



# OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

ANNUAL REPORT 2019





ANNUAL  
REPORT  
2019

**“We are pleased to present the Company’s results, the most relevant aspects and management achievements for the year 2019.”**



## LETTER TO SHAREHOLDERS

### Dear Shareholders,

We are pleased to present the Company’s results, the most relevant aspects and management achievements for the year 2019.

Colombia continues to be one of the promising economies in the region and is perceived as such by the risk rating agencies that gave the country the investment rating.

The national demand for electrical energy registered an annual growth of 4% at the end of 2019, showing stable growth of over 3% for two consecutive years (3.3% in 2018). This behaviour is consistent with the dynamism of economic activity. In 2019, as in previous years, the growth of our area of influence (as a network operator) was less than the national growth, reaching 2.27% at the end of December 2019.

In this scenario, Codensa’s behaviour during 2019 has been highly satisfactory, since the new challenges in the sector have been successfully met, and outstanding operational, technical and economic results have been achieved.

Codensa maintains its leadership position as the third largest retailer in the country, with a 21.15% share in the sector, supplying electricity to more than 3.5 million customers in Bogotá and in more than 100 municipalities in Cundinamarca.

It is worth noting that, although the global economy is experiencing a slowdown with low growth in developed and emerging economies, Colombia is resilient with growth of 3%, which indicates a superior result compared to Latin America, whose average growth was 0.2%. However, on other fronts the results are not so encouraging: the Consumer Price Index (CPI) presented a variation of 3.8% in 2019, the Producer Price Index presented a variation of 4.7% (domestic supply), the unemployment rate went down to around 11% and exports decreased, a situation that is expected to be offset in 2020 with the policies defined by the National Government, keeping Colombia as one of the most stable economies in the region.

### Financial results

Our revenues reached \$5.5 trillion, 8% higher compared to 2018. This is mainly based on the growth of energy demand, the increase in the value of distribution charges due to the entry of the new Regulatory period retroactive to April 2019, better income in the marketing components due to the connection of 100,000 new customers, as well as better performance in value-added products and services. The cost of sales amounted to \$3.2 trillion, with an increase compared to the previous year of 3.5%.

Accumulated to December, EBITDA achieved an 18% growth compared to the previous year, reaching a value of \$ 1.8 trillion; and the Company’s net income was \$0.8 trillion, 35.2% higher than the previous year.

With these results, Codensa obtained a return of 11.3% on total assets and 26.2% on total equity. During 2019, we made investments for \$0.9 trillion, and the financial debt as of 31 December was \$2.2 trillion, represented mainly in long-term bonds.

For the seventh year in a row, Codensa received the IR (*Investor Relations*) recognition for its commitment, transparency and high standards in terms of disclosure of information and relationship with investors, thanks to which we have managed to establish more effective relationships with our investors, handling information responsibly, ethically and transparently.

### Occupational safety

We remain leaders in safety in our internal and external human resources, expanding our actions by introducing plans to minimise the exposure of our customers and citizens to electrical risk. With the results obtained in 2019, Codensa remains a benchmark in occupational safety: the general frequency rate closed at 0.33, which exceeds the already excellent result of the previous year (0.39), thanks to the continuity of the cultural change process that we began years ago and to our ongoing innovation and redesign of processes.

2 Frequency rate: Is the ratio between the total number of work-related accidents with and without disability registered in a period of time and the total number of man hours worked during the same period of time.

## Our human resource: cultural transformation to face new challenges

In relation to our workers, Codensa closed 2019 with a direct staff of 1,504 employees. Change management, strong leadership, talent evolution and leveraging the digital culture are the engine to continue working for the people's well-being. In 2019, the strengthening of the diversity and inclusion strategy was maintained, with the creation and development of initiatives that seek to respect and promote the principles of non-discrimination, equal opportunities and inclusion in the performance of the Company's activities, in order to improve the work environment and achieve the highest quality of life at work. In 2019 we participated in 25 events as speakers of best practices in gender equality management.

## Long-term business sustainability

Our practices continue to be framed within policies for the care and protection of life, the environment and social development in our area of influence, with initiatives that aim to ensure long-term business sustainability.

With the aim of promoting the country's development through sustainable initiatives, in 2019 we continued to join forces with public entities and, in accordance with government development programmes, to expand the coverage of electric energy service as one of the drivers of electrical development in the region. These programmes include Cundinamarca 100, with energy projects in geographically isolated rural areas, difficult to access and highly dispersed, which has benefited 2,908 users since its inception in 2016.

## Prepared for a new regulatory period

2019 meant a significant change in our regulatory environment, with the issuance of CREG resolution 036, which ensured the retroactivity to April of the new rate framework provided for by resolution 015 of 2018, and with the approval of Codensa's private positions, notified to the Company in January 2020. In this context, our action in 2019 was geared towards being prepared to successfully face the challenges set forth in this new regulation, putting into place new computer and process management systems to properly manage our assets.

## We take care of our customers and prepare our network for the future

The energy sector is still in transformation, with fundamental changes in its market, regulatory and operational environment, and faces one of the greatest challenges yet: the increase in electricity demand and its attention through clean production and expanded, optimal, tele-managed and digitalised distribution networks.

We continue to focus on developing projects that allow us to improve the quality of service for the benefit of our customers, through the world's best practices for maintaining electrical infrastructure and the implementation of the best technologies, thus ratifying the commitment to bring our customers a high quality product.

We have continued the investment plans focused on modernising and strengthening our infrastructure to be enablers of the energy transformation process, executing projects in 2019 for a total of \$0.79 trillion. We are therefore aware of the need to achieve digitisation, to maintain the system's stability, monitor the network and identify circuit failures more efficiently, empower the consumer, manage a decentralised operation remotely and, of course, find new sources of income or access to new products and markets.

Focused on the quality programme, in 2019 we invested \$0.28 trillion (35% of our investments in electrical infrastructure) to strengthen the network, manage it automatically and control it remotely. We thus achieved significant improvements in the service quality indicators: 50 minutes in the international System Average Interruption Duration Index (SAIDI), from 870 minutes in 2018 to 820 minutes in 2019, and 2.4 times in the international System Average Interruption Frequency Index (SAIFI), from 14.16 in 2018 to 11.76 in 2019.

## Market and value offer for customers

Continuing with the calling of strengthening the bond with our customers and offering new solutions to their needs, we expanded our portfolio of services through new assistance to residential customers with solutions to their daily problems such as unexpected events at home and insurance for leases, bicycles and pets. In 2019 we also designed, together with Scotiabank-Colpatria, a new business model with Crédito Fácil Codensa, which will expand

the scope of financing services and benefits for customers of this product. Furthermore, the offer of electric charger installation for home vehicles was expanded, promoting the growth of private electric mobility. Additionally, innovative offers were developed to accompany our business customers in the search for efficiency with products such as demand response, backup batteries and efficient lighting systems, among others. All of the above is framed within a digitisation and customer loyalty programme, where tangible incentives were offered for conversion to digital habits such as digital billing, Codensa App downloads and electronic payments.

We are also pleased to report that in 2019 we modernised more than 75,000 street lights, which increases the levels of urban security and beauty in towns such as Bosa, Usme,

Fontibon, Puente Aranda, Engativa and Usaquen, and allows us to comply with the value offer to make Bogota the best lit city in Colombia. We also provided support to the District in its work plan to solve the environmental contamination issue, for which we have actively participated in the conversion of mass transportation from fossil fuels to clean energy, and we offer yards with all the electrical infrastructure for charging electric buses of the Integrated Public Transport System (SITP), which in this first stage will benefit the Fontibon, Usme and Suba areas.

In this report, we will see the relevant aspects that resulted from our management in 2019, which allows us to strengthen our leadership position, and continue to obtain positive results, thanks to Codensa's human teams, who with their effort and skills have made these results possible.



Regarding Corporate Governance, it is important to highlight that the Company has a robust compliance system made up of different elements, such as the Criminal Risk Prevention Model, the Code of Ethics and the Zero Tolerance Plan against Corruption, among others, which has led us to the certification of our Anti-Bribery Management System under the ISO 37001 standard, and makes us and Emgesa the first companies in the country with this certification.

In order to comply with article 47 of Act 222 of 1995, the operations carried out with shareholders and managers were reported in accordance with the applicable legal provisions and are duly reflected in the financial statements.

We also reiterate that Codensa complies with the regulations on intellectual property and copyrights and declare that all software available for the Company's management has the corresponding licenses and observes the regulations on intellectual property and copyrights in force in Colombia. Also, pursuant to the provisions of article 87 of Act 1676 of 2013, the Company has reportedly not hindered the free movement of invoices issued by vendors or suppliers.

We further declare that, after year-end, no relevant events occurred in the Company, and that in accordance with the provisions of Acts 142 and 143 of 1994, the Company has an internal control system and an external auditor for management and results. Also, during the reporting period, the Company, as an issuer of securities, has controlled and disclosed its financial information in accordance with the applicable law.

In accordance with Codensa's Bylaws, the following reports are submitted to the shareholders:

- > General Manager's Report for the period from January to December 2019, approved 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

Finally, we thank our Shareholders for the vote of confidence with their investment in the Company, which motivates us every day to generate value and good results and contribute to the country's development.

Sincerely,



FRANCESCO BERTOLI  
General Manager



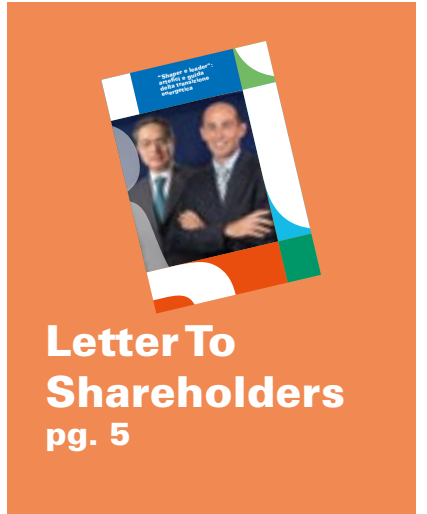
JOSÉ ANTONIO VARGAS LLERAS  
Chairman of the Board of Directors





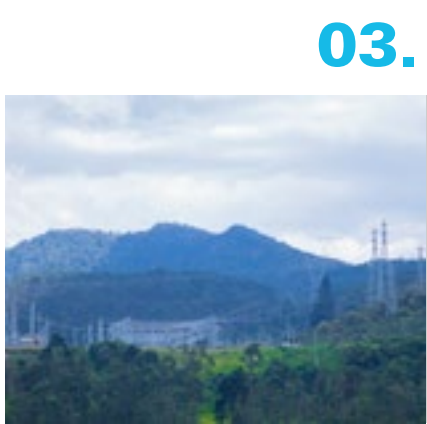
The Company, its context and main results

|                        |    |
|------------------------|----|
| OWNERSHIP STRUCTURE    | 14 |
| SHAREHOLDING STRUCTURE | 14 |
| CORPORATE PURPOSE      | 15 |
| CORPORATE GOVERNANCE   | 16 |



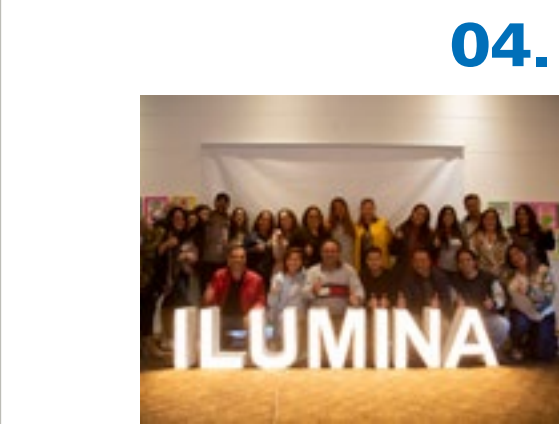
Our value chain

|                                       |    |
|---------------------------------------|----|
| MARKET MANAGEMENT                     |    |
| E-SOLUTIONS                           | 24 |
| INFRASTRUCTURE AND NETWORK MANAGEMENT | 45 |
| PURCHASE AND PROCUREMENT MANAGEMENT   | 59 |



How we project ourselves towards our environment

|                                 |    |
|---------------------------------|----|
| ENVIRONMENTAL MANAGEMENT        | 66 |
| SUSTAINABILITY MANAGEMENT       | 72 |
| RELATIONSHIPS AND COMMUNICATION | 80 |



Internal management that yields results

|                                       |     |
|---------------------------------------|-----|
| PERSONNEL MANAGEMENT                  | 86  |
| PERSONNEL MANAGEMENT                  | 93  |
| INNOVATION AND DIGITAL TRANSFORMATION | 97  |
| OSH, SAFETY AND MANAGEMENT SERVICES   | 101 |
| INTERNAL AUDIT MANAGEMENT             | 107 |
| LEGAL MANAGEMENT                      | 108 |



Financial results

|                      |     |
|----------------------|-----|
| FINANCIAL MANAGEMENT | 112 |
|----------------------|-----|



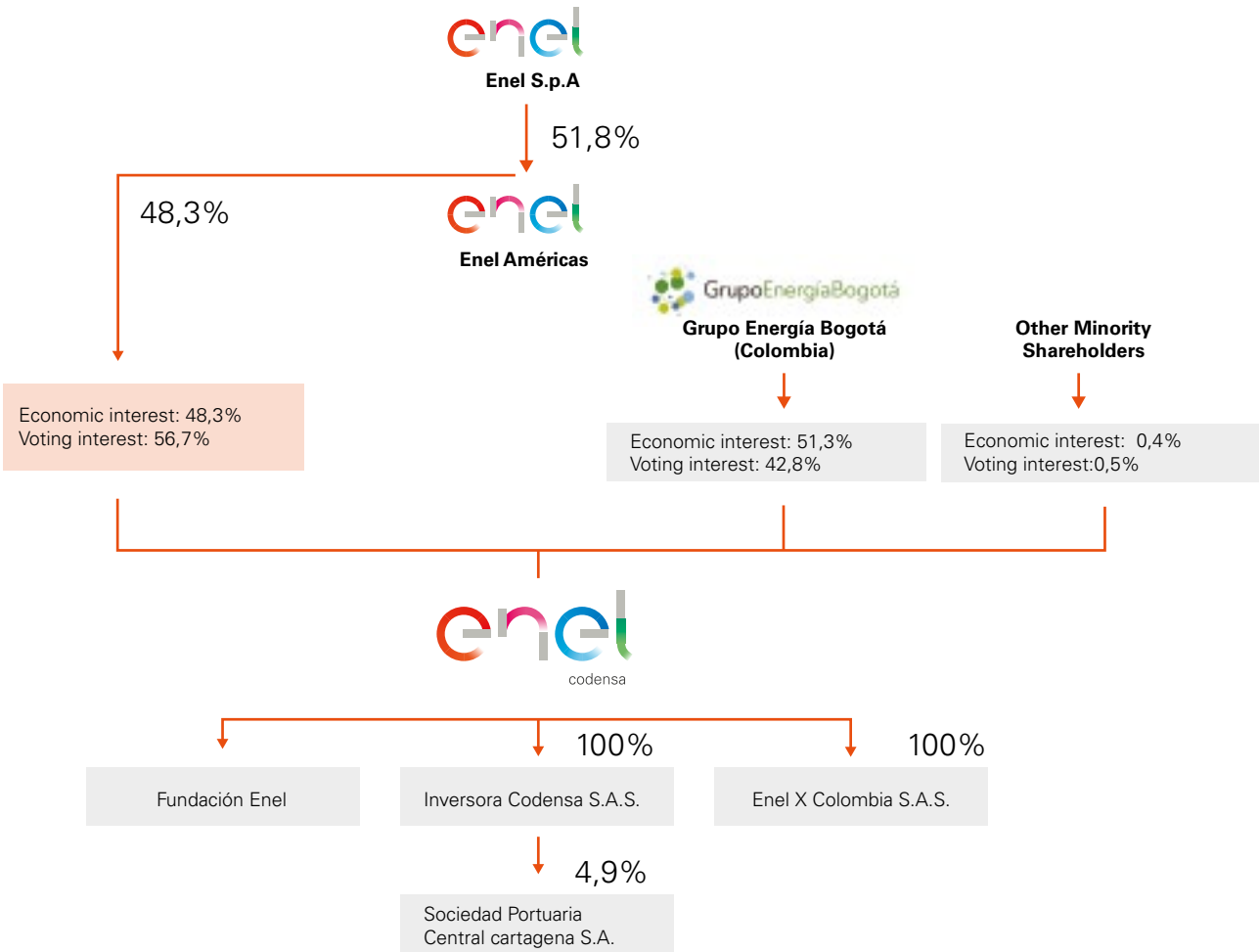
Separate Financial Statements

|                               |     |
|-------------------------------|-----|
| SEPARATE FINANCIAL STATEMENTS |     |
| EMGESA S.A. ESP               | 119 |



# 1. THE COMPANY, ITS CONTEXT AND ITS MAIN RESULTS

# OWNERSHIP STRUCTURE



# SHAREHOLDING STRUCTURE

| Shareholders                      | Voting common shares |                  | Non-voting preferred shares |                  | 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             |
| Other minority shareholders       | 0,4414%              | 506.960          | –%                          | –                | 0,3759%                      | 506.960                |
|                                   | 100%                 | 114.864.651      | 100%                        | 20.010.799       | 100%                         | 134.875.450            |

# 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.

## Changes in corporate governance

- The Company's General Shareholders' Meeting approved in 2019 the following changes in its corporate governance:
- > The Ordinary General Shareholders' Meeting, by means of Minutes No. 71, approved the amendment to the Corporate Bylaws in the sense of including two new articles: 93.1 – Compliance with best corporate practices and 93.2 – Commitment to the prevention of corruption.
  - > The Extraordinary General Shareholders' Meeting, by means of Minutes No. 72, approved the amendment to the Corporate Purpose in the sense of including Codensa's interest as shareholder of financial institutions and as an insurance correspondent. <sup>1</sup>

<sup>1</sup> This amendment to the Corporate Bylaws is pending formalisation, since the Company, having the status of issuer of securities, requires the express authorisation of the Bondholders' Meeting, which may be called once the authorisation is obtained from the Financial Superintendence of Colombia, which, at the end of 2019, was still pending.

CORPORATE GOVERNANCE

Board of Directors

**Chairman of the Board:** José Antonio Vargas Lleras

**General Manager:** Francesco Bertoli

**First Alternate to the General Manager:** Carlos Mario Restrepo Molina

**Second Alternate to the General Manager:** Leonardo López Vergara

The Company has a Board of Directors conformed by seven 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 func-tions of the Board of Directors are described in article 62 of the Corporate Bylaws.

In the ordinary session No. 71 of the General Shareholders’ Meeting held on 26 March 2019, 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           | MICHELE DI MURRO             |
| FOURTH                | ANDRÉS BARACALDO SARMIENTO | ASTRID ÁLVAREZ HERNÁNDEZ     |
| FIFTH                 | FELIPE CASTILLA CANALES    | FREDDY IVAN USSA LIZARAZO    |
| SIXTH (Independent)   | GUSTAVO MORENO MONTALVO    | DANIEL RODRÍGUEZ RÍOS        |
| SEVENTH (Independent) | ANDRÉS LÓPEZ VALDERRAMA    | MARIO ANTONIO CAJIAO         |

Board members’ attendance

The Company’s Board of Directors met fourteen times in 2019: twelve ordinary sessions, one extraordinary face-to-face session, and one extraordinary non-face-to-face session with written vote. The Board members participated in said ses-sions as indicated below. All meetings had a quorum to meet and decide validly.

| SEAT                  | No. of sessions attended<br>Principal Members | No. of sessions attended<br>Alternate Members * |
|-----------------------|-----------------------------------------------|-------------------------------------------------|
| FIRST                 | 13                                            | 1                                               |
| SECOND                | 12                                            | 2                                               |
| THIRD                 | 14                                            | 0                                               |
| FOURTH                | 5                                             | 7                                               |
| FIFTH                 | 14                                            | 0                                               |
| SIXTH (Independent)   | 8                                             | 5                                               |
| SEVENTH (Independent) | 13                                            | 1                                               |

**\*Alternate members in zero 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 Company’s Good Governance Code, and Act 964 of 2005, the Company has an Audit Committee, consisting of four Board members, two of which are independent members. The Chairman of the Committee is an independent member chosen from within. 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. 284 of 25 April 2019 approved the composition of the Audit Committee, which was formed as follows:

| PRINCIPAL                  | ALTERNATE                    |
|----------------------------|------------------------------|
| JOSÉ ANTONIO VARGAS LLERAS | LEONARDO LÓPEZ VERGARA       |
| FELIPE CASTILLA CANALES    | FREDDY IVÁN USSA LIZARAZO    |
| GUSTAVO MORENO MONTALVO    | 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 con-sideration 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 submits to the General Shareholders’ Meeting a report corresponding to the previous fiscal year, where it shows the fulfilment of the duties described above.

Audit Committee members’ attendance

The Company’s Audit Committee met five times in 2019: four ordinary sessions and one extraordinary session. The Committee members participated in these sessions as indicated below. All meetings had a quorum to meet and decide validly.

| SEAT                 | No. of sessions attended<br>Principal Members | No. of sessions attended<br>Alternate Members* |
|----------------------|-----------------------------------------------|------------------------------------------------|
| FIRST                | 5                                             | 0                                              |
| SECOND               | 4                                             | 0                                              |
| THIRD (Independent)  | 3                                             | 1                                              |
| CUARTO (Independent) | 4                                             | 1                                              |

**\*Alternate members in zero did not have to replace the principal member insofar as there were neither absolute nor temporary absences.**

We emphasise the following 2019 activities, which are framed within the members’ duties to supervise internal control and the Company’s compliance programmes:

Approval and monitoring of the 2019 Audit Plan

- > Approval and monitoring of the 2019 Audit Plan
- > Monitoring of Action Plans 2019
- > Monitoring the *Compliance Road Map*
- > Approval of the 2018 Annual Report of the Audit Committee
- > Analysis of separate and consolidated financial statements as of 31 December 2018 and the respective Statutory Auditor’s report. The Audit Committee agreed to recommend to the Board of Directors that the consolidated financial statements as of 31 December 2018 be submitted to the General Shareholders’ Meeting for approval.
- > Analysis of the summary of ethical complaints
- > Review of the Company’s risk identification and evaluation Policy, especially the risk map
- > Follow-up of the Statutory Auditor’s Quarterly Report
- > Quarterly report of operations with related parties
- > Quarterly report of events on the Integrated Securities Market Information System (SIMEV)

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 Board members. The Chairman of the Committee is elected among its members. This Committee shall have a Secretary who may or may not be a member.

The Board of Directors, in its session No. 284 of 25 April 2019 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           | MICHELE DI MURRO         |
| ANDRÉS BARACALDO SARMIENTO | ASTRID ÁLVAREZ HERNÁNDEZ |

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, 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 in compliance with its main duties 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 Good Governance and Evaluation Committee submits to the General Shareholders’ Meeting a report corresponding to the previous year, where it reports the fulfilment of the duties described above.

Good Governance and Evaluation Committee members’ attendance

The Good Governance and Evaluation Committee met three times in 2019: two ordinary sessions and one extraordinary session. The Committee members participated in these sessions as indicated below. All meetings had a quorum to meet and decide validly.

| SEAT   | No. of sessions attended<br>Principal Members | No. of sessions attended<br>Alternate Members * |
|--------|-----------------------------------------------|-------------------------------------------------|
| FIRST  | 3                                             | 0                                               |
| SECOND | 3                                             | 0                                               |
| THIRD  | 2                                             | 1                                               |

\* Alternate members in zero did not have to replace the principal member insofar as there were neither absolute nor temporary absences.

In compliance with its main duties of supporting the Board of Directors in monitoring compliance with the Good Governance provisions contemplated in the law, the Corporate Bylaws, the Good Governance Code and the Internal Regulations of the Board of Directors, the Good Governance and Evaluation committee met:

- > In ordinary session of 21 February 2019, where it approved the Report of the Good Governance and Evaluation Committee, the Self-evaluation Report of the Board of Directors and the recommendation of the proposed amendments to the Corporate Bylaws to the Board of Directors.
- > In ordinary session of 20 June 2019, where it approved the Work Plan of the Good Governance Committee and the Board of Directors.
- > In extraordinary and joint session with Emgesa S.A. ESP of 25 September 2019, where it submitted the Self-evaluation Report of the Board of Directors, and the report on the Behaviour Protocol in Energy Contracting processes and CREG Resolution 080.



Participation of Board members in governing bodies of other organisations:

Principal Board Members:

|                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ANDRÉS CALDAS RICO:</b><br>Emgesa S.A. ESP, Fundación Enel Colombia, Enel X Colombia S.A.S. and Legis S.A.                                                                                    |
| <b>JOSÉ ANTONIO VARGAS LLERAS:</b><br>Emgesa S.A. ESP, Enel Américas S.A, Italian Chamber of Commerce, Fundación Batuta, Fundación Enel Colombia and Asociación para el Progreso de la Dirección |
| <b>LUCIO RUBIO DÍAZ:</b><br>Emgesa S.A. ESP, Enel X Colombia S.A.S, MAPFRE Colombia S.A., Fundación Enel Colombia and SIEPAC                                                                     |
| <b>ANDRÉS BARACALDO SARMIENTO:</b><br>Transportadora de Gas Internacional S.A. ESP, Gas Natural de Lima y Callao S.A. CALIDDA, Contugas SAC, Emgesa S.A. ESP and Gas Natural S.A. ESP- Vanti     |
| <b>FELIPE CASTILLA CANALES:</b><br>Emgesa S.A. ESP, CALIDDA, Contugas and ReEnergy                                                                                                               |
| <b>GUSTAVO MORENO MONTALVO:</b><br>Fundación WWB Colombia                                                                                                                                        |
| <b>ANDRÉS LÓPEZ VALDERRAMA:</b><br>Infraestructure - Concessions 4G: Sacyr, Universidad del Rosario, Invest in Bogota and Colsubsidio                                                            |

Alternate Board Members:

|                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CARLOS MARIO RESTREPO MOLINA:</b><br>Enel X Colombia S.A.S., Fundación Enel Colombia                                                                                                                                                           |
| <b>LEONARDO LÓPEZ VERGARA:</b><br>Sociedad Portuaria Central Cartagena S.A., Inversora Codensa S.A.S.                                                                                                                                             |
| <b>MICHELE DI MURRO:</b><br>Emgesa S.A. ESP and Enel X Colombia S.A.S.                                                                                                                                                                            |
| <b>ASTRID ÁLVAREZ HERNÁNDEZ:</b><br>Emgesa S.A. ESP, Transportadora de Gas Internacional S.A. ESP, Transportadora de Energía de Centroamérica S.A. – TRESCA, Gas Natural de Lima y Callao S.A. CALIDDA, Dunas Energía S.A.A., ElectroDunas S.A.A. |
| <b>FREDDY IVAN USSA LIZARAZO:</b><br>Fondo de empleados de Siemens Colombia- Fesicol                                                                                                                                                              |
| <b>DANIEL RODRÍGUEZ RÍOS:</b><br>Transportadora de Gas Internacional S.A. ESP, Grupo Valor and Mool S.A.S.                                                                                                                                        |
| <b>MARIO ANTONIO CAJIAO:</b><br>Directorio Asociación Colombiana AIFEC, and International Association of Exhibitions in Latin America AFIDA                                                                                                       |





## 2. OUR VALUE CHAIN

# MARKET MANAGEMENT E-SOLUTIONS

## Business to Customers

In 2019, the Business to Customers (B2C) management had as fundamental fronts the structuring and implementation of the new Codensa Easy Credit business, the implementation of the new sales and billing model for cleaning, in addition to improving the customer experience in all service channels through digital transformation, the implementation of the customer knowledge and loyalty programme Conecta, and the acquisition of new technological tools to achieve operational efficiencies.

## Residential customers (E-Home)

The Company offers a portfolio of value-added products and services with the aim of having an offer additional to the distribution and sale of energy for residential customers. Below are the 2019 highlights for each of the portfolio products:

### Credit cards and personal loans

In credit cards, the benefits for Codensa customers were expanded with the following activities:

- > The first credit card for the Bogota mass transit system was launched, with a daily limit of \$10,000, causing no interest or handling fees, and allows access to the system without queues or cash.
- > The MasterCard card was launched for national, international and online purchases in any establishment affiliated with this network.
- > A new commercial agreement was made with Scotiabank Colpatría, through which we expanded the portfolio of credit products for customers.

In 2020, we will seek to implement new channels, migrate more users to the MasterCard franchise and achieve a higher percentage of credit approval.

### Microinsurance

In partnership with Mapfre and Seguros del Estado, Codensa offers a set of insurances designed to provide protection to people against specific risks such as death, illness, and home accidents, etc.

In 2019, the product Asistencias was marketed in partnership with IGS and IKE through face-to-face and non-face-to-face channels. In addition, we developed initiatives to improve the effectiveness and quality of sales in the different channels, such as financial incentives and training for the sales force. These actions also contributed to improving the turnover of commercial advisers in the collaborating companies.

### Retention in microinsurance

In 2019, we made efforts on loyalty and proactive retention strategies, seeking to generate a relationship based on knowledge of customer preferences. By 2020, we will seek to automate customer relationship strategies.

### Insurance and assistance

In 2019, five new insurance products were launched: bicycles, rental insurance, payment agreements life insurance, public services insurance and joint ownership insurance. The first digital rental insurance was also launched, as well as the product of assistance for contingencies at home, pets, medical emergencies and post mortem. By 2020 new products will be consolidated and new ones will be designed according to customer needs.

### Collection orders

In 2019 Codensa began the joint billing of the cleaning service on the energy bill, with 2 operators in the city of Bogota and 1 in Cundinamarca. The joint billing of the cleaning service began in Bogota with the operator Área Limpia and throughout the city with the operator Promoambiental. A communications and operations plan was implemented to mitigate any impact on customers, and processes and procedures were established with business partners to ensure proper operation. Additionally, agreements were signed with SerAmbiental and Central Colombiana de Aseo for the joint billing of the cleaning service in eight municipalities of Cundinamarca. In 2020, we aim to incorporate new partners and improvement the processes.

