mainly commits the Company to carry out a compensation and reforestation plan in the construction zone of the substation.



In October 2017, Codensa and Parque Jaime Duque signed an agreement whereby the park allocates the land for the reforestation of 1,100 trees, allowing Codensa to comply with the environmental obligation.

During the first quarter of 2018, the activities related to this provision ended with the planned obligations running for \$28,387.

(6) Corresponds to compensations included in Resolution 0255 of February 2018 of the Regional Autonomous Corporation of Cundinamarca, whereby the environmental license is granted for the construction of the 115 KV Compartir substation and connection modules located in the municipality of Soacha and environmental obligations such as waste management, wildlife management and forest use and social programs are set out.

Environmental license Compartir Sub-station

Codensa S.A. E.S.P. presented a plan of activities and actions to comply with the necessary actions that aim to prevent, mitigate, control and correct the impacts generated by the construction of the Compartir substation, as well as a monitoring plan in order to evaluate the effectiveness of said plan detailed in resolution 0255 of 2018.

This resolution orders an economic measure on Codensa for \$700,000, intended for the purchase of machinery and the planting of native trees. The Company made a list of all the activities requested and made an internal assessment of the amounts required for each activity, which generated an initial provision amount registered in March 2018 for \$1,457,089

During 2018, the commitments established in the framework of the Environmental Management Plan were fulfilled. It should be noted that during 2018, two days of voluntary planting and four for beautification of gardens of residential complexes located in the municipality of Soacha were carried out, giving rise to the shared value project called “Reforesting Soacha.” In addition, several activities of social outreach, training in electromagnetic fields, and noise modelling were carried out. The delivery of the machinery is planned for January 2019, a commitment included in the Environmental License.

The value of the indexed undiscounted flows projected, and the value used in 2018 are presented below:

Year	As of 31 December 2018	
2018	\$	582.628
2019		547.219
2020		247.644
2021		92.591
	\$	1.470.082

As of 31 December 2018, the provision of Compartir was updated to the net present value at a rate of 7.52% EA (IBR + 3.17%), generating a financial effect in 2018 of \$(38,543).

The movement of provisions between 1 January 2017 and 31 December 2018 is as follows:

	Provision of legal claims	Dismantling, restoration and rehabilitation costs	Gran Sabana	Nueva Esperanza	Compartir	Public lighting and others	Total
Initial balance as of 01-01-2017	\$ 14.388.531	\$ 21.699.533	\$ -	\$ 2.234.811	\$ -	\$ 15.562.884	\$ 53.885.759
Increase (Decrease) in provisions	1.894.674	1.572.916	455.585	147.718	-	430.301	4.501.194
Provision used	(955.814)	(3.839.176)	(428.907)	(1.416.254)	-	(110.089)	(6.750.240)
Financial effect update	-	1.068.337	1.709	(92.331)	-	7.127.357	8.105.072
Recoveries	(952.835)	(258.547)	-	-	-	-	(1.211.382)
Total movements in provisions	(13.975)	(1.456.470)	28.387	(1.360.867)	-	7.447.569	4.644.644
Final balance as of 31-12-2017	\$ 14.374.556	\$ 20.243.063	\$ 28.387	\$ 873.944	\$ -	\$ 23.010.453	\$ 58.530.403
Increase (Decrease) in provisions (a)	11.179.106	5.458.548	-	141.208	1.457.089	(21.504)	18.214.447
Provision used	(2.453.284)	(333.754)	(28.387)	(988.497)	(582.628)	(24.471.045)	(28.857.595)
Financial effect update	(609.077)	(856.666)	-	(1.515)	(38.544)	2.343.688	837.886
Recoveries	(5.684.816)	-	-	-	-	-	(5.684.816)
Total movements in provisions	2.431.929	4.268.128	(28.387)	(848.804)	835.917	(22.148.861)	(15.490.078)
Final balance as of 31-12-2018	\$ 16.806.485	\$ 24.511.191	\$ -	\$ 25.140	\$ 835.917	\$ 861.592	\$ 43.040.325

(a) The following is the movement of 2018 of the provision for legal claims, which mainly corresponds to:

Process type	Plaintiff	Subject of claim	Value
Adm. Direct Compensation	Olga Josefina Nieto Avendaño	Death by electrocution	1.000.000
Adm. Direct Compensation	Lisandro Burgos Mayorga	Death of Henry Burgo by electrocution	500.026
Adm. Direct Compensation	Sergio Alejandro Cortes Bonilla	Electrocution injuries	200.000
Adm. Direct Compensation	Diana Patricia Quintero Ossorio	Death of Jesus Correa by electrocution	180.000
Adm. Direct Compensation	Juan Rafael Restrepo Bello	Death of a horse by electrocution	100.000
Civil Ordinary	Jhon Fredy Reina Villar Y Otros	Electrocution	1.200.000
Civil Ordinary	Dilva Cecilia Madera Argel Y Otros	Death by electrocution	500.000
Civil Ordinary	Internacional De Suelas	Compensation for quality of service	140.000
Civil Ordinary	Edwin Fernando Patarroyo Baquero	Consequential damages and lost profits	118.173
Labour Ordinary	Arnol Arnulfo Rincon	Recognition and payment of conventional pension	500.000
Labour Ordinary	Clara Ines Porras De Forero	Recognition and payment of conventional pension	500.000
Labour Ordinary	Elcy Marlen Ayala Anzola	Recognition and payment of conventional pension	500.000
Labour Ordinary	Jose Gustavo Veloza Zea	Recognition and payment of conventional pension	500.000
Labour Ordinary	Gilberto Garcia Lopez	Solidarity wages and social benefits	500.000
Labour Ordinary	Luis Eduardo Sarmiento	Recognition and payment of conventional pension	400.000
Labour Ordinary	Sonia Gualteros	Recognition and payment of conventional pension	300.000
Labour Ordinary	José Domingo Hernandez	Solidarity and payment of work remuneration, and compensation payment for strict liability for work accidents	300.000
Labour Ordinary	Guillermo Mejia Rodriguez	Reinstatement/compensation dismissal without just cause	300.000
Labour Ordinary	Henry Alonso Velasquez	Reinstatement/compensation dismissal without just cause	300.000
Labour Ordinary	Hernando Rivera Espinosa	Compensation dismissal without just cause	192.000
Criminal	Defensa Judicial–Yacopí	Confiscation - Yacopí	115.000



Asset ownership process - Public Lighting

There is currently a collective action in the Administrative Court of the Bogota Circuit, against Codensa S.A. E.S.P., filed by the Department Inspector of Cundinamarca, which claims that the Company has violated collective rights to administrative morality, among others, questioning the ownership of the infrastructure and the contractual modality “lease agreement” used by Codensa S.A. E.S.P. with different municipalities of the department of Cundinamarca, for the provision of public lighting service. According to the Inspector of Cundimarca, this agreement must be formalized through a Concession agreement. The amount of the process not determined, and the process is in the testing stage. This contingency is qualified as possible.

18. Provisions for employee benefits

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Social benefits and contributions to social security (1)	\$ 34.724.136	\$ -	\$ 38.156.278	\$ -
Obligations for defined post-employment and long-term benefits. (2)	29.085.089	283.208.814	33.949.786	261.120.766
Benefits for retirement plans	5.005	-	6.825	-
	\$ 63.814.230	\$ 283.208.814	\$ 72.112.889	\$ 261.120.766

(1) As of 31 December 2018 and 2017, it corresponds mainly to bonuses of \$13,977,607 and \$18,530,109, vacation and vacation premium for \$10,922,321 and \$11,570,623. In addition, the Company makes periodic contributions required by law for severance pay and social security: health, professional risks and pensions, to the respective private funds and to Colpensiones, which assume these obligations in their entirety. As of 31 December 2018 and 2017, social security and payroll contributions amount to \$4,293,478 and \$3,966,372, and severance pay and interest on severance pay to \$5,186,593 and \$3,866,417, respectively.

(2) The Company grants different defined benefits plans; post-employment obligations and long-term benefits to its active or pensioned employees; all these in accordance with the fulfilment of previously defined requirements, which refer to:

Retirement Pensions

The Company has a defined benefit pension plan on which it does not present specific assets, except for all resources derived from the performance of its operating activity. The pension benefit plans establish a pension benefit amount that an employee will receive upon retirement, which usually depends on one or more factors such as age of employee, years of service and compensation.

The recognised liability in the statement of financial position, with respect to defined benefit pension plans, is that present value of the obligation of the defined benefit on the date of the statement of financial position, together with adjustments for unrecognised actuarial gains or losses. The obligation for the defined benefit is calculated by independent actuaries using the projected unit credit method.

The present value is the defined benefit obligation and is determined by deducting the estimated cash outflows, using interest rates based on the yield curve of the Public Debt Bonds of the Colombian Government (TES), expressed in real value units (UVR), whose terms are close to those of that pension obligation until maturity.

Actuarial losses and gains derived from adjustments based on experience and changes in actuarial hypothesis are debited or credited to the net equity in other comprehensive income, in the period of occurrence.

The pensioner base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Pensioners	1.175	1.166
Average age	67,2	66,2

Other post – employment benefits

Pensioner benefits

The company provides the following aids to pension-retired employees: (i) education aid, (ii) electric energy aid, and (iii) health aid in accordance with the provisions of the collective bargaining agreement.

The right to the aforementioned benefits is generally granted to employees, regardless of whether or not they have worked until the retirement age. The costs expected from these benefits are acquired during the time of employment using a methodology similar to that of the defined benefits plans. The actuarial gains and losses derived from the adjustments for experience and changes in the actuarial assumptions are debited or credited to other comprehensive income in the period of occurrence. These obligations are measured annually by qualified independent actuaries.

The pensioner base for the recognition of this benefit corresponds to:

	As of 31 December 2018	As of 31 December 2017
Education aid		
Pensioner	164	201
Average age	18,7	18,8
Energy aid		
Pensioner	999	1.010
Average age	66,8	65,9
Health aid		
Pensioner	1.406	1.520
Average age	63.4	59,5

Retroactive severance pay

Retroactive severance pay, which is considered a post-employment benefit, is liquidated for employees belonging to the labour regime that was in force prior to Act 50/1990 and who decided not to benefit from this regime change. The social benefit is liquidated for the whole time worked based on the last salary earned and is paid regardless of the employee being dismissed or retiring voluntarily. The actuarial gains and losses of the adjustments for experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	69	69
Average age	54	52,9
Seniority	27,6	26,6

Long-term benefits

The Company recognises to its active employees benefits associated to seniority, such as five-year periods, consisting in making an additional payment for every 5 years of uninterrupted service to employees whose hiring date was before 21 September 2005 and employees working in the EEC, and accrues as of the second year in accordance with the provisions of the collective bargaining agreement.





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The costs expected from these benefits are accrued during the employment period, using a methodology similar to that used for the defined benefits plan. The actuarial gains and losses derived from adjustments for experience and changes in the actuarial assumptions are debited or credited to profit or loss of the period of occurrence. These obligations are measured by qualified independent actuaries.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	172	173
Average age	51,20	50,29
Seniority	24,0	23,04

As of 31 December 2018 and 2017, the actuarial calculation of post-employment benefits was performed by the firm Aon Hewitt Mexico, which used the following set of hypotheses:

Financial Hypotheses:

Type of Rate	As of 31 December 2018	As of 31 December 2017
Discount rate	6,80%	6,82%
Salary increase rate (active personnel)	5,00%	4,50%
Pension increment rate	4,00%	3,50%
Estimated inflation	4,00%	3,50%
Health service inflation	8,00%	8,00%

Demographic Hypotheses:

Biometric base	
Mortality rate	2008 Colombian mortality rate (valid annuitant)
Disabled mortality rate	Enel internal table
Total and permanent disability	EISS
Turnover	Enel internal table
Retirement	Men: 62 Women: 57

The movement of obligations for benefits defined as of 31 December 2018 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
Initial balance 1 January 2017	\$ 230.395.861	\$ 73.258.809	\$ 2.698.139	\$ 5.403.405	\$ 311.756.214
Cost of current service	-	-	119.341	268.132	387.473
Cost for interests	14.325.623	4.684.105	175.744	338.262	19.523.734
Contributions paid	(23.729.882)	(3.401.628)	(451.659)	(762.637)	(28.345.806)
Actuarial (gains) losses arising from changes in financial assumptions	(6.565.033)	(7.397.061)	(64.310)	(75.214)	(14.101.618)
Actuarial (gains) losses arising from changes in experience adjustments	8.398.234	(3.787.556)	436.328	803.549	5.850.555
Final balance as of 31 December 2017	\$ 222.824.803	\$ 63.356.669	\$ 2.913.583	\$ 5.975.497	\$ 295.070.552
Cost of current service	-	-	123.119	265.953	389.072
Cost for interests	14.918.001	4.169.775	197.409	378.237	19.663.422
Contributions paid	(23.177.833)	(3.568.003)	(326.764)	(966.584)	(28.039.184)
Actuarial (gains) losses arising from changes in financial assumptions	12.886.914	848.231	4.887	139.564	13.879.596
Actuarial (gains) losses arising from changes in experience adjustments	9.010.052	1.267.012	603.709	449.672	11.330.445
Final balance as of 31 December 2018	\$ 236.461.937	\$ 66.073.684	\$ 3.515.943	\$ 6.242.339	\$ 312.293.903

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- (a) Complying with the provisions of article 4 of decree 2131 of 2016 that allows the application of IAS 19 for determining the post-employment benefit liability for future retirement pensions, requiring additionally the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, which restates the provisions of Decree 2783 of 2001; we have, upon apply these parameters as of 31 December 2018 and 2017, that the post-employment benefits liability for future retirement pensions amounts to \$190,375,282 y \$189,367,502, respectively. The sensitivity in question was made by the firm Aon Hewitt México, which used the following set of hypotheses:

Type of Rate	As of 31 December 2018	As of 31 December 2017
Discount rate	10,13%	10,82%
Technical interest	4,80%	4,80%
Estimated inflation	5,09%	5,74%

The following chart shows the behaviour in the present value of the obligation for each of the defined benefits, related to the per cent variation in 100 basic points above or below the Discount Rate used for the current calculation.

As of 31 December 2018:

Changes in discount rate	Retired personnel		Active personnel		
	Pensions	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
- 100 basic points	\$ 264.495.400	\$ 73.336.710	\$ 3.773.115	\$ 6.519.611	\$ 348.124.836
+ 100 basic points	\$ 213.345.927	\$ 59.971.765	\$ 3.282.970	\$ 5.987.936	\$ 282.588.598

As of 31 December 2017:

Changes in discount rate	Retired personnel		Active personnel		
	Pensions	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
- 100 basic points	\$ 248.011.629	\$ 70.479.460	\$ 3.152.300	\$ 6.253.034	\$ 327.896.423
+ 100 basic points	\$ 201.999.266	\$ 57.400.862	\$ 2.698.664	\$ 5.721.540	\$ 267.820.332

Collective Bargaining Agreements

Collective Bargaining Agreement 2015 – 2018

After SINTRAELECOL submitted the list of demands to Codensa on 30 May 2018, the stage of direct settlement between the representatives of the Company and the representatives of the union was started according to the terms of the law, which was the postponed to 12 July 12 and ended on 3 August without any agreement between the parties. In accordance with the applicable regulations, the collective dispute was referred to the Arbitration Court for resolution.

Collective Bargaining Agreement SINTRAELECOL - EEC 2016- 2018.

This Agreement is effective from 1 January 2016 to 30 June 2018 (2016-2018), and governs the relationships with the unionised employees that come from the EEC, in compliance with international and internal standards. The main objective of the negotiation was the extended homogenisation of the conventional benefits that the Company had and the consolidation of benefits in a single document is pending, which will be produced as a result of the pending Arbitration Court in Codensa.

Collective Bargaining Agreement Codensa - ASIEB



On 1 May 2016, the Collective Bargaining Agreement with the ASIEB Trade Union Organisation was signed. This Collective Agreement applies to all the Company's employee engineers affiliates of the trade union of engineers to the service of energy companies - ASIEB. The term of the Agreement is from 1 May 2016 to 31 December 2019.

19. Taxes payable

Income Tax

Tax returns for taxable years 2016 and 2017 are open for revision by the tax authorities, as well as the income tax for equality CREE of 2016. However, according to Management, in the event of revision, no significant differences are expected.

The income tax is presented below:

	As of 31 December 2018	As of 31 December 2017
Current income tax (1)	\$ 355.091.584	\$ 401.408.330
Withholdings and self-withholdings	(137.552.840)	(124.099.211)
Other withholdings	(81.295.776)	(73.079.290)
Income tax advance	(63.594.469)	(112.264.651)
Tax discount (2)	(2.648.569)	(580.540)
	\$ 69.999.930	\$ 91.384.638

(1) Liabilities for current income tax payable consist of:

	As of 31 December 2018	As of 31 December 2017
Income tax relative to the results of the period (See note 30)	\$ 355.005.191	\$ 397.928.267
Income taxes related to components of other comprehensive income (See numeral 1 Note 32)	(2.377.054)	3.087.479
Tax discount for investment in science and technology	2.463.447	392.584
	\$ 355.091.584	\$ 401.408.330

(2) As of 31 December 2018 and 2017, corresponds to tax discounts in: (i) donations to non-profit organizations according to article 257 of the Tax Code for \$185,122 and 187,956, which corresponds to a lower value of the donation registered; (ii) the investments made in research, technological development or innovation according to article 256 of the Tax Code for \$2,463,447 and 392,584, which corresponds to a lower value of current income tax expense.

The main reconciliation items between earnings before taxes and the taxable net income are:

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Accounting earnings before income tax	\$ 978.404.297	\$ 1.051.498.610
Wealth tax		
Non-deductible expenses (1)	-	7.796.019
Non-deductible provisions (2)	17.894.935	3.426.856
Contribution to financial transactions	(17.737.635)	(25.568.533)
Other line items that increase net income	11.196.804	11.433.356
Non-deductible taxes	(1.844.938)	1.725.045
Presumptive interests	23.994	31.106
Total line items that increase net income	46.698	32.223
Total partidas que aumentan la renta líquida	9.579.858	(1.123.928)
Line items that decrease net income		
Fiscal depreciation and amortisation (3)	(16.047.568)	(44.003.982)

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Losses for new measurement of defined benefits plans	(11.018.238)	3.244.682
Special deductions	-	(14.778)
Difference payroll tax and pension contributions	-	(1.833.501)
Fiscal profit in sale of fixed assets	(469.640)	(194.827)
Deductions for hiring the disabled	(171.026)	(174.313)
Other line items that decrease net income	(547.367)	(3.805.681)
Non-taxable income	(63.775)	(164)
Total line items that decrease net income	(28.317.614)	(46.782.564)
Taxable net income	959.666.541	1.003.592.118
Presumptive income Investor Codensa		
Income tax rate	33,00%	34,00%
Income tax	316.689.959	341.221.320
Occasional earnings	469.640	194.827
Tax rate of occasional earnings	10,00%	10,00%
Tax on occasional earnings	46.964	19.483
Total income tax and complementary	\$ 316.736.923	\$ 341.240.803

(1) As of 31 December 2018 and 2017, it corresponds to non-causal expenses such as Impairment of fixed assets \$15,453,756 and \$0, loan forgiveness for \$926,142 and \$1,435,572, non-deductible expense of donations for \$591,215 and \$563,867, financial expenses-revenues from the previous year for \$1,142,774 and \$411,172, others for (\$2,066,597) and \$1,016,246

(2) The variation corresponds mainly to: (i) provision for the litigation of Public Lighting with the UAESP \$23,925,086, (ii) provision for the portfolio of VAT of the public lighting infrastructure lease and other minor activities for the value of (\$27,998 .535), (iii) the tax reform (Act 1819 of 2016), which provided that for 2017 the deduction of the industry and trade tax expense would be 100% as long as the tax is paid before the presentation of the income tax return, for a value of (\$18,719,984), and for 2018 no provision was included \$ 0, (iv) Other costs and expenses estimated at \$12,211,137 and others for (\$2,298,507).

(3) As of 31 December 2018, corresponds to the difference between the fiscal and accounting depreciation of fixed assets.

As a result of the tax reform Act 1819 of 2016, as of 2017 the income tax for equality CREE was eliminated and was replaced by the CREE tax surcharge of 6%, for a surcharge of the Income Tax for the year 2018 and 2017 equivalent to 4% and 6%. Considering the foregoing, the comparative tax effects for the years 2018 and 2017 are as follows:

Income tax surcharge

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Ordinary taxable net income	\$ 959.666.541	\$ 1.003.592.118
Exemption income tax surcharge	800.000	800.000
Taxable net income income tax surcharge	958.866.541	1.002.792.118
Income tax surcharge rate	4,00%	6,00%
Income Tax Surcharge	38.354.661	60.167.526
Total income tax and income tax surcharge payable	\$ 355.091.584	\$ 401.408.329

Equity Reconciliation

	As of 31 December 2018	As of 31 December 2017
Accounting equity	\$ 2.767.837.354	\$ 2.648.818.705
Estimated liabilities	173.880.690	210.823.821
Fiscal adjustment to assets	(229.805.308)	(230.651.378)
Provision for debtors	87.384.509	24.983.221

	As of 31 December 2018	As of 31 December 2017
Others	2.381.919	1.870.002
Monetary correction	(1.353.237)	(1.428.417)
Debit (credit) deferred tax	5.507.156	19.649.837
Fiscal equity	\$ 2.805.833.083	\$ 2.674.065.791

Transfer Pricing

Taxpayers of income tax who execute operations with economic associates or related parties abroad are bound to determine, for income tax purposes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, considering for these operations the prices and profit margins that would have been used in comparable operations with independent entities. The external advisors have validated each of the contracts made during 2018 with related parties from abroad in order to validate the correct application of the market prices in each one.