## Residential customer experience

In 2019, residential customer experience management was enhanced with digital transformation to improve customer needs analysis, the customer service channels training school, and customer engagement processes with the company. The main achievements were:

- > Product offer more tailored to customer needs
- > Greater control of sales, desertions, customer data, digitisation and emergency notification.
- > Centralisation and standardisation of training for employees of contractor companies in the sales and customer service channels
- > New training tools based, among others, on virtual reality and microlearning, a pedagogical tool for verifying content and news.
- > Training of sales leaders and design of individual development plans based on the profile of the Codensa sales trainer
- > Display, management and measurement of individual customer experiences
- > Proactive notices associated to customers affected in the emergency response process. The rate of notified customers went from 25.8% to 32.8% at the end of December.
- > Improvement of the quantity and quality of the Company's customer data in the CRM. At the end of the year, the average number of monthly registered customers was 3,400.
- > Consultation of the express bill in the public area of the website, one of the most relevant transactions for customers, with an average monthly use of 97,000 transactions.
- > Registration for Virtual Billing from the App, with a monthly average of 2,200 registrations.

By 2020, we expect to manage customer experience based on the results from the monitoring and follow-up of each Customer Journey applicable to the model, promote the Customer Experience Culture within Codensa and improve the functionality and security of the App.

## Conecta relationship and loyalty programme

Conecta is Codensa's relationship and loyalty programme to get to know customers better, create a close relationship with them and retain them. It offers multiple benefits and rewards based on customer knowledge. So far, the first two phases of customer registration and redemption of awards have been implemented. Among the results of the 2019 Conecta programme, the following stand out:

- > Net Promoter Score of 41%
- > Satisfaction level of 85%
- > 36,418 Active Customers
- > 8,597 Customers with completed profiles
- > 1,005 Registered employees
- > 32 available partnerships
- > 6.7 million points earned
- > 253,600 points redeemed
- > 3.7 Redemption percentage

By 2020, we expect to implement phases 3 (new features) and 4 (point redemption with partners), in addition to designing new points accumulation behaviours that apply to the entire registered customer base.





## Integrated service for mass customers

### In-person service

In 2019, we developed initiatives to achieve a better customer experience by visiting Codensa's offices, optimising service indicators and identifying new opportunities to produce closer contact with customers:

#### Queueing system in service centres

In 2019, the queueing system was renewed. The new tool is integrated into Salesforce and allows you to generate tickets, online interactions, appointment scheduling, audio recording of module services and dynamic dashboards with real-time information on average waiting times in the room and average module service times. The implementation included a training and support programme.

#### Office certification

TÜV Rheinland carried out an audit checking compliance with the requirements of the ISO 9001:2015, ISO 14001:2015, and ISO 18001:2007 standards. The 33 customer service centres in Bogota and Cundinamarca obtained the corresponding certifications for compliance with quality, environmental management, and occupational health and safety standards.

### Digital Behaviors

Customers were encouraged digital behaviours (Enel Codensa App, Conecta, digital payments and virtual billing)

in the Bogota and Cundinamarca offices. More than 23 consultants are engaged in advertising the new virtual processes. There were 20,656 new sign-ups for virtual billing.

### Modernisation of Mobile Service Offices

2019 ended with five Mobile Service Offices: two for Bogota and three for Cundinamarca, thus facilitating customer service in key areas or very remote from the Service Centres. The mobile offices were remodelled to offer greater comfort and connectivity.

### Contact creation

In 2019, the in-person service offices in Bogota and Cundinamarca were successfully positioned as a value-added data capture channel in Salesforce, achieving the creation of 99,963 new contacts in the system and 412,481 updates of customer data. Additionally, we managed to get data processing authorisation for commercial purposes from more than 105,000 customers.

### Operation in Cundinamarca

In 2019, the Cundinamarca Service Centres received 517,779 visits, which represented a monthly average of 44,148 visits, with an average increase of 2.1% over the previous year.

The indicators closed as follows:

- > In-room waiting time: 0:09:34 minutes.
- > Module service time: 0:07:01 minutes.
- > In-room service level: 72.34%.

Service hours were extended in all service centres, with a longer service day tailored to customer needs.

In 2019, five Virtual Office points were opened in the municipalities of Tabio, Suesca, Subachoque, Sesquile and Alban, reaching a total of 46 points in the covered municipalities, through which a total of 5,266 virtual customer services were provided during the year.

### Operation in Bogota

In 2019, 2,240,751 transactions were made in the 24 service points in Bogota, which represents a 4.8% decrease compared to the previous year. The indicators met the year-end expectations, closing as follows:

- > Service level: 80.35%, 5.6 points more than the previous year
- > In-room waiting time: 12:56 minutes average
- > Module service time: 06:38 minutes average

The Bogotá offices have alternate customer service channels such as Self-consultation, with 48 devices located between the Service Centres and points of the Cade Network. At these points, 868,070 services were provided, 26.84% more than the previous year.

In general, for mass customer service, the aim for 2020 will be to consolidate the improvement of the customer service agility indicators in the Bogota and Cundinamarca offices, to strengthen the experience evaluation model of the face-to-face channel, and to implement the evolution process of Self-consultations.

### Remote service (Contact Centre)

In the context of digital transformation, we implemented strategies in order to optimise the remote service provided to customers, including the following: Mobile App, Chat Bot Elena for duplicate bills, actions aimed at customer in social networks, digital billing incentive, IVR voice bot.

### Contact Centre

This channel received a total of 2,921,014 calls, which represented a growth of 8.51%, mainly due to digital transformation queries, payment button and network incidents, especially in the rainy seasons.

The service indicator (% of calls answered) had a positive behaviour compared to 2018, improved by 1.4 percentage points, and closed at 91.6%. The service level (% of calls

answered in less than 30 seconds) decreased by 5.6 percentage points, closing at 76%. This impact was mainly mitigated with the emergency response action plans implemented, such as audio service confirmation messages, adherence and absenteeism controls, as well as staff welfare plans.

### Chat Bot Elena

Elena operates 24/7. This service provides customers with information on the latest 6 monthly bills. It is available on the website and since its release has generated 230,463 duplicate bills in 216,054 interactions with residential and business customers. Under the Company's digital transformation strategy and the use of Robotic Process Automatic (RPA) technology, we are constantly improving the Chat Bot Elena, which is enabled to offer the possibility of virtually paying the latest bill after requesting the duplicate and also to offer the Virtual Billing service once the customer generates the duplicate bill.

### NPS (Net Promoter Score) Social Networks

The satisfaction survey on the GetFeedback platform was modified through new questions that seek to identify whether the case was solved and the level of satisfaction with the solution.

To date, 1,376 customers have answered the survey, 69% of which are promoter customers and indicate that what they value most about the channel is speed, agility and courtesy. On the other hand, detractor customers are 16%, which manifest constant inconveniences with the lack of supply and with the solution times. Their expectation is to have the energy service in the shortest possible time and that the responses on the channel ensure effective solution times.

### NPS (Net Promoter Score) Service

A unified survey model was implemented, which allows obtaining results online in order to directly contact detractor customers and monitor the solution to their need. A cumulative result of a recommendation rate of 45% was achieved with 67% of customer promoters.

### Smart window transaction billing model Scotiabank Colpatría

We designed a billing model to collect the transactions made in the Smart Window channel and that correspond to the easy credit management.

## CRM automation bot

We started the testing and implementation of the CRM Bot, which automates the creation and update of contacts in order to optimise service times of calls. It has been tested and refined in the special lines where it is already stable, and will be replicated throughout the operation.

## Other remote channels

**WhatsApp Elena:** 4 Features, 6 months of development and training, 20 users from different areas, ChitChat and FAQs, Duplicate Bills.

**IVR Voice Bot by Natural language 5115115 - 115:** Zero Cost per transaction, No options menu, Identifies customer intentions

**Redesign of the Mayors and Soy Compañía Model:** WhatsApp for Mayors, 24/7 Service, Escalation and closure model, Experience Assessment, Engagement Campaign with collaborators.

**Contact Center TIER IV TIER III:** 115 free calls Cundinamarca and 115 free calls Bogota Claro

By 2020, we expect to implement and materialise the Bot in remote channels to manage inspection visits, integrate applications for the New Connections process, activate the Soy Compañía WhatsApp channel and implement a new communication model with the customer.

## Remote service (written management and re-invoicing)

In terms of communications management, in 2019, 156,580 Complaints and Grievances were received and 168,849 were processed, which is equivalent to an increase of 15% and 17%, respectively, compared to 2018. The main causes were the increase in claims related to the process of Complaints and Grievances Billing, more filings of appeals for review and higher number of claims related to the Complaints and Grievances loss processes.

In the case of rebilling, 105,311 requests were received and 92,271 adjustments to the bills were processed, which is equivalent to an increase of 3.10% and 1.99%, respectively compared to 2018.

## Written Management process improvement

The entire Written Management process was analysed and a new work scheme was presented that includes the incorporation of Salesforce into the process, the use of new automation technologies, and the integration of systems, which will speed up the customer response process and improve the experience.

## Implementation of RPA (Robotic Process Automation)

An RPA was enabled to handle customer communications related to claims of inconsistencies in the kilowatts billed. The main results include the following: successful processing of 90 communications on average per month, consumption analysis (deviation), identification of commercial developments and identification of poorly classified reasons

By 2020, we seek to expand the RPA processes, in addition to implementing the Salesforce system for all written management processes using the Agile Room methodology and a company web section for filing and consulting Complaints and Grievances.

## Business to Government – B2G (E-City)

In 2019, we met the objectives in terms of economic results and made investments of more than \$87 billion in this segment.

## Public lighting management Bogota and Cundinamarca

- > The modernisation project in Bogota continued, reaching a total of 4,318 expansions with LED technology, in locations such as Usaquen, Tunjuelito, Puente Aranda, and Engativa, among others.
- > In the integrated management with the municipalities, 1,722 new expansions were made in 2019.

## Modernisation LED AP Bogotá

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

- > Within the public lighting plan developed by the Bogota City Hall, UAESP and Codensa, we achieved the installation of more than 74,000 lights in the towns of Bosa, Usme, Fontibon, Puente Aranda, Engativa and Usaquen.
- > The main illuminated areas were pedestrian paths, secondary roads, small squares and recreation areas, road intersections of secondary roads, and parks.
- > The City Hall's public lighting LED technology modernisation project, which is being carried out together with the UAESP, has involved the intervention of the North Highway, NQS Avenue and Calle 13, with the modernisation of more than 3,000 lights .

On 14 January 2019, we officially delivered 80,000 lights modernised to LED technology in the city of Bogota, making Bogota the best-lit city in Colombia. The act was carried out through a press conference with the Mayor of Bogota, Enrique Peñalosa, the director of the Special Administrative Unit of Public Utilities (UAESP), Beatriz Elena Cárdenas, and the General Manager of Enel Colombia, Lucio Rubio Diaz.

According to the results of the satisfaction surveys, this lighting improved security and quality of life for citizens. At the same time, we highlight the efforts of the technical team that invested more than 670,000 man-hours in the surveys, preparing the photometric designs of the tracks and executing the field work. Moreover, this new technology reduces energy consumption for the city.



## Public lighting in the municipalities of Cundinamarca

- > Two contracts were signed for the management, modernisation, operation, and maintenance of public lighting in the municipalities of El Colegio and Lenguaque, ensuring their continuity with the Company and the maintenance and generation of new income in the term of contract for LED modernisation.
- > **El Colegio:** The public lighting of the municipality was modernised using LED technology (2,032 lights), in addition to the parks in the municipality that include 98 lights, for a total of 2,130 lights. The beautification of the municipality's main park was also carried out, which improved the lighting conditions of the environment and the quality of life for its inhabitants.
- > **Lenguaque:** Municipality of Lenguaque and Codensa entered into a Lighting Agreement to carry out the municipality's public lighting modernisation with LED technology (500 luminaires).
- > During the public lighting modernisation using LED technology, communication campaigns for Sibate, Villapinzon, El Colegio and Lenguaque were structured and developed in the different municipalities, in parallel with the modernisation works carried out.

## Christmas Route 2019 – “Christmas closer to the stars”

With the Christmas lighting project in Bogota, more than 12 km of roads and more than 150,000 m2 of parks and squares were lit. In total, more than 55 illuminated sites, which for 37 nights had low-energy Christmas lighting and low calorie production, where around 13 million light bulbs were installed in 10,500 Christmas decorations. More than 450 employees worked 24/7 in the design, logistics of materials, equipment manufacturing and assembly and fulfilment of Christmas lighting, for the enjoyment of all its visitors.

The 2019 Christmas season had the participation and contributions of 5 district companies and 9 other private sponsors.

On this occasion, the theme defined by the Mayor of Bogota was “Christmas closer to the stars,” which was represented through different figures and coloured lights, in different sectors of the city such as the central corridor and the Northern corridor, in addition to a tree installed in the main park of El Tunal. Moreover, it is worth highlighting the traveling Christmas that over 10 days visited 10 towns in the city.

We officially launched the new design of the website [www.rutadelanavidad.com](http://www.rutadelanavidad.com), which displays the illuminated sites, city events scheduled by the Bogota City Hall, photo gallery of visitors at the illuminated sites, and posts with the hashtag #rutadelanavidad. We also carried out campaigns on social networks.



## Christmas Ibague

The company Enel X SAS was selected to develop the Christmas lighting for the city of Ibague. More than 500 thousand inhabitants and visitors enjoyed these lights, which featured:

- > 18 illuminated city sectors
- > 32 season nights
- > An interactive snow ramp over 25 meters long
- > Lighting of parks, avenues and malls
- > More than fifty workers in the project

## Quality of materials

284 inspections were carried out, 7% on-site and 93% under document protocols. All non-conformities were addressed with the corresponding improvement actions, ensuring the quality of the materials received.

15 technical specifications were modified and public lighting standards were updated.

## Customer Care B2G

## Communications management

We received and managed 2,126 communications, divided into two segments: the District, 69%, and Cundinamarca-Sabana, 31%. A digital signature was implemented for this process.

## Infrastructure lease

We assessed contracts and took on an action plan to normalise expired contracts and update policies. And issued special notices to normalise the contracts, especially with 14 City Halls of Cundinamarca and Sabana.

## Billing and collection of the Public Lighting Tax

55 Billing and Collection contracts for the Public Lighting tax of the municipalities of Cundinamarca and Sabana were processed in their stages of negotiation, operation, settlement and Complaints and Grievances response.

## B2G customer traffic light

We designed the customer traffic light to display the status of the different cases of the municipalities that require special attention due to their complexity. This traffic light includes data such as the municipality, the means by which the case is entered, the topic, the date of the request, the time without solution, the person responsible and the status.

By 2020, the B2G management is expected to establish a close and trustworthy relationship with the new mayors and their representatives, negotiate the new agreement with the municipalities for public lighting contracts that expire in 2020, win new tenders to start the national expansion of the business, and close deals with cities nationwide that end their current public lighting concession and/or purchase a public lighting concession.

## Business to Business (B2B) customers, e-Industries

## Launch of the Enel X business line brand

The Enel X business line brand was launched in the e-Industries business segment with a deployment aimed at large companies in Bogota and Barranquilla. This line of business seeks to position itself as an Energy Partner of companies in the country and, at the same time, be part of the establishment of Enel X as a global leader in the market for demand flexibility.

The Agreement between Codensa and Emgesa, which opens access to new large customers, and business breakfasts with topics relevant to customers, such as tax benefits and solutions in response to CREG resolution 015, stand out from the actions implemented. Sponsored events were also held, as well as business blog posts, ad-

vertising in magazines such as Dinero, P&M and Gerente, digital campaigns, the implementation of the Enel X business line website, webinars, telephone campaigns, trainings and some internal events.

The measurement of customer experience in the business segment reflected an NPS (Net Promoter Score) of 22%. The main challenge is to generate greater agility in the execution times of the works. However, 81% of customers in this line of business are satisfied with the works and services hired.

### Demand Response: Voluntary Disconnectable Demand Programme (VDD)

- > This year Codensa launched and consolidated the demand response programme with the product Voluntary Disconnectable Demand (DDV), diversifying the portfolio of products and services in this segment. With different marketing and sales actions, the programme was able to benefit 15 large companies in the country, which by 2019 provided the National Interconnected System with an availability of 460 MWh /day.
- > The Flexibility Workshop was held, a space that allowed the understanding of the main trends and best practices in topics related to demand response, which was attended by different representatives from around the world.
- > The operating model of the demand response programme ended in 2019 with an energy aggregation of 0.46 GWh – day. The customer portfolio consolidates

the energy for future negotiations and transactions of VDD with the country's generators by 2020. Codensa gained strength in the VDD response market, becoming the second agent with the highest number of borders registered in the programme.

By 2020 the launch of new products for energy management will take place. It is also expected to improve customer knowledge and data analysis, further position the brand and its portfolio, improve the Net Promoter Score and explore new regions in Colombia for business expansion.

### In-presence sales

Faced with the positioning of new products, Enel X carried out the first VDD transactions for energy backup, becoming one of the differential and most trending products in the B2B business line. Contracts were signed with customers nationwide and more than 100 borders in the market, including Food, Beverage, Flowers, Retail and Pharmaceutical companies.

### Customer care and in-person sales

#### Response

The number of responses decreased due to the changes implemented in the New Connections Process (optimisation of activities and digitisation). In 2019, the changes in the approval process for electrical designs and work receipt were consolidated.

Regarding the purchase of distribution assets of the construction segment, the evaluation methodology for the purchase of assets corresponds to that established in CREG resolution 015 of 2018.

### Response to Complaints and Grievances technical and commercial cycle

- > In 2019, a total of 20,465 complaints and grievances were addressed. 67% of the services were received by email, 26% by reports in service centres and, 6% through internal channels. The average response time was 6.13 days for commercial cycle requirements (billing) and 12.1 days for technical cycle requirements (quality of supply).
- > Important changes were established within the process, in order to improve the service to business customers with the advisor fully serving the customer.
- > 158 meetings were held with business customers, which are essential to recognise and understand the problems in the service, detect sales opportunities and improve processes.
- > A personalised digital response channel was implemented



through which emergencies due to failures in the energy service at the points of greatest impact are escalated. This has significantly reduced the effects, inconveniences and fines of telematics due to the unavailability of their antennas.

### Remote channel sales

Remote channel sales in 2019 increased more than 20% compared to 2018. They correspond mainly to the products of cargo increase, distribution and new account, especially in the months of March and September.

The call centre began operating in September both inbound and outbound, in order to address the pre-sale, sale and post-sale processes.

### B2B Works Management

In 2019, 735 electrical projects were executed nationwide.

### Christmas project

Codensa developed Christmas decoration projects in nine cities in the country, among which Bogota, Barranquilla, Cali and Bucaramanga stand out. In total, 16 customers were served, among shopping centres, banks, foundations and compensation funds.

## E-Mobility

### National Strategy for Electric and Sustainable Mobility

The President of the Republic, Iván Duque Márquez, launched in August the National Strategy for Electric and Sustainable Mobility for Colombia, with the aim of improving air quality by reducing polluting emissions and promoting the use of electric vehicles. This strategy seeks to develop in the country the income, massification, regulatory framework and economic viability to achieve the transition towards electric mobility, with the goal of incorporating more than 600,000 electric vehicles by 2030. Regarding this recent Government statement, Codensa has been working on different projects that are in line with its purpose for several years.

### E-BUS Bogota

Transmilenio accepted the binding offer presented by Codensa, as provider of four yards for the SITP, including designs, construction and supply of chargers and related





electrical equipment for 483 electric buses, for which the Company will install the charging points and its electrical infrastructure, in order to ensure the supply of electricity for e-Buses. The yards will be located in the towns of Fontibon, Usme and Suba. This project will constitute the largest electric bus fleet implemented worldwide, not including China.

### Electric Taxis in Bogota

The pilot of electric taxis in the city of Bogota completed its seventh year of operation. For this period, the fleet continued stable with 40 electric vehicles, accumulating more than 14 million kilometres travelled, an accumulated energy consumption of 4 GWh and an estimated reduction of 3,500 tons of CO<sub>2</sub>.

With these results, a 100% electric taxi fleet in Bogota (55k vehicles) would allow a beneficial multiplier effect for the city, which would accumulate a reduction of 1.4 million tons of CO<sub>2</sub>, 1.7 billion kWh distributed and nearly 6 billion kilometres travelled with electricity.

In 2019, we changed the electrical infrastructure of 4 fast charge points at 43KW, and expect to continue with the charging infrastructure upgrade plan during 2020.

### Special transportation services in Bogotá

The Company launched a pilot project to determine the scalability of electric fleets in the public transport segment of special services. The project is based on Codensa's partnership with Empresariales S.A.S., a special services company focused on the transport of personnel and aeronautical crews. The operations of the fleet, made up of 6 BYD e6 electric vehicles, began in May 2019 and accumulated 190,000 kilometres travelled, 44,000 kWh consumed, more than 12,000 services provided to end customers and 1,400 hours of charging in 2019.

### Dinissan - Codensa Agreement

Codensa and Dinissan signed a commercial agreement in May 2019 to supply and install charging equipment for the new Nissan Leaf in Colombia. So far this year more than 60 installations were carried out for Nissan customers. As part of the agreement, Codensa was certified as a provider of installation services endorsed by Nissan Japan.

### Supply and installation of charging equipment

Codensa S.A. E.S.P. developed in 2019 the supply and installation of charging equipment, with which 203 electric vehicle charging installations were made for customers and 63 recharging equipment units of different types were sold. In addition, the Company installed 26 new public charging points.

### Interaction with supervisory entities

In 2019, the supervisory entities made 3,201 requests to the Company, as a result of the complaints that the customers brought to their attention. 99.8% of these requests were addressed within the terms required by the Law.

In 2019 the total number of complaints increased compared to the previous year, due to the climatic conditions that affected the continuity of the service in some areas of Cundinamarca, as well as in the central and northern areas of Bogota. The main reason being the maintenance of the electrical infrastructure; followed by complaints associated with charges on the energy bill; then complaints regarding the continuity of the service.

With regard to Codensa's interaction with supervisory entities, the following achievements stand out: discussion groups with the Superintendence of Household Public Utilities (SSPD), where we established goals for improvement of service quality indicators; we avoided monetary sanctions with the timely management and substantive solution of customer requirements filed with the supervisory authorities; and implemented a communication plan with the municipal representatives, to provide an effective solution to customer requirements filed with these authorities. In total, 20 visits were made to the offices of the representatives, solving doubts and addressing specific cases in the municipalities.

Highlights of 2020 challenges: monitoring the goals and indicators of the improvement agreement signed with the Superintendence of Household Public Utilities, and strengthening and dissemination within the Company of concepts and investigations of the supervisory authorities, as part of a system of early alerts and advisory services.



## Commercial operations

### Energy purchase

In 2019, 10,519 GWh were purchased for more than \$2 trillion:

| Item                                          | GWh              | COP thousands          |
|-----------------------------------------------|------------------|------------------------|
| <b>Regulated Markets</b>                      | <b>10.281,52</b> | <b>\$ 2.168.844</b>    |
| <b>Contracts</b>                              | <b>8.519,09</b>  | <b>\$ 4 1.729.766</b>  |
| GESTIÓN ENERGÉTICA SA E.S.P.                  | 175,20           | \$ 29.855              |
| AES CHIVOR Y CIA S CA E.S.P.                  | 600,00           | \$128.106              |
| EMPRESA DE ENERGÍA DEL PACÍFICO S.A E.S.P.    | 169,99           | \$37.671               |
| EMPRESA URRÁ S.A E.S.P.                       | 290,61           | \$ 63.411              |
| EMGESA SA E.S.P.                              | 5.311,07         | \$ 1.052.278           |
| EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.          | 336,02           | \$ 71.074              |
| GENERARCO SA E.S.P.                           | 87,60            | \$ 20.841              |
| ISAGEN SA E.S.P.                              | 987,00           | \$ 201.454             |
| NITRO ENERGY COLOMBIA S.A.S E.S.P.            | 36,00            | \$ 8.581               |
| TERMOTASAJERO SA E.S.P.                       | 262,80           | \$ 59.770              |
| CENTRAL TERMOELÉCTRICA EL MORRO 2 S.A.S E.S.P | 175,20           | \$ 37.676              |
| TERMOYOPAL GENERACIÓN 2 S.A.S E.S.P.          | 87,60            | \$ 19.049              |
| Stock market purchases                        | 1.763,10         | \$ 439.223             |
| Stock market sales                            | 0,67             | \$ 145                 |
| <b>Non-regulated Market</b>                   | <b>237,35</b>    | <b>\$ 55.473</b>       |
| <b>Contract purchase</b>                      | <b>214,04</b>    | <b>\$ 49.840</b>       |
| Public lighting                               | 172,51           | \$ 40.610              |
| EMGESA SA E.S.P.                              | 120,17           | \$ 28.794              |
| EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.          | 52,34            | \$ 11.816              |
| Stock market purchases                        | 47,05            | \$ 9.943               |
| Stock market sales                            | 0,00             | -                      |
| Others                                        | 41,52            | \$ 9.231               |
| AES CHIVOR Y CIA S CA E.S.P.                  | 41,52            | \$ 9.231               |
| Compras en Bolsa                              | 0,00             | -                      |
| Stock market purchases                        | 23,73            | \$ 4.311               |
| Stock market sales                            | 17,87            | \$ 3.608               |
| <b>Total energy sales</b>                     | <b>24,4</b>      | <b>\$ 4.455,3</b>      |
| <b>Total energy purchases</b>                 | <b>10.543,28</b> | <b>\$ 2.228.772,80</b> |
| Net                                           | 10.518,9         | \$ 2.224.317,46        |

### Procurement – Energy purchase

In 2019 the coverage for the regulated market was 83% and the coverage of the Public Lighting market reached 79%.

The price of energy in the Stock Market showed a better trend compared to market expectations, mainly because the El Niño phenomenon was expected in early 2019, which represented a forecast of low hydrology. Additionally, a price increase risk was perceived due to the emergency in Hidroituango that did not start operating in December 2018. For the last quarter of 2019 there was a significant increase in stock prices due to the low levels in reservoirs from August and the expectation of a strong summer from mid-December 2019 and during the first quarter of 2020, so hydraulic generators decreased the supply in order to preserve the reservoir levels, which led to the thermal generators covering part of the demand.

In 2019, three bidding processes for the purchase of energy in the regulated market and for District Public Lighting were carried out. The first aimed to consolidate coverage for 2019 and 2020; the second sought to improve the Pc/Mc ratio by 2021 (Pc: Codensa's long-term purchase price; Mc: average regulated market price for long-term purchases) and increase the 2022 coverage; and finally the third bidding process sought to open procurement for 2023 and 2024. The last two biddings awarded 5,852 GWh for 2021, 2022, 2023 and 2024, in Codensa's regulated market, corresponding to a total of four long-term contracts signed.

Additionally, on 24 October 2019, 11 15-year contracts were awarded to Codensa in the long-term auction with which the National Government sought to integrate Non-Conventional Renewable Energy Sources (NCRES) into the National Interconnected System. Through these contracts, the Company purchased 872,811 MWh-year at an average price of COP 97.11/KWh, from solar and wind farms, which will allow partial coverage of the energy supply needs of our customers in Bogota and Cundinamarca.

Through this participation, the Company also demonstrated its commitment to the energy transition and transformation that the country is experiencing and to the development of a more diversified matrix, where the NCRES are incorporated in a sustainable way. And further joined the support of encouraging future investments in new technologies that bring innovative and sustainable solutions for the city and the region.

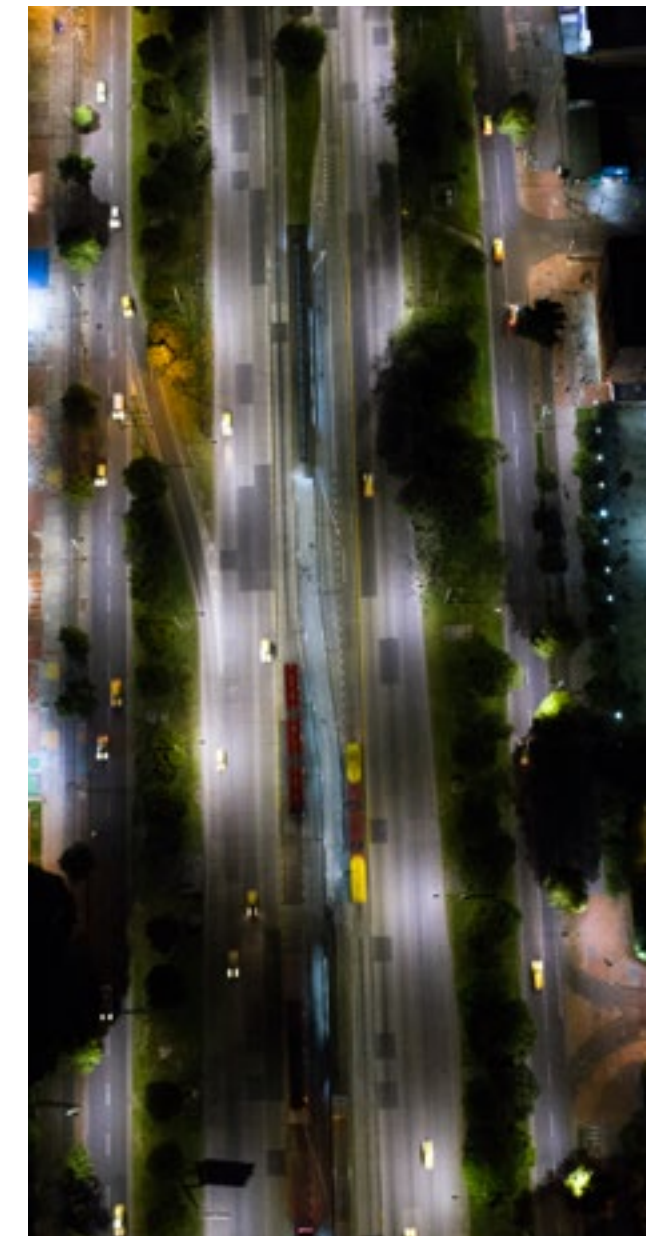
### Evolution of demand

The NO (Network Operator) energy demand from Codensa in 2019 was 15,200 GWh, 338 GWh more than in 2018, representing a growth of 2.27%. In turn, national demand reached 71,866 GWh in 2019, registering a growth of 3.97% compared to demand in 2018.