20. Other non-financial liabilities

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Prepayments from customers for use of networks	\$ 8.160.165	\$ -	\$ 8.278.678	\$ -
Deferred revenue	-	-	437.500	-
Contingent Liabilities (1)	-	19.135.216	-	33.081.908
	\$ 8.160.165	\$ 19.135.216	\$ 8.716.178	\$ 33.081.908

(1) The EEC recognised labour and civil contingencies for those processes classified as likely (high probability) to receive an unfavourable judgment; contingencies classified as possible (low probability) are included in a business combination in accordance with IFRS 3 guidelines, in addition 100% of tax contingencies were recognised given their nature.

The variation as of December 2018 is mainly due to the sale process for 2019 of the Small Hydroelectric Power Plant PCH Rio Negro and, prior to the classification of the plant as a non-current asset held for sale, the provision for dismantling the plant was reclassified to liabilities held for the sale under current liabilities for \$12,453,350.

Below are the main processes considered under such criteria in IFRS 3:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Engineering Cooperative ISECOOP	2013	2.916.000	Nullity is ordered for section 5 of clause two of service provision agreement No. 037 of 2 October 2006 entered into with EEC.	In the procedure of appeal filed against the judgment of first instance.
Associated Labour Cooperative SERVICOMTREC	2013	1.740.380	There was a mathematical error in the Agreement for the Provision of Transport Services CPS-019-06, as well as in its amendment, clarification and correction and in the addition and extension, entered into between SERVICOMTREC and the Company. Therefore, the value of the agreement for the Provision of Transport Services CPS-019-06 is adjusted to the sum of \$944,341, and other amounts are adjusted.	In Court with closing arguments for a judgment in first instance.

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Dalia Mercedes Lasso and others	2009	1.037.000	Electrocution injuries to Mr Carlos Arturo Cortes Sanchez.	End of evidentiary (documentary) stage.
Diana Patricia Quintero Osorio	2015	850.000	Death of Mr Nelson de Jesus by electrocution.	In Court with closing arguments for judgment in second instance.
Luis Humberto Hernandez and others	2016	500.000	On 29 and 30 August 2015, a fire broke out in the rural area of Nocaima Cundinamarca, due to a short circuit of the low voltage power line located in the towns of Loma Larga, Cuñaral, El Cajón, La Florida, Tobia alta, Conchue and Baquero. This electrical infrastructure is owned by the Company. Fifty (50) people are affected.	End of evidentiary (documentary) stage.
Lisandro Burgos Mayorga	2009	500.025	Death of Henry Burgo by electrocution.	In Court with closing arguments for judgment in second instance.
Juan Rafael Restrepo Bello	2009	354.400	Death of a horse by electrocution.	In Court with closing arguments for judgment in second instance.
Jaime Filinto Hernández Bohórquez	2011	80.000	Quema de cultivos de caña, plátano, pastos, etc.	End of evidentiary (documentary) stage.

Fiscal Processes Municipality of Agua de Dios

The Company’s main tax litigations as of 31 December 2017, classified as likely, correspond to six processes originated between the Municipality of Agua de Dios and the EEC for the public lighting tax

Subject of claim: The Municipality considers that the Company is liable to the public lighting tax for having a substation in its jurisdiction, however, the tax liability is disproportionate in relation to the cost incurred by the Municipality for the provision of the service. The fee charged according to the installed capacity of the substation corresponds to COP \$12,000 that has been updated every year. Therefore, the process seeks the nullity of bills for public lighting tax issued by the Municipality.

Claim: \$738.578

Current status and procedural situation:

- i. The 2015-376 process ended on 10 December 2018 with a final decision favourable to Codensa.
- ii. The 2015-284 process that obtained a favourable ruling on 4 December 2017 due to the company’s non-passive subjection to the industry and commerce tax. The municipality lodged an appeal, so the second instance is ongoing.
- iii. In the 2015-30 process, we obtained a judgment in second instance favourable to Codensa on 25 April 2018, the municipality appealed and we are in the course of the second instance.
- iv. For the process established in 2016, 2016-73 the provisional suspension on 3 May 2017 of the defendant acts was denied and the reform of the lawsuit was admitted on 18 October 2017.
- v. The processes 2017-452 and 2017-836 are in the course of the first instance, the first of these is scheduled for initial hearing on 4 June 2019, and for the second we were served a copy of the exceptions submitted by the municipality on 12 February 2018.
- vi. On 9 July 2018 the lawsuit for the process identified with 2018-210 was filed and on 3 August it was admitted.



21. Equity

Capital

The authorized capital is represented by 28,378,952,140 shares with a par value of \$100 each. As of 31 December 2018 and 2017, the subscribed and paid-in shares correspond to 134,875,450.

The shareholding structure as of 31 December 2018 and 2017 is detailed below:

Shareholders	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
	Interest	Number of shares	Interest (%)	Number of shares	Interest (%)	Number of shares
Grupo Energía Bogotá S.A. E.S.P.(1)	42,84%	49.209.331	100%	20.010.799	51,32%	69.220.130
Enel Américas S.A	56,72%	65.148.360			48,30%	65.148.360
Other minority shareholders	0,44%	506.960			0,38%	506.960
	100%	114.864.651	100%	20.010.799	100%	134.875.450

(1) As a result of the extraordinary session of the General Shareholders’ Meeting of Empresa de Energía de Bogotá S.A. E.S.P, on 6 October 2017, the name change to Grupo Energía Bogotá S.A. E.S.P. was approved.

Of the total shares of Empresa de Energía de Bogotá S.A. E.S.P, 20,010,799 shares correspond to non-voting shares with a preferred dividend of US \$0.10 per share.

Distribution of Dividends

The General Shareholders’ Meeting of 20 March 2018, according to Minutes No. 69, approved with a vote of 56.7178% of present shares the distribution of ordinary dividends for \$433,923,281 and preferred dividends for \$5,708,040 charged to the net income of 31 December 2017. Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, where it seeks the nullity of this Minutes, including in the contested matters the approval of the profit distribution project.

The dividends on the 2017 net income for \$439,631,322 (\$3,217.21 per common share (*)) will be paid as follows: 100% of the preferred dividend and 37.73% of the ordinary dividend paid on 19 May 2018, 37.36% on 24 October 2018, 24.91% on 16 January 2019.

The General Shareholders’ Meeting of 28 March 2017, according to Minutes No. 67, ordered the distribution of dividends for \$526,470,858 charged to the net income of 31 December 2016.

The dividends on the 2016 net income for \$526,470,858 (\$3,860.16 per common share (*)) will be paid as follows: 100% of the preferred dividend and 28,39% of the ordinary dividend paid on 27 April 2017, 26.85% on 15 May 2017, 26.85% on 27 October 2017 and 17.91% paid on 15 January 2018.

The General Shareholders’ Meeting held on 29 March 2016, as per Minutes No. 64, ordered the distribution of dividends for \$473,905,380 against net income as of 31 December 2015.

The dividends on net income of 2015 for \$ 473,905,380 (3,541.49 (*) per common share) were paid as follows: 100% of preferred dividend and 40.78% of ordinary dividend on 28 June 2016, 34.54% paid on 26 October 2016 and 24.68% paid on 27 January 2017.

(*) Figures in Colombian pesos.

Arbitration Tribunal of Grupo Energía Bogotá S.A E.S.P.VS. Enel Américas S.A.

On December 4, 2017, Enel Américas S.A. was notified of the request for initiation of arbitration proceedings filed by Grupo Energía Bogota S.A. E.S.P in relation to the differences arising in the profits distribution of the year 2016 for Emgesa S.A. E.S.P and Codensa S.A. E.S.P, as regulated by the Investment Framework Agreement -AMI-.

Grupo Energía Bogotá S.A. E.S.P argues Enel Americas acted against its own actions when voting for a profits distribution of 70%, in breach of provisions of clause 3.8 of AMI which establishes the form of profits distribution compelling the parties to vote favourably for the distribution of the 100% possible to distribute during each exercise.

The claims of the lawsuit are (i) Declaration of non-compliance of AMI by Enel Américas S.A. (ii) Legitimacy of Grupo Energía de Bogotá S. A. E.S.P to convene an Extraordinary Shareholders’ Meeting that includes in the agenda the distribution of the percentage pending distribution for the year 2016. (iii) Distribution of 100% of the percentage pending distribution for each Company.

On 12 December 2017, a public draw for arbitrators was held for the arbitration court; however the parties wish to choose their own arbitrators as indicated in the Investment Framework Agreement (AMI).

This process is attended directly by the lawyers of Enel Américas, taking into account the initial phase of the process, the contingency is qualified as eventual. Management considers that this situation does not affect the financial statements as of 31 December 2018.

The challenge of the minutes is related to the distribution of dividends for the years 2016 and 2017 and incursion in renewable markets. (This court is pending installation; the suit was withdrawn to be reformed and the appointment of arbitrators is underway.)

Arbitration Tribunals of Grupo Energía Bogotá SA ESP versus Codensa S.A. E.S.P and Emgesa S.A. E.S.P

There are 11 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá against Codensa S.A. E.S.P, seeking the annulment of the Minutes of the Board of Directors and General Shareholders’ Minutes, raising the following arguments: i) Conflicts of Interest with related economic companies; ii) Impossibility of ratification of authorizations to contract; iii) Undue removal of the conflict of interest; iv) Violation of the AMI regarding the distribution of profits.

The claims of the lawsuit are similar, stating that the decisions are flawed because they breach a peremptory standard, are absolutely null and void for the purpose and cause, breach the provisions of the AMI regarding the distribution of profits, and approving some minutes while an arbitration is in progress. The amount is undetermined, however, the decisions taken regarding operations with related economic companies of high impact for the business are involved. On 5 July 2018, the draw of the arbitrators was carried out due to not reaching an agreement for their designation and suggested accumulation with the arbitration against Enel Américas. The process is in the stage of appointment of arbitrators and disclosures of arbitrators and of the parties.

The minutes challenged by Grupo Energía de Bogotá S.A E.S.P specifically against the Company are the following:

- Board of Directors Minutes No. 270 of 21 March 2018 (Whereby powers were granted to the General Manager to issue the purchase orders of the Public Bid GE-18-001 in favor of Emgesa S.A. E.S.P for the energy of the periods 2020 to 2022 for the Regulated Market of Codensa S.A. E.S.P) Conflict of Interest.
- General Meeting Minutes N 69 of 20 March 2018 (Whereby the profit distribution project was approved for fiscal year 2017, no proposal was approved for modification of the Articles of Association presented by GEB, the operations with economic



associates of Codensa S.A. E.S.P. were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).

3. Board of Directors Minutes N 271 of 25 April 2018 (Whereby the approval proposal for “Technical Services” was notified and the extension of the intercompany agreement with Enel Italia SR.L was approved, regarding the “Cloud Service, Licenses and Cybersecurity and Digital Enablement Services”,
4. Board of Directors Minutes N 272 of 24 May 2018 (Whereby the approval proposal for “Cybersecurity and Development Services and Supply of IT Platforms with Enel Italia” was notified).
5. Board of Directors Minutes N 273 of 21 June 2018 (For the proposal and decisions regarding the “Cybersecurity Services with Enel Italia”; approval of the contracting of the “Services for the Development and Supply of IT Platforms” and not subjecting the discussion on the “Evolution of the Codensa-Enel-Codensa image” to the approval of the Board of Directors.
6. Board of Directors Minutes N 274 of 19 July 2018 (relative to the presentation as a special report of the “Energy Purchase Approval Procedure” and the “Enel Colombia Corporate Building.” Also, because the content of the minutes is inaccurate compared to what actually happened at the meeting)
7. Board of Directors Minutes N 275 of 23 August 2018 (relative to the proposed approval of a new Energy Procurement Procedure) to the extent that substantial changes are intended and not in a way to the procedure and except purchases with economic partners of the special majorities established in the AMI. Also because the underlying conflict of interest is not taken into account.
8. Board of Directors Minutes N 276 of 25 September 2018 (relative to the approval of the Technical Services and the Codensa Emgesa Commercial Partnership, as well as having taken as report the Mandate Agreement between Emgesa and Codensa for the distribution of invoices to customers in the non-regulated market of Emgesa, and the evolution of the brand Codensa to Enel Codensa) to the extent that there is a conflict of interest and these issues had to be submitted to the Board for approval and not taken as a special report.
9. Minutes N 70 of 20 September 2018 (relative to the removal of conflict of interest and ratification of transactions with related parties: Mandate Agreement between Emgesa and Codensa for the distribution of invoices in the Bogota areas, Framework Agreement for Business Cooperation between Emgesa and Codensa; offer to buy energy with Emgesa; Technical assistance agreement for the implementation of financial, insurance and billing solutions for third parties between Codensa and Enel X SRL; Contributions of Codensa to the Enel Colombia Foundation) and Sabana, the proposed approval of a new Energy Purchase Procedure) to the extent that sufficient information was not provided, no conflict of interest was properly raised and the Assembly could not ratify operations with related parties economic
10. Board of Directors Minutes N 277 of 24 October 2018 (relative to the approval of the proposal of the new procedure of purchases of energy, ratification of the lease agreement use of public lighting infrastructure with the Municipality of Sibaté, participation in the bidding process of the Company Construcciones Planificadas SA for the construction of electrical installations of the Centre for Cancer Treatment and Research, Luis Carlos Sarmiento Angulo, approval of the participation and purchase of energy in the long-term auction of the Wholesale Energy Market and in “several topics” the information on not participating in the tender for the operation of Electricaribe for regulatory limits) to the extent that there is a conflict of interest, these agreements must have been previously submitted to the Board of Directors for approval and not through ratification, also due to the fact that sufficient information was not provided to the Board.

The Arbitration Courts have not yet been formally installed, they are in the initial stage of appointment of arbitrators and acceptance thereof



Other reserves

	As of 31 December 2018	As of 31 December de 2017
Reserve for deferred depreciation (Art. 130 Tax Code)	\$ 206.694.375	\$ 209.885.531
Legal reserve	26.454.481	26.454.481
	\$ 233.148.856	\$ 236.340.012

Legal reserve

In accordance with Colombian law, the Company must transfer at least 10% of the year profit to a legal reserve, until it is equal to 50% of the subscribed capital. This reserve is not distributable before the Company’s liquidation; however, it may be used to absorb or reduce annual net losses. The balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

Reserve for Deferred Depreciation (Article 130 of the Tax Code)

In the tax reform established by Act 1819 of 2016, article 130 of the tax code was repealed; consequently, the reserves constituted until 31 December 2017 will revert to the extent that the accounting depreciation equals the fiscal depreciation. Therefore, for the March 2018 Meeting, the release of \$3,191,156 of the reserve set up was ordered, leaving a balance of \$ 206,694,375.

The General Shareholders’ Meeting of 2017, 2016, 2015 ordered the establishment of the reserve on account of accelerated depreciation pursuant to article 130 of the Tax Code for \$38,898,151, \$43,029,236 and \$76,995,746, respectively through profit or loss each year.

Additionally, in previous periods, a reserve of 70% of the depreciation requested in excess was established since 1998 for tax purposes, amounting to \$50,962,398.

22. Revenues from ordinary activities and other operating revenues

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Energy Sales	\$ 4.260.156.348	\$ 3.786.427.722
<i>Distribution and trade of energy - regulated market (1)</i>	4.116.632.611	3.666.192.611
<i>Supply of public lighting service (2)</i>	143.523.737	119.612.023
<i>Non-regulated market (3)</i>	–	623.088
Energy Transportation (4)	444.380.755	429.759.293
Induction stoves		333.289
Business and Government Services	149.126.080	122.947.785
Total revenues from ordinary activities under IFRS 15	\$ 4.853.663.183	\$ 4.339.468.089
Leases outside the scope of IFRS 15	184.946.625	180.587.562
Total revenues from ordinary activities	\$ 5.038.609.808	\$ 4.520.055.651
Other operating revenue outside the scope of IFRS 15	21.198.860	21.516.127
<i>Recovery loss of energy</i>	11.651.640	8.042.055
<i>Sale of obsolete materials</i>	3.357.423	3.442.837
<i>Fines and penalties</i>	2.332.805	4.350.582
<i>Others</i>	3.856.992	5.680.653
Total revenues from ordinary activities and other operating revenues	\$ 5.059.808.668	\$ 4.541.571.778





(1) As of 31 December 2018 and 2017, energy sales in the regulated market amount to 8,884 and 8,790 Gwh, of which 5,055 and 5,000 Gwh correspond to residential customers, 2,489 and 2,453 Gwh to commercial customers, 1,066 and 1,066 Gwh to industrial customers and 274 and 271 Gwh to official customers, respectively; and energy sales in the non-regulated market for piublic lighting amounted to 301 and 301 Gwh, mainly for the consumption of the Capital District 216 and 216 Gwh and other municipalities for 85 and 85 Gwh, respectively.

The variation corresponds mainly to the rate increases during 2018. The variations by component are listed below:

	Applied average rate 2017	Applied average rate 2018	Variation
Gm	160,08	186,92	14,4%
Tm	28,96	31,19	7,2%
Pr	29,70	34,26	13,3%
D	142,48	146,52	2,8%
Rm	24,58	32,89	25,3%
Cv	42,32	44,82	5,6%
Cu	428,12	476,60	10,2%

Generation costs (Gm): One of the factors that affected the behaviour of G during 2018 is the level of coverage, real spot prices (stock market) had a trend contrary to market expectations years ago when starting the creation of the purchase portfolio for the year 2018. The Company presented a coverage level of 88% higher than the market, which was at 83%.

Transmission Costs (Tm): Significant for the following:

May: Decrease of -4.7 \$/Kwh in the transmission component (T), strongly influenced by the STN delta that had to adjust the liquidation of March 2018, which was calculated with an underestimated demand at approximately 10%.

June: Increase of +3.1 \$/Kwh in the transmission component (T), equivalent to 11.3%, which reflects an increase in the estimated revenues for the transmitters.

October: Increase of \$ 4/Kwh in the transmission component, corresponding to the beginning of compensation to Intercolombia for the assets: Ituango, Medellin substations and the associated lines, Alférez Substation and Cerromatoso - Chinu Line.

Cost of Losses (Pr): The increments of these components are related to the effect on the variation of the Gm and Tm components.

Restriction Costs (Rm): This variable corresponded to the strongest variation due to limitations in the Caribbean Coast, with generation outside merit. The restrictions are considered national and are assumed by the entire demand.

(2) As of 31 December 2018 and 2017, energy sales of the non-regulated market for public lighting amounted to 301 and 301 Gwh, mainly for the consumption of the Capital District at 216 and 216 Gwh and other municipalities at 85 and 85 Gwh , respectively.

(3) As of 31 December 2017, corresponds to the consumption of 2.2 Gwh carried out by the 6 customers of the non-regulated market from the portfolio managed by the EEC, which were integrated into Codensa as of 30 September 2016 with the execution of the merger. To date, the agreements with non-regulated customers have terminated.

(4) As of 31 December 2018 and 2017, it corresponds mainly to billing for the electric energy infrastructure use service of the Company by other energy marketers in the local distribution systems of \$244,042,429 and \$234,837,885 and regional transmission systems for \$195,553,641 and \$190,073,102, respectively.

Breakdown of revenues from contracts with customers

The Company obtains its revenues from contracts with customers, for the transfer of goods and/or services; These contracts were grouped into categories that have similar characteristics in the contractual terms and conditions, in accordance with the practical solution of IFRS 15.

The following table summarizes the categories, the groups of contracts they contain, the main performance obligations and how these performance obligations are met.

Category	Groups of contracts	Performance obligations	Fulfilment of performance obligations
Energy Sales	Distribution and Trade of Energy, Customers Regulated Market	Provision of the energy service	Over time
		Connection Service	
		Meter review service	
		Reconnections	
	Supply of Public Lighting service with the Bogota District	Provision of energy service and maintenance of public lighting	
Energy Transportation	Non-regulated market	Sale of energy to the non-regulated market	Over time
	Supply Public Lighting service with Municipalities	Provision of energy service and maintenance of public lighting	
	Energy transport - Tolls and transmission	Use of the distribution network	
	Collaboration and financing of goods and services	Promotion, origination, administration, billing and collection of exclusive financial services	
		i) Supply, testing and commissioning of the communications network	
		ii) Review of connection designs, construction inspection, assembly, testing and commissioning	
		iii) Administration, operation and maintenance of the line module	
		iv) Supervision of the signals of the connection point from the Company's control centre	
	Business management mandate	Commercial management of products, works and/or services	
	Collaboration - Insurance	Trade and disposal of marketing channels	
Business and Government Services	Electrical works	Access to the Company's customers for the provision of electrical works services, supply of material and financing	Over time
	Insurance and publications	Promotion, billing and collection services through the invoices of public energy service and the delivery of policies and contracts	
	De-energizing manoeuvres	Operation service to de-energize the networks owned by the Company	
	Other electrical works and projects	Electrical works and projects related to the transfer of high voltage networks and lighting (Graphic design and constructive design of Christmas lighting)	
	Cooperation agreements - electrical networks	Electrical works and projects related to the installation, protection, transfer, replacement or relocation of electrical networks	
	Advertising inserts	Print, insert and deliver advertising information on the bills	
	Metering equipment	Supply of serial material (meters, current and power transformers and seals)	On a point in time

Performance obligations correspond to commitments to transfer to a customer a series of different goods or services, or a series of different goods or services but which are substantially the same and have the same pattern of transfer to customers.

Performance obligations are met to the extent that goods and/or services undertaken with customers are transferred, i.e., to the extent that the customer gains control of the goods and services transferred.

In the Company’s business lines, the fulfilment of performance obligations is mainly carried out over time, given that customers simultaneously receive and consume the committed goods or services and benefit to the extent that contracts are executed.

For the “Other income” category, the fulfilment of the associated performance obligations is generally made at a specific time, taking into account that the goods and/or services offered to the customers do not present future commitments.

The Company’s revenues are generated in Colombia.

Significant judgments in the application of the standard

The Company recognizes revenues when control of the committed goods and/or services is transferred to customers, and they have the ability to use the goods and/or services provided, obtaining the economic benefits associated with them.

Regarding the schedule of fulfilment of performance obligations, we have that for performance obligations met over time, the method of measuring the progress of fulfilment of performance obligations is carried out by the product method, as the Company is entitled to receive as compensation from customers the value of the goods and/or services provided to customers, up to the date of delivery.