### Challenges in terms of regulations

#### CREG Resolution 114 of 2018:

This Resolution defined the general principles and conditions that must be met by the electrical energy sales mechanisms submitted for the Commission's consideration, that aspire to the recognition of the added costs of energy purchase in the unit cost of the service provision to the regulated user, and also defined the procedure for



evaluating the results of these mechanisms. Furthermore, different anonymous procurement mechanisms have been submitted that are in the validation stage of the regulatory body. During the year, Codensa was constantly validating the new proposals to identify business opportunities that could confirm more efficient procurement prices and with more competitive market characteristics.

**CREG Resolution 130 of 2019:**

This resolution defined a new bilateral energy procurement mechanism for the Regulated Market and regulated the entry into operation of a software tool that would allow centralising all public calls for the procurement of electricity in the Regulated Market and in some cases with the possibility of purchasing energy for the Non-Regulated Market. Additionally, this resolution established maximum contracting limits for related companies with a cap of 10% of regulated demand in 2027.

**MME Resolution 4-0715:**

This Resolution provides that marketing agents of the Wholesale Energy Market (MEM) shall undertake from 2022 to source 10% of the energy purchases serving customers in the regulated market from non-conventional renewable energies.

**Demand:**

In 2020, a moderate growth in NO energy demand is expected, with a rate close to 1.8%, marked by a slowdown in the regulated segment, the stabilisation of growth in the tolls segment and the strengthening of self-generation and small-scale distributed generation.

**Billing**

During 2019, the Company’s revenues were secured through the billing of the different businesses in a monthly average of 3.5 million billed accounts.

**Consumption surcharge - Act 1955 of 2019 (National Contingency Plan)**

In order to comply with the law, a surcharge value of four Colombian pesos (\$4) per kilowatt hour of electrical energy consumed was calculated and included in the bill for each customer subject to this surcharge, i.e., users of socioeconomic strata 4, 5 and 6, commercial and industrial users and non-regulated users of the electric power service. This was implemented from November 2019 and considered 27% of customers and 52% of billed electricity. In the

first months both the current value of the month and the retroactive value were collected, the latter covering from August 2019 to October 2019.

**Smart Invoice**

This tool provides customers with information about their bills, achieving greater interaction with the Company, dynamically displaying the invoiced values, consumption graphs, contact data management, useful information tips on service provision and promotions, available to customers signed-up in Virtual Invoice.

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

Billing starter for customers opting for small-scale self-generation and distributed generation in the National Interconnected System, according to the conditions established in current legislation. At the end of the year, 20 customers had signed-up in this scheme, through which they received deductions in their bill for a rate differential for an approximate amount of \$18,125,714 (year) and recognitions for surplus energy.

**Stratification**

Pursuant to the provisions of Act 142 of 1994, 505 of 1999, 682 of 2001 and 732 of 2002, Codensa participated in 147 sessions of Permanent Stratification Committees (CPE) in 37 municipalities. Furthermore, in accordance with the provisions of decree 007 of 2010, the economic contribution



for a total of \$348 million was paid in Bogota and 13 municipalities in the company’s area of influence that met the requirements of the law to process the payment.

Table 1 List of municipalities recipient of the economic contribution according to decree 007 of 2010.

|            |           |
|------------|-----------|
| Bogotá     | Paima     |
| Arbeláez   | Ricaurte  |
| Fusagasugá | Zipaquirá |
| Anapoima   | Gama      |
| La Calera  | Granada   |
| Cajicá     | Gutiérrez |
| Chía       | Madrid    |

**Database standardisation with the Superintendence of Household Public Utilities**

Together with the District Planning Secretary, databases were standardised, incorporating a total of 999,066 cadastral CHIPs into the Codensa system. This information will feed the new requirements requested by the Superintendence of Household Public Utilities, in the report to the Unified Information System (SUI).

**Zoning**

The Department, Municipality, Locality and Town cadastral codes were standardised, and a parameterisation standard was reached between the operating and commercial systems. Four Stratification Decrees were applied (Bogota, Madrid, Guaduas, Quebrada Negra) delivered by each of the municipal planning secretaries

By 2020, we expect to increase customer digitisation (virtual billing), implement the electronic invoice system in the SAP system, consolidate the joint billing service for new service operators in Bogota and Cundinamarca, and consolidate the cadastral data for the report to the Superintendence of Household Public Utilities.

**Operation of business processes and systems**

Plans were developed to continue improving the quality of the information and the opportunity in the application of payments in commercial systems, generating reliable digital experiences for the customer, and a broad collection network was also maintained, following the principle



of efficiency. Codensa currently has agreements with 14 collection entities and more than 30,000 payment points throughout the national territory.

The customer’s experience in paying their bills was improved using the PSE payment button. This provides new payment options in the different channels available: Web, App and Virtual Billing. To promote the use of the PSE payment button, prizes of up to \$500,000 were awarded to the 500th customer using it, which generated a significant increase in the use of said channel.

In 2019, we partnered with several banking institution to increase electronic payments. We used social networks, SMS, email, Apps, Google branding and the banks own channels to advertise this payment option.

We developed campaigns in partnership with financial institutions to reward digital payment habits, delivering prizes such as electric scooters, vouchers from different commercial entities, or refunds.

Several Business Intelligence (BI) and Business Analytics (BA) tools have been implemented for the digitisation strategy, to better monitor the processes and alert systems for the development of action plans in response to significant deviations.

Click Enel Project

In accordance with the digital transformation strategy, a new sales channel was created for the marketing of value-added products and services for the residential and SMEs segments, which consists of acquiring products and/or services through the e-commerce “Enel X Store”, under the subscription category, with the novelty that customers use as their Codensa energy bill as means of payment.

E-Commerce

The virtual store completed one year of operation. The store for Colombia called Enel Store was launched in its first phase. We partnered with 18 suppliers that market 32 brands with more than 350 references in categories such as air conditioning, heating, technology, household appliances, lighting and electric mobility. 838,154 web sessions were started by customers.

By 2020, we expect to continue expanding the payment process among customers, seeking to close the year with 23.8% of payments made by electronic means and to bring at least 90% of collections to the “Online Collection” model.

Commercial Debt Management

2019 was a year of significant challenges and constant demand for the Company’s portfolio management. Although the Colombian economy showed signs of recovery, with an average growth higher than that of 2018, the unemployment rate remained at levels above 10%, affecting customers’ ability to pay. The implementation of the consumption surcharge by the National Government and public order factors such as the national strike, temporarily limited collection management and the execution of suspension operations, especially at the end of the year.

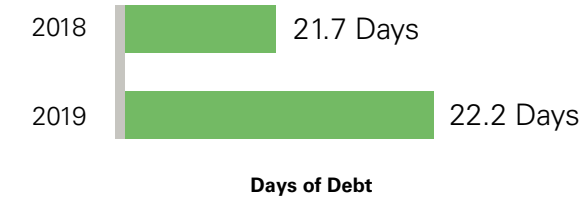
Internally, other determining factors in the portfolio’s behaviour were the execution of a robust recovery plan for unregistered consumption, focused on industrial and commercial customers, which injected a larger debt of difficult recovery, since it is easily subject to claim. This led to several cases of customers not paying the charge for unregistered consumption, and further refraining from paying other items of the bill.

Another factor that caused pressure on the debt throughout the year was the non-payment of some municipalities, mainly due to discrepancies in the amounts invoiced for in-



frastructure lease. This also led to non-payment of invoiced energy consumption values. However, thanks to the management of the portfolio process and a closer relationship with customers, in the last quarter of the year the payment of energy consumption was normalised in several municipalities.

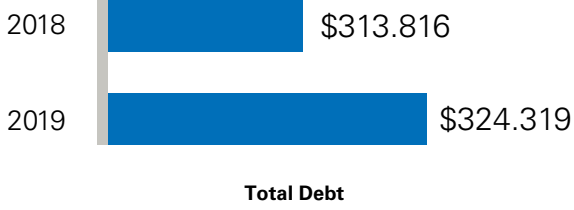
Main indicators and results for the year



The main indicator used to monitor portfolio behaviour during the year was the total days of debt rate: (Total debt / Billing TAM n-1) x 360.

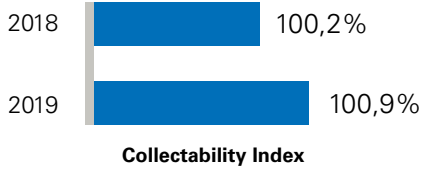
This indicator closed the year with a result of 21.7 days, which shows an improvement of 0.5 days with respect to 2018.

The improvement is mainly due to the reduction of the non-overdue debt, thanks to the optimisation of the customers’ billing and maturity calendars and the strengthening of the payment reminder management.



The Company’s total debt, which includes the unpaid non-overdue and overdue debt of customers, closed the year at \$324,319 million, with a growth of \$10,504 million compared to 2018.

This is mainly explained by the increase in AP District debt throughout the year (+ \$7,443 million) and by the debt impairment of the debt of the industrial and commercial segments. Despite this, the growth rate of the debt was lower than the increase in billing (3.3% vs. 5.6%).



The TAM n-1 collectability index (\$ Accumulated Collection / \$ Accumulated Billing n-1) closed the year at 100.9%.

The billing for the year presented a growth of 5.6% compared to the previous year, while collection rose by 6.31%, which allowed a performance of more than 100% in this indicator.

Portfolio management in energy services

Below are the determining factors and milestones for managing the electricity service portfolio during the year:

- > Regarding the non-payment of VAT on Public Lighting by the Capital District, the legal process continues at the request of the Council of State.
- > For the Capital District Public Lighting Consumer Gloss, technical discussion tables are being held to reconcile differences in inventories.
- > Regarding the growth of Unregistered Energy Recovery billing, although the plan expected to bill 33 gigs in the year, it exceeded the initial estimate, reaching almost 60 Gw/h. The collectability of energy recovery charges was 61% per month, which increased the Company’s debt, thus strengthening the collection and customer service scheme, increasing the presence in some municipalities of Cundinamarca and developing massive campaigns for greater coverage in recovery of this debt.

- > Faced with the non-payment of lease and energy for public lighting in some municipalities, during the year municipalities such as Ubate, Sopo, Madrid and Chia continued without making the full payment of their debts or making a payment agreement despite the approaches and steps taken. With the election of new mayors, we began contacts to facilitate future payments.

Collection Management Practices in 2019

The following are the year highlights:

**Preventive management:** We achieved efficiencies in the cost of predictive dialling, which allowed to extend the coverage of written notices from 700 to 1,400 letters per day. With this savings, 1,296 collection communications were sent to customers with arrears of 1 to 6 months.

**Management of municipal customer payments:** Through good relations with local administrations, it was possible for the Municipalities of Girardot and Tocancipa to pay the entire debt.

**Collection management in the Business Segment:** We closed cases of recovery charges and consumption normalisation.

**Municipal Public Lighting Segment.** The achieved the payment of part of the debt of the Municipality of Sopo.

**Management of complaining customers:** A launched a campaign to receive the payment of items not under claim, achieving the recovery of 31% of said portfolio.

**Special customer suspension:** This year, regarding the TOP customer suspension plan, we took actions to disconnect customers under special technical, acquiring technical devices that made the operation viable.

Portfolio management in complementary businesses

For the Cleaning Joint Billing project, the collection cycle for this business was structured through reminder and collection actions, with the use of instructions at each stage of delinquency that do not impact the commercial relationship of the electricity business. This cycle incorporates preventive and corrective actions, and contemplates the suspension of the service and the product in your hands (product through which an additional term is granted for payment to customers with good behaviour). By the end of December, compliance was achieved with the expected path of late payment and collectability of customers in the areas covered by the two operators that had begun with the joint billing.



Preventive strategies were also reinforced, including the QR code for payment in notices issued to customers.

Furthermore, the proformas of the B2C business offers were modified to include the report of credit bureaus, which was notified by email.

The TOP customers in pre-judicial debt collection were managed with the collection offices, increasing the effectiveness of recovery by 32%.

By 2020, we expect to have reorganised activities and strengthened the task of defining portfolio status, in order to establish strategies together with collection offices; implemented the online digital payment agreement tool “Sí PAGA”, making it easier for customers to process, request, receive and respond to this activity; put into operation new external collection contract; successfully carried out the portfolio symposium, to share best practices; and started the implementation of the portfolio control centre.

## Social projection of management

### Strategic relationship

We developed a strategy that manages in a timely, transparent, and efficient manner the social impacts, risks, contacts with communities and their stakeholders, stemming from business decisions and actions, which facilitates relationships of trust and affection towards the Company, and avoids reactive, costly and inefficient actions for the parties.

The strategy has three fundamental purposes: generate favourable social environments for the development of the Company's operations; build positive experiences and generate bonds of trust and closeness with our stakeholders to increase corporate assets; and promote a culture of intelligent and productive use of our products and services among our customers.

This strategy includes preparing the social cartography of stakeholders, developing a relationship and communication plan with stakeholders, addressing concerns and expectations, and recognition by the leaders. With this strategy we made 3,253 contacts in 2019.

### Social feasibility

Through relationship, communication and information actions, we built legitimate, reliable and productive social environments around the development of the company's projects and operations, thus ensuring social development. In total, 108 projects were carried out, including the Modernisation of Public Lighting, Cleaning Joint Billing, and Digitisation, among others.

### Ongoing Improvement - 4U Project

This initiative seeks to make stakeholders aware and value the management of investments in public lighting circuits and projects, scheduled energy and public lighting works, investments in electrical infrastructure and public lighting, through 3 fronts: communication, relationship and experience.

Digital communication strategies, advertising, channels, among others, and actions of customer contact, approach and loyalty are being developed.

Priorities in 2019:

- > Creation of the 4U monthly committee
- > Project deployment approval
- > Use of WhatsApp Business for communications
- > Inclusion of public lighting
- > Ad development in Waze
- > Prioritisation of the “Relationship” plan in Cundinamarca, emphasising deployment in areas that have critical situations, for example, Girardot and La Calera
- > SMS Segmentation with operators in Bogota and Cundinamarca

## Customer Ombudsman

The Customer Ombudsman's mission is to preserve and improve relations between Codensa and its customers, through the peaceful management of conflicts, by acting independently as a mediator between customers and the Company. The main contribution is the reduction of administrative processes and the publication of lessons learned within the company to avoid new controversies.



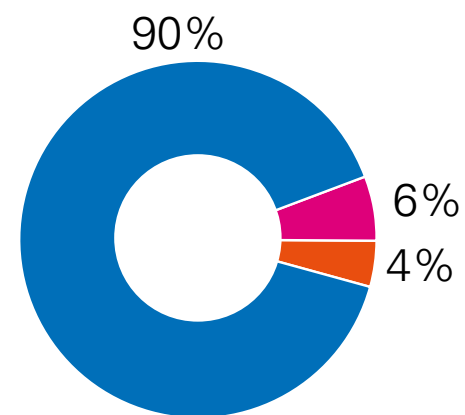


Chart 8 Decisions issued - Customer Ombudsman 2019

In 2019, in 90% of the cases submitted to the Ombudsman's consideration, the Company agreed to modify, revoke or reconcile the decisions determined in the first instance.

This indicator highlights Codensa's willingness to directly resolve contractual disputes with customers at the Company's headquarters, the Company's and customers' respect for the Ombudsman's opinions and decisions, and the Ombudsman's full independence.

### Customer Ombudsman Hotline

1,409 cases were admitted in 2019, 1,386 of which were closed with an average response time of twelve business days.

Additionally, the Customer Ombudsman Office received 3,721 customer requests and inquiries, 66 of which were resolved at first contact and the rest were transferred to traditional service channels, as first instance claims.

### Whistleblowing channel

These complaints correspond to reports from users or citizens of any immoral, illegal or unfair conduct or behaviour of workers, contractors or third parties that affect the Company's good relations with its customers or with the community. In 2019, 5,496 complaints were received, 5,126 were closed and 445 were rejected. Additionally, 62 complaints were received for non-compliance with the Company's processes and procedures with customers.

### Results of Complaints - Customer Ombudsman 2019

Of the complaints processed by the Customer Ombudsman, 55% were unfounded and 32% effective, the remaining 13% correspond to an undetermined person responsible, false complaint and no evidence.



## INFRASTRUCTURE AND NETWORK MANAGEMENT

### Physical system data

|                           |                                                                                      |
|---------------------------|--------------------------------------------------------------------------------------|
| Substations               | 64 power substations<br>109 MV/MV substations<br>86,733 distribution centers         |
| Power transformers        | HV: 252 units - 10,517 MVA<br>MV: 184 units - 818.3 MVA<br>LV/MV: 1 unit - 0.045 MVA |
| Distribution transformers | 89,522 units - 10,751 MVA                                                            |
| MV feeder                 | Urban 806 / 10,883 km<br>Rural 351 / 18,848 km                                       |
| MV network                | Air 25,140 km<br>Underground 4,541 km                                                |
| LV network                | Air 39,495 km<br>Underground 3,030 km                                                |
| Bogota lighting           | No. of lights 416,983 units<br>Power 43 MW                                           |
| Posts                     | MV/LV: 567,143 units<br>AP: 210,173 units                                            |
| Cameras                   | 294,536 units                                                                        |

### Ready for the new rate period 2019-2023

#### New remuneration model

To promote the evolution of the electricity distribution sector, the Energy and Gas Regulation Commission (CREG) considered it necessary to redefine the regulatory framework to strengthen the signs of replacement and renewal of infrastructure, encourage investments in expansion and allow the efficient incorporation of new technologies in the distribution system, through the issuance of Resolution 015 of 2018.

In the defined methodology, the commission proposed to use a Depreciated Replacement Cost (DRC) model, under which a return on the Regulatory Asset Base (RAB) is recognised, and to explicitly incorporate in revenues the value corresponding to the capital recovery of assets and investments included in the investment plan.

In addition, the CREG established the methodology for the recognition of the Regulatory Electrical Asset Base (REAB) existing as of December 2017, as well as new investments for the period 2019-2023 and associated regulatory issues. The electricity assets of 2018, year of transition, are part

of the existing REAB, taking into account the inventory reporting option according to CREG Resolution 085 of 2018 and CREG Resolution 036 of 2019, which clarify and correct some provisions of the Resolution 015 of 2018.

An important aspect of the new rate period is the requirement by the regulator to implement and certify an asset management system in accordance with the ISO 55001 standard within a period of five years from the entry into force of CREG Resolution 015. of 2018.

The new scheme is based on determining a Revenue Cap for all voltage levels in the distribution system and a mechanism for remuneration of investments based on the DRC model. This way, the new energy distribution management approach shifts to asset management.

In addition to the remuneration of the REAB, the regulator in Resolution 015 of 2018 establishes the remuneration rules for non-electrical assets, Administration, Operation and Maintenance (AOM) expenses, service quality, reduction and loss maintenance plans, among other topics, and defines the guidelines for monitoring and verifying the main regulatory variables for the 2019-2023 rate period. Furthermore, through Resolutions 016 of 2018 and 015 of 2019, the CREG defines the rate of return for each year of the rate period.

In relation to the WACC (Weighted Average Cost of Capital), the CREG, through Resolution 095 of 2015, established the methodology for calculating the discount rate for the distribution of electrical energy. The application of the methodology produced CREG Resolution 016 of 2018, which was modified by CREG Resolution 015 of 2019. The rate of return defined by the CREG has the following values: 2019 (11.79%), 2020 (11.64%), 2021 (11.50%), 2022 onwards (11.36%).



Figure 2. Main aspects of the new methodology

### Operational challenges and action plans

The new distribution remuneration methodology requires improvements in information and detailed and timely reports of the investments and of the inventory of assets, which is why, unlike other rate periods, there will be greater surveillance and monitoring of the processes by the market's supervisory, control and operation entities. Accordingly, the company faces the following challenges:

- > Information and systems: The detail of information requested by the regulator and the control entities forces the Company to have systems that allow the quality, accuracy and consistency of the information, which is why digital tools such as E4E are highly relevant, allowing automation and efficiency of several processes.
- > Execution of investment: In accordance with the provisions of the new regulatory period, the execution and detailed monitoring of investments (accrual and conver-

sion to Construction Units) represent one of the most important components for the allocation of new distribution charges.

- > Regulatory asset base (BRA): The inventory of assets represents the fundamental base of annual income. The Asset Management Strategic Plan (SAMP) was implemented to monitor and control the implementation of all the action plans and management results of the new rate period and especially for the asset management. Its main objectives were established to support and implement policies and continuous improvement (income assurance), will be measurable and consider significant aspects, process risks, applicable legal requirements and efficient performance of assets.

### Systems and digitisation

Considering information systems as a key element to ensure the implementation and monitoring of the new remuneration methodology, in May 2019 the Company reached a great milestone in digitisation and corporate convergence with the production start-up of the E4E - GDS system.

This system covers most of the processes with the implementation of global solutions. From its entry into operation, the stabilisation, adjustment and development phase of the first complementary evolutions began, allowing greater exploitation of the system. Furthermore, this system is the cornerstone of the convergence of other global and local projects.

The project also includes the implementation of a set of specialised information systems integrated into the Enterprise Resource Planning System (ERP), cutting edge technology that integrates the Company's value chain.

## Customer care

### Network management to achieve global service quality standards

The Company manages international supply quality indicators SAIDI and SAIFI of HV, MV and LV, thus ensuring service quality is line with international competitiveness standards. The results obtained in 2019 are outlined in Table 3:

| Enel Codensa Indicator | Unit    | Value reached | Variation with respect to 2018 |
|------------------------|---------|---------------|--------------------------------|
| TAM SAIDI Global       | Minutes | 820           | -5,7%                          |
| TAM SAIFI Global       | Times   | 11,76         | -16,9%                         |

Table 3. Results SAIDI-SAIFI 2019

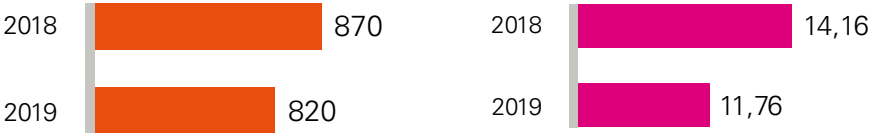


Figure 3. Results SAIDI-SAIFI 2019

As a complement to the international indicators that allow a better quality analysis of energy supply, the indicator CAIDI (Customer Average Interruption Duration Index) is monitored, which measures the average service restoration times per customer that has had an incidence without prior notice. The restoration time for the year 2019 for Codensa, presented a improvement of 1% compared to 2018.

| Enel Codensa Indicator  | Unit    | Value reached | Variation with respect to 2018 |
|-------------------------|---------|---------------|--------------------------------|
| CAIDI 2019 <sup>3</sup> | Minutes | 77,5          | -1%                            |

Table 4. Results CAIDI 2019

### Ongoing quality improvement in scenarios of greater investment and operations

Given the technological transformation, the STWeb-PdL tool was implemented for the management of scheduled works, which allows mitigating risks during interventions on electrical networks and their associated equipment.

### International standards for fault management

#### Underground and Surface MV-LV Centres

To improve the continuity of the service, mitigate the impact of the substations due to flooding and be able to avoid the inconvenience of accessing private properties, three pilot projects were carried out for the installation in Bogota of two underground type substations and one surface type substation.

<sup>3</sup> The Customer Average Interruption Duration Index, average time per customer of incidents originated in medium and high voltage due to own causes, third parties, according to the calculation methodology defined by the Enel Group Common Continuity Indexes, applying the IEEE1366 standard: Sum of all customer interruption durations / Total number of customer interruptions, or the expression: [SAIDI / SAIFI].



### Network maintenance management: to world standards

Aiming at customer satisfaction, Codensa developed a maintenance strategy observing the best global practices, allowing the consolidation of Company's challenges with a commitment to protecting life, the environment, regulatory requirements and compliance with current regulations.

The achievements of the implementation of the innovative culture and the inclusion of new maintenance strategies are reflected in the following activities:

#### Diagnosis of HV/MV/LV networks in HV/MV substations / HV Lines / MV Feeders

- > Visual and thermographic inspection in HV networks and HV/MV substations
- > Predictive diagnosis in power transformers through electrical tests and analysis of dielectric oil
- > Electrical tests on switches
- > Visual, thermographic and ultrasound inspection in MV networks
- > Inspection with Mobile LiDAR technology

#### Preventive mitigation strategy in HV/MV/LV infrastructure

- > Solution of 551 anomalies and 13,400 forestry actions in High Voltage (HV) infrastructure
- > Solution of 7,368 anomalies and 167,687 forestry actions in Medium Voltage (MV) infrastructure
- > Response to 3,937 customer requests
- > Structured plans for the reliability of service provision in windy, kite and rainy seasons

- > Withdrawal of 1,523 elements in HV and MV networks within the kites plan
- > Oil Tape Change (OLTC) preventive maintenance strategy

#### Business management

- > Discussion tables with the different maintenance areas in the companies of the Enel Group, for the generation of policies that compile the best maintenance practices for their application in the different companies.
- > Stage I of the Global Maintenance Academy, where instructions were generated for the global training of maintenance personnel around the best maintenance practices in HV.
- > Development of pilot tests in innovative techniques for the improvement or efficiency of the maintenance plan, such as the measurement of step and contact voltages, with impulse type sources in substations.
- > Monitoring the technical useful life and health index in power transformers, to design more effective investment and maintenance plans.
- > Virtualisation project for the Enel Group laboratories.
- > Entry and start-up of the global MARE maintenance systems, to manage the maintenance plan.

#### Medium Voltage Infrastructure Bogota

1,721 km of aerial and underground network were inspected in around 259 feeders, which allowed solving 3,152 electrical flaws and 9,545 forest flaws, as well as responding to 1,444 customer requests.

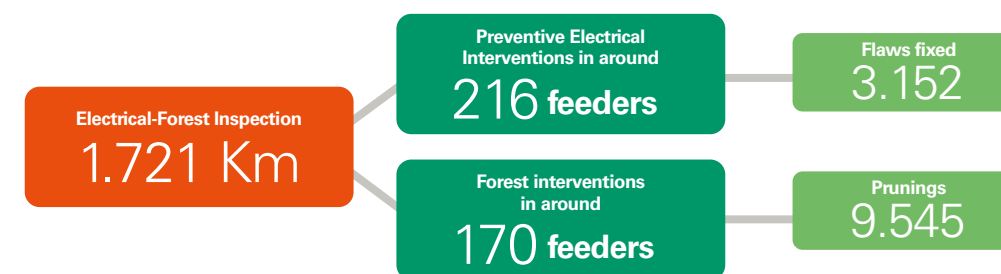


Figure 4. Bogota Electrical-Forest Inspection.

#### Cundinamarca Medium Voltage Infrastructure

9,029 km of aerial and underground network were inspected at around 193 feeders, which allowed the solution of 4,149 electrical flaws, 158,142 forest flaws, as well as responding to 2,493 customer requests.

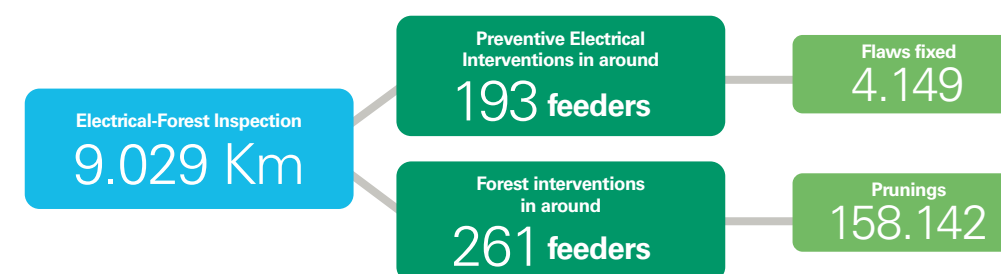


Figure 5. Cundinamarca Electrical-Forest Inspection.

#### High Voltage Infrastructure

- > **Measurement of the earthing system in HV substations:** Additional tests on the earthing resistance measurement were included cyclically in the maintenance plan to ensure the safety of people and equipment, in line with the best maintenance practices.
- > **Global maintenance academy:** Operational instructions were developed related to: the standardisation of the verification of the efficiency of the ground installation in substations, sampling of dielectric oil in power transformers, inspection methodology in substations and report, inspection methodology in overhead lines and MV network and photographic certification of detected anomalies, work instructions for maintenance of auxiliary AC/DC systems.

With the maintenance plan, we fixed 326 defects in HV lines and 225 flaws in substations. Approximately 141,907 km<sup>2</sup> were washed to maintain the easement strip of the HV lines, in order to improve the quality of service for customers.

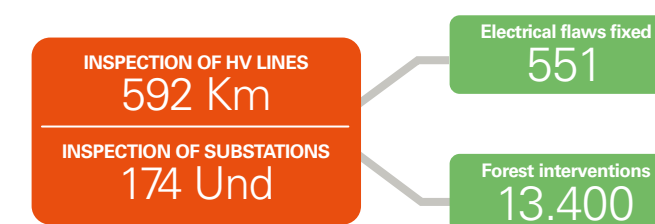


Figure 5. Inspection of HV Lines and Substations..

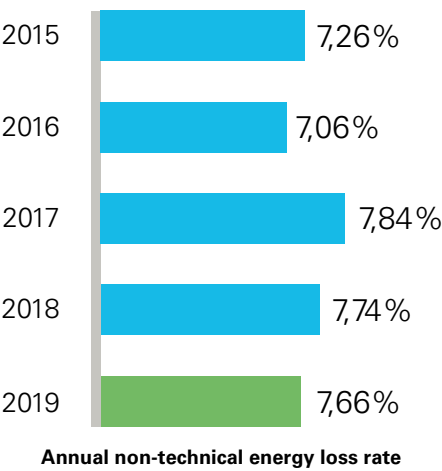
Business operations management

Codensa focused on the development of the non-technical loss reduction management programme and energy recovery through the installation of metering equipment and the implementation of technical measures that allowed for greater energy efficiency in the operation.

Non-technical loss reduction management programme

This programme continued the recovery of unregistered energy, an approach that has been prioritised since 2018, in order to reduce non-technical losses and offset the increase in energy theft caused by conditions in the macro-economic environment, such as the rate of unemployment and the migration phenomenon to Colombian territory.

The following figure shows the evolution of the Codensa Network Operator loss rate in the last 5 years.

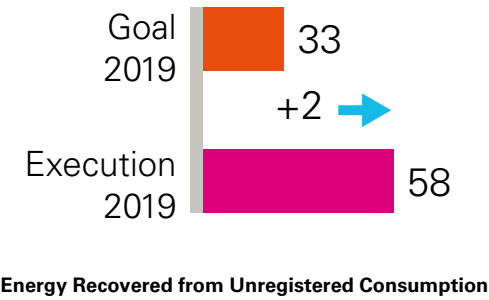


Since 2017, with the merger with the company Empresa de Energía de Cundinamarca, a reduction in the loss rate of 17 basis points (0.17%) has been achieved, from energy losses of 7.84% to 7.66% in December 2019. Total energy recovery was 130 GWh year, which represents an improvement of 41% compared to 2018. This energy recovery reduced non-technical losses by 10 GWh compared to December 2018.

Energy recovery management

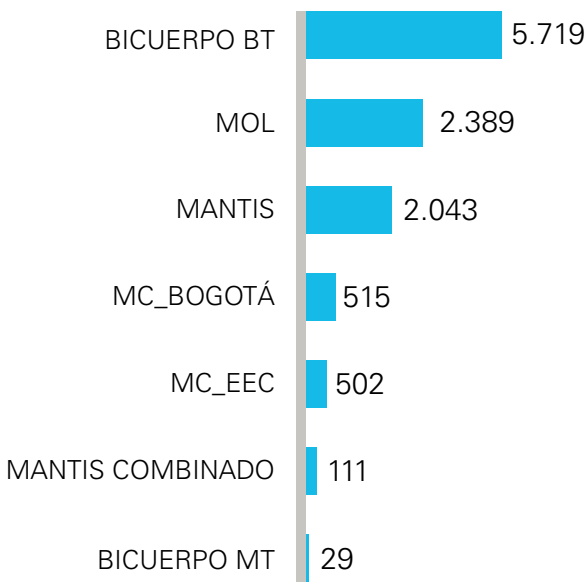
59 GWh of energy from unregistered consumption was recovered, as a result of the following actions:

- > Increased effectiveness in the inspections carried out in the field, enhanced by the implementation of models such as: Data Mining, clustering (helps to optimise the operation) and exclusivity in loss contracts.
- > Charging unregistered consumption to non-customer user, standardised in projects such as: Town by Adhesion and Hacienda los Molinos. 999 users were standardised, for which the value calculated for non-invoiced consumption since the account was created was financed.
- > Increase in energy recovered by customer in application of opinion 034 of the Superintendence of Household Public Utilities. Unregistered consumption can be liquidated if proven.



Metering assurance

In situations of prevention or evident theft of energy, the standardisation of connections refers to the set of activities focused on ensuring that the energy supplied to a customer is correctly registered and includes the installation of metering systems previously defined under existing standards that can totally or partially replace the measurement and thus protect the finding. Accordingly, 229 measures with different technical solutions were installed, according to the needs of each particular case. Additionally, 490 customers from the large consumer segment were secured with telemetry systems, which are remotely monitored. Maintenance was also carried out on 11,308 metering groups with technical assurance.



Maintenance of metering groups with technical assurance

New technologies were explored that made it possible to ensure the correct measurement of energy in a more flexible and secure way, such as: the concentric network (telescopic cable), electronic combined equipment (measurement sensors) and electronic screws (top lock). Tests and evaluations were carried out on the installation, use and expected benefits in different sectors of the city, obtaining satisfactory results for further massification.

Radar Project

The Radar project proposed a methodology that starts from the energy balances to identify sectors or users in the field with needs for metering standardisation or maintenance, to ensure a proper record of energy consumption.

22 circuits were intervened, which contributed to a decrease of 5.97 GWh/month in the non-technical losses of the system. The recovered energy associated with unregistered consumption in these circuits amounts to 3.1 GWh.

Illumination Project

This project seeks the recovery of energy in processes of incorporation of user accounts that are connected to the network without authorisation. This project achieved the installation of 5,337 meters, which has billed a consumption of 4.1 GWh accumulated until November.

The two main lines of action carried out in 2019 were related to the expansion of peripheral areas and non-customer users, obtaining the following results:



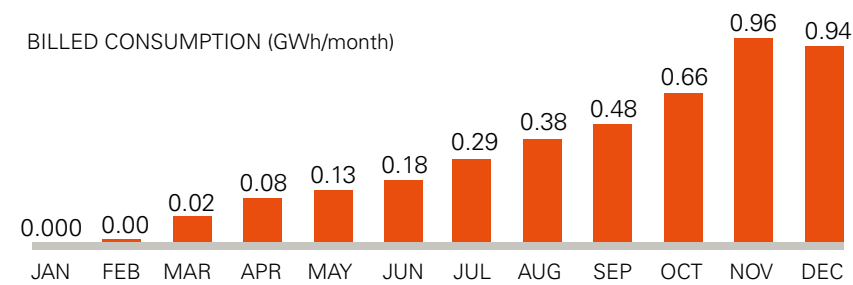


Figure 12. Illumination project results.

## Drones Project

Overflights with drones were carried out in some sectors of the Company's coverage area, in order to carry out information surveys necessary for energy recovery management. The drones were used according to the type of analysis and typology of the sector.

The use of this technology has made it possible to:

- > Obtain information on areas of difficult access (due to topological or public order conditions)
- > Detect network expansions and transformers installed without authorisation
- > Identify infrastructure in breach of the Technical Regulation of Electrical Installations (RETIE)
- > Survey existing networks to develop engineering for expansions and/or remodelling

## GeoSpatial Project

As part of the implementation of new strategies to leverage loss reduction plans, the pilot plan for the GeoSpatial project was developed. It seeks to provide additional data to non-technical loss reduction models.

The preliminary stage yielded satisfactory results after identifying two new towns by adhesion, with 148 non-customer users in direct service, with an estimated energy to be recover of 153,600 kWh for the first year.

## Data analytics model

Data analytics is a comprehensive model that seeks to increase the recovery of losses through the combination of Data Mining and grouping, managing to increase effectiveness, productivity in the execution of operations and cost optimisation, considering the needs and characteristics of each area of operation.



## Engaging new customers

In 2019, 93,296 new customers were connected, in Bogota and in Cundinamarca:

| New customers connected - 2019 | 93.296 |
|--------------------------------|--------|
| Constructors                   | 40.488 |
| Business                       | 866    |
| Mass - Scattered               | 51.942 |

### Number of new customers connected in 2019

There was a decrease in the number of connections in constructors compared to the previous year, due to a slowdown in the construction sector in Codensa's area of influence.

Additionally, there was an increase compared to 2018 in terms of simple connections.

| Connected Customers | 2018   | 2019   |
|---------------------|--------|--------|
| Constructors        | 45.765 | 40.488 |
| Mass                | 43.564 | 51.942 |

### Number of simple connections made in 2019

In 2019, we implemented initiatives to redesign the customer connection chain process with feasibility, optimising Codensa's response times to requests from future customers, achieving simplification and digitisation of the process.

## Improvements in the customer engagement process (Online Novelty)

In 2019, we started the implementation of the Online Novelty project, which allows the registration of business developments in real time (incorporation and/or modification of accounts), ensuring timely and correct billing for customers and the inflow of resources to the Company. The project will end in 2020.

## Portfolio Recovery Improvements - Redesign of suspension, shutdown and reconnection

In 2019, strategies such as automation of operation scheduling activities, update of suspension and verification models (variables and parameters) and customer grouping were implemented. These strategies allowed for a better selection of delinquent customers, thus generating better portfolio recovery results (+94% compared to the previous year).

## How We Prepare The Network Of The Future

### Telecontrol and automation: technological innovation to operate the network more efficiently

With the aim of consolidating the actions for improving the quality of customer service in the department of Cundinamarca and the city of Bogota, Codensa continued to carry out activities in the telecontrol and automation projects.

### Network Telecontrol Project

421 telecontrol units were installed and activated in Cundinamarca and 757 in the city of Bogota, for a total of 1,178 units, thus reducing the time for identifying interruptions and isolating the parts of the system that are in failure, taking the first step towards building a smart grid.

### Automation

237 MV circuits were automated with the FRG system, which consists of a local automation in the network through a set of manoeuvring and protection/control equipment, through the presence or absence of voltage and the circulation of fault currents, with previously defined rules. In Cundinamarca 210 circuits were automated and in Bogota 27 circuits, of which 23 circuits are associated with the Tibabuyes substation.

### Technological transformation of the country from advanced metering

For 2019, 87,083 advanced meters were installed in Bogota and some municipalities of Cundinamarca and Tolima, 84,910 of which are for customers and 2,173 macro meters for distribution transformers.

Advanced metering was enhanced as a complementary technology for the control of energy losses, installing 1,838 meters in neighbourhoods with high levels of losses and in areas with difficult periodic access. Installations were also carried out in construction projects and in the first small-scale self-generating customers.

During the first quarter of 2019, the advanced metering management system was updated, which optimised the activation process of the meters and commercial operations, thus achieving remote reading billing of more than 50,000 customers, reaching more 4,300 remote suspension and reconnection operations.

The Meter and More protocol was accepted in the AMI NTC 6079 standard by the ICONTEC 144 meter committee. With this inclusion, the technology implemented by Codensa achieved compliance with said standard.

In terms of regulations, the lessons learned from the pilot projects in the Company were presented to the CREG, emphasising the proper management of the social environment, technical challenges, and the changes in the structure of the electricity market as a benchmark against national implementation. The regulation is expected to be issued by 2020.

2019 was a year of active participation in meetings and workshops led by Colombia Inteligente for the development of the most relevant aspects of advanced metering infrastructure, such as benefits for subscribers in electrical energy, ICT infrastructure and the use both operational and commercial data, transition from conventional to advanced metering, interoperability for smart grids, data governance and cybersecurity, among others.

### Infrastructure management to meet demand and generation

In order to timely meet the growth of demand in the department of Cundinamarca and the city of Bogota in the short, medium and long term, Codensa developed the strengthening of the electrical infrastructure through the execution of initiatives and projects aimed at increasing the capacity of substations and networks.



### Design standardisation for compact substations

Aiming to ensure the continuity of the electrical service in substations with flooding problems and structural deterioration, a solution was developed that integrates the transformation, manoeuvring, metering and remote control equipment into a compact module that allows an easy and quick change of elements in the event of any failure.

### Barzalosa Substation Project

The prioritisation of this project was determined by modifying the date of commissioning declared to the UPME to November 2022. Additionally, conceptual engineering was completed, which plans to build the substation with hybrid technology for two 40 MVA transformation banks and two connections at 115 kV, taking into account the growth in demand in the municipalities of Girardot, Flandes and Ricaurte.

### North Substation Project

The process of purchasing equipment and materials continued, as well as the procurement of services for environmental compensation, archaeological prospecting and labour for the substation and the lines associated with the project. In addition, the relationship plans and the model for creating shared value in the sustainable field were presented to government agencies and the community in the area of influence of the project. Finally, the property management of the corridors associated with the four 115 kV transmission lines in three corridors began. These advances represent a further step towards the goal of a 600 MVA 230/115 kV substation.

### Compartir Substation Project

So far in 2019, we reached 73% progress in the construction of the substation and 98% in the construction of the transmission lines, which represents a significant development taking into account the archaeological rescue found during the excavation process for the construction of pipes. At the same time, the process of environmental, social and relationship management in the area of influence of the project continued through sustainability initiatives associated with solid waste management, creation of ventures and training for the Local Action Boards.

### San José Substation Project

This project developed the execution of the licensing plan, which included the environmental impact study submitted to the SDA, the regularisation plan submitted to the District Planning Secretary and the Intervention project submitted to the Ministry of Culture, taking into account that the latter has the particularity of being located in front of a Property of Cultural Interest, protected by this entity.

Additionally, the tender for the construction of the project was carried out under the turnkey modality, which is expected to be awarded in the first quarter of 2020.

### Increase in installed capacity

#### Sauces Substation

Civil works were carried out at the Sauces substation, such as the construction of the pit and rails of the R2 transformer. Additionally, the bases of the new gantry were installed for the installation of the 115 kV busbar module and the new equipment in the HV yard. The construction of a new room for the installation of the new 36 kV equipment was also started.

#### Mangos Substation

A request was made to the Girardot City Hall for the lease of the lot adjacent to the existing substation, for the construction of the provisional substation that will provide the energy service while the substation is undergoing renovation. At the same time, we made progress in the engineering and purchase of equipment. The expansion and standardisation works are expected to begin during the first quarter of 2020, with the installation of the provisional substation and subsequent transfer of cargo.

### Mosquera Substation

The assembly of the 115/11.4 kV transformer was carried out together with the associated civil works such as: fire-wall and oil pit. Additionally, the civil and electrical works for the expansion of the control house and the installation of the 115 kV module were carried out.

### Northwest Substation Project

The most significant progress in the project corresponds to the completion of civil and electrical works associated with the construction of three bays at 115 kV, the installation of two cell trains at 34.5 kV and an additional cell train at 11.4 kV, together with the protection and control equipment for the new bays. As part of the civil works of the project, a new access road was built, which will ensure the entry and exit of equipment, operational vehicles and personnel.





## Development of projects in HV Lines

The following projects are part of the need for expansion of the electrical power system, driven by the growth of the Regional Transmission System (STR) through the strengthening and construction of new substations that transform electrical energy from HV to MV to allow distribution to end customers.

- > Zipaquira – Ubaté, double circuit (22 km)
- > Muña – Sauces Line, double circuit (28 km)
- > Guadua – Dorada Line, single circuit (18 km)
- > Nueva Esperanza Line - Indumil (6 km)

As an essential component of the development of said projects, in 2019 the necessary activities were carried out to ensure the processes of procurement (supply and construction), consulting (conceptual, basic and detail engineering), property management (standardisation of easements) and licensing.

## Connection of generation projects

In accordance with the provisions of CREG resolution 030 of 2018, this year Codensa advanced the process for the connection of 76 solar self-generation projects (75 for small-scale generation and the remaining for large-scale). Of which 25 projects successfully completed the connection, registering a total generation capacity of 3 MW.

Of the producers connected to the network, 92% declared surplus delivery (0.48 MW) to the Codensa network.

## Bogota Metro

The Bogota City Hall, through the company Empresa Metro de Bogotá (EMB) is leading the construction of the first line of the Bogota Metro. Codensa participates in the development of three projects grouped in the so-called Metro Programme.

### Early Network Transfer (TAR)

The project was structured under the Engineering, Procurement and Construction (EPC) modality with external audit control. This project will carry out the transfer of high-voltage electrical infrastructure that intercepts the lay-out of the First Line of the Bogota Metro.

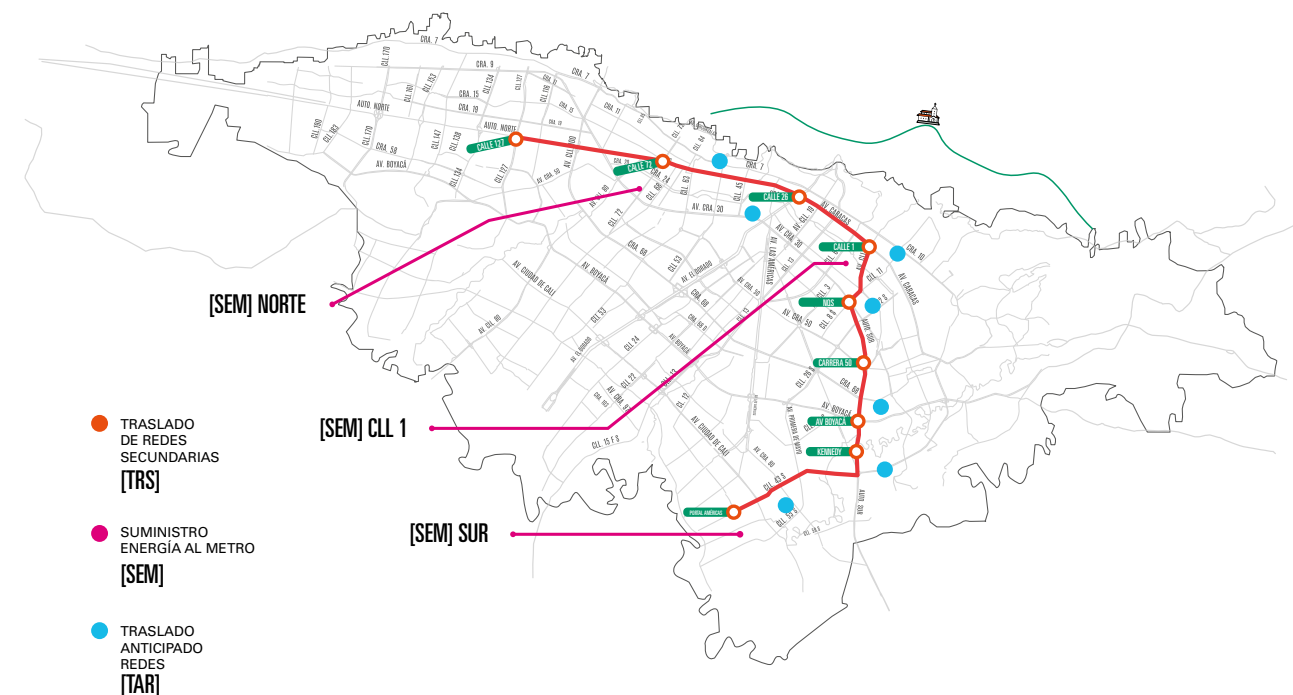
In addition, the bidding and contracting of multinational firms was carried out under the EPC modality, for the development of the works mentioned above. Currently the project has completed the entire planning cycle and technical feasibility.

### Metro Energy Supply (SEM)

This project consists of the construction of the infrastructure necessary to supply energy to the First Line of the Bogota Metro. The land of the possible lots where one of the substations will be built was restructured, and the budgets and work schedules were estimated. Furthermore, we began the procedures for obtaining permits required for the development of infrastructure in the area presented by the EMB.

## Transfer of Secondary Networks (TRS)

This project consists of the transfer of secondary networks at 4 points in Bogota (MV and LV networks, public lighting and telematics). In 2019, the inventory of network assets was delivered, along with the guidelines that must be met at the economic and technical level to the EMB.



Structure of the Metro programme.

## Regiotram project

The Cundinamarca Government will develop the Western tramway (Regiotram) through the Regional Railway Company. In this project, Codensa advances the planning of related works to free the corridor of the viaduct of the western tramway. These include the transfer, removal or protection of the networks and assets that interfere with the structural layout, in addition to the pertinent works to supply the reliable electric power service to the traction substations of the western tram.

In accordance with the technical specifications, Codensa is expected to participate in the development of three projects grouped in the so-called Regiotram Programme:

- > Lighting and Power Substations (SAF), which supply the Technical Blocks.
- > Rectification Substations, also called Traction Substations.
- > Catenary, which includes the return circuit.
- > Network inventory.
- > Discussion work tables were held where the work schedules and technical alternatives for the development of the SAF project were estimated.

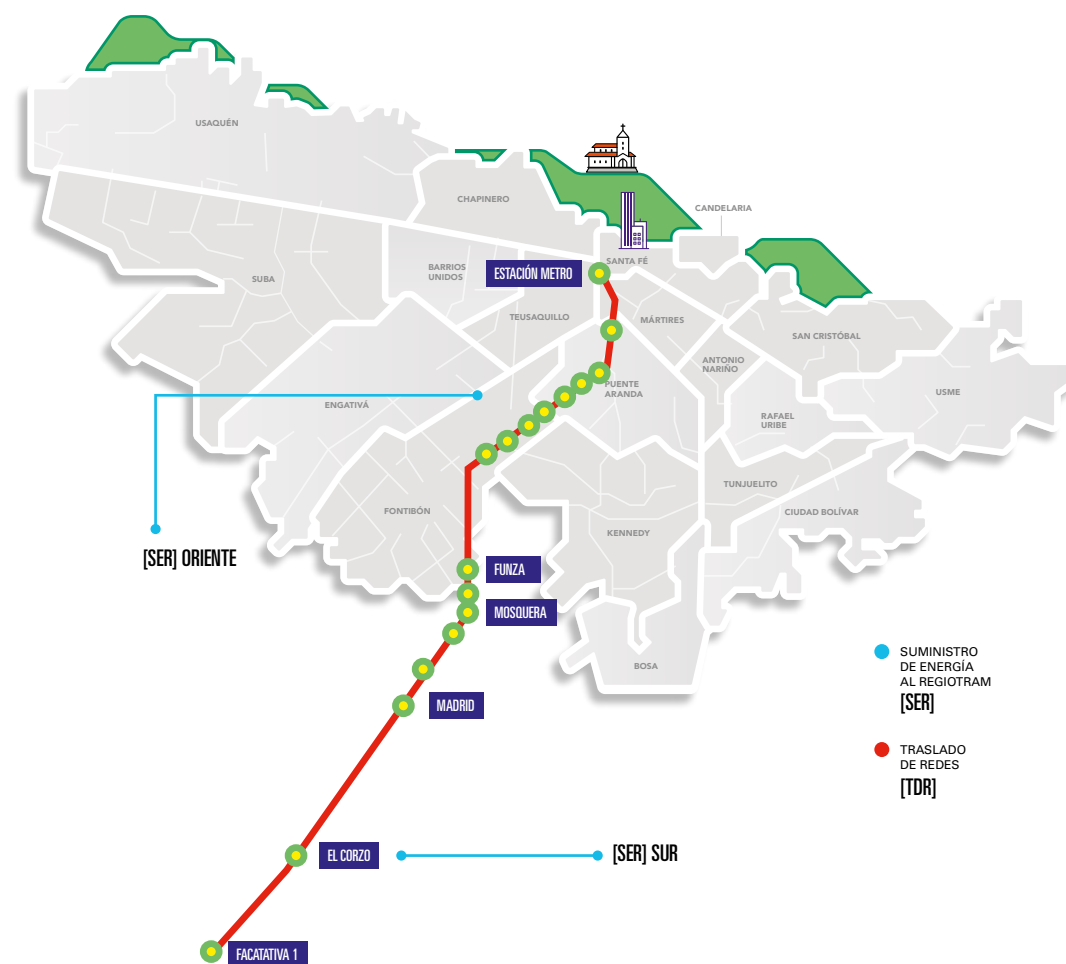


Figure 14. Regiotram programme structure.

## Regulatory market management

In 2019, regulatory management focused mainly on six key issues:

### Resolution of the methodology for the remuneration of the electrical energy distribution activity

The most relevant development in regulatory matters for Codensa's activity was the publication of CREG Resolution 189 of 2019. The regulated income approved to Codensa incorporates the recognition of efficiency in expenses, levels of losses that maintain the remuneration premium, recognition of expenses associated with loss management and includes an investment plan with the approvals of some special Constructive Units. However, this shows a difference between what was approved and what was requested, for which reason it was necessary to file an appeal against the Commission's decision.

In addition to the above, the CREG issued Resolution 036 of 2019, which establishes a retroactive adjustment from April 2019 to the time of approval of the charges and allows the revision of the investment plan in December 2019 and in August of the year before the modification of the plan.

### Electric power storage systems with batteries

In general terms, CREG Resolution 098 of 2019 allows national transmitters, network operators, regional transmitters, generators, marketers and domestic and foreign third parties interested in participating in the selection of storage projects in the STN and STR. The need may be identified by an agent or by the UPME, while its definition is the responsibility of UPME. The projects that network operators identify and execute to exclusively mitigate the SDL situations they serve, after informing the UPME, can be executed by them and will be remunerated as part of the distribution activity.

## Agents behaviour rules

In general terms, in CREG Resolution 080 of 2019, the Commission considers it necessary to establish a regulatory framework that, in addition to the specific rules of the market and obligations, defines general rules of behaviour that promote and allow for the development of the following elements:

- > Free access to networks and facilities that by their nature are monopolies.
- > The free choice of service providers.
- > The possibility of user migration.
- > Transparency, neutrality, economic efficiency, free competition and the non-abusive use of the dominant position.

## Mission of the Ministry of Mines and Energy for Electric Transformation and Modernisation of the Electricity Sector in Colombia

Under the motto 'Building roadmap for the energy of the future', the objective of the mission is to establish the actions to implement the adjustments required by the country's electricity market.

The mission experts' work focused on issues such as competitiveness, participation and structure of the electricity market; role of gas in energy transformation; decentralisation, digitisation and efficient demand management; closing the gap, improving the quality and design and efficient formulation of subsidies, and reviewing the institutional and regulatory framework.

Codensa contributed in each of the focus points and participated in meetings to build the structural policy elements to be defined by the mission.

### Long-term engagement mechanism with non-conventional renewable energy sources

The Ministry of Mines and Energy issued Resolution 40590 of 2019 with the new long-term engagement mechanism consisting of a double-ended sealed envelope auction for the allocation of pay as bid contracts for hourly blocks. Additionally, the CREG issued resolutions 106 of 2019, with the competition conditions of the auction and 129 of 2019, with the transfer formula of the auction prices to the regulated user.

The improvements made in the competition criteria, mechanism design, auctioned product, term and transfer of costs to rate contributed to successfully closing the second auction, which ended with the award of nine wind energy (88%) and solar (12%) projects that introduce 1,373 MW to the country's energy basket and that is equivalent to 12.05 GWh-day with an average price without CERE of \$ 95.65/kWh for the portion assigned in the auction and \$ 106.66/kWh for what assigned through the complementary mechanism. Among the benefits of the award to Codensa of approximately 20% of the total auction is the possibility of providing customers with energy generated from non-conventional renewable sources, with competitive prices and mitigating the risks of price volatility.

## Advanced Measurement

It is also worth highlighting the management developed during 2019, especially with the Ministry of Mines and Energy, to contribute to the modification process carried out by the entity on the Advanced Metering massification policy, which continued to give a top priority to the role that NOs can play in the massive deployment of this technology in the country.

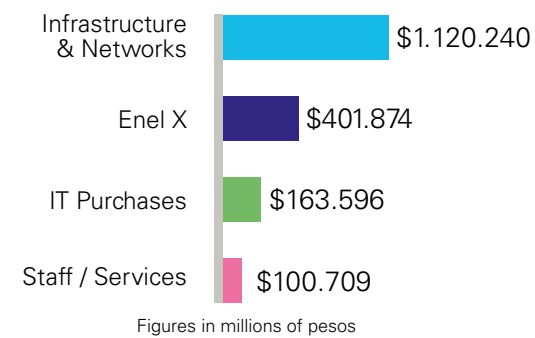
## PURCHASE AND PROCUREMENT MANAGEMENT

The procurement operation is part of the supply chain and aims to acquire materials, works and services, through an adequate and timely selection of suppliers and engagement. This is to ensure the provision of services and the supply of goods in accordance with the needs of the Organisation.

It includes the activities that start when the Company has a need for a material, work and/or service, until the legal relationship is formalised by signing a contract, or signing a purchase order on account of the acceptance of a commercial offer.

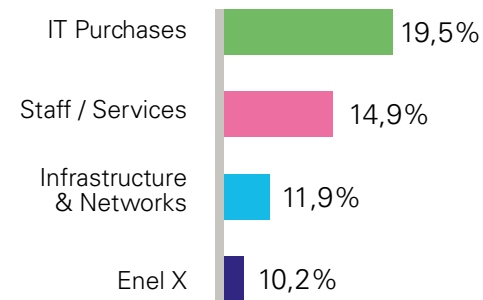
Key indicators

In 2018, \$1,786,419 million were awarded among infrastructure and networks, marketing goods and services, general services and purchases associated with technology and information technology.



Award volume by area

With these purchases, achieved savings of 12.4%. This result was obtained from negotiations with suppliers, obtaining better market prices for the Company. The savings achieved are distributed by purchase portfolios as indicated below:



Savings management

Main achievements in 2019

> The implementation of the Procurement Transformation project was continued with the aim of creating value and improving the experience of stakeholders with a 360 perspective that covers from the beginning to the end of the process with the customer. The competences of the buyers were increased, and the integration and communication with the customer were improved through solutions that involve the suppliers from the moment the need arises.

- > Glassdoor was launched, a tool that aims to consolidate supplier information and that allows users to make decisions easily regarding their performance.
- > The implementation of the Should cost methodology was carried out, a tender analysis tool that defines how much a product or service should cost if it were produced with maximum efficiency and effectiveness, based on manufacturing or process practices and efficient technologies.
- > Challenging goals were defined for the times implemented in the procurement processes according to the type of purchases, which were reflected in the optimisation of the processes, approach and integration with customers and faster awards.
- > The module for the qualification and evaluation of supplier performance was launched under a new project called WeBUY. This process allows the supplier evaluation to be integrated using a single tool as well as facilitating interaction between user areas and suppliers.
- > The Innovation by Vendors workshop with suppliers called PRO-VEERNOS was developed. It is designed to share problems and solutions, concerns, difficulties, opportunities for improvement, among others, for greater integration and ease of work.
- > The Supplier Day event was held, with the participation of 102 companies and the aim of sharing Codensa's vision with suppliers from the procurement processes, the purchasing plan for the next 3 years, the 2020 investment plan, safety, description of the purchasing process and the application of levers to create value for the processes.
- > As a result of the SHE 365 programme, the initiative to implement the supplier safety assessment was created. 45 processes were carried out.
- > We promoted the integration of sustainability aspects in the biddings for goods and services. The sustainability K-factor was a differential element during the bidding processes, making the offers more competitive. This strategy had positive results, such as the hiring of personnel with physical disabilities in the Contact Centre service, an action that is directly identified in Codensa's policy.

Purchase management

Procurement of I&N works and services

The following were some key processes procured during the year 2019:

- > Technical and commercial operations service for the Bogota, Cundinamarca North-East and Sabana areas, awarded for a value of \$445,243 million, to provide the service of electrical and civil works, maintenance, emergency response, operations in medium-voltage low-voltage networks and technical management of infrastructure lease and commercial operations: service connection and suspension, shutdown and reconnection.
- > Procurement of the works and maintenance of high-voltage substations for Codensa, awarded for the value of \$92,138 million, which aims to ensure the reliability of the operation of the system, providing better service to its customers.