The prices for the provision of the energy service are established based on the regulation and for other items in accordance with the contractual agreement. The Company does not offer discounts or other types of benefits to customers that may have variable consideration in the supply of goods and services.

Contract assets and liabilities

Contract assets

The Company does not have contractual assets, since the goods and/or services provided to customers that have not yet been invoiced generate an unconditional right to the consideration paid by customers, because only the passage of time is required in the enforceability of payments by customers, and the Company has fulfilled all performance obligations.

The Company does not incur costs to obtain or fulfil contracts, so it does not have assets associated with this item.

Contract liabilities

The Company presents contract liabilities in the statement of financial position, in the line item of other current non-financial liabilities. Contract liabilities reflect the Company’s obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.



As of 31 December 2018, the Company has received advance payments for the energy transportation service for \$7,328,395 and for entry to the market channel for \$9,670.

The Company recognizes as revenue the contract liabilities, to the extent that it fulfils the performance obligations.

23. Provisioning and Services

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Energy purchases (1)	\$ 2.322.921.286	\$ 1.874.417.202
Transport costs (2)	500.637.818	468.024.137
Other variable provisioning and services (3)	224.642.420	219.695.556
	\$ 3.048.201.524	\$ 2.562.136.895

(1) As of 31 December 2018 and 2017, energy purchases amount to 10,508 and 10,330 Gwh; Purchases intended for the regulated market have a 97.5% share derived from contracts with 8,996 and 8,002 Gwh, and purchases in the stock market 1,253 and 2,064 Gwh, the remaining 2.5% corresponds to purchases destined to the non-regulated market with 259 and 2 Gwh, respectively.

Increase in the average contract price of \$22.64/Kwh, (2018 203.06 \$/Kwh, 2017 180.42 \$/Kwh).

(2) As of 31 December 2018 and 2017, it is mainly composed of the right-of-use costs in the national transmission power systems of \$324,065,312 and \$298,107,867, and regional transmission costs of \$162,937,130 and \$157,073,661, respectively.

(3) Following is a description of other variable provisioning and services:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Costs of providing goods and services to individuals (a)	\$ 73.305.793	\$ 73.686.295
Industry and trade tax	61.023.118	52.615.464
Costs related to metering equipment	41.397.454	37.481.215
Public lighting maintenance and others	28.993.448	36.329.118
Cut and reconnection costs	16.238.877	12.112.650
Other local taxes related to sales	2.175.238	1.736.818
Contributions regulation entities (b)	1.508.492	5.733.996
	\$ 224.642.420	\$ 219.695.556

(a) As of 31 December 2018 and 2017, corresponds mainly to associated business costs of value-added services such as electrical works, Christmas lights and subscriptions to magazines, insurance and other products.

(b) The variation corresponds mainly to the recognition of judgments in favour of the Company with respect to higher values paid in the settlement of contributions to regulating agencies for the years 2014-2015.



24. Personnel expenses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Wages and salaries (1)	\$ 164.407.202	\$ 146.865.321
Social security service and other social charges	38.918.126	34.788.485
Expense (revenue) for obligation of post-employment benefits (2)	838.745	1.191.022
Other personnel expenses (3)	(274.918)	656.915
	\$ 203.889.155	\$ 183.501.743

- (1) As of 31 December 2018 and 2017, corresponds to wages and salaries for \$125,026,271 and \$113,314,456, bonuses for \$12,185,707 and \$10,028,989, vacation and vacation bonus for \$11,723,458 \$10,813,892, service bonus for \$5,715,720 and \$ 4,642,575, severance pay and interest on severance pay for \$5,338,427 and \$4,028,745, amortisation of employee benefits for \$4,417,618 and \$4,036,665, respectively.
- (2) As of 31 December of 2017 and 2016, corresponds to the cost of the current service of active workers associated to the retroactive severance benefit for \$123,119 and \$119,341, 5-year periods for \$265,953 and \$268,132, respectively. As of 31 December 2017 and 2016, as of the actuarial calculation made by Aon Hewitt, Mexico the effect of actuarial losses is included in 5-year periods, arising from changes of variables for \$449,673 and \$803,549, respectively.
- (3) As of 31 December 2018 and 2017, corresponds to:
- (a) Labour litigations: Recognized allocation of litigation that was subject to changes in the rating in accordance with analyses performed by attorneys-in-fact for \$1,628,323 and \$616,026, respectively.
- (b) Retirement bonus: corresponds to the expenses (recoveries) associated with the provision of retirement bonus for the management personnel for \$(1,903,241) and \$272,063, respectively.

25. Other fixed operating expenses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Independent professional services, outsourced and others (1)	\$ 193.681.391	\$ 171.113.116
Repairs and maintenance	75.823.947	76.746.047
Other supplies and services (2)	24.139.650	19.830.263
Leases and fees	10.817.333	11.232.970
Taxes and rates (3)	3.397.462	9.914.849
Insurance premiums	5.079.641	4.642.866
Advertising, marketing and public relations (4)	12.874.285	4.267.319
Transport and travel expenses	4.485.860	2.672.016
	\$ 330.299.569	\$ 300.419.446

(1) Below is the detail of independent professional services, outsourced and others:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Maintenance services and software and computer application development (a)	\$ 32.459.054	\$ 29.435.701
Market recovery contracts	26.271.252	26.333.313
Reading	22.220.756	21.281.726
General administration expenses	20.975.123	16.645.217
Collection contracts	15.033.479	14.274.371
Customer service contracts	14.861.434	13.541.111
Diagnosis, inspection and maintenance of substations, networks and electrical installations (b)	10.722.421	8.200.950
Other management and operating contracts	7.796.223	9.855.919
Fees (c)	7.104.642	4.070.283
Telecommunications services	6.818.611	4.149.636
Administration of transport services	5.605.064	4.172.773
Billing (d)	4.714.201	3.943.909
Logistics operation contract for materials and inventories	3.705.743	4.727.279
Civil and administrative litigations (e)	3.865.909	95.231
Non-payment management contracts	2.889.715	2.650.764
Industrial safety	2.842.476	3.078.726
Diner and cafeteria	1.783.361	994.051
Assigned personnel service	1.711.706	988.467
Casualty losses	1.410.007	1.816.825
Office supplies and equipment	890.214	856.864
	\$ 193.681.391	\$ 171.113.116

- (a) As of 31 December 2018 and 2017, the increase corresponds mainly to the contracting and implementation of services associated with the cloud architecture and the maintenance of technical and commercial operation applications, mainly Amazon Web Service for \$4,712,854 and \$2,381,089 and Indra for \$1,876,237 and \$641,417 respectively.
- (b) Increased due to maintenance operations performed on substations, medium and low voltage networks and public lighting.
- (c) The fees increased mainly due to consulting in business management with Consumo Consultores S.A.S. for \$813,032, Bain & Company Colombia for \$849,436 and to business advice with Accenture Ltda for \$695,596.
- (d) The increase is due to the cost of billing on site and the updating of contracts for the distribution of invoices, mainly with Quanta Service Colombia and Bureau Veritas Colombia.
- (e) The variation corresponds mainly to the provision made in 2018 regarding litigations of a civil nature that were subject to changes in the rating according to the analysis carried out by attorneys-in-fact for \$3,770,678, which corresponds mainly to the change in the probability of the civil litigations, as follows: Raul Ernesto Rodriguez, due to judgment that forced to modify the provision for the payment thereof, changing from remote to probable; Rosalba Garcia Rozo 2018, unfavourable judgment for the Company, change from likely to probable; Dilva Cecilia Wood Algiers, to comply with the ruling, payment is provisioned upon finalising the details to make the disbursement.



- (2) The variation is mainly due to increases in training costs for Company employees and public services.
- (3) The decrease corresponds mainly to the payment of property tax in 2018 for \$2,080,116 and to the wealth tax in 2017 for \$7,796,019.
- (4) Corresponds mainly to the cost of advertising campaigns for the promotion of the Enel brand in the media.

26. Expense for Depreciation, Amortisation and Impairment Losses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Depreciations (Note 13)	\$ 334.302.713	\$ 296.554.427
Amortisations (Note 12)	20.324.771	16.949.794
Depreciations and amortisations	354.627.484	313.504.221
Impairment financial assets (1)	25.443.126	9.174.751
Impairment property, plant and equipment (2)	15.453.755	-
\$	395.524.365	\$ 322.678.972

- (1) As of 31 December 2018, corresponds mainly to the allocation of:
- (i) 100% provision of the Public Lighting Infrastructure VAT portfolio for \$13,173,133, prescribed customers that do not present an ongoing lawsuit for\$ 1,742,709 and customers that present risk of default in payment agreements: Municipality of Agua de Dios for \$1,730 .005, Fabio Mussilini for \$492,539, Pablo Forero for \$480,644 and Fabiola Rojas for \$475,530.
- (ii) In the supplementary business portfolio, the variation is mainly due to customers who default on payment agreements: Supernet TV Telecomunicaciones for \$1,294,633 and Biogas Doña Juana for \$411,659.
- (2) Corresponds to the impairment of the Rio Negro Hydroelectric Power Plant for \$15,453,755 for possible sale (See note 11).

27. Net financial income

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Default interests (1)	\$ 11.200.642	\$ 8.619.453
Revenues from cash and cash equivalents (2)	10.691.401	13.789.298
Other financial revenues (3)	6.293.327	1.699.335
Interests on loans to employees (4)	5.433.819	5.149.899
Interests on customer financing (3)	1.716.992	1.167.587
Financial revenues (net)	35.336.181	30.425.572
Financial obligations (5)	(153.357.218)	(145.582.452)
Tax on movement of funds	(22.393.608)	(22.866.713)
Obligation for post-employment benefits	(19.802.986)	(19.448.520)
Other financial costs (6)	(4.842.197)	(13.754.284)
Impairment of financial assets (7)	(2.686.388)	-
Finance leases	(1.031.628)	(320.234)
Financial expenses	(204.114.025)	(201.972.203)
Capitalised financial expenses	2.998.967	8.786.465
Net financial expenses	(201.115.058)	(193.185.738)
Revenues from exchange difference	15.205.713	3.291.773
Expenses from exchange difference	(20.060.995)	(5.191.513)
Net exchange difference	(4.855.282)	(1.899.740)
Total net financial income (8)	\$ (170.634.159)	\$ (164.659.906)

- (1) Corresponds to billing of default interest to customers for energy service and other products.
- (2) Corresponds mainly to financial returns in national currency from deposits and investments in different entities such as Corredores Asociados, Credicorp, Fiduciaria Bogota, Fiduciaria de Occidente, Alianza Valores, BBVA Fiduciaria, Fondo abierto Alianza, Valores Bancolombia and Fiduciaria Corficolombiana.
- (3) As of 31 December 2018, corresponds mainly to the financial update of the VAT portfolio for public lighting infrastructure for \$2,811,706, the update of the dismantling provision of the Rio Negro Hydroelectric Power Plant (PCH) for \$891,252 , update of PPA litigations for \$1,012,847, financial update of legal provisions for \$609,778 and the update of the provision of PCB dismantling liability for \$844,326.
- (4) As of 31 December 2018 and 2017, corresponds to the financial interest of housing credits for \$921,724 and \$894.195, and the financial effect of loans to employees agreed at the differential market rate for \$4,512,096 y \$4,255,703, respectively.
- (5) Corresponds to the interests on bonds issued generated under the Company’s Bond Issue and Placement Programme, as follows:

Issue	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Loans Bank of Tokyo (a)	\$ 31.270.413	\$ 31.349.749
Interest Bonds E5-17	19.953.000	16.236.395
Interest Bonds B12	15.316.639	17.117.586
Interest Bonds E7-17	12.620.200	7.123.213
Interest Bonds B7-14	12.363.536	14.425.122
Interest Bonds E2-17	10.976.000	8.932.436
Interest Bonds B5-13	10.789.069	14.523.620
Interest Bonds E7-18 (b)	9.554.457	-
Other commercial loans (c)	7.174.283	13.936.425
Interest Bonds B12-18 (b)	7.855.193	-
Interest Bonds E4-16	6.741.000	6.741.000
Interest Bonds A10-08	6.484.650	7.764.277
Interest Bonds B5-18 (b)	2.258.778	-
Interest Bonds A10-07	-	7.360.081
Amortisation premium of bond issue A10-07	-	72.548
Total	153.357.218	145.582.452
Capitalisation of Interests	(2.998.967)	(8.786.465)
\$	150.358.251	\$ 136.795.987

- (a) Corresponds to the interests of the loans acquired with The Bank of Tokyo Mitsubishi UFJ on 17 March 2016 for \$200,000,000 with an agreed rate of 8.4931% EA, and 10 June 2016 for \$162,000,000, at a rate of 8.8150% EA.
- (b) Corresponds to the interest on bond issues made in 2018 (See Note 15).
- (c) Corresponds to the interests of bank loans acquired as a result of the business combination (See Note 15).
- (6) As of 31 December 2018, corresponds mainly to the financial update of the issuance of securities and commercial papers for \$1,882,150, financial update of the provision for the litigation of public lighting for \$2,343,688 and costs for issuance of bonuses for \$511,161.
- (7) Recognized expense for the impairment of financial assets such as cash and equivalents, agreements and other assets, in accordance with the provisions of IFRS 9 in relation to the expected credit loss.
- (8) The origins of the effects on exchange difference results correspond to:



Twelve-month period from 1 January to 31 December 2018			
	Revenues from exchange difference		Expenses from exchange difference
Cash	\$ 224.503	\$	(55.005)
Bank balance	432.010		(5.420.979)
Cash and cash equivalents	656.513		(5.475.984)
Current accounts receivable	664.720		(2.156.196)
Total Assets	1.321.233		(7.632.181)
Accounts payable for goods and services	9.009.977		(10.698.219)
Other commercial creditors	3.402.399		(129.170)
Commercial creditors	1.472.105		(1.601.426)
Total liabilities	13.884.481		(12.428.814)
Net results	\$ 15.205.713	\$	(20.060.995)

Twelve-month period from 1 January to 31 December 2017			
	Revenues from exchange difference		Expenses from exchange difference
Cash	\$ 28.118	\$	(113.619)
Bank balance	67.173		(274.075)
Cash and cash equivalents	95.291		(387.694)
Current accounts receivable	178.973		(124.735)
Inventories	-		(2)
Total Assets	274.264		(512.431)
Accounts payable for goods and services	1.813.303		(2.685.821)
Commercial creditors	1.204.206		(1.993.261)
Total liabilities	3.017.509		(4.679.082)
Net results	\$ 3.291.773	\$	(5.191.513)

28. Income from Other Investments

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Dividends of associated investments	\$ 317	\$	163
Equity method (1)	63.689		(94)
	\$ 64.006	\$	69

(1) Corresponds to the equity method applied on Inversora Codensa S.A.S. for \$(86) and on Enel X Colombia S.A.S. for \$63,775

29. Income from the Sale and Disposal of Assets

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Property, plant and equipment (1)	\$ 8.200.049	\$	8.000.887
Materials (2)	4.257.566		2.521.020
Others	-		716.950
	\$ 12.457.615	\$	11.238.857

(1) Corresponds primarily to the write-off of substation equipment, lines and networks, distribution transformers and public lighting luminaires due to obsolescence, damage and replacement.

(2) Corresponds primarily to the billing of materials to the cooperating companies as a result of the physical taking of inventories.

30. Income Tax Expenses

The provision recognized through profit or loss, for income tax and income tax surcharge is broken down as follows:

	Year ended 31 December 2018		Year ended 31 December 2017
Current income tax	\$ 355.005.191	\$	397.928.267
	355.005.191		397.928.267
Income tax previous years	6.901.759		(3.275.949)
Deferred tax movement (1)	15.355.206		28.720.448
Deferred tax movement previous years (1)	(7.498.708)		4.639.893
	\$ 369.763.448	\$	428.012.659

(1) As of 31 December 2018 and 2017, corresponds to the reduction of the net deferred tax of \$7,856,498 and \$33,360,341, which includes (i) deferred tax for the period of \$16,860,670 and \$28,720,448; (ii) deferred tax on prior years for (\$7,498,708) and \$4,639,893; and (iii) effect for rate changes as a result of the tax reform for (\$1,505,464) and \$-, respectively.

Below is the reconciliation of the income tax that would result from applying the current general tax type to “earnings before taxes” and the expense registered equivalent to an effective rate on net income as of 31 December 2018 and 2017 of 37.79% y 40.71%, respectively:

Reconciliation effective tax rate	Year ended 31 December 2018	Rate	Year ended 31 December 2017	Rate
Net income	\$ 608.640.849		\$ 623.485.951	
Income tax expense	369.763.448		428.012.659	
Earnings before taxes	978.404.297		1.051.498.610	
Legal tax rate in force	37%		40%	
Tax according to legal rate in force	(362.009.590)	(37%)	(420.599.444)	(40%)

Permanent differences:

Non-deductible taxes (1)	(4.151.695)	0,42%	(4.585.785)	(0,44%)
Non-deductible wealth tax	0	0%	(3.118.408)	(0,30%)
Non-causal and other non-deductible expenses (2)	(7.008.998)	0,72%	(1.019.728)	(0,10%)
Expenses from previous years	422.827	(0,04%)	(164.469)	(0,02%)
Net effect of movement of estimated liabilities and permanent provisions	153.273	(0,02%)	1.713.985	0,16%
Assumed interests	(17.278)	0%	(12.889)	0%
Additional deduction disabled	63.280	(0,01%)	69.725	0,01%
Non-taxable dividends	0	0%	66	0%
Other permanent differences	173.767	(0,02%)	83.842	0,01%
Rate difference adjustment – deferred adjustments previous years (3)	1.982.017	(0,20%)	936.390	0,09%
Adjustment for income tax return prior year (4)	596.949	(0,06%)	(1.363.944)	(0,13%)
Effect of CREE surcharge adjustment - surcharge	32.000	0%	48.000	0%
Total permanent differences	(7.753.858)	(0,79%)	(7.413.215)	(0,71%)
Income tax expense	\$ (369.763.448)	(37,79%)	\$ (428.012.659)	(40,71%)

(1) As of 31 December 2018 and 2017, corresponds to the effect on income tax of the tax on movement of funds for \$4,142,817 and \$4,573,342, and taxes on vehicles for \$8,878 and \$12,443, respectively.

(2) As of 31 December 2018 and 2017, corresponds mainly to the effect on income tax and surcharges, for expenses without a causal relationship such as donations, loan forgiveness, among others.

(3) As of 31 December corresponds mainly to: i) effect due to changes in the rate as a result of the tax reform for \$1,505,464 ii) and other temporary items for \$476,553.

(4) The variation corresponds to the difference between the calculation of the income provision and the values presented in the income tax return. These differences generate a change in both the current tax and the deferred tax, the main items that generated the variation are: (i) the difference in accounting depreciation and fiscal depreciation, (ii) differences in the calculation of provisions for costs and expenses (iii) differences between the accounting and fiscal actuarial calculations.

31. Earnings per Share

The earnings per basic share are calculated dividing profit attributable to the Company shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2018 and 2017, there are no common shares acquired by the Company.

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Profit attributable to owners	\$ 608.640.849	\$ 623.485.951
Preferred dividends (1)	6.503.009	5.971.222
Profit attributable to owners adjusted to preferred dividends	602.137.840	617.514.729
Weighted average of outstanding shares	134.875.450	134.875.450
Basic and diluted earnings per share (*)	\$ 4.464,40	\$ 4.578,41

(*) Figures in Colombian pesos.

(1) Out of total shares of Grupo de Energía de Bogotá S.A. E.S.P., 20,010,799 shares correspond to shares without voting rights with an annual preferred dividend of US \$0.10 per share.

32. Other Comprehensive Income

The breakdown of other comprehensive income is shown below:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Components of other comprehensive income that will not be reclassified to net income		
Losses for new measurements of defined benefits plans (1)	\$ (24.620.805)	\$ 9.058.500
Losses on new measurements of financial instruments measured at fair value rough OCI (2)	(8.774)	(15.441)
Other comprehensive income that will not be reclassified to earnings before taxes	(24.629.579)	9.043.059
Other comprehensive income that will be reclassified to earnings before taxes		
Gains (losses) on cash flow hedges	(20.043)	15.314
Other comprehensive income that will be reclassified to earnings before taxes	(20.043)	15.314
Income and deferred taxes relative to components of other comprehensive income that will not be reclassified to net income		
Tax effect for losses on new measures of defined benefits plans (1)	7.835.955	(3.426.791)
Total income taxes relative to components of other comprehensive income that will not be reclassified to net income	7.835.955	(3.426.791)
Total income taxes relative to components of other comprehensive income that will be reclassified to net income		
Effect of taxes on cash flow hedges	7.416	(5.524)
Total income taxes relating to components of other comprehensive income will be reclassified to net income	7.416	(5.524)
Total other comprehensive income	\$ (16.806.251)	\$ 5.626.058

(1) Corresponds to the effect of actuarial losses valued by Aon Hewitt México. As of 31 December 2018 and 2017, actuarial losses with effect on equity are presented below:

	Year ended 31 December 2018			Year ended 31 December 2017		
	Pension and benefits	Retroactive severance pay	Temporary income	Pension and benefits	Retroactive severance pay	Temporary income
Initial balance	\$ (55.509.972)	\$ 54.143	\$ (2.745.417)	\$ (61.311.831)	\$ 303.394	\$ (2.824.518)
Actuarial gain (loss)	(24.012.209)	(608.596)	-	9.351.416	(372.017)	79.101
Current tax	2.377.054	-	-	(3.087.480)	-	-
Deferred tax	5.276.322	182.579	-	(462.077)	122.766	-
Final balance	\$ (71.868.805)	\$ (371.874)	\$ (2.745.417)	\$ (55.509.972)	\$ 54.143	\$ (2.745.417)

The value of the losses is transferred directly to retained earnings and will not be reclassified to profit or loss.

(2) As of 31 December 2018 and 2017, gains (losses) on the investment in Electricaribe S.A. E.S.P. as a result of the measurement using the multiples method were recorded in other comprehensive income for (\$8,773) and (\$15,441), respectively. The value of the losses is transferred directly to the retained earnings and will not be reclassified to profit or loss.