Purchase of materials and equipment

Continuing with the Enel Group strategy of making volume purchases, tenders were held for electrical materials and equipment, consolidating the needs of the electrical energy distributors where Codensa has presence.

Some key processes awarded were:

- > Procurement of the supply of power transformers, which was awarded for a value of \$18,360 million. Ensuring the supply of these equipment represents reliability in the provision of the service.
- > Procurement for the supply of concrete posts for Codensa, which was awarded for a value of \$34,658 million. Having a reliable supply of these equipment ensures that service demand is met and optimal response times to failures are guaranteed.
- > Eight new procedures were created for the qualification of suppliers related to the supply of labour for design, supervision, certification, construction, maintenance of works (LEIL08), supply of materials such as light supports, fuses, earthing kit, lighting materials and accessories, piping, resin transformers and several construction materials for e-city.



### Purchase of Service and Staff

Some key processes awarded in 2019 were:

- > Procurement of the medical service for Codensa relatives and prepaid healthcare, for an awarded value of \$ 19,496 million. This service aims to comply with the provisions of the collective bargaining agreement and improve the quality of life conditions for employees and their families.
- > Special transportation service for personnel at all costs for a value of \$3,051 million and a period of three years.

### Procurement of information systems and technologies

Some key processes procured during 2019 were:

- > Procurement of the supply of information gathering equipment and accessories for Codensa, which included maintenance, technical support and repair services with the supply of spare parts for the equipment. The purpose of the contract was the remote or physical reception of data collection, images, video and information processing, for the measurement data acquisition process. The value of the contract was \$2,190 million VAT included and a saving of 9.23% was obtained.
- > Procurement of the hardware supply solution for the operation of a queuing system at Codensa's onsite Customer Service offices, in its coverage area. The solution includes the supply of new equipment, the uninstallation, removal and transfer of existing equipment, the installation and commissioning of new equipment, and the guarantee and preventive and corrective maintenance when required. The amount awarded was \$1,850 million including VAT, and savings of \$275 million corresponding to 12.96% were obtained.

### Enel X Business Line Purchases

The following were some key processes procured during the year 2019:

- > The procurement of the maintenance service and public lighting works in Bogota and Cundinamarca for the central, north and south area, which was awarded for \$140,508 million, and its execution has the purpose of ensuring the provision of the ongoing service of the system.

- > Award of the public lighting modernisation service for \$39,637 million. This contract allows the renovation of the lighting park of the Bogota public lighting system through the implementation of LED technology, which contributes progress and quality of life for the citizens of Bogota and Cundinamarca.
- > Award of the Codensa B2C Contact Centre service for \$37,665 million, which aims to address customer requirements, requests, news and queries. With this, it is possible to provide timely response and improve the customer experience with regard to the services provided by the Company.
- > The procurement of the telesales service of products and services of added value (VAPS) for a total of \$15,702 million. The new contract reduced the cost of sales due to the change made in the service remuneration scheme.

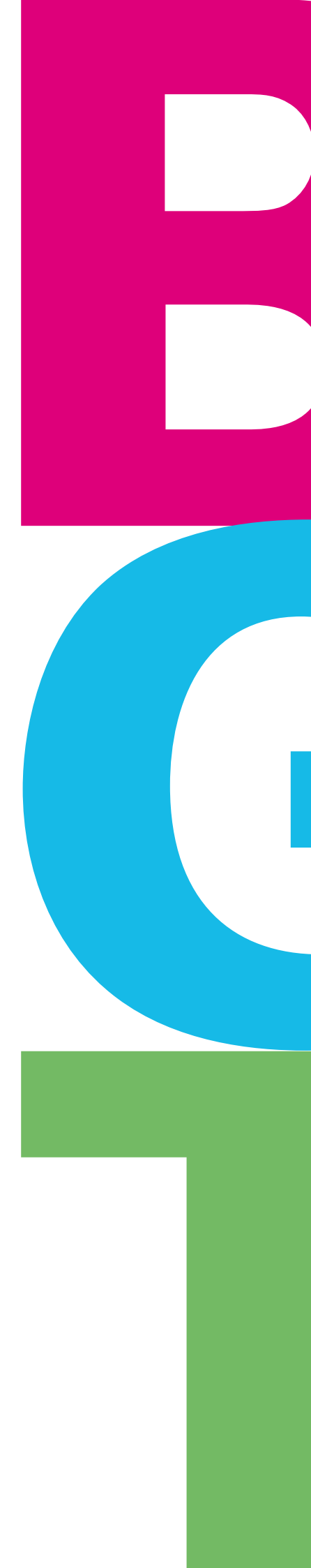
### Contractor control

With the aim of mitigating the legal-labour risks from the procurement of services, ensuring compliance with contractual obligations and in turn strengthening relations with contractors, the following actions were carried out:

- > 49 labour inspections and audits were carried out on the main contracts to validate compliance with the labour law, occupational health and safety, information security and other contractual requirements. With these findings, the contractors adopted corrective actions and at the end of the year 43% of them were already implemented.
- > 44 new executed contracts were inspected to validate compliance with the labour law.

The module for accreditation of technical profiles in the contract management system "Gestor.com" was developed, in order to comply with resolution 312 of 2019 of the Ministry of Labour. Additionally, during the year a total of 475 contracts were registered in Gestor.com, at the end of December there were 432 contracts in force and the others had been completed.





### 3. HOW WE PROJECT OURSELVES TOWARDS OUR ENVIRONMENT



## ENVIRONMENTAL MANAGEMENT

### Key business actions

In 2019, the environmental management of projects associated with substations and high-voltage distribution networks focused on meeting the requirements established in the environmental licenses of each project, as well as managing permits for the development of new projects.

In relation to the Nueva Esperanza project, the maintenance of the forest plantations established in the El Pireo, San Gregorio and areas located in the RENACE Forest was carried out, within the framework of environmental compensation. The archaeology plan was closed upon delivery of all the archaeological material to the Colombian Institute of Anthropology and History.

With respect to the Compartir project, the necessary activities were carried out to comply with the environmental management measures and the Environmental Management Plan (EMP), as well as the obligations established in the environmental license.

For the Gran Sabana project, we signed the addendum of the agreement with the Jaime Duque park in order to carry out the maintenance of the 1,100 trees planted in the park

area and complied with the environmental management measures established in the environmental license and the Environmental Management Plan.

Additionally, during 2019 the Environmental Impact Assessments were carried out for the projects: “Portugal Substation, 115 kV transmission line and its connection modules”, “Terminal Substation and 115 kV associated line” and “Conversion of the substation San José 575 kV to 115 kV and associated lines”, with the District Secretary for the Environment.

Finally, in the last quarter of the year, the District Secretary for the Environment granted the environmental license to Codensa for the development of the Portugal project, thus giving the environmental viability of the project for its execution.

### Our commitment to the new environmental challenges

Environmental management in the distribution business focused on improving the Environmental Management System, strengthening the environmental culture of employees and contractors, applying the protocol for managing wildlife, monitoring compliance with environmental legal requirements and strengthening relations with environmental authorities, in addition to other aspects that account for the commitment to environmental challenges, for the development of the distribution business.

### Improvement of the Environmental Management System (EMS)

**Recertification of the environmental commitment:** TÜV Rheinland Colombia carried out the follow-up audit of the ISO 14001 certification of the EMS in its 2015 version, and found a well-developed system in accordance with the requirements of the standard.

**ANDESCO recognition of sustainability:** Codensa received the ANDESCO award for sustainability for the development of the project called “Decontamination by ultrasound washing of equipment with Polychlorinated Biphenyls (PCB)” through which it has been possible to avoid the risks of cross-border transportation of PCB-contaminated equipment and operational savings of more than 50%.

**Transformer Bag pilot project:** Codensa developed the demonstration project of a flexible containment system (high resistance plastic bag) for the transport of transformers with oil content as a substitute for the metal trays currently used in the operation. The scheme offers practicality, possibility of reuse and better protection against adverse weather conditions, however, the search for improvements to obtain a higher frequency of use continues.

**Environmental tax incentives Workshop:** As part of the lines of action defined in the Safety, Health & Environment (SHE) 365 work table of 2018, the Workshop “Profitability and



efficiency in the framework of environmental management” was held, with the participation of managers of collaborating companies, Codensa’s deputy managers and internal environmental managers. In this space, organisations analysed mechanisms to leverage their environmental investments and achieve efficiencies in the processes from the implementation of environmental management measures.

**Response to environmental emergencies:** In order to strengthen the technical knowledge associated with the response to oil and hydrocarbon spills and everything related to the handling of dangerous substances, a theoretical-practical training was conducted for Codensa’s operational and administrative personnel and its collaborating companies, which ended with a simulation of an emergency with environmental consequences where the participants applied the acquired knowledge.

Additionally, the possible environmental risks in the facilities were considered and the protocol for the management of oil and fuel leaks in the parking lots of the main headquarters of the Company was developed and implemented, in order to control the leaks of dangerous substances and avoid risks to people and the environment.



## We strengthen the environmental culture in our management

### Institutional waste management campaign

The second phase of the integrated waste management campaign was carried out, which consisted of developing a strategy for monitoring 160 ecological points installed in the Company and improving the waste classification process. For this purpose, the cleaning process of the offices now incorporates the daily inspection of these containers, which now have a QR code that allows to control the condition of the containers and the photographic record of the problems that arise during separation, which has made it easier to effectively determine training and awareness strategies. Additionally, for electrical and electronic equipment waste management, eight special containers were installed in the main headquarters of the Company.

To facilitate the search for information on the Company’s waste separation campaign, a window on this topic was created on the intranet called “Waste Classification” which can be saved as one of the favourite applications in the users’ profile.

Do you know how to classify waste?  
We explain it with colours:



Considering the growing interest of the staff to learn more about the final destination of the materials that are deposited in the containers, a new video was made that describes all the phases of the recycling process and the social work achieved with the materials recovered after being donated to the Sanar Foundation.

### VI Meeting of environmental managers

The VI meeting with internal environmental managers and from collaborating companies was held, which included the participation of National Natural Parks, where the details of the memorandum of understanding that it has signed with the Enel Group were explained. The “Spiders of Colombia” conference was held by Biologist Darío Gutiérrez while Codensa shared with the participants all the Company’s management regarding the issue of inventory and handling of equipment contaminated with PCBs. A formal recognition was also made to the environmental managers who have stood out for their good performance and contribution to the improvement of the Environmental Management System.

## 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 presence, the implementation of the protocol for the management of wildlife continued and it was possible to agree with the environmental authorities on the action strategy against the findings that require special handling. In addition, and as part of the relationship with public entities, a memorandum of understanding was signed with National Natural Parks of Colombia and the lines of action to be developed were defined.

4 Established by Resolution 222 of 2011, partially amended by Resolution 1741 of 2016 of the Ministry of Environment and Sustainable Development.

## We ensure compliance with environmental legal requirements

### Compulsory Compensation - CAR

During 2019, the development of the forest compensation plan continued for the felling carried out in the CAR area, with the planting of 42 thousand trees in the Primavera nature reserve in the municipality of Pacho.

### Compensation management - District Secretary for the Environment

A payment of more than \$215 million was made in favour of the District Secretary for the Environment, for the evaluation, monitoring and compensation of activities related to deforestation that presented a risk to the electrical distribution infrastructure and optimal service provision in Bogota.

### PCB management

In the context of environmental legal compliance and in accordance with internal policies, Codensa continued with the marking and sampling of insulating fluids in equipment with oil content, advancing in the national goals of environmentally responsible management and disposal of PCBs .

In 2019, significant progress was registered in the marking of 2,055 units and chromatographic analysis of 1,011, under the protocols established by IDEAM, managing to identify 14 contaminated units in service connected to the distribution network that were replaced by transformers free of these substances.

The analysis of 2,839 transformers declared as obsolete or waste was managed, of which 61 units were declared contaminated.

Regarding the handling of contaminated equipment, 30 tons of the casings were decontaminated through the ultrasound technique implemented by the company LITO SAS, generating an economic saving of 54% on the value incurred if exported.



## Legal review of the environmental management system

The first evaluation and monitoring exercise on the legal compliance of the Environmental Management System of the Enel X and Market business line was carried out with the support of a specialised external entity. The main objective was to evaluate and monitor the legal compliance of the Environmental Management System in accordance with the national and local legal system, in order to ensure compliance with legal obligations, responsibilities and duties, avoiding future trials or penalties imposed by the environmental authorities. Enel X and Market have an Environmental Legal Matrix, which in general terms is complete and covers the environmental regulations applicable to the activities carried out.

## Environmental Inspections Programme

In 2019, the environmental inspections programme focused on the operational assurance of the activities executed by the Enel X and Market contracts was structured and developed, seeking to verify local and national environmental legal compliance, proper waste management, using good practices and legal performance. On-site verification was carried out and the documentary information associated with the activities of Public Lighting, B2B and B2C Works, and the printing process were evaluated. Moreover, the facilities and vehicles used by the contractors were sub-

ject to environmental validation. The preparation for the response of environmental emergencies was intensified.

## Environmental regulation

In 2019, the environmental regulation management focused on the participation in the joint construction with the different national, department and local environmental authorities of the regulation of strategic issues for the different areas of Codensa, guiding the efforts towards the incorporation of the proposals in order to meet the interests and needs of the Company.

In addition, an analysis was conducted on the most critical aspects of the environmental regulations issued during 2019 and related to Codensa's own activities associated with: environmental licensing of projects, conservation incentives, environmental benefits associated with energy efficiency, air quality, archaeology, forestry and forestry management, land use planning, basin Management and planning, guidelines for the development of prior consultation processes, waste management (ordinary, electronic and hazardous) and climate change. Thw following stand out:

Regarding environmental licensing processes and environmental impact, Resolution 1107 was issued, which modifies Resolution 1402 of 2018 in relation to the General Methodology for the Preparation and Presentation of

Environmental Assessments, and provides that the environmental assessments prepared in accordance with the Methodology adopted through Resolution 1503 of 2010 and that have not been submitted will not be governed by this administrative act as long as these studies are filed before 2 August 2020. Resolution 077 was also issued, providing dates for the presentation of Environmental Compliance Reports within the framework of the environmental monitoring process of projects under the jurisdiction of the National Authority for Environmental Licenses (ANLA), establishing annual, semi-annual or quarterly dates so that the ANLA has more time to review them throughout the year. Moreover, we actively participated in the design of decree 2106, which seeks to simplify, suppress and reform unnecessary processes and procedures in the Public Administration, with special emphasis on environmental administrative procedures, for which we successfully proposed the Government to integrate the process of lifting the ban in order to reduce the issuing times of licenses.

Regarding archaeology, Decree 138 represents a significant step forward in the definition of the administrative procedure and the respective times that the Colombian Institute of Anthropology and History has to resolve the requests submitted as part of the projects, and is the result of the two-year efforts with unions and several entities, where we identified alternatives to streamline and optimise the procedures with said Institute. In turn, resolution 297, as

part of the regulation of decree 138, adopted the form for submitting the requests of natural or juridical persons that require the implementation of a Preventive Archaeology Programme.

As for Basin Management and Use Plans, Resolution 957 approved the adjustment and update to the Plan for the Management and Use of the Bogota River Basin and became a higher hierarchy standard and environmental determinant for the preparation of Land Use Planning throughout the basin. This plan was developed through participatory processes in which Codensa made contributions, clarifications and adjustments in reference to the existing infrastructure and possible future projects.

In terms of electric mobility, Act 1964 was issued, through which the use of electric vehicles in Colombia is promoted in order to contribute to sustainable mobility and the reduction of polluting emissions. Codensa actively participated in the construction of the standards to define the actions that accelerate the transition towards electric mobility in Colombia.

Finally, Codensa participated in the definition of the National Circular Economy Strategy, which seeks to maximise the added value of production and consumption systems in economic (profitability), environmental (climate change) and social (employment) terms, starting from circularity in flows of materials, energy and water. There was high participation throughout 2019 in the updating of sectoral goals (line sources and use of energy) and the regional workshops related to the Strategy.

With respect to climate change, in 2019, Codensa contributed significantly to the energy transition through the study "Zero greenhouse gas emissions roadmap for Colombia: diagnosis, perspectives and guidelines to define possible strategies for climate change"; to identify a possible roadmap for the Colombian energy transition, in an exercise that involved different nationals. The purpose of this study is to identify how to achieve carbon neutrality by 2050. As a result of our efforts, Codensa was invited by the Colombian Government to be part of the Colombian official delegation at COP25 Chile, held in Madrid in December 2019, to present the results of the study in the Colombia pavilion, together with the Ministry of Environment and Sustainable Development through the Colombian Low Carbon Development strategy, which shares the goal of carbon neutrality by 2050 for Colombia.

## SUSTAINABILITY MANAGEMENT

Sustainability is a key factor in business stability. Along with innovation, it represents an engine of development and always involves the need to combine growth and balance of environmental, social and Corporate Governance (financial) aspects. For this reason, sustainability is increasingly integrated into the industrial and financial strategy, creating value, opportunities and synergies with the business lines and with the environment.

### Purpose:

## OPEN POWER FOR A BRIGHTER FUTURE.

We promote sustainable progress. The equation **Sustainability = Value** is the starting point: Acting sustainably creates value for shareholders and investors, but also generates clear and recognisable value for society.

The Enel Group publicly declared its commitment to the 17 Sustainable Development Goals (SDGs) with special emphasis and quantitative objectives in six of them: quality education (SDG 4), access to electricity (SDG 7), climate action (SDG 13), socioeconomic development (SDG 8), industry, innovation and infrastructure (SDG 9); and sustainable cities and communities (SDG 11).

## Sustainable strategy with our stakeholders

In 2019, Codensa continued to develop its actions with local communities in line with the shared value creation policy, focused on generating value in the medium and long term, creating a balance between social, economic and environmental profitability.

## Projects that contribute to SDG No.4: Quality education

### EDUCATING WITH ENERGY

Within the framework of the Educating with Energy project, carried out in partnership with the Organisation of Ibero-American States for Education, Science and Culture (OEI), we made efforts on strengthening socio-emotional skills (HSE) and vocational and professional orientation processes (VPO) of young people from Public Educational Institutions, through two strategies:

- > Implementation of pedagogical routes directly in 9 schools, 3 in Bogota and 6 in different municipalities in the department of Cundinamarca. This strategy allows, based on the context of each school, to project a route of workshops to work with young people, teachers and families, in socio-emotional skills, sustainable development and vocational and professional orientation. During 2019, 633 workshops and accompaniments were held, benefiting 3,649 youth and teachers from the schools Charry, Enrique Olaya Herrera and Benjamín Herrera (Bogota) and Escuela Superior Normal María María Auxiliadora (Girardot), Jorge Eliécer Gaitán (Flandes), Monsignor Agustín Gutiérrez (Fómeque), Presbítero Carlos Garavito Acosta (Gachancipá), Ignacio Pescador (Choachi) and Rural Río Negro Sur (Cáqueza).



- > Development of the graduate diploma "Strategies for strengthening socio-emotional skills, orientation and life paths" (140 hours), within the framework of a partnership with the District Secretary of Education, taught and certified by the Politécnico Grancolombiano university. In 2019, 310 provisional and full-time teachers were certified, from 140 district schools.

### GOOD ENERGY FOR YOUR SCHOOL

The Good Energy for your School programme contributes to the quality of education by reducing electrical risk and improving the infrastructure of public educational institutions. In 2019, it reached 2,442 children and youths from nine educational institutions in Bogota and the department of Cundinamarca.

### CONTRIBUTION TO THE CONSTRUCTION OF THE DEPARTMENT EDUCATIONAL INSTITUTION EL TEQUENDAMA

Thanks to the economic contribution to the municipality of El Colegio, it was possible to meet the requirements and contributions necessary for the construction of the mega-school of El Tequendama, as contemplated in the National Infrastructure Plan of the Ministry of National Education, which defines that the municipalities that achieve contributing a percentage of the resources for the works will be benefited with the economic contribution of

the State. The Companies got involved in the project with \$350 million, and the Municipality of El Colegio with \$150 million, to access the state contribution and complete the \$ 6.6 billion of the construction cost.

In 2019, the construction of this mega-work was completed, which will contribute to the quality education of more than 1,200 students from the municipality in rural and urban areas, consisting of an area of 2,853 m2, 16 classrooms, 2 multipurpose classrooms, 1 technology room, 2 integrated laboratories, 1 multiple dining classroom and 2 recreational areas. This work was delivered to the educational community and local authorities in the presence of the Governor of Cundinamarca.

### ENERGY INCUBATORS

In 2019, 21 vulnerable youths from the municipalities of Ubala, Gachala, Gama, Soacha, Sibate, San Antonio del Tequendama and El Colegio, began their higher studies at the Minuto de Dios University, in professional careers such as Public Accounting, Systems Engineering, Social Communication, Social Work, Psychology, Business Administration and Agroecological Engineering.

The beneficiaries are granted 70% of the total value of their university undergraduate, in addition to semester financial support and psychosocial support in the development of their studies and professional internships.

### SCHOOL KITS

In 2019, 128 school kits were delivered to children and youths in vulnerable conditions in Bogota. These kits were part of the solidarity gift strategy for customers that benefited stakeholders, delivering a basic school supplies to the beneficiaries, for the start of their 2019 school year.

### TRAINING FOR WORK

200 vulnerable young people from different municipalities in the province of Sabana Centro in Cundinamarca benefited from the improvement of the location of workshops, equipped for their technical baccalaureate training and technical education in areas of significant labour demand in the area where they are located.

## COMPUTER DONATION

With the delivery of 95 computers that were discharged from the Company, children and youth from different areas of influence of the operation were benefited, belonging to educational institutions, community organisations and protection institutions. These elements allow beneficiaries to have a working tool for the best development of their training processes.

## Projects that contribute to SDG No. 7: Affordable and Clean Energy

### ISOLATED SOLUTIONS - RENEWABLES

Codensa worked on alternatives for the growth of the distribution business, exploring opportunities for greater participation in the distribution market in the Non-Interconnected Areas. Based on the experience of the Enel Group, we achieved success in projects such as the implementation of distributed generation from non-conventional renewable energy in communities that did not have energy service, such as the Paratebuena Mini-grid and individual solutions in the municipality of Puerto Salgar.



## HYBRID PHOTOVOLTAIC GENERATION UNIT PARATEBUENO MINI-GRID

20 kWp mini-grid that completed 2 years of operation in December 2019, which achieved an energy generation that exceeded 21 MWh, which allowed access to electricity to the 22 families in the town of Buena Vista Alto Redondo of the municipality of Paratebuena and an approximate reduction of 8.8 tons of CO<sub>2</sub> emissions.

At the same time, we started the procedures to change the current battery bank, which reached the end of its useful life. This new battery bank will allow a significant reduction in generation with diesel fuel and will provide greater reliability to the system.

### INDIVIDUAL PHOTOVOLTAIC SOLUTIONS PUERTO SALGAR

After 2 years of operation, this pilot was closed, with the supply of 19 individual solutions. The closing process was carried out through the purchase agreement modality between Codensa and the benefited users, which made it easier for these users to be the new owners of these systems and continue to supply electricity through the photovoltaic systems tested in the pilot.



### PLAN SEMILLA

120 youths from Bogota and Chia - Cundinamarca were trained in a technical programme in construction and maintenance of overhead networks. With this programme, the beneficiaries carry out their training with the National Learning Service and develop their internships in our partner companies.

### LIGHTING OF COMMUNITY SPACES

In partnership with the Un Litro de Luz Colombia Foundation, in 2019 the Enel Colombia Foundation continued with the recovery of community spaces through the installation of 103 lights with solar technology, in places such as sports fields, parks and sidewalks in the municipalities of San Antonio del Tequendama, El Colegio, Sibate, Soacha and Ubalá (Mámbita) that had no lighting.

In developing this initiative, we had the active participation of the municipal authorities and the communities, led by the Community Action Boards, who identified the points to intervene and later participating in the assembly, installation and training as Ambassadors of Light for the maintenance of this infrastructure, ensuring its appropriation and conservation.

### WORLD OF ENERGY

In 2019, 83,665 boys and girls had the opportunity to learn about the processes of generation, distribution and sale of electrical energy, through educational and recreational activities carried out at the Divercity theme park.

### PHOTOVOLTAIC SYSTEM LIGHTING - COMPARTIR SUBSTATION

The public lighting installation powered by solar energy (photovoltaic system) was carried out in the El Danubio park and in the Tejares I residential complex, in the municipality of Soacha, Cundinamarca. The following was developed with the initiative:

- > Installation of 8 posts and LED-type lights with a photovoltaic system in the Danubio park.
- > Installation of 10 LED-type lights with a photovoltaic system in the Tejares I residential complex.
- > Change of 38 lights, updating the lighting technology to LED type in the Tejares I residential complex, commune 2 of the municipality of Soacha
- > 2 awareness meetings on the installation and maintenance of the new lighting systems.

## Projects that contribute to SDG No. 8: Decent Work and Economic Growth

### COFFEE PRODUCTION CHAIN

For 2019, the development approach of the Coffee Production Chain Strengthening project of the Enel Colombia Foundation was based on three lines of action:

- A. Business and associative strengthening for the entry into operation of the central business unit for the coffee cherry community processing of four Producer Organisations. (Asocafega of Gachala, Asofincas of Gacheta, Ascamecol of El Colegio and Asopalmares of Viota).

**B.** Standardisation of the flow of the equipment operation process to obtain quality dry parchment coffee through the coffee cherry community processing centres.

**C.** Development of markets for dry parchment coffee micro-lots from coffee cherry community processing centres.

At the same time, the project also contributes to the empowerment of women producers, through the methodology of equality between men and women, which has allowed them to be more closely related to decision-making instances of the Boards of Directors of Associations.

The repowering of the medium voltage energy circuits adjacent to the mini community processing centres of coffee has not only guaranteed the energy supply for the coffee community processing centres, but also improved the quality of service for the sectors intervened in the towns of Alto del Palmar in Viota, Santa Isabel in Mesitas and Bombita in Gacheta.

119 associate coffee-growing families and users of the coffee processing centres established in the 4 municipalities mentioned above are linked to this process.

## TOGETHER FOR THE BOARDS

In 2019, 893 leaders and members of 97 community action boards of the municipalities of Ubala, Gama, Gachala, Sibate, Soacha, El Colegio and San Antonio del Tequendama, participated in the training process on citizenship issues and project formulation within the framework of the Together for the Boards programme.

Of the total of participants, 35% (306) are interacting in the programme through a Chat Bot, which has been used to incorporate a technology component into the training process.

A community training process (57 workshops) was consolidated in political and pedagogical training, entrepreneurship and formulation, evaluation and project management, in each municipality. In addition, 35 initiatives were developed by the communities which are eligible for financing by the Municipal Authorities and other actors.



## DEVELOPMENT PROGRAMME FOR THE PEACE OF MAGDALENA Centro (PDP)

In order to contribute to the construction of territorial peace in Colombia, during 2019 we continued to support community development in the municipalities of La Palma, Caparrapl, Yacopl, Guaduas and Puerto Salgar in Cundinamarca, municipalities belonging to the province of Magdalena Centro. In this sense, we have benefited more than 80 community leaders from different social processes in the municipality of Puerto Salgar, 250 leaders from the Subregional Work Tables and a group of social organisations, in the different areas in which the project is carried out.

## PRODEPAZ NETWORK

In 2019, support for the country's comprehensive development continued, generating actions to strengthen and build territorial peace, through a partnership with the Prodepaz Network. As a support entity, we contribute to the public advocacy process in the territories where the Development Programmes for Peace are carried out.

During the year, the actions of the Network were supported, which included an advocacy and communication line for the construction of peace, the strengthening of the Network of inhabitants and the territorial development for La Guajira.

## BUSINESS FACILITATION - COMPATIR SUBSTATION

This initiative seeks to support and facilitate the creation of sustainable ventures in the area of influence of the Compartir Substation project, based on the implementation of the Sirolli business facilitation methodology.

In 2019, the company Eleva más para todo S.A.S and its Enterprise Facilitation methodology were selected as an ally as the best option to achieve this purpose. In addition, a business facilitator from the area of influence of the Compartir project was hired and trained, who will be full-time accompanying entrepreneurs who require their advice.

## STRENGTHENING OF COMMUNITY ACTION BOARDS AND SOCIAL ORGANISATIONS - COMPATIR SUBSTATION

With the execution of this initiative in the area of influence of the Compartir Substation, it was possible to establish relationships of trust between the company and the community, showing the Company as an ally for the social development of the communities. This change in perception also contributes to mitigate social factors that may alter or hinder the construction of the substation.

The strategy used was training in topics related to: organisational management, political advocacy and project formulation. Topics developed in 20 sessions, benefiting more than 78 community leaders.

## Projects that contribute to SDG No. 11: Sustainable Cities and Communities

### VITAL

In partnership with the Siemens Colombia Foundation, two water purification filters were installed that benefit more than 420 students from the Pueblo Nuevo educational institutions in San Antonio del Tequendama and San Benito in Sibate. According to the United Nations, non-drinking water and poor sanitation are the main causes of infant mortality. Filters installed in educational institutions will eliminate 99.9% of viruses and bacteria, so it is expected to improve the quality of life of the student community in our areas of influence.

## Projects that contribute to SDG No. 13: Climate Action

### MOCOA PEACE FORESTS

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

This contribution made within the framework of a Meeting of Minds with the Solidarity Foundation for Colombia has directly benefited 187 families, some of which 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 generated by the development of this initiative, the following phases of the project were included in the National Government's Mocoa Reconstruction Plan, through document CONPES 3904 of 31 October 2017.

The construction of this Peace Forest was completed and handed over to the inhabitants of the sector and national, regional and local entities.

## 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 to the recovery and connectivity of the ecosystems located in the middle and lower basins of the Bogota river. Since 2012, nearly 35,000 trees have been planted in compensation for the Companies' activities.

## REFORESTING SOACHA

As part of the joint work with the Soacha City Hall, the Cundinamarca Regional Autonomous Corporation and the community, efforts were made on reforestation and beautification in green areas around the Soacha River, near the area of influence of the Compartir Substation.