33. Assets and Liabilities in Foreign Currency

The standards existing in Colombia allow for the free negotiation of foreign currency through banks and financial institutions at free exchange rates. Nonetheless, most of the transactions in foreign currency require compliance with certain legal requisites.

Summary of assets and liabilities expressed in foreign currency:

	As of 31 December 2018		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€5.814	US\$ 21.573.593	\$ 70.130.384
Debtors	125.711	4.252	480.826
Accounts payable	(4.436.124)	(1.097.480)	(20.046.522)
Net asset (liability) position	€ (4.304.599)	US\$ 20.480.365	\$ 50.564.688

	As of 31 December 2017		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€ 5.411	US\$ 23.812.762	\$ 71.076.669
Debtors	94.042	53.999	498.101
Accounts payable	(2.692.117)	(2.526.354)	(17.184.981)
Net asset (liability) position	€ (2.592.664)	US\$ 21.340.407	\$ 54.389.789

34. Penalties

In the period between January 1 and December 31, 2018, the company has been notified of the following sanctions:

- » On 26 July 2017, the Superintendence of Household Public Utilities, in File 2016240350600015E, for the breach of the ITAD continuity indicators established in CREG Resolution 097 of 2008, decided in the first instance to impose a fine of \$1,475,434 for considering that the quality indicators were violated. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400096585 of 18 July 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 3 October 2017, the Superintendence of Household Public Utilities, in file No. 20152403600122E, decided to sanction with a fine of \$1,490,188, for considering that the Company failed to comply with the reporting obligations of fatal accidents to the Unified Information System -SUI of the Superintendence and considering that the rules on electrical safety established in the Technical Regulation of Electrical Installations-RETIE were not complied with. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400104695 of 15 August 2018 the entity decided to confirm the fine, thus declaring it final.

- » On 3 October 2017, the Superintendence of Household Public Utilities, in file No. 2015240350600102E, decided to sanction with a fine of \$981.164 for considering that the Company failed to comply with the safety rules of the infrastructure established in the Technical Regulation of Electrical Installations-RETIE. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400105125 of 16 August 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 12 February 2018 the Superintendence of Household Public Utilities, in the file No. 2016240350600061E, decided to sanction with a fine of \$15,625 for considering that the Company failed to provide the service because the estimated regulatory compensations for 1 user of the service exceeded the distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400130455 del 8 November 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 28 February 2018, the Superintendence of Household Public Utilities, in the file No. 2015240350600113E, decided to sanction with a fine of \$62,499 for considering that the Company failed to provide the service because the estimated regulatory compensations for 10 users of the service exceeded the invoiced distribution charge for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and decision on said appeal is pending.
- » On 12 April 2018, the Superintendence of Household Public Utilities, in the file No. 2015240350600082E, decided to sanction with a fine of \$15,625, for considering that the Company failed to provide the service because the estimated regulatory compensations for 1 user of the service exceeded the distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and decision on said appeal is pending.
- » We were notified of Resolution 85653 of 2016, in which the Superintendence of Industry and Trade imposed a penalty of \$241,309 for a complaint filed by Claudia Milena Muñoz Triviño, for considering that Codensa indeed violated the personal data protection regime by posting on twitter personal information of the plaintiff (home address). On 13 December 2017, the Superintendence of Industry and Trade notified Resolution No. 6323 of 4 October 2017, whereby it decided on the appeals for reconsideration and interim appeal filed against Resolution 85653 of 2016, confirming the fine. On 20 December 2017, the fine was paid at Banco Popular. The demand for nullity and restoration of right was filed and is pending decision.
- » By order No. 26346 of 15 March 2018, the Superintendence of Industry and Trade imposed a fine of \$37,834 for 339 days of delay in the compliance with the payment for compensation for a defective product to a customer. An interim appeal was filed against the order that imposed the penalty and the Company is waiting for the Authority to resolve this appeal.
- » Vehicle Tax, the special requirement for value correction of vehicle valuation, with amount of fine plus interest for \$229.
- » Lighting tax, sanction for the delivery of information in the municipality of Itagui, with a fine of \$179,624.
- » Withholding 2017 and 2018, extemporaneousness withholdings in municipality, with a fine of \$1,607.
- » Writ ICA tax withholding Anapoima first and second two-month period of 2018 due to extemporaneousness returns due to change of deadlines in municipal agreement with a fine for \$6,325.

35. Other Insurance

In addition to policies relative to properties, plant, and equipment (see note 13), the company has the following policies:

Property/person insured	Risks covered	Insured amount (figures in thousands)	Expiry	Insurance Company
Transport of goods	Loss or damage to the transported goods	US\$ 750 limit / Court	31/07/2019	HDI Seguros S.A.
Employees having a direct contract (a)	Death, total and permanent disability	\$1,800 maximum individual insured sum	01/01/2019	HDI Seguros de Vida S.A.
Counsellors or directors	Civil responsibility of directors and managers	\$15,773,178	10/11/2019	SBS Seguros S.A.

(a) The Company contracted a new policy for employees with direct contract for the year 2019 under the following conditions:

Property/person insured	Risks covered	Insured amount (figures in thousands)	Expiry	Insurance Company
Employees with direct contract (a)	Death, total and permanent disability	Maximum individual insured sum: \$ 1,800,000	01/01/2020	Seguros Bolívar S.A.

36. Commitments and Contingencies

(a) Purchase Commitments:

The Company as of 31 December 2018 has commitments to purchase electric energy as follows:

Year	Commitments with third parties	Commitments with Emgesa S.A. E.S.P.	Total
2019	686.940.159	1.049.386.215	1.736.326.374
2020-2021	1.496.733.719	2.278.377.893	3.775.111.612
2022-2023	-	619.306.487	619.306.487
\$	2.183.673.878	\$ 3.947.070.595	\$ 6.130.744.473

The energy purchase commitments by supplier are listed below:

Supplier	Interest
Emgesa S.A. E.S.P	64,38%
Empresas Públicas de Medellín E.S.P	16,73%
AES Chivor y Compañía Eca E.S.P.	9,43%
Isagen SA E.S.P	4,18%
Empresa URRRA SA E.S.P	1,23%
Others	4,05%

Below is the summary of purchase commitments of materials and services:

Año	Materiales	Servicios
De 2019 a 2021	\$ 455.395.498	\$ 555.310.376
De 2022 a 2025	-	70.829
\$	455.395.498	\$ 555.381.205

(b) Litigations and Arbitrations:

The Company faces litigations classified as possible or contingent, with respect to which Management, with the support of its external and internal legal advisors, estimates that the outcomes corresponding to the part not provisioned will be favourable to the Company and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position

(c) Litigations Classified as Contingent

The main litigations that the Company has as of 31 December 31 2018 classified as contingent are:

a. Process Sabana Medical Center PH and Others

Start date: 2014

Claim: \$337.000.000

Subject of claim: The plaintiffs seek that the Company return what it has allegedly charged in excess for not applying the rate benefit to said group of users belonging to Voltage Level 1, who are also owners of the distribution assets.

The claim and the main event of the claim are based on the fact that the Company is illicitly enriching because it does not apply any rate benefit to the users that belong to this voltage level and who own the infrastructure, as established in Resolution 082/2002, as amended by Resolution 097/2008. The plaintiff determines the amount of this process based on the fact that this situation is replicated in approximately 550 thousand users and that each one is entitled to compensation.

Current status of process: A settlement hearing was held, which was declared unsuccessful. The Company is expecting the statement of evidence.

On 8 September 2017, the firm agreed to the request of the plaintiff to include the initial plaintiffs’ group of 4 legal representatives of the co-properties (Office Class Building, Minicentro Shopping Center, Santa Ana II Building and Beatriz Building), which are grouped together not as direct plaintiffs, but as a group affected by the events that constitute the presumed violation, in case the judgment is favourable to them.

The proceeding entered the evidentiary stage on 27 July 2018 and on 4 December 2018, it entered the Court with the evidentiary material gathered by the parties and by the required Authorities.

b. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2009

Claim: \$15.000.000

Subject of claim: The Association claims a property located within its facilities where an energy substation of Codensa operated. Codensa counterclaims the prescription of the property or easement.

Current status of process: Codensa summoned specific persons whose address is unknown and unspecified persons to extend the effects of a possible judgement on anyone who could claim respect for the real rights in dispute. To date, the Judge’s review of the summons is in process.

c. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2011.

Claim: \$15.000.000

Subject of claim: The association claims the nullity of the permit granted by the Ministry of Culture to Codensa to intervene a declared property of cultural interest on the basis that Codensa was not the owner of the property.

Current status of process: The Company answered the complaint and is in the evidentiary stage.

Litigations as Plaintiff:

As of 31 December 2018, the Company acts as a plaintiff in four lawsuits that, in the event of being decided favourably, could generate a revenue. These lawsuits correspond to actions for nullity and reinstatement of right filed against the resolutions through which the Superintendence of Household Public Utilities settled the special provided in article 85 of Act 142/1994 for taxable years 2013, 2014 and 2015 on a taxable base higher than that set out in the Act. If a favourable ruling is obtained, the Superintendence of Household Public Utilities shall return what the judge determines as an excess paid value. The values under discussion are as follows: for 2013 \$3,237,619; for 2014 \$3,339,604 and for 2015 \$5,102,330. During 2018 there were no judicial decisions in these processes.



37. Risk Management

The Company is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by the Company to implement its risk management policy include the following:

- » Comply with good corporate governance standards.
- » Comply strictly with the entire corporate regulatory system.
- » Each management, corporate area and business line defines:
 - a. Markets in which it can operate on the basis of sufficient knowledge and skills to ensure effective risk management.
 - b. Criteria about counterparties.
 - c. Authorised operators.
- » Managements, corporate areas and business lines establish for each market where they operate their risk exposure consistent with the defined strategy.
- » All managements corporate areas and business line are performed within the limits approved in each case.
- » Managements, corporate areas and business lines establish risk management controls as necessary to ensure that market transactions are carried out in accordance with the Company’s policies, standards and procedures.

Interest Rate Risk

The variations of interest rates change the fair value of such assets and liabilities earning a fixed interest rate, as well as the flow of assets and liabilities referenced at variable interest rate.

The purpose of risk management relative to interest rates is to reduce the volatility of the financial cost reflected in the income statement.

Depending on the estimates by the Company and the objectives of debt structure, hedging operations were undertaken through the contracting of derivatives that mitigate such risks. Instruments that can be used correspond to rate swaps, setting from variable to fixed rates. Currently the Company has not contracted interest rate hedging.

The following chart shows the sensitivity analysis of the financial cost associated with issued debt, relative to the per cent variation of interest rates as follows:

Interest rate	As of 31 December 2018		As of 31 December 2017	
	Variation (basic points)*	Sensitivity in COP thousands	Variation (basic points)*	Sensitivity in COP thousands
CPI	+/- 5,14 %	(+/-)\$ 39.071.347	+/- 5,59 %	(+/-)\$ 37.318.249
DTF	+/- 3,39 %	(+/-)\$ 1.672.524	+/- 2,76 %	(+/-)\$ 2.479.664

(*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2016-2018 and 2015-2017 for the 2018 and 2017 calculations, respectively), taking twice the standard variation of the series.