Some of the achievements were:

- > Development of community work to generate a sense of belonging with the environment
- > Planting more than 700 plants
- > Participation of more than 400 people
- > Carrying out 4 seeding days

## TRANSFORMATION OF SOLID WASTE AND ENVIRONMENT BEAUTY - COMPARTIR SUBSTATION

The initiative is based on the empowerment of the community of the Danubio, Tabacal and El Rosal neighborhoods, the area of influence of the Compartir Substation project in the municipality of Soacha, to transform into solid pieces the solid waste generated during the construction of the substation.

In 2019 the following achievements were achieved:

- > Appropriation of the environment and strengthening of the sense of belonging, through the use and enjoyment of community meeting spaces.
- > Creation of environmental awareness and knowledge transfer on the reuse of recovered material in the community involved in the initiative.
- > Transformation of around 500 kg of wood, 350 kg of rim, 37 kg cardboard, 11 kg of PET, with community participation.

- > Recovery of approximately 2000 kg of wood, 87 kg of cardboard and 9 kg of PET, during the construction of the Substation, which are intended for reuse.
- > Development of furniture for community use with the recovered and transformed waste from the Compartir substation: 14 tables, 26 chairs, 4 doors and 1 library that were handed over to the community action boards for the use of the entire community and other decorative objects such as 130 frames, 50 flower pots, 25 coat hooks and 35 pencil holders.

## SUSTAINABLE MOBILITY

The sustainable mobility plan, Movernos, seeks to promote the use of bicycles, walks and carpooling among all employees of the Codensa and Emgesa companies. During 2019, 146 people joined, registering the routes carried out on the mobility platform, which represent an accumulated of 22,147 kilometres travelled by bicycle and walks, and 485 people mobilised in carpools. This initiative brings benefits related to health, well-being, quality of life, savings, and reduced time, among others.

## Other initiatives

## VOLUNTEERING

The Enel Group's corporate volunteering in Colombia is carried out through three lines, which allow the Company's employees to contribute to different social causes: my time, my hands, my knowledge.

In 2019, a total of 29 volunteering activities were carried out in the three lines, where 367 employees of the Companies participated and with which 1,510 children benefited through the improvement of educational spaces, and 1,632 people were helped through different foundations.

## SUSTAINABILITY IN THE SUPPLY CHAIN

In order to promote sustainability and the approach of Creating Shared Value, in 2019 the sustainability criterion was developed to evaluate in tenders the purchase of products and services, called K Sustainability.

K Sustainability allows to identify in tenders, the candidates for suppliers with the greatest development and commitment in sustainability issues within the organisation. This criterion is applied according to the characteristics of each process: type of service, economic value and



impacts and has three benchmark pillars: 1) Business policy; 2) Development and inclusion for employees; and 3) Community management.

In 2019, the application of K Sustainability in bidding processes was strengthened. This process has developed the engagement of local labour, the development of social projects in communities in areas of influence and the strengthening of business policy, associated with sustainability, among suppliers.

## SUSTAINABILITY REPORT 2018

The Company published its 15th Sustainability Report, thus completing more than a decade of transparent and accountable exercises before its stakeholders. The report was prepared under the parameters of the New Global Reporting Initiative (GRI) Standards, and the specific sector supplement for the electricity sector. The document was verified by the audit firm Ernst & Young Audit SAS, and achieved the "Advanced GC" in the Communication on the Progress of the Global Compact, complying with the ten principles to which the Company adhered since 2004.

## COMPETITIVE BUSINESS PROGRAMME

The Competitive Business programme is promoted in coordination with the Global Reporting Initiative (GRI), in or-

der to build capacities in SMEs so that through sustainability measurement and its reporting process, they increase their competitiveness, which will allow them access to new market opportunities.

As a result of this programme, the SMEs produced their sustainability report in 2019, which is a great achievement for Enel and the companies, since this process is a practice of the organisations' transparency, where they publish their impacts and contributions to the global sustainable development goals.

## CIRCULAR ECONOMY

The Circular Economy (CE) for the Group is a new paradigm that reinforces the economic component of sustainability, whose objective is to maintain the economic value of products as long as possible and to minimise the use of raw materials. The implementation of the CE is being developed through three phases, taking advantage of the company's strategic objectives: change towards renewable generation, Open Power and the shared value approach.

In 2019 the CE strategy and experiences were presented in spaces with unions, national and local governments, academia and the private sector such as Andesco, Andi, and Crea Impacto. The Company continued to work to adopt CE as a business opportunity and for a transition to CE.

# RELATIONSHIPS AND COMMUNICATION

## Institutional relations

The relationship strategy was aimed at maintaining the Company's reputation and positioning, within the framework of transparency and zero tolerance against corruption, and strengthening the relationship with its stakeholders.

In 2019, the construction of public policies and sector regulations was reinforced, jointly with the different actors involved, through the inclusion and alignment of the expectations, interests and needs of stakeholders within the Company's institutional agenda, as well as in the strengthening within Codensa of the definition of the corporate position through an articulated and systematised strategy.

Management focuses on strategic issues resulting from interaction with institutional stakeholders, highlighting the following milestones during the period:

- > Characterisation, planning and development of the relationship strategy with the new regional and local government in order to position Codensa among institutions of territorial and municipal order.
- > • On the legislative front, the exploration and monitoring of more than 40 high-impact legislative initiatives for the Company was carried out, with the support of the unions, ANDI, ASOCODIS and ANDESCO.
- > • Generation of added value in the relationship with the Cundinamarca Government, thanks to the support in the processes resulting from the association agreements for rural electrification and the interventions in the municipalities, through a relationship and closeness strategy with all the stakeholders.
- > • Strengthening management with institutional stakeholders of high-voltage projects, through the articulation of relationship interactions.
- > • Execution of the institutional agenda for the Capital District of Bogota in the areas of public lighting, sustainable mobility, smart cities and Land Use Plan supporting the achievement of the Company's goals.



Management is projected towards strengthening strategic relationships through a process of ongoing improvement in the design, implementation and monitoring of relationship plans that support the management of all areas of the Company throughout.

## Communication management

### Media relations

During 2019, the Company made efforts to strengthen its relationship with journalists and to contact both traditional and alternative media, to generate positive news about Codensa. This way, we continued to contribute to the improvement and reputational positioning of the Company, focused on three dimensions of the RepTrak model: supply, citizenship and work.

Among the main topics disclosed were the works and investments made to meet the growing demand for energy in Bogota and Cundinamarca, the modernisation of its electrical infrastructure and the preventive maintenance of its networks.

One of the most relevant topics was the presentation of Enel X, Codensa's new business line that offers innovative, sustainable and digital products and services for its customers, such as photovoltaic projects for self-generation of energy and solutions for private and public electric mobility.

Furthermore, the modernisation of public lighting with LED technology in Bogota and different municipalities of Cundinamarca was disclosed. Also the awards given to the Company that highlighted its work, effort and social contribution to the country. These included the ANDESCO Grand Prize for Sustainability 2019 and the recognition given by the ANDI Foundation, for the second consecutive year, as an Inspirational Company.

The different initiatives of the Company for the well-being of its employees were also communicated. Among these are the various quality of life benefits, its gender equity programmes and Codensa's position as one of the most important employer brands in the country.

## Digital communication

The digital media strategy focused on contributing to the Company's reputation. In 2019, the contents that they developed both on the website and on social networks were based on these dimensions, which worked as a main topic.

Content and campaigns were communicated, taking into account the customer's needs. Scheduled maintenance was disclosed in a timely manner, as well as the relevant failures that were recorded. In addition, the Company's sustainability initiatives and projects were disclosed, with a focus on the issue of education, and contents were published that allowed giving visibility to the benefits of Codensa as an employer brand and in favour of equality, diversity and inclusion.

The results of Codensa's social networks were positive regarding the relationship with the user community: on Facebook, a total of 2,106,524 interactions were registered; on Twitter, 90,514 and on LinkedIn, 172,249. In addition to this, the Instagram account achieved a significant increase in the number of followers (3,825 at the end of the year) and in interactions (13,954), in addition to becoming a relevant channel for real-time coverage in audio-visual formats.

It is worth noting the opening of Enel X's own channels on Facebook and LinkedIn, which allowed building a community for this line of business and having a new space to disseminate its products and services.

Moreover, efforts were made to support the business in terms of digital communication actions to encourage digital behaviours, such as the change to Virtual Invoice, payment through electronic means, subscription to the Conecta loyalty programme and the Codensa App, which at the end of the year had 411,046 downloads. In addition, e-mail marketing campaigns were carried out to support the business goals of the B2B, B2G and B2C segments, totalling 342 mailings during the year.

Finally, we held the first Enel Focus On in Bogota, an Enel Group digital event that takes place in different countries. Under the topic "Customer Centricity in a Digital World," Joe Pine, an expert in this matter, was the main speaker, accompanied by 12 opinion leaders from eight countries, including five local influencers specialised in the subject. During the one-hour broadcast, they discussed how digital transformation allows companies to create value by improving the experience and quality of life of customers, a topic that is relevant to the current situation of companies in Colombia.



## Brand identity management

After a year of evolving the brand to Codensa, as part of the Enel Group's strategic direction, a positive rebound of 2.6 points was evident in the reputation "PULSE" that has been carried out for three consecutive years, achieving the highest result recorded so far.

On the other hand, and in commemoration of the 500th anniversary of the death of Leonardo da Vinci, an immersive art experience was developed that took place in Bogota and that hosted free of charge about 64 thousand visitors, including 7 thousand children from schools and foundations, and 1,250 university students. Its communication strategy achieved 88 publications in the media with a return on investment of \$433 million, about \$31 million in impressions through advertising and \$1.7 million in reach on social networks.

With the aim further positioning the Company as the best benchmark in energy distribution and marketing, participation in the most relevant scenarios in the sector and topics of interest to the Group were promoted throughout the year, such as innovation, energy transition, electric mobility, gender equality, circular economy and sustainability.

Between sponsorships and presentations at public events, the Company was present in more than 75 stages.

For the fourth consecutive year in Colombia, the global Play Energy programme was held, 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 and teachers. In 2019, 23 schools in Bogota and Cundinamarca participated.

In 2019 the image of the new Codensa business line was released under the name of Enel X. Its launch and positioning strategy was based on a relevant presence in 7 strategic scenarios related to electric mobility, promotion of value added products and services and participation in the night bike path organised by the City Hall, with an impact of 300 thousand people.

## Advertising

In 2019, the third phase of the institutional brand campaign was carried out, under the global platform What's Your Power?, translated into Spanish as ¿Cuál es tu energía? The continuity of this advertising cycle was developed in order to contribute to Codensa's positioning as a partner

that drives people's power and contributes to improving their quality of life. The communication focused on the diversity of its collaborators, the development of sustainable projects and their benefits to citizens, and the work that the Company does on a daily basis to reinvent itself and offer different solutions to the community.

The campaign had a media plan on national, local and cable TV, radio, press, cinema, outdoor advertising in Bogota and Cundinamarca, digital media and its own channels. The scope was 60%, meaning that more than 9.3 million target people were impacted at least once with this communication.

Moreover, the development of communication campaigns for different initiatives continued. One of these was the campaign related to the collection of the cleaning service, through the Codensa energy bill, in 8 locations in Bogota and 3 municipalities in Cundinamarca. Also, the relationship programme of Compañía Conecta, which at the end of 2019 registered 29,951 new contacts. The communication plan for digital transformation was also continued, under five customer journeys.

At the same time, we advertised the modernisation, maintenance, change and expansion of the electrical infrastructure, which seeks to contribute to the progress of the communities. The institutional Days of Flight campaign (educational campaign with tips for flying kites safely) was also carried out, which contributed to a 70% decrease in failures from his cause compared to 2018.

Additionally, communication plans were executed to promote the new and existing products and services that the Company offers to its customers. The campaigns with the greatest presence in the media, both own and paid, were insurance and protection services, electrical adjustments and SOAT.

For business customers, 2 webinars were held related to efficient lighting and voluntary disconnectable demand, which positively impacted more than 413 people in the target audience.



## 4. INTERNAL MANAGEMENT THAT YIELDS RESULTS

# PERSONNEL MANAGEMENT

Codensa's management model revolves around its employees. As part of its strategy, the Company designs and implements practices that allow them to experience opportunities for development, growth, and improvement of their quality of life and their families.

The personnel management strategy is based on five high-impact principles:



This is why within the framework of the Open Power culture, efforts are constantly made to ensure innovative practices and reliable processes in all dimensions of people management, which from different areas positively impact the lives of their workers, and that, in turn, allow the Organisation to have high levels of commitment and higher productivity rates.

## Quality of life

### Benefits on demand, new Quality of Life Model

Thinking about the diversity, digitising the worker's experience with benefits, delivering greater benefits to enjoy according to each moment in life and improving the quality of life of workers and their families, were the reasons that led the Company to create the Benefits On Demand, the new Quality of Life model for workers and their families. More than 70 benefits can be managed on a new and modern digital platform.

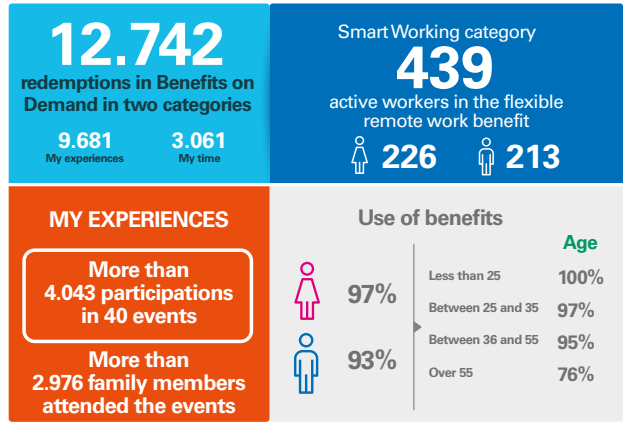


The platform has four categories of benefits (some benefits apply according to the nature and characteristics of the position, and must be processed from a physical workplace designated by the Company):

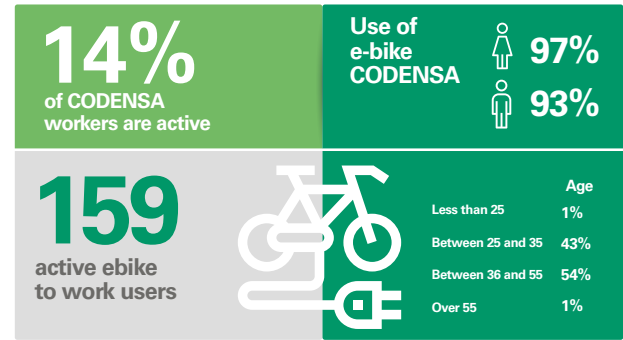
- 1. Smart Working:** To work differently in the workday: flexible hours, compressed hours on Fridays, compressed days at Christmas, work at home due to extraordinary situations and flexible remote work.
- 2. My Time:** To balance the time dedicated to work, personal and family life. Divided into two subcategories:
  - > Unique Moments to charge our energy:** Birthday time, balance day, assistance to sick family member, balance and volunteer day, additional maternity leave, gradual postnatal return for mothers, paid additional paternity leave, first day of school and additional rest day in December.
  - > TailoredTime:** New benefit that meets the needs of several workers and families. Each worker can choose three hours a year to share time with family, pets, friends or on Halloween.
- 3. My Experiences:** Associated with the different activities that workers and their families can share. Three sub-categories were designed:

- > Tailored Experiences:** New benefit created so that workers can choose entertainment, cultural, wellness, sports experiences, among others, that best suit their tastes and interests and can be enjoyed in their free time together with family or friends. Here the worker chooses his birthday gift.
- > Corporate Experiences:** Sports, recreational and cultural activities programmed annually that seek to create bonds of friendship, take advantage of health benefits, contribute to the balance between personal and work life and encourage healthy competition among people. The workers enjoyed the activities: Just for Me aimed at singles, karting tournaments, volleyball, bowling, field tennis and football 6, Enel athletics club and challenge; and with their families, recreational vacations for children, ecological hike, a work day with mom and dad, flight days and the Christmas show.
- > Celebrations:** Workers can meet and schedule to participate in corporate events such as Women's Day, celebration for fathers and mothers, typical afternoons at Cundinamarca venues, children's party and end of year celebration for workers.

4. **Complementary:** Benefits associated with psychological counselling, educational assistance, excellence scholarship, health plans, vehicle policy, loans, life insurance, eBike to work programme, parental programme and special moments in life.



Significant figures in the use of benefits in 2019



Significant figures in the use of the eBike To Work Programme in 2019



Psychological counselling requests and special moments in life in 2019



Participation in the Excellence Scholarships benefit for children of workers



### Organisational Happiness Strategy

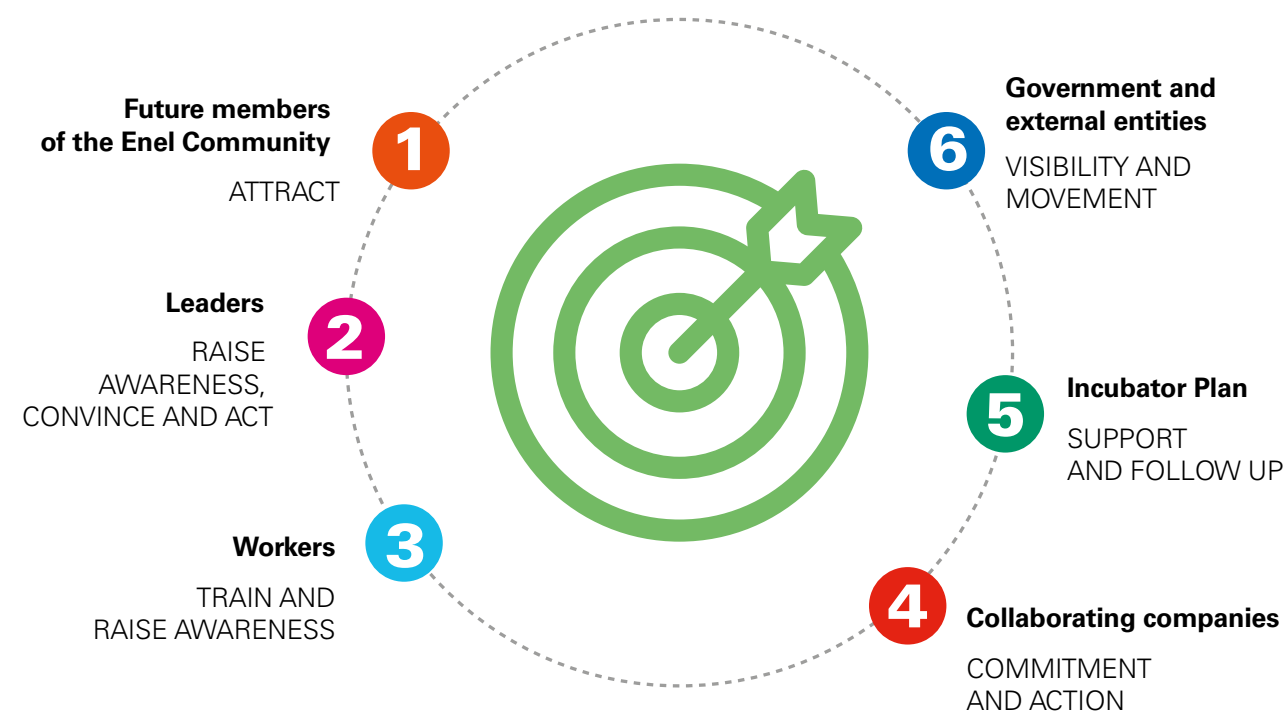
In 2019 Emgesa continued to mobilise the DNA of Organisational Happiness. Some of the initiatives carried out to measure and promote the appropriation of the Organisational Happiness model are mentioned below.





## Diversity strategy: Let's Activate Inclusi-ON

Several initiatives were developed to respect and promote the principles of non-discrimination, equal opportunities and inclusion in the performance of the Company's activities. In 2019, in the gender focus, six audiences were identified:



## Future members of the Enel community

The Young Talent Programme incorporated eight candidates who during the internships showed talents of interest to the business to train in relevant Company issues. The interview manual without gender biases was also designed for this audience, which is shared with the supervisors who participated in the interviews of new candidates.

## Leaders

The first meeting of Enel-Colombia Leaders was held with a focus on diversity and inclusion, with 152 leaders from different areas of the Company who were made aware of the impact of their decisions and actions on this issue.

## Workers

The Diversity Week was held, where the "Let's Activate Inclusion-ON" campaign was launched. Pedagogical contents were shared, activations and awareness activities were carried out, families and children participated, and conferences were held with experts such as Adrianella Betancourt, Director of Health and Valor and leader of the Diversity and Inclusion Committee of Pfizer Colombia.

The Diversity and Inclusion (D&I) Committee was created, made up of Directors and leaders of corporate strategy management. The D&I speak up was also launched, a space where workers from different areas can be an active part of future initiatives to be managed within the D&I framework.

## Government and external entities

In 2019 Enel Colombia was present at 25 events as speaker of good practices in managing gender equality, having an impact on the Government and external entities such as ministries, universities, NGOs, among others.

## Incubator Plan

The participation of women in the Incubator Plan community training sustainability programme was promoted. At the beginning of this plan, only 1% of the participants who registered were women, a figure that has increased to 32% in 2019. Highlights:

- > Psychosocial support to strengthen the personal, social and emotional resources of women and their partners.
- > Support to women in the process of labour connection to facilitate acceptance and respect from men.
- > Personal branding workshop to improve skills to tackle job interviews.

## Other actions

In 2019, D&I management was expanded with other vulnerable populations, the community of sexual diversity and people with disabilities. Best practices were reviewed with other companies and entities focused on labour inclusion.

## WOMEN IN CODENSA

MAKE UP  
**34,8%**  
OF THE COMPANY

OCCUPY  
**31%**  
OF LEADERSHIP POSITIONS

**97%**  
HAVE USED AT LEAST  
ONE BENEFIT OF  
QUALITY OF LIFE

Significant figures in gender management in 2019

## Tender Management of Health Plans and Life Insurance

The bidding processes were carried out seeking better conditions in three categories for the following scope: 2,361 users of Prepaid healthcare, 519 users of the complementary plan, and 1,411 users of medical service to family members.

## Training and development of our workers

Different trainings, events and programmes were carried out aimed at managing the talent of the workers and providing the tools and knowledge necessary to develop different technical, soft, digital and leadership skills, allowing for alignment with corporate strategies and transversal competences.

## Faculty of Leadership

Exclusive faculty for leaders. This year it incorporated a group of compulsory courses on relevant topics that drive digital transformation and leadership, as well as elective courses on particular needs for relationships with its teams. 80% of leaders participated in at least one course

For 2019, the digital version of the Leader's Guide was maintained, based on the principles of communication and focus, feedback and recognition, and inspires your team; through various pedagogical material. Additionally, 4.0 leadership workshops were held to deepen and define the behaviours of a leader in digital culture.

Performance evaluation (OFE&Evaluation)

Starting in 2019, the methodology changed, opening two evaluation models, Open Feedback (OFE) to evaluate Open Power behaviours. The tool allows to provide and request real-time feedback from all colleagues and the supervisor. This process facilitates open and direct dialogue.

Succession plans

In order to have personnel prepared to assume positions or critical processes of the operation, ready successors and pipeline successors are prepared, people with high potential who have a succession and career plan.

Climate and Safety Survey

In 2018, the work climate survey was carried out, which evaluates the categories of Happiness, Commitment and Safety, in addition to two open questions about the work climate. The participation percentage was 94.5%, the result will be obtained by 2020. In 2019, 32 action plans were implemented in order to strengthen the climate in different areas of the Organisation.

Development methodologies

General figures

- > Individual and group coaching processes were carried out.
- > 13 workers were accompanied by a mentor or guide.
- > 20 workers graduated from the industrial engineering programme thanks to the support of the Professionalisation Programme.
- > The benefit of study loans and sponsorships was granted to 56 professional workers at different universities.

Internal outdoor methodology

An Outdoor session was designed in which 167 people participated, in order to strengthen different skills such as: coordination, alignment, planning, teamwork, among others. A budget optimisation of \$225 million and a rating of 4.78 out of 5 was achieved.

Job Shadowing Project

Personal development programme in which a "guest" worker shares with another "host" worker for five days. This experience gives the worker the possibility to discover different activities, expand their work network and share their activities with other colleagues.

Individual Development Plan

The IDP includes activities aimed at strengthening different skills, through self-management actions, temporary performance in other activities, technical mentoring, participation in projects, and training courses.

In total, 4,499 actions were registered in the IDP for 1,383 workers, obtaining a distribution of activities as follows:

| ACTIVITIES                                 | Amount |
|--------------------------------------------|--------|
| Self-management activities                 | 66     |
| Temporary                                  | 4      |
| Training                                   | 4400   |
| Technical mentoring                        | 9      |
| Participation in projects as Team Leader   | 7      |
| Participation in projects as a Team Member | 13     |
| TOTALS                                     | 4499   |

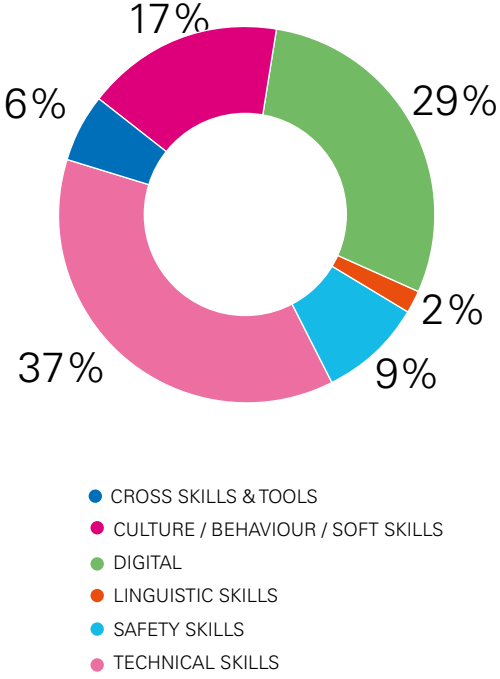
Number of IDP actions

Corporate University

The Corporate University was launched with 153 courses offered at different faculties such as: Open Power, digital transformation, techniques and leadership.

Training by Competition Group

In total, 109,568 hours of training corresponding to training in different competition groups were carried out. 1,586 workers participated.



Percentage of hours by type of training

Languages

Both English (91%) and Italian (9%) training was carried out, in total 9,462 hours of training were carried out, with the participation of 382 workers.

Sustainability focus training

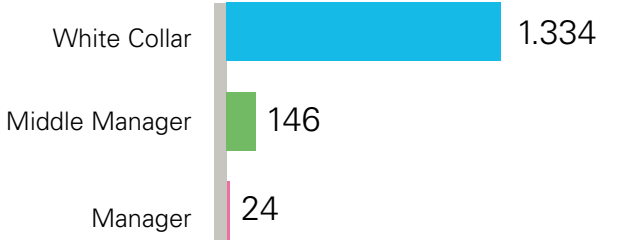
Training was carried out on security (56%), environmental (20%) and anti-corruption (24%) topics for a total of 16,311 hours of training.

Change Management Office

An own methodology was designed to work the Company's strategic projects, supporting them in change management. By 2019 the methodology was redesigned with six steps with an emphasis on Agile and the Enel Group's digital transformation strategy. In 2019, change management was mainly focused on digital transformation processes.

PERSONNEL MANAGEMENT

At the end of 2019 Codensa closed with a staff of 1,504 workers, 1.9% less than the immediately previous year, 85.97% of the workers had an indefinite-term contract and 14 .03% a fixed term contract. The classification according to the Enel category is detailed below:



Direct Personnel as of 31 December 2019 by job category

Additionally, Codensa closed with a total of 70 interns (regulated by Sena quota) and 50 university interns (agreements with universities).

On the other hand, according to the strategy of equality and equity, the total number of women in the Company at the end of the year was 524 workers, 0.77% higher than the previous year.

Compensation

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:

- > Analysis of best compensation practices in other companies.
- > Analysis with external reference markets, internal equity and review of critical roles, among others.
- > 337 salary levelling for direct personnel: 89 for personnel under a collective agreement and 248 for personnel outside the agreement (comprehensive salary).

Organisational model and structures

Organisational model and structures

In 2019, the application of the organisational model of the Enel group in Colombia continued in the different areas of staff, services and business line.

The main changes occurred in the management of Infrastructure and Networks, and in the staff & services areas of Communications, People and Organisation, Sustainability and Digital Solutions.

Worker loans

The Company provided economic resources for loans for a total amount of \$15,863,002,792, which were granted to 369 Codensa workers in different credit lines.

The loan portfolio of the Company’s active and retired personnel and the balance as of 31 December 2019 amounted to \$59,946,697,917.

Selection

Internal movement

The internal movement rate for the group was 16.5%, considering:



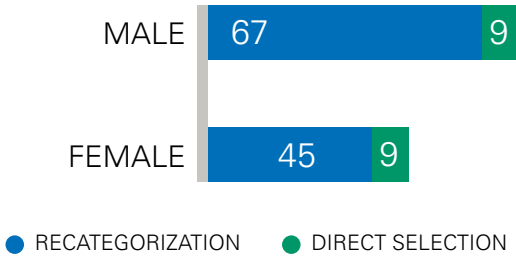
Personnel selection

In 2019, 496 vacancies were filled and an average effectiveness of 97% was achieved.

| Selection Process History |                   |           |
|---------------------------|-------------------|-----------|
| Types of Contract         |                   |           |
| Direct                    | Students/ Interns | Temporary |
| 293                       | 184               | 163       |
| 152                       | 196               | 148       |

Direct selections and recategorisations

During 2019, 18 direct selections and 112 recategorisations were made that influence changes at a higher position level and/or transferred from the organisational unit. 41.54% of the direct selections and recategorisations made correspond to women. 30.6% of leadership positions are filled by women.

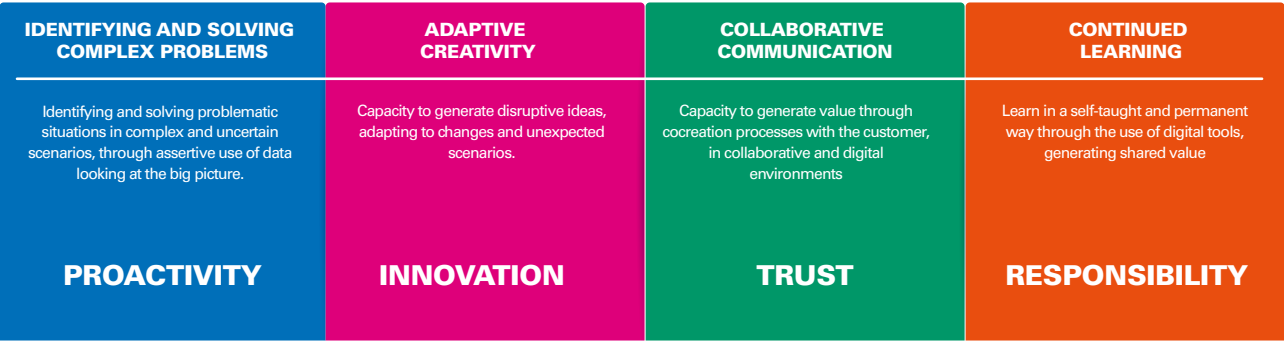


Internal competitions and external selection

It was possible to fill 41.4% of the vacancies requested through the participation of employees in internal competitions.

Digital culture

Six competencies necessary to adapt assertively to the digital culture were identified, which are aligned to the Open Power culture. At the same time, work is being done to create a communication campaign that ensures the understanding of digital skills and its adoption by workers.



Employer brand

In 2019, we worked on automation and digitisation of the processes associated with the selection of personnel through the following tools:

- > **Taleo:** 191 vacancies were managed through this platform. The platform allowed: global visualisation of vacancies, greater control and greater possibilities for workers. The participation of more than 500 internal workers in the competitions held during the year was achieved.
- > **Magneto:** Consolidated as the main tool to attract external talent to the Organisation, according needs, profiles and vacancies.

National fairs

We participated in 33 university fairs nationwide in order to introduce students to the business objective, learning opportunities and growth within the Companies. We also participated in conferences focused on strengthening the Enel attitude for people interested in belonging to the Group.

Young Talent

The programme aims to give the 8 best university interns the possibility of participating in a development and training programme on topics relevant to the Company. These students are incubators for future business openings.

Employee experience

Based on a diagnosis, a care and operation model was built that allows participants to feel closer, more transparent and more effective with respect to the response from all fronts of the People and Organisation Management (P&O) involved in the process of covering a vacancy.

Labour Relations

Union management

On 12 November 2019, the Collective Bargaining Agreement between the union Sintraelecol and Codensa was signed, which will run until 31 December 2020, thereby closing the collective conflict and the Arbitration Tribunal made up of representatives of both parts. With this agreement, the Codensa collective texts were unified, being applicable to all Company employees, including personnel from the former company Empresa de Energía de Cundinamarca (EEC).



This agreement is a great achievement in union relations that will allow the consolidated management of the benefits of the personnel agreed in a single regulatory text, since it is also applicable to workers from EEC and maintains the path for the construction of peaceful and constructive union relations.

The signing of this collective agreement was approved by the union members' meeting and will benefit Codensa's more than 1,000 conventional workers. These are some of the points of the agreement:

1. Increase to 15 days the June and Christmas bonus for the professionals of the new agreement.
2. Salary increases with the CPI + 1.5%.
3. Company bonus for workers who have joined the union
4. Increases of all conventional aids and benefits
5. Creation of a new home loan for expansion, termination, improvements and/or partial or total release of mortgages.
6. Increase in the unrestricted loan
7. Increase in union aid

## Participation in the ILO World Congress

The International Labour Organisation (ILO), the world's highest regulatory body on labour issues, held its conference No. 108, where more than 150 countries participated with representatives of employers, the Government and trade union organisations.

The Enel Group was invited for the second consecutive year to be part of the commission of representatives of the Colombian business sector. During the meeting, Convention 190 concerning the Elimination of Violence and Harassment in the World of Work and Recommendation 206 with the same title were approved.

## CESLA

This Centre for Social and Labour Studies (CESLA) is engaged in analysing the relationship between employers and employees, in order to offer scientific evidence that influences the transformation of public labour policies in favour of promoting employment and social development in the country. For 2019, the Centre for Social and Labour Studies (CESLA) issued the Third Report on Absenteeism and the Second Collective Bargaining Report, in whose construction the Enel Group participated as a member of the CESLA Primary Committee.



## Regulatory Proposal

The Company has been working on positioning as a business group that proposes public policies on labour issues, that shares and promotes its best labour practices and that works on labour legal aspects hand in hand with unions.

For this reason, in 2019 the Company was called to form part of the Regulatory Proposal Group led by ANDI and made up of representatives from six companies, for the purpose of studying the most relevant labour legal problems in the country and generating policy proposals and new regulations that contribute to the improvement of workspaces.

From this effort started in 2019, six lines of regulatory proposal were defined for 2020, covering topics such as absenteeism, union and collective bargaining management, the pension scenario and digitisation within the employment contract scenario.

## Prevention of Workplace and/or Sexual Harassment

To continue strengthening the prevention of situations of Workplace and/or Sexual Harassment, the Company in 2019 launched the communication campaign "Zero Tolerance for Harassment. In addition, during this year the modification of the internal policy was advanced, integrating it into global policy. In addition, the installation of the new Labour Coexistence Committees for the Enel Group Companies was carried out and will be valid until 31 December 2020.

## You deserve it

The development of the "You deserve it" strategy continued, focused on encouraging Company employees to schedule and enjoy their vacation periods. In addition to carrying out a communications campaign, this initiative was promoted by the leaders and area committees, who encouraged their teams to be part of this programme.

# INNOVATION AND DIGITAL TRANSFORMATION

## INNOVATION CULTURE 2019

It is one of the Enel Group's value levers, which seeks through an open innovation system to integrate solutions into different challenges with internal and external actors to generate sustainable projects in new businesses, or new internal processes that generate value for the customer and the Organisation. In this sense, there are different tools and actors that allow the creation of a decentralised innovation process for the incubation of projects by each Business Line.

## ACKNOWLEDGMENTS

- > Ranked 12th among the most innovative companies in Colombia by ANDI and Dinero Magazine; rising two positions compared to the previous year.
- > **ANDI-** Award for "Business Innovation" Second Place Bogota, Cundinamarca and Boyaca Region.
- > **AMBAR-** Second Place Award in the Innovation & Development category with the project: "Subpower Training Game: virtual training system for handling and operations in power substation equipment using immersive systems".
- > **AMBAR-** Recognition for the largest number of projects presented and accepted.
- > **PORTAFOLIO-** finalists in the 2019 PORTAFOLIO AWARDS in the Customer Service category for the support of transforming the country.

PARTICIPATION IN INNOVATION ACTIVITIES

Codensa had the participation of 938 people in the different programmes and activities carried out, distributed as follows:

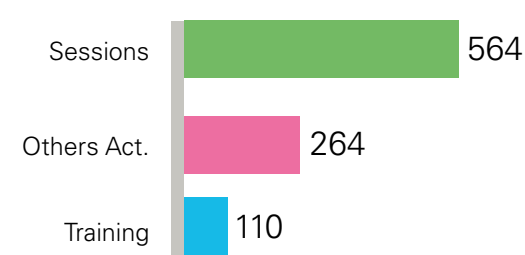


Chart 1. Participation by activity 2019

IDEAS MANAGEMENT

With the support of the innovation ambassadors, 46 sessions were held to solve Codensa's business challenges, in which 1,732 ideas were generated, 238 were selected, 18 are in progress and 6 have already been implemented.

FINANCIAL RETURN

Codensa obtained investment approval for a value of \$11,988 million, with the possibility of obtaining \$2,998 million in income tax discounts for 2019:

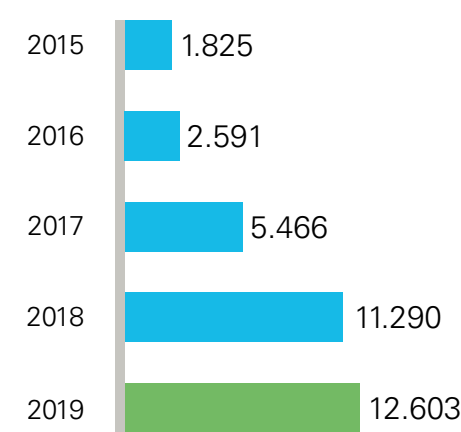


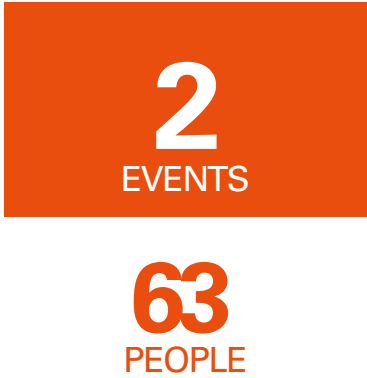
Chart 2. Trend Value of the investment presented to Tax benefits with Research and development projects.

OPEN INNOVATION

ENEL EXPLORA PROGRAMME

Its objective is to make the people of the Organisation know and interact with other innovation ecosystems and experience new ways of innovating. It was attended by 65

workers from different areas and companies, who voluntarily enrolled in the Enel Explora programme and learned about the Innovation system of the Universidad de los Andes and the BBVA innovation centre



INTRAPRENEURSHIP

During 2019, 46 internal brainstorming sessions and 7 open innovation sessions were held to solve business challenges, in which 564 people participated, generating 1,732 ideas.

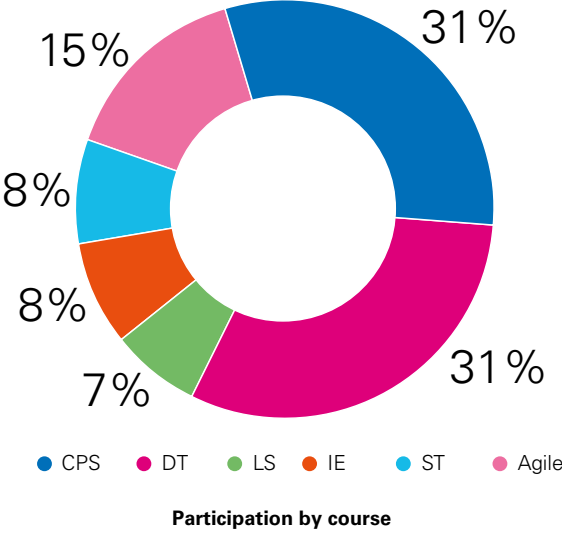
MAKE IT HAPPEN

The Global Corporate Intrapreneurship programme was launched. This programme gives all workers the opportunity to propose, share and develop innovative ideas, either from two paths, Green Journey (new business models) and Blue Journey (improvement ideas for existing activities at Enel).

In Colombia, 15 ideas from all business lines were registered, 10 of which were approved in the second phase and 7 of which were registered by Codensa.

TRAINING (INNOVATION ACADEMY)

A total of 15 courses were taught with a participation of 8% of the direct staff in Creative Problem Solving (CPS), Design Thinking (DT), Lean Start-up (LN), Emotional Intelligence, Storytelling and Agile; whose participation was as follows:



AMBASSADORS NETWORK

By the end of 2019, the network of innovation ambassadors had 20 participants from several areas of the Organisation.

On Ambassador's Day, the effort made by this network was recognised, which contributes to the design and facilitation of sessions to share knowledge with all employees, structure and teach courses on tools to solve challenges and support the execution of innovation projects. In the different lines of business. The Meeting of Innovation Ambassadors was also held.

DIGITAL TRANSFORMATION

2019 was a year aimed at digital transformation, a determining factor for the Company's competitiveness and long-term sustainability. Based on an analysis of processes and needs, the operation model was redesigned and new experiences were built for the customer. The transformation of Codensa to a data-driven company is also highlighted, that is, a company capable of taking full advantage of the data it has.

Codensa focuses on the digitisation of three strategic pillars: customers, assets and people, leveraging these services on platforms, cybersecurity and cloud services.



## Customers

The digital transformation project was born with a clear vision: placing the customer at the centre of the business strategy (customer centricity), harmoniously integrating the opportunities offered by new technologies and value-added products/services with a customer journey system (the entire process of buying a product or service that a person experiences), which allows customers to live positive experiences, creating value to retain them, developing and incorporating new digital capabilities that represent a differential competitive advantage.

Projects:

- > Chat Bot - Integration of digital channels and CRM
- > Smart Invoice - Microsite with personalised information for customers
- > E-Commerce - Electronic commerce platform
- > Shift management in commercial offices
- > Data Driven Business Intelligent (BI) and Business Analytics (BA) - Data storage and analysis
- > New Connections Project - Optimisation of contract and connection management.
- > Online collection - Payment system
- > Institutional Relationship System - Disclosure of information and CRM

## Assets

Codensa seeks the efficient management of its assets by using digital technology for "connection" and remote management, thus automating business processes and improving operational performance.

Projects:

- > Cybersecurity analysis of control systems
- > ST/STWEB and integration into the GDS ACTIVE - Integration with the new distribution system
- > Implementation of SCADA - PI interface - Data warehouse
- > SCADA CONNECTION CERT project - Event centralisation and alert automation
- > Nostradamus - Detection and location of failures
- > GDS E4E - Integration of processes and systems of network operation

- > FORCEBEAT - Full integration with E4E/GDS systems
- > STARBEAT - Remote management of electronic meters for high consumption customers.
- > PDT MetroLAN High Availability Project for network remote control
- > BCC Project - Data connection from 8 locations in Colombia
- > Electronic Network Renewal Project - Technological update of communications equipment
- > Improvements in Network Architecture for High Availability Project

## People

The digital transformation seeks to industrialise internal processes, adopting a service-oriented work logic, making automatic workflows, in order to improve quality, transparency and control with a consequent increase in productivity.

Projects:

- > Upgrade Windows 10
- > Office 365 - The best tools for productivity and cloud collaboration.



- > Printing system - Renewal of the printing, copying and scanning service
- > Renovation of storage and backup systems
- > Cybersecurity awareness
- > E-travel - Global platform to manage work trips
- > EMMa (Enel Meeting Manager) - Room reservation optimisation
- > Digitisation process of advances and legalisation of travel expenses
- > Colombia Contractors Web (Gestor.com) - Control and historical record of contract management
- > Total Tax Contribution -TTC- Automation of the annual tax report
- > E4E AWS Migration Project
- > Third Party Portal - Payment and invoice information for creditors and suppliers
- > GECM Billing - Invoice processing through metadata
- > Safety Report - Accident registration on the ground and information on safety walks
- > Electronic Renewal IP Telephony

# OSH, SAFETY AND MANAGEMENT SERVICES

## Occupational safety and health

For the fourth consecutive year, a result of zero labour accidents was obtained from own employees and from contractor companies, reaffirming our commitment to people's health and lives. Below are the most relevant results.

## OSH - Infrastructure and networks

The Company closed the year with a frequency rate of 0.38, thus exceeding the objective (0.53). This way, Codensa continues to be one of the country's leading companies in this area.

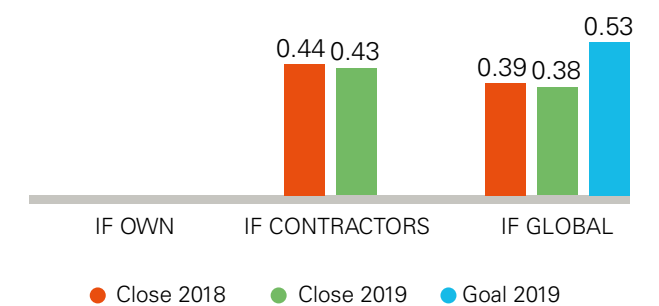


Figure 8. Frequency rate

Regarding electrical accidents that affect third parties, although, according to figures from the Unified Information System of the Superintendence of Household Public Utilities, the Bogota-Cundinamarca region presents one of the lowest rates in the country (1.2 events per million customers) and its incidence has been decreasing year after year, Codensa has implemented a plan in 2019 for the management of third-party accident prevention, which consists of four basic pillars: technical management, communicational management, institutional management and training management.

These actions are aimed at all of its customers and especially at those people who for one reason or another must work in close proximity to Codensa's networks (example: construction workers) to raise awareness of the electrical risk.



The technical actions are being implemented in the circuits where the constructions have approached the distribution networks, violating the safety distances established in the technical regulation of electrical installations (RETIE), engineering solutions that mainly consist of the installation of networks and isolated transformers and distancing from construction networks, all with environmentally friendly equipment.

A training plan has further been developed for the community in general, for children as future customers and agents of change in the family, to empower them and raise awareness about the dangers of electricity, basic care, and the correct use of electricity, and therefore create a safety culture focused on self-care living with electrical networks, avoiding accidents.

In 2019, 51 third-party accidents due to electrical risk were reported to the Unified Information System. In 53% of cases the incidents are due to some type of burn and 11% unfortunately to fatal events.

### Safety at work: leading safety in the digital age

The best tool to achieve sustainable performance is cultural change and the technical strengthening of our leaders, which is why several graduate diplomas and specialised training were developed for more than 122 participants, including their own staff and those of Collaborating Companies through the following programmes:

- > Diploma in Leadership in Safety for Codensa executives in an agreement with the Polytechnic University of Catalonia, which promoted the development and

strengthening of knowledge and skills in leadership, influence and management of security.

- > Third Diploma in Electrical Safety for HSE directors at the Colombian School of Engineering.
- > Training in technical supervision of occupational health and safety online for process auditors.
- > Third Diploma in Industrial Safety with a focus on technical personnel for directors and coordinators of contracts at UNIAGRARIA University.
- > **NFPA 70E Seminar:** Standard for Electrical Safety in Workplaces at the Ibero-American Organisation for Fire Protection.

Staff and collaborating companies were trained in: work at heights, electrical risk and equipment management, among others, with the aim of managing human talent through training and reinforcement of specific skills, abilities and competencies of each position. In association with SENA and the collaborating companies, 145,000 hours were implemented for the certification of more than 6,500 workers.

As part of the electrical risk management programme, several courses were developed to strengthen the technical aspects and Occupational Health and Safety (OHS), including: live line working procedures at night, procedures for electrical work in the rain, operation of underground cable tracing equipment and low-voltage live line work procedures -LV-. Additionally, in collaboration with the National University, pioneering studies were carried out on grounding and the effects of generating plants on the network.

For the management of mechanical risk, activities were carried out such as improvement audits for load lifting activities and work at heights, training of work at heights supervisors and skills development workshops for the prevention of mechanical risk in lifting loads, tools and equipment.

We partnered with different economic sectors, including: unions, universities and suppliers, with the aim of developing best practices and raising safety standards in the electricity sector. Some of these correspond to:

- > Participation as invited speakers at the Occupational Risk Prevention XIX International Congress ORP2019 - Healthy Companies - The Value of People in the digital age.
- > Agreement between Codensa and the Bogota Firefighters to support the prevention and care of events due to electrical risk, with training by Codensa's expert instructors for the personnel of the 17 Bogotá fire stations.
- > National Association of Professionals in Health, Safety and Environment (ASONAP HSE) with the International Congress on Innovation in Safety and Health at Work, in which Codensa participated as guest.
- > First Forum of good practices in occupational safety and health - energy sector, organised by the National Association of Public Service and Communications Companies (ANDESCO) in conjunction with Codensa.
- > The National Council of Electrical Technicians (CONTE) worked to promote compliance with technical standards and Occupational Safety and Health -SSL- by technical personnel related to the electricity sector.
- > Partnership with SENA for the development of the Labour Competency Standard: 5 Golden Rules.
- > Partnership with the Colombian National Committee of the Regional Electricity Integration Commission (COCIER) to generate the SSL evaluation guide for contractors.

### Occupational safety and health committee to ensure the monitoring and control of plans

Codensa is involved in the Joint Committee on Occupational Safety and Health (COPASST), according to current Colombian legislation, the main purpose of which

is to help control and advise occupational health and safety programmes. The COPASST has 100% representation of the workers and during the 2019 period it held 12 meetings in different Company headquarters to evaluate the progress of the "programmes and the working conditions of its own personnel.

### Innovation in safety as an engine of electrical productivity

Innovation in safety is one of the seven axes of the Company's strategy to achieve the goal of zero accidents. Its evolution has been marked by important milestones in the development of various projects, with the sole objective of preventing the occurrence of workplace accidents in the activities of our business. From this, the initiative was developed for the installation of a grounding saddle on concrete posts and the implementation of one-person MV detectors.

### We Are Happier Health Programme - Healthy Company

This Preventive and Work Medicine Programme included new foci of physical strengthening and prevention of cardiovascular, musculoskeletal, psychosocial and other non-communicable diseases such as cancer. Thanks to this, Codensa received the recertification as a Healthy Organisation granted by the Colombian Heart Foundation for a period of three years.

| Indicator                             | 2019  |
|---------------------------------------|-------|
| Total number of occupational diseases | 0     |
| Occupational disease rate (1)         | 0     |
| Absenteeism rate (2)                  | 2.561 |
| Absenteeism rate - Men                | 2.391 |
| Absenteeism rate - Women              | 2.874 |
| Total number of days lost (3)         | 4.856 |
| Total number of days lost - Men       | 2.939 |
| Total number of days lost - Women     | 1.917 |

(1) Occupational disease rate: (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 November 2019

Table 1. Occupational health indicators

## Enel X and Market business line

### HSEQ Integrated Management System Certification

In 2019, the Integrated Management System was implemented for the Enel X and Market business lines, which is made up of the standards ISO 9001, 14001 and 45001, respectively, the system was certified with the certifying body TÜV Rheinland with the following scope: “Marketing, Energy Management, Ideation and Sales of value-added products and services (PSVA), offers and sales of engineering works, operation and maintenance of energy products and services; rental of infrastructure and public lighting; operations with the customer, supervisory entities and operation of information systems”.

This certification is valid for 3 years and must be audited every year by the certifying entity, in order to verify the implementation, adequacy and effectiveness of the system in each of the processes of the Enel X and Market business line.

### Emergency response preparedness

In 2019 the emergency plans of all the service centres in Bogota and Cundinamarca were updated, to face situations that endanger the integrity of people, in this initiative the following activities are highlighted:

- > Updating and documentation of the specific emergency plans and formation of the brigade for the 33 business offices.
- > 32 evacuation drills in the Bogota and Cundinamarca Service Centres and participation in 4 locations in the National Emergency Response Drill
- > 14 integral brigade members trained
- > 2 leaders trained in incident command
- > 100% service centres such as cardio-protected areas

### HSEQ route

As a way to stimulate the culture of health, safety, care for the environment and quality at the company's operational sites, a training session was held at eight sites under the name “Reactivate your HSEQ Gene”. This is how the HSEQ ROUTE was carried out, which reached 338 people, who actively participated in recreational activities and ex-

periences to stimulate healthy habits, safe behaviours at work, the improvement of the quality of processes and the assurance of quality of materials.

Regarding the environment, the message of biodiversity conservation was promoted through the presentation of the renowned speaker Darío Gutiérrez, who through his exhibition of live spiders managed to captivate and raise awareness of the importance of respecting life in all its shapes.

## Security

### Security risk management

Methodological tools were built to apply in the service contractors the Security Conditions of Annex III of Country Contracting. They are standardised guidelines for the management of the physical security processes of installations, information security, and fraud and corruption management.

The development of a Security ToolBox allows identifying the main risks associated with the activities and operations carried out by the Company's contractors, such as: economic losses due to damage to corporate assets, damage to the continuity of operations, non-compliance with the availability of assets generation, loss of human life or personal injury, impact on the image of the Company, fraud impact on business profitability, and non-compliance with regulations for the processing of personal data, and information security.

### Counterparty risk management

In 2019, 950 counterparty analyses were carried out, aimed at identifying and dealing in a timely manner with the reputational and legal risks that may arise from business or contractual relationships.

### Protection of infrastructure and local operation

In order to bring all the Company's installations to the optimum state of security, a security analysis and standardisation system for installations in Colombia (SANEC) was developed, which allows the identification, qualification, control and management of operational, physical and environment risks, and seeks to meet the minimum security standard in the different types of installations that the Company has, and facilitates the efficient and timely in-



vestment of resources. This system also ensures:

- > Protection of the Company's strategic assets;
- > Decreased risk of theft and intrusion;
- > Improvement of operating conditions;
- > Decreased preventive maintenance;
- > Risk control with third parties and the environment; and
- > Increased customer confidence

### Information security and personal data protection

During 2019, the Information Security Management System -SGSI- was implemented based on the NTC / ISO 27001 standard and the audit programme for certification of the non-face-to-face care process began.

The Information Security policy was established, which seeks to define the basic guidelines for the protection of confidentiality, integrity and availability of information within the framework of continuous improvement.

The personal data protection programme trained, through awareness workshops, 72 workers representing 28 key areas of the Company, in order to guarantee respect for customer information rights and improve processes taking into account the lessons learned about claims for complaints regarding the subject.

During 2019, 2,248 complaints regarding the guarantee of rights over personal data and privacy were handled, corresponding to 0.06% of the more than 3.5 million users of products and services.

## Management services

### Internal customer service

During 2019, 24,813 requests were answered through the CASA Administrative Services Service Channel, with an opportunity level of 92.62%, perceived quality in the service process of 94.01% and an index of 100% onsite customer satisfaction.

Additionally, during the last quarter of the year, support for contractors on the functionalities of the Gestor.com application was included through CASA.

### Real estate management

- > 17 purchases of land were made for the Quality Plan that includes the construction of electrical substations in the department of Cundinamarca.
- > Four properties were acquired for the construction of the service centers in the municipalities of Choachí, Guaduas, La Mesa and Fusagasugá.
- > Income from leasing and sale of non-performing products amounted to \$ 2,657 million and a promise of sale was signed for the Facatativá warehouse for \$ 3,400 billion.
- > Three of the properties for the construction of the four Transmilenio electro-terminals in Fontibón, Usme and Suba were acquired under the lease, which will support the operation of the 483 electric buses that will come into operation in the Transmilenio system in the second 2020 semester.

### General services and facilities management

#### Renovation and adaptation of spaces

- > Construction of Zone E Calle 82, Calle 93 and Technical Building, which favours collaborative work and improves the quality of life of employees, through flexible and multifunctional spaces.



- > The construction of the service centres and operational headquarters in Chia and Ubate was completed. In the buildings, wellness concepts, collaborative and itinerant spaces were implemented with the incorporation of technologies that support interactive work, with ergonomic, modern, sustainable and inclusive spaces.
- > Lighting was improved in 10 power substations, inside the control houses, perimeter of the connection yard and enclosure area, thus achieving energy efficiency.
- > Fire detection systems in different operational and commercial headquarters of the Company, in order to comply with the Standard of the National Association of Protection against Fire (NFPA), which allows timely identification of events and prevent damage caused by some fire.
- > Renewal of eleven UPS in commercial offices and operational offices.
- > Remodelling, adaptation and improvement works were carried out on collaborative spaces in corporate buildings, and in turn, people were transferred to all operational and administrative offices.

#### Document Management Project

The document management project was continued in accordance with Decree 1080 of 2015. New Document Retention Tables (DRT) were defined for the entire Company, and the policies, procedures and instructions necessary to ensure the efficiency of the process were submitted for the approval of the entities in charge.

## INTERNAL AUDIT MANAGEMENT

During 2019 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 Company's 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 2019 are:

### Corporate behaviour

Relevant documents were issued and updated (Gifts and Hospitality Policy, Personal Data Treatment Policy, Know Your Customer Colombia Organisational Procedure and Labour and/or Sexual Harassment) and the update of the Matrix of the Criminal Risk Prevention Model (testing of controls and monitoring of criminal risks present in the Company's processes).

The activities aimed at sustaining the Anti-Bribery Management System (SGAS) certification obtained in 2018, in compliance with the international standard ISO 37001, continued.

The System allows to prevent, detect and respond to the risk of bribery, strengthening the Company's anti-bribery organisational culture. This establishes a series of conducts that provide guarantees to the administration, investors, partners, personnel and other interest groups that the Organisation is taking the necessary and appropriate measures with the aim of preventing, detecting and responding to the risk of bribery of the most suitable way.

The Internal Audit of the system was developed by an external inspector in order to verify the conformity of the implemented system. The result of the evaluation was of general conformity, confirming that it is a mature and consolidated system, which has been in operation for several years and has evolved with the dynamics of the organisation, integrating processes that demonstrate compliance with the requirements of the ISO37001 standard.

The Codensa Internal Compliance Committee, which is responsible for monitoring the implementation and adequacy of compliance programmes framed in tools, protocols and

control systems, also actively operated 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 continued. Sessions were held with more than 800 collaborators, with the aim of strengthening knowledge on ethical and compliance issues, as well as raising awareness of criminal risk prevention policies and principles, emphasizing the prevention of corruption in risk processes. such as state contracting, institutional relations, contracting and management of consultancies and minor purchases.

Induction training was also carried out for personnel who enter 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, more than 29 pieces of communication were disseminated by internal means such as emails, video, intranet and billboards, and direct link to the ethical channel was promoted in most Codensa Managements.

Codensa celebrated Ethics Week (May), through communication pieces, training, contests, among others. Additionally, the "Gifts and Hospitality" policy issued in May 2019 was presented and a meeting with Enel Group Suppliers was held, emphasizing the risks of corruption, the use of the ethical channel and the presentation of the "Ethical Guide for Suppliers".

On the other hand, the communication channels that have been arranged as consultation or complaint mechanisms (ethical channel, emails, calls, among others) were monitored and managed, with the aim of protecting the complainants from retaliation or discriminatory behaviour, ensuring the confidentiality of their identity and making an adequate analysis and closing of the reported events.

Externally, there was participation in various initiatives as hosts of the Second Working Session of the Electricity Sector Collective Action (May 2019), in which Codensa hosted and presented its Compliance Programme and the experience of certification of the ISO 37001 standard Likewise, the practices regarding Compliance and Anti-bribery were disclosed in spaces such as the Annual Global Compact Congress - UN Colombia (May 2019), Launch of the Network of Compliance officers and with the Secretariat of Transparency.

In 2019, Codensa continued with its active participation in the commitment of the Collective Action for Ethics and Transparency of the Electricity Sector that seeks to promote healthy competition, trust and sustainability of companies and the sector. The Company actively participated in the working table to update the Competition Risk Matter in the Electricity Sector, which identified the risk scenarios for the sector, as well as mitigation actions and best practices as companies. Likewise, work was carried out on updating the Manual of Good Practices for Free Competition in the Electricity Sector, which aims to provide guidelines and basic recommendations that allow them to take the necessary measures to prevent the occurrence of violations of free competition regulations. and acquire knowledge on how to act in the matter.