Exchange Rate Risk

The type of exchange risks can be presented essentially with the following transactions:

- a) Debt contracted by the Company in a currency other than that at which its flows are indexed to.
- b) Payments to be made for the acquisition of materials associated with projects in a currency other than that at which its flows are indexed to.
- c) Revenues directly related to the evolution of currencies other than that of its flows.

Taking into account that the functional currency of the Company is the Colombian peso, it is necessary to mitigate the exchange rate risk by minimising the exposure of the flows to the risk of changes in the exchange rate.

The instruments that can be used correspond to derivatives (forwards and swaps) of exchange rate.

The Company currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency. Currently, the Company does not have foreign exchange hedges.

Commodity Risks

The Company is exposed to the risk of price variation of commodities, mainly through energy purchase and sale operations carried out in local markets.

The Company performs most of its energy purchase transactions through contracts where a price has been previously agreed upon, thus mitigating this risk.

Currently, the Company does not have any type of contracted commodities.

Liquidity Risk

The Company has in place a consistent liquidity policy for contracting long-term credit facilities, cash and temporary financial investments, for amounts that are sufficient to support the needs projected for a period depending on the situation and expectations of debt and capital markets.

The resources available must cover the needs of net financial debt service (principal plus interest), i.e., after financial derivatives.

Included below are the contractual cash flows of financial liabilities with third parties, undiscounted:

Item	Current			Non-current				
	Less than 90 days	Over 90 days	Total current	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total Non-current
Issued bonds (principal + interest)	\$ 203.938.971	\$ 63.640.896	\$ 267.579.867	\$ 473.386.528	\$ 618.124.558	\$ 652.229.454	\$ 160.000.000	\$ 1.903.740.540
Bank loans (principal + interest)	219.165.744	111.970.624	331.136.368	103.155.586	-	-	-	103.155.586
Intercompany loans (principal + interest)	81.921.645	-	81.921.645	-	-	-	-	-
Financial lease obligations (principal + interest)	1.155.859	3.230.773	4.386.632	5.685.795	-	-	-	-
Commercial accounts payable and other payables	1.181.561.548	-	1.181.561.548	-	-	-	-	-
Total	\$ 1.687.743.767	\$ 178.842.293	\$ 1.866.586.060	\$ 582.227.909	\$ 618.124.558	\$ 652.229.454	\$ 160.000.000	\$ 2.006.896.126

Credit Risk

The Company performs a detailed follow-up of credit risk.

Commercial Accounts Receivable

To mitigate significant risks of defaults in the electricity business, we deploy a robust preventive payment reminder scheme, which seeks that our customers prioritize payment avoiding delinquency. Faced with lack of payment, the supply is cut off, direct collection procedures are initiated on high amounts and collection is later assigned to specialized firms, thus reducing the possibility of high portfolio impairment. The evolution of the portfolio is monitored, allowing the definition of special recovery management plans on amounts and situations that may represent a high impact of non-payment for the Company.

To mitigate significant credit risks and defaults in the commercial portfolio, a credit analysis is made of the financing applications on VAPS and the guarantee is requested in each business. The Company deploys a robust preventive payment reminder scheme, which seeks that our clients prioritize payment avoiding delinquency. Faced with lack of payment, direct collections are initiated and collection is later assigned to specialized firms, thus reducing the possibility of high portfolio impairment. The performance of the loan is monitored, allowing us to define special recovery management plans on amounts and situations that may represent a high impact of non-payment for the Company.

Financial Assets

Investment of the Company’s available resources (treasury investments), originated in the operation and in other non-operating revenues and the operation of financial derivatives are carried out with national and foreign first line entities that meet the minimum risk rating required by the Company.

The minimum risk rating of their financial counterparties must be long-term international investment level, or its equivalent at local scale, taking into account the minimum international rating in foreign currency for the Republic of Colombia. The investment can be made only in counterparties with lower ratings, within the limits established for counterparty’s risks, level of investment or prior approval through a valid “Waiver” granted on risks. The local risk ratings must be issued by a risk-rating agency that is well recognised and legally established in Colombia. For international risk rating, those granted by Moody’s, S&P and Fitch are acceptable. When a Financial Counterparty has more than one rating, the lowest one shall be considered for the purposes set in this section.

The liquidity surplus operations must meet the following general criteria:

Safety: In order to preserve the value of the investment portfolio, the available resources for placement must meet the credit rating requirements set forth herein.

Liquidity: The instruments that are part of the investments must have high liquidity in the market.

Profitability: Within the risk limits allowed for, the highest possible return on investment must be sought.

Diversification: Risk concentration must be avoided in a given type of issuer or counterparty.

Transparency: All operations and commitments undertaken for management of available resources must be explicitly registered and supported, and shall be governed by the norms and procedures in force.



Risk Measurement

The Company adopted IFRS 9 as of 1 January 2018, which introduced a new hedge accounting model, with the objective of aligning accounting more closely with the companies’ risk management activities and establishing an approach more based in principles.

Under the new approach, a hedging relationship is effective if and only if it meets the following criteria:

- (a) There is an economic relationship between the hedged item and the hedging instrument
- (b) The effect of credit risk does not predominate over the changes in value that come from that economic relationship
- (c) The hedge ratio, understood as the relationship between the notional of the hedged item and the notional of the hedging instrument, is the same as the one used by the Company for risk management purposes and this ratio is adequate for hedge accounting purposes.

IFRS 9 eliminated the quantitative requirement of the effectiveness tests contemplated in IAS 39, under which the results should be within the range of 80% -125%.

38. Information on fair value

The fair value of financial assets and liabilities is presented for the value at which the instrument could be swapped in a current transaction between the parties, by mutual consent rather than in a forced transaction or liquidation, in accordance with the defined policy.

Below are the financial assets and liabilities with variations between the book value and the fair value as of 31 December 2018:

Financial assets (1)	Book value	Fair value
Net commercial accounts and other receivables	\$ 660.206.492	\$ 666.521.099
Financial liabilities (2)		
Issued bonds	\$ 1.653.340.000	\$ 1.746.996.159
Bank loans	408.338.610	423.884.662
Intercompany loans	81.000.000	81.501.500
Lease obligations	8.712.510	9.878.678
Total liabilities	\$ 2.151.391.120	\$ 2.262.260.999

- (1) The Company evaluates accounts receivable and other long-term receivables based on parameters such as interest rates, risk factors in each country, customer solvency and risk characteristics of the financed portfolio. Based on this evaluation, provisions are registered to account for expected losses on these receivable accounts.
- (2) The financial and financial leases are estimated by discounting future cash flows using available rates for debts with conditions, credit risk and similar maturities. The Company uses discount rates of the zero coupon curve in accordance with maturities of each issue..

The fair value of cash and cash equivalents and commercial accounts payable are rounded up to their book value, due to the short-term maturities of these instruments.

As of 31 December 2018, the Company keeps in its Financial Statement the following financial assets and liabilities, measured at their fair value, classified by levels, in accordance with the defined policy (See note 3.2.1.2.3):

Financial assets	Level 3 (i)
Financial Investments – companies not listed or with limited liquidity	\$ 12.567
Financial assets	Level 2
Derivative instruments (See Note 5)	\$ -

- (i) The fair value measurement of this equity instrument was based on the Company’s equity interest in Electricaribe, which is the most appropriate method to measure the investment due to the conditions of the counterparty; given that there is no comparable entity in the market, this methodology is the same one applied in the previous period.

39. Categories of financial assets and financial liabilities

The categories under IFRS 9 of financial assets and financial liabilities are as follows:

Financial Assets	As of 31 December 2018		As of 31 December 2017	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Cash and cash equivalents	\$ 633.939.201	\$ -	\$ 548.070.988	\$ -
Commercial accounts receivable and other receivables	607.103.818	53.102.674	518.146.366	93.089.428
Accounts receivable from related entities	17.397.859	-	16.624.900	-
Other financial assets	695.199	-	20.058.567	-
Total financial assets at amortised cost	\$ 1.259.136.077	\$ 53.102.674	\$ 1.102.900.821	\$ 93.089.428
Fair value through profit or loss				
Other financial assets	-	-	20.044	-
Total Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 20.044	\$ -
Fair value through OCI				
Other financial assets	-	18.886	-	27.660
Total financial assets at fair value through OCI	\$ -	\$ 20.335	\$ -	\$ 27.660
Financial liabilities	As of 31 December 2018		As of 31 December 2017	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Other financial liabilities	\$ 507.358.599	\$ 1.597.038.007	\$ 334.820.847	\$ 1.502.255.612
Commercial accounts payable and other payables	1.181.561.548	-	1.030.149.051	-
Accounts payable to related entities	265.550.455	-	123.544.915	-
Total financial liabilities at amortised cost	\$ 1.954.470.602	\$ 1.597.038.007	\$ 1.488.514.813	\$ 1.502.255.612

40. Subsequent events

Credit lines

On 24 January 2019, the Board of Directors of Codensa S.A. E.S.P. approved the expansion of the total indebtedness of the Company to a total of \$2,850,000,000.

Codensa S.A. E.S.P. informs that as part of its financing strategy it signed on 29 January 2019 a “committed credit line” for COP \$200,000 million with BBVA Colombia S.A. The line of credit has a term of up to one year, with one-time payment of principal on maturity and with (1) year of availability of resources for disbursement. The line will only increase the indebtedness of the Company and will constitute indebtedness to the extent that disbursements are made. The resources available under this debt figure may be used for general corporate purposes, as well as to cover refinancing needs.



On 7 February 2019, Banco MUFG Bank, Ltd. granted the Company a loan for \$200,000,000 at a fixed rate of 5.23% due on 7 November 2019.

Intercompany loan payment

On 11 February 2019, we paid to Emgesa S.A. E.S.P. the loans granted in December for \$81,000,000 at a rate of 6.93% E.A., the interest paid corresponds to \$910,745.

Payment of dividends

On 16 January 2019, the payment of the last instalment of dividends declared for \$108,073,071 corresponding to 2017 profits was made.

41. Reclassification in the Financial Statements

In Note 7 Commercial Accounts Receivable and Other Receivables, for comparability purposes, as of 31 December 2017, (\$7,129,877) were reclassified from the item current gross commercial accounts and current impairment provision commercial accounts were reclassified to other non-current gross accounts receivable and impairment provision other non-current accounts receivable, corresponding to the balance of other accounts receivable from Empresa de Energía de Cundinamarca.

In 2018, in accordance with paragraph 51 of IFRS 15, compensations to customers are presented as a lower value of revenues from ordinary activities, therefore, for comparability purposes, as of 31 December 2017, in the income statement the value of \$15,036,327 was reclassified from the item provisioning and services to revenues of ordinary activities. In addition, the necessary adjustments were made in notes 22 Revenue from Ordinary Activities and Other Operating Revenues and 23 Provisioning and Services.

42. Approval of Financial Statements

The general-purpose Financial Statements of the Company as of 31 December 2018 were approved by the Board of Directors as per Minutes No. 269 of 22 February 2019 for presentation to the General Shareholders’ Meeting, pursuant to the Code of Commerce.



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