In turn, Codensa is part and promoter of the “No eXcuses” initiative with its stakeholders, led by the Alliance for Integrity and Global Compact Colombia. This project worked on the creation and dissemination of a primer that makes it possible to make visible in a practical way the 10 most frequently used excuses to justify illegal acts, and offer clear and understandable arguments against them, as well as providing advice to respond to these excuses within the framework of an ethics and compliance anti-corruption programme.

The challenges for the future include continuing to update and implement best practices and consolidate ourselves as benchmarks in the country in terms of Corporate Governance, compliance, ethics, transparency, and the fight against corruption.

### Audit and risk assurance duty

The annual audit plan was completed with the performance of 9 audit assignments, which reviewed the following processes of: Emergency management, Contract management in charge of the B2G customer segment, management of delegated and excluded Purchases, Management of communications contracts, Data management of service interruptions, Analysis of the organisational model for the management of regulatory processes, Payroll Management, Analysis of the adequacy of the Internal Anti-Bribery Control System with respect to ISO 37001, and Logical security of systems that contain commercially sensitive data - Market Colombia.

The progress and compliance of the action plans as a result of previous audits were also monitored, with the aim of solving weaknesses and improving the internal processes of the Company. As of 31 December 2019, action plans older than six months were closed.

## LEGAL MANAGEMENT

Legal management focused on the early detection of risks and legal opportunities for risk prevention and the correct direction and advice for decision-making within the Organisation.

The main milestones of 2019 are described below:

### Regulatory management

Regulatory impact initiatives were analysed, highlighting the projects to amend Acts 142 and 143 of 1994, the National Development Plan and the District Land Use Planning project. This was how the distribution rate request and the regulation regarding market behaviour rules were managed. Finally, the defence of the Company was exercised against the requirements of the Superintendence of Household Public Utilities.

### Business management

Legal steps for business processes were emphasised, such as due diligence for the sale of assets and rights related to the Río Negro Small Hydroelectric Power Plant to Sociedad Generadora Río Negro S.A.S, and support to the investment processes of Global Digital Solutions.

For the Enel X business line, there was support for the structuring of new businesses such as the Clean Service Project, the Municipal Public Lighting Project, the Energy Auction Project, the signing of the Voluntary Disconnectable Demand contract with AES Chivor, and the Ave Fénix Project.

Regarding Infrastructure and Networks, the recognition of the ownership of assets located in the airport area granted under concession by the National Infrastructure Agency to OPAIN was managed, and Specific Agreement No. 2 was signed with the Company Metro de Bogota (within the agreement framework No. 18) for the execution of protection works, relocation or transfer of energy networks and/or assets owned by Codensa, of 5 interferences that these cause to the metro project in the city of Bogotá.

## Litigations

As for the management of litigation, 81% of exoneration of sentence was reached in the sentences that were pronounced during the year 2019 within the different processes that were advanced against Codensa.

Through different judicial rulings, the recovery of properties and strips of land belonging to easements was achieved, and in this way, access to own or private properties for the development of projects for the Company.

Regarding the executive process carried out by the Special Administrative Unit of Public Services (UAESP) for more than \$ 113,000 million, due to the unilateral re-liquidation of public lighting for the Capital District from 1998 to 2004, the acceptance of a policy that would prevent the practice of precautionary measures against Codensa, while defining the nullity claim that was filed against this act that the Company considers outside the legal system.

Regarding the care of actions of protection for issues of infrastructure, supplies, petition rights, among others, 685 guardianships were attended with a percentage of favourable failures of 85.45%. The Company did not incur in violation of the fundamental rights of the users of the service.

The management of the defence in labour issues was framed within writs for the protection of constitutional rights and ordinary processes, with a high percentage of favourable rulings (in writs 154 rulings, 79% with favourable final judgment and ordinary processes 19 rulings, 69% favourable).



Regarding corporate litigation, 17 responses to arbitration lawsuits initiated by local partner Grupo Energía Bogotá S.A. ESP were projected, which aimed to challenge the decisions of the highest corporate bodies, where favourable decisions for the Company were made regarding profit distribution, brand evolution, renewable energy markets, etc., which in the opinion of Grupo Energía Bogotá constitute breaches of the investment framework agreement and corporate bylaws. As of 2019, these procedures are grouped in a single litigation.

### Environmental management

In the framework of the Environmental License process for the project “230/115 kV North Substation, 115 kV transmission lines and connection modules”, which is pending a ruling from the Cundinamarca Regional Autonomous Corporation (CAR) on the Granting of the license, the extension of the subtraction of the protective forest reserve producing the Upper Basin of the Bogotá River was achieved through Order No. 377 of 12 September 2019 of the Ministry of Environment and Sustainable Development. Its validity is a necessary requirement for the granting of the environmental license.

Finally, the Regional Autonomous Corporation of Cundinamarca (CAR) released Codensa from responsibility, within the framework of a sanctioning procedure initiated for the alleged felling of a group of guadua plants in the Ronda area.

## 5. FINANCIAL RESULTS

# FINANCIAL MANAGEMENT

The following are the most relevant figures and indicators:

## Codensa Results 2019

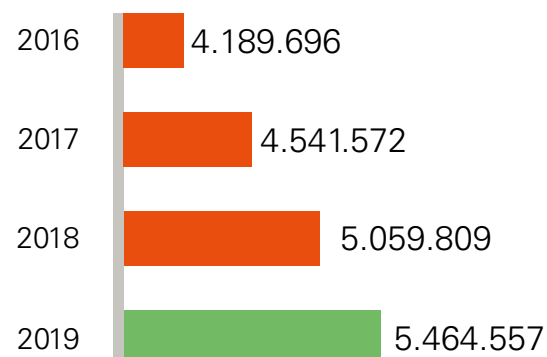
|                              | 2018      | 2019      | Variation |
|------------------------------|-----------|-----------|-----------|
| Operating revenues           | 5.059.809 | 5.464.557 | 8,00%     |
| Operating costs and expenses | 3.048.202 | 3.156.173 | 3,54%     |
| Contribution margin          | 2.011.607 | 2.308.385 | 14,8%     |
| Administrative Expenses      | 454.651   | 470.092   | 3,40%     |
| EBITDA                       | 1.556.956 | 1.838.293 | 18,1%     |
| Earnings before taxes        | 978.404   | 1.223.304 | 25,03%    |
| Provision Income tax         | 369.763   | 400.546   | 8,33%     |
| Net income                   | 608.641   | 822.757   | 35,18%    |

IFRS figures in millions of pesos

During 2019, revenue reached \$5,464,557 million, reflecting an 8% YoY growth, mainly due to:

- i) Growth of the regulated market demand by 2.27% YoY, mainly in the tolls sector, in accordance with the behaviour of the Colombian economy and the increase in industrial production.
- ii) 3.83% increase in the average rate during 2019 compared to 2018, mainly due to the generation component, as a consequence of an increase in stock market prices. In addition to the distribution and marketing component that increased due to the growth of the PPI (Producer Price Index) and CPI (Consumer Price Index), respectively. On the other hand, the restrictions component had a strong reduction thanks to the relief for the amount received by the wholesale market corresponding to the execution of the guarantee for non-compliance with the commissioning of the Hidroituango project.
- iii) The boost in the Company's value-added products and services was due to a better remuneration for public lighting given the modernisation carried out, the start of the billing project for the cleaning service, and the new Crédito Fácil Codensa operation scheme.

### OPERATING REVENUES



Figures in millions of pesos

Cost of sales amounted to \$3,156,173 million, with a YoY increase of 3.54%, mainly as a result of energy purchases at a higher stock market price, to which an average 17% of energy purchases were exposed during the year.

On the other hand, administrative expenses amounted to \$470,092 million, presenting an increase of 3.40% compared to the previous year, mainly as a result of:

- i) Increase in personnel costs given the increase in the CPI and minimum wage.

ii) Increase in the personnel for new projects, especially Cleaning Service Billing and maintenance of public lighting systems, which was offset by greater capitalisation of own labour in accordance with the higher level of investments compared to the previous year.

iii) Higher volumes in face-to-face attention channels, *call centers*, and written management.

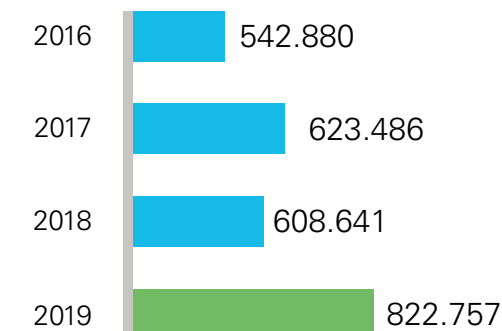
This way, the Company generated in 2019 an EBITDA of \$1,838,293 million, which represented a growth of 18.1% compared to the result of 2018 and an EBITDA margin on revenue of 33.64%.

The Company's net financial expense amounted to \$189,513 million, which represented an increase of 11.1% compared to the \$170,634 million recorded a year ago, explained by an increase in the average debt balance in 2019 compared to 2018, as a result of the financing of Investments, an effect that was partially offset by a lower debt rate of approximately 50 bps. (Average debt cost Dec18 7.4% vs. Dec19 6.9%).

During 2019, debt amortisation payments of \$758,392 million were made. On the other hand, financing was taken for \$839,702 million corresponding to a local bond issue in March, a credit was taken through FINAGRO Subsidised lines in April and June for \$17,043 million and \$50 billion, respectively, to finance projects in rural areas, and finally, four intercompany loans with Emgesa for a total of \$92,658. The placement of bonds was carried out in two series, the first at a fixed rate with a term of 4 years for \$280,000 million and a rate of 6.30%, the second series at CPI + 3.56% for a term of 10 years for an amount of \$200 billion, the placement had a Bid to cover of 2.54x. The resources of these operations were used to finance the investment plan especially in rural areas and the refinancing of financial obligations.

The Company's net income for 2019 was \$822,757 million, 35.2% higher than the previous year, due to the effect of the nominal income tax rate that for 2018 was 37% and in 2019 it was 33%.

### Net Income



Figures in millions of pesos

As of 31 December 2019, the Company's assets totalled \$7,248,932 million, of which the item of net property, plant and equipment, represented 76.9%, for a value of \$5,575,126 million, and cash and temporary investments amounted to \$320,669 million, equivalent to 4.4% of total assets.

Compared to 31 December 2018, total assets showed a YoY growth of 6.2%, Mainly due to an increase in property, plant and equipment, as a result of the investments made by the Company, especially in strengthening electrical infrastructure such as substations, high, medium and low voltage lines, and machinery.

| Assets              | 2018             | 2019             | Variation    |
|---------------------|------------------|------------------|--------------|
| Current Assets      | 1.412.073        | 1.269.193        | -10,12%      |
| Non-current assets  | 5.412.592        | 5.979.739        | 10,48%       |
| <b>Total Assets</b> | <b>6.824.665</b> | <b>7.248.932</b> | <b>6,22%</b> |

Figures in millions of pesos

Liabilities as of 31 December 2019 totalled \$4,106,659 million, with an increase of 1.23% compared to the balance of 2018, mainly represented by an increase in the Company's indebtedness to finance its investment plan.

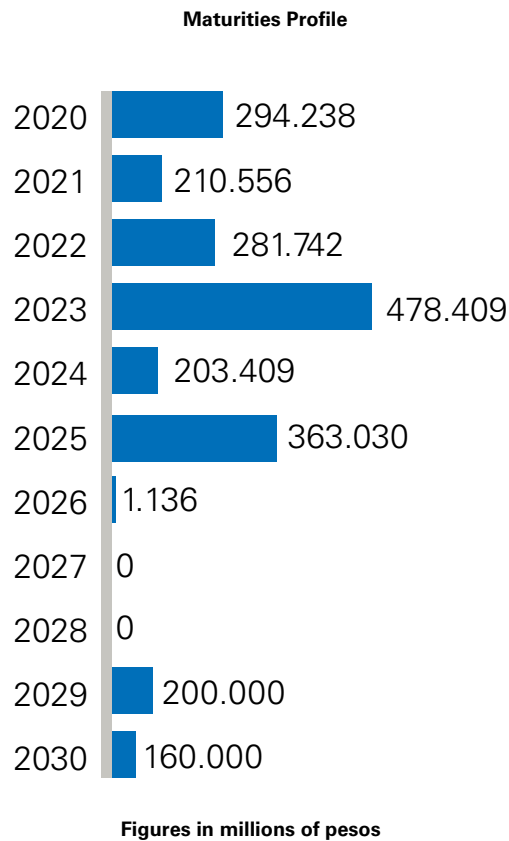
At the end of 2019, the balance of the financial debt, including interest payable, amounted to \$2,192,220 million, which represents a YoY increase of 4.17%.

| Liabilities and equity       | 2018      | 2019      | Variation |
|------------------------------|-----------|-----------|-----------|
| Current liabilities          | 2.142.430 | 1.820.882 | -15,01%   |
| Non-current liabilities      | 1.914.398 | 2.285.777 | 19,40%    |
| Total liabilities            | 4.056.828 | 4.106.659 | 1,23%     |
| Total equity                 | 2.767.837 | 3.142.273 | 13,53%    |
| Total liabilities and equity | 6.824.665 | 7.248.932 | 6,22%     |

Figures in millions of pesos

The Company maintained its policy of minimizing the exposure of the income statement to exchange rate variations, with which, as of 31 December 2019, 100% of its debt was concentrated in pesos, 89% in bonds in the local market, 8% with banks and 4% with intercompany loans. Additionally, 42% of the interest on the debt was indexed to the CPI, 1% to DTF, 3% to IBR and 55% at a fixed rate. Moreover, as of year-end 2019, 88% of the financial debt was long-term (maturity over one year).

The following is the profile of scheduled maturities as of 31 December 2019:



In turn, the Company's equity as of 31 December 2019 amounted to \$3,142,273 million, presenting a YoY increase of 4.49%. This variation is mainly explained by i) an increase in retained earnings and ii) the increase in net income.

### Dividends

On 26 March 2019, the General Shareholders' Meeting in ordinary session approved the distribution of profits for the period January to December 2018, for a total amount of \$608,641 million, equivalent to a distribution of 70% of available profits.

In 2019, Codensa paid a total of \$432,861 million in dividends to its shareholders, corresponding to the last instalment of the dividends declared on the 2017 net income and to the first two instalments of the dividends on 2018 net income, equivalent to 70% of the total dividend declared on net income.

### Current Ratings

On 11 July 2019, Fitch Ratings Colombia confirmed in AAA (col) the long-term national rating of Codensa and maintained the stable outlook. The rating agency also ratified in AAA (col) the rating of all Codensa's current bond issues, as well as its Ordinary Bond and Commercial Paper Issuance and Placement Programme. Additionally, it ratifies the F1 + (col) rating for short-term rating.

According to the rating agency report, Codensa's rating reflects the Company's low business risk profile, derived from the regulated nature of its income 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 highlighted the strategic importance of Codensa for the Enel Group. The rating also considers Codensa's moderate exposure to regulatory risk.

### Investor Relations (IR) Recognition

For the seventh year in a row, Codensa received the IR -Investor Relations- recognition for its commitment, transparency and high standards regarding disclosure of information and its relationship with investors.

This recognition has as requirements that companies have a representative who is available to attend to investor inquiries in Spanish and English, who reveal additional information to that which is ordinarily requested, through the website that is constantly updated, and additionally that it makes periodic publications of financial and corporate information.

### Taxes

The management of Tax Consulting in 2019 focused on an active participation in the operations of the Company as described below:

Attention to tax litigation, mainly in those disputes related to territorial taxes and contributions imposed by entities such as the Regional Autonomous Corporation and the Superintendence of Domiciliary Public Services.

The successful discussion of the determination of the public lighting tax in the municipality of Agua de Dios for the periods of November-December 2014 and January-December 2017, for \$265 million, stands out.

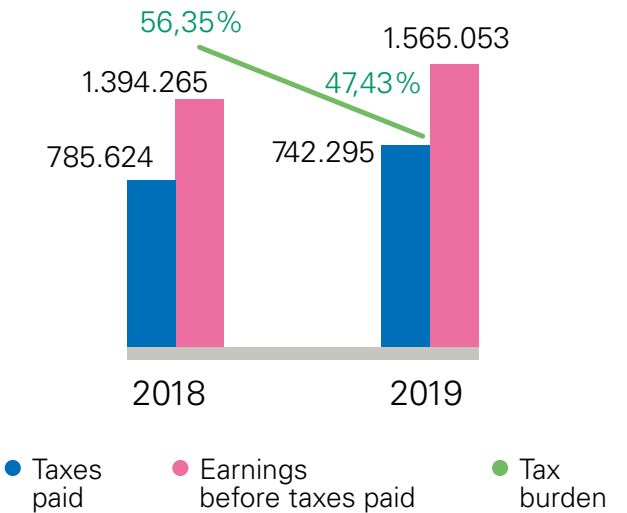
Also relevant are the favourable rulings issued by the Council of State after reviewing the settlement of the Special Contribution for the Superintendence of Household Public Utilities by taxable year 2013 and 2014. These rulings are consistent with the arguments presented by Codensa S.A. E.S.P. regarding its incorrect tax base. Consequently, the rulings ordered the return of \$2,717 million for the 2013 term and \$1,363 million for the 2014 term.

During the year, acquisitions of real productive fixed assets were made that allow taking a tax discount on income for the VAT paid of \$24,072 million. This discount will be applied in the tax returns of the taxable year in which the corresponding tax conditions are met.

The programme for monitoring and taking advantage of tax benefits for energy efficiency was implemented before the competent environmental and mining-energy authorities. Thus, Tax Consulting worked with the teams of the business lines to obtain the certifications that allow taking tax benefits in the income tax for the modernisation project of public lighting in Bogotá.

The first disclosure of the Total Tax Contribution (TTC) for 2018 was carried out, which shows the clear way in which the Enel Companies act in their fiscal responsibilities, fully complying with current tax regulations, which contributes to economic development and social of Colombia through the payment and collection of all taxes. The TTC allows to identify, measure and communicate the business asset that represents the tax contribution of Enel Colombia, so that it is effectively incorporated into the reputational value, given the value it generates and contributes to the Company.

The tax burden of CODENSA S.A. E.S.P. including all national and local taxes (collected and supported), from the last two years is as follows:



### Accounting

In May 2019, the new financial system E4E (Evolution for Energy), version SAP 6.0, came into operation, whose objective is the integration and traceability of the distribution business processes and the administration, finance and control function, incorporating the implementation of an operating model under a global strategic vision. Currently 2,497 users currently have a more efficient tool.

### Internal control

As part of the Internal Control System, Codensa has an internal control model based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) international reference framework to provide financial reporting assurance in compliance with the United States Sarbanes Oxley Act (SOX) of 2002 and Italian Act 262 of 2005; subject to evaluation by those responsible for controls and different audits.

Management personnel and other controllers carried out the process of self-evaluation 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 responsibility for internal monitoring of

the Internal Control Model, the firm Deloitte & Touche executed this process without identifying significant issues, thus concluding that the Internal Control Model of the Financial Report operates effectively.

Additionally, the firm Ernst & Young as fiscal auditor and external auditor during 2019 audited the relevant processes and controls and its results were communicated to the Company's Audit Committee without identifying significant design and operational deficiencies regarding the report's internal control model. Financial.

For the issues identified in the self-assessment process and in the audits, action plans were designed to mitigate the observations received and promote continuous improvement of the internal control model.

**Access Policies**

In 2019 and in compliance with the internal control policies of the Enel Group, the certification of accesses to the relevant information systems was carried out as a monitoring and assurance activity on adequate and authorised access to the systems under scope.

**Electronic billing**

Codensa, as a public service provider, 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.

These regulations establish that while the current provisions are not modified, other equivalent documents may be used under the current conditions.

Additionally, in compliance with Resolution 000010 of 6 February 2018, the Company structured a project and implemented as of 1 January 2019 the receipt of electronic invoicing for suppliers.





## 6. SEPARATE FINANCIAL STATEMENTS



## **SEPARATE FINANCIAL STATEMENTS**

**Codensa S.A. E.S.P.**

**For the years ended 31 December 2019 and 2018 and for  
the twelve-month period ended 31 December 2019 and  
2018, with Statutory Auditor's Report**



# Independent Auditor’s Report

To the Shareholders of:

Codensa S.A. E.S.P.

## Opinion

I have audited the accompanying financial statements of Codensa S.A. E.S.P. (hereinafter the Company), which comprise the statement of financial position as of 31 December 2019 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.

In my opinion, the accompanying financial statements fairly present, in all material respects, the Company’s financial position, taken from the books, as of 31 December 2019, the results of its operations and the cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and with the ethical requirements that are relevant to my audit of the financial statements in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the accompanying financial statements. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. Based on the above, below, I detail how each key matter was addressed during my audit.

I have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Consequently, my audit included the performance of procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including the procedures performed to address the matters listed below, form the basis of my audit opinion on the accompanying financial statements.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How my audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Estimate of income for energy delivered but not invoiced</b></p> <p>The Company has established a procedure for the monthly recognition of the estimate for energy delivered but not invoiced corresponding to the sale of energy in the regulated market, income from tolls and income from public lighting. Said estimate is presented by the difference between the commercial billing cut-off and the monthly accounting cut-off, in which the estimate corresponds to the energy that has been delivered but not invoiced at the accounting cut-off. For income with commercial cycles that do not match the accounting cut-off, management estimates the amount to be recognized for energy delivered but not invoiced at the end of the year. This area is identified as a key aspect of auditing due to the complexity of the estimation process and management’s judgment applied in the assumptions used.</p> | <p>In relation to this key audit matter, our audit procedures as of 31 December 2019 included the following:</p> <ol style="list-style-type: none"> <li>1. Understanding the criteria and procedures used by management for the estimate of income from energy delivered but not invoiced, including verification of the effectiveness of the relevant controls associated with the process.</li> <li>2. We carried out substantive analytical procedures related to the month-to-month behaviour of the estimate versus actual billing (analysis by quantities and rates) and analysis of the behaviour of estimated demand in terms of quantities versus actual demand for regulated consumption, identifying possible significant deviations.</li> <li>3. We compared the economic variables (PPI and CPI) estimated by management against real data for the month with external sources, which allows us to identify possible significant deviations and whether they are justified by management.</li> <li>4. We recalculated the estimate of the regulated market, public lighting and tolls based on the information used by management to determine possible deviations requesting proper justification from management.</li> <li>5. We recalculated with the Company’s information sources and external sources to determine the actual income, comparing it with the period estimate to determine possible significant deviations between estimated income for energy delivered but not invoiced versus actual income.</li> <li>6. We tested the effectiveness in terms of design and operation of controls executed by management in which the estimate of energy delivered but not invoiced is compared against the resulting income once they are fully invoiced.</li> </ol> |

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards generally accepted in Colombia (CFRS), which includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying the appropriate accounting policies, as well as establishing the accounting estimates reasonable under the circumstances.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- » Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provided those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I described these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

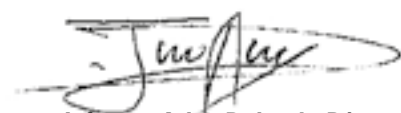
### Other affairs

The financial statements under accounting and financial reporting standards accepted in Colombia of Codensa S.A. E.S.P. as of 31 December 2018, which are part of the comparative information in the accompanying financial statements, were audited by another auditor designated by Ernst & Young Audit S.A.S., on which he expressed his unqualified opinion on 21 February 2019.

#### Report on other legal and regulatory requirements

Based on the scope of my audit, I am not aware of situations indicative of non-compliance in the fulfilment of the following Company obligations: 1) Keep the minutes books, shareholder register and accounting, according to legal regulations and accounting technique ; 2) Carry out the operations in accordance with the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, and the regulations related to comprehensive social security; and 3) Keep the correspondence and the vouchers of the accounts. Additionally, there is agreement between the accompanying financial statements and Management's report, which includes Management's statement on the free circulation of the 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 2020.

The engagement partner on the audit resulting in this independent auditor's report is Edwin Vargas.



**Jeferson Arley Delgado Pérez**  
Independent Auditor  
Professional License 220202 –T  
Designated by Ernst & Young Audit S.A.S. TR–530

Bogota, Colombia  
21 February 2020

**Codensa S.A. E.S.P.**
**Statement of Financial Position – Separate**

(Thousands of pesos)

|                                                            | Note | As of 31 December<br>2019 | As of 31 December<br>2018 |
|------------------------------------------------------------|------|---------------------------|---------------------------|
| <b>Assets</b>                                              |      |                           |                           |
| Current Assets:                                            |      |                           |                           |
| Net cash and cash equivalents                              | 4    | \$ 320.669.225            | \$ 633.939.201            |
| Net other current financial assets                         | 5    | 720.495                   | 690.037                   |
| Net other current non-financial assets                     | 6    | 14.639.702                | 14.079.404                |
| Net commercial accounts receivable and other receivables   | 7    | 688.085.339               | 607.109.905               |
| Net current accounts receivable from related entities      | 8    | 16.961.366                | 17.397.859                |
| Net inventories                                            | 9    | 190.914.457               | 119.939.172               |
| Assets held for sale                                       | 10   | 37.203.350                | 18.917.654                |
| <b>Total current assets</b>                                |      | <b>1.269.193.934</b>      | <b>1.412.073.232</b>      |
| Non-current assets:                                        |      |                           |                           |
| Net other financial assets                                 | 5    | 6.318                     | 18.886                    |
| Net other non-financial assets                             | 6    | 39.571.458                | 15.343.312                |
| Net commercial accounts receivable and other receivables   | 7    | 53.367.281                | 53.102.674                |
| Investments in subsidiaries, joint ventures and associates | 11   | 5.460.654                 | 5.065.965                 |
| Net intangible assets other than capital gains             | 12   | 306.206.569               | 229.029.119               |
| Net Property, plant and equipment                          | 13   | 5.575.126.194             | 5.110.031.961             |
| <b>Total non-current assets</b>                            |      | <b>5.979.738.474</b>      | <b>5.412.591.917</b>      |
| <b>Total assets</b>                                        |      | <b>7.248.932.408</b>      | <b>6.824.665.149</b>      |

**Liabilities and equity**

|                                                |    |                         |                         |
|------------------------------------------------|----|-------------------------|-------------------------|
| Current liabilities:                           |    |                         |                         |
| Other financial liabilities                    | 14 | 247.432.643             | 507.358.599             |
| Commercial accounts payable and other payables | 15 | 997.830.494             | 1.181.561.548           |
| Accounts payable to related entities           | 8  | 316.168.994             | 265.550.455             |
| Provisions                                     | 16 | 23.264.258              | 33.531.258              |
| Taxes payable                                  | 17 | 147.948.723             | 69.999.930              |
| Provisions for employee benefits               | 18 | 71.052.293              | 63.814.230              |
| Liabilities held for sale                      | 10 | 12.453.350              | 12.453.350              |
| Other non-financial liabilities                | 19 | 4.731.358               | 8.160.165               |
| <b>Total current liabilities</b>               |    | <b>1.820.882.113</b>    | <b>2.142.429.535</b>    |
| Non-current liabilities:                       |    |                         |                         |
| Other financial liabilities                    | 14 | 1.944.787.684           | 1.597.038.007           |
| Provisions                                     | 16 | 15.858.007              | 9.509.067               |
| Provisions for employee benefits               | 18 | 304.025.771             | 283.208.814             |
| Other non-financial liabilities                | 19 | 20.753.268              | 19.135.216              |
| Net deferred tax liabilities                   | 20 | 352.442                 | 5.507.156               |
| <b>Total non-current liabilities</b>           |    | <b>\$ 2.285.777.172</b> | <b>\$ 1.914.398.260</b> |
| <b>Total liabilities</b>                       |    | <b>\$ 4.106.659.285</b> | <b>\$ 4.056.827.795</b> |

**Codensa S.A. E.S.P.**
**Statement of Financial Position – Separate (Continued)**

(Thousands of pesos)

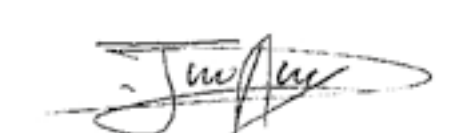
|                                                    | Note | As of 31 December<br>2019 | As of 31 December<br>2018 |
|----------------------------------------------------|------|---------------------------|---------------------------|
| <b>Equity</b>                                      |      |                           |                           |
| Issued capital                                     | 21   | \$ 13.487.545             | \$ 13.487.545             |
| Issue premiums                                     |      | 190.553.196               | 190.553.196               |
| Other reserves                                     | 21   | 228.753.192               | 233.148.856               |
| Other comprehensive income                         |      | (92.879.429)              | (75.002.270)              |
| <i>Net income</i>                                  |      | 822.757.186               | 608.640.849               |
| <i>Retained earnings</i>                           |      | 493.603.756               | 311.011.501               |
| <i>Retained losses</i>                             |      | (37.859.236)              | (37.859.236)              |
| <i>Retained earnings due to transition to CFRS</i> |      | 31.681.781                | 31.681.781                |
| <i>Retained earnings due to conversion to CFRS</i> |      | 1.756.025.883             | 1.756.025.883             |
| <i>Equity effect business combination</i>          |      | (263.850.751)             | (263.850.751)             |
| Retained earnings                                  |      | 2.802.358.619             | 2.405.650.027             |
| <b>Total equity</b>                                |      | <b>3.142.273.123</b>      | <b>2.767.837.354</b>      |
| <b>Total liabilities and equity</b>                |      | <b>\$ 7.248.932.408</b>   | <b>\$ 6.824.665.149</b>   |

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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
Legal Representative

  
**Luz Dary Sarmiento Quintero**  
Public Accountant  
Professional Card 65450-T

  
**Jeferson Arley Delgado Pérez**  
Statutory Auditor  
Professional Card 220202-T  
Appointed by Ernst & Young Audit S.A.S. TR-530  
(Refer to my report dated 21 February 2020)

## Codensa S.A. E.S.P.

### Income Statement, by Nature – Separate

(Thousands of pesos, except earnings per share)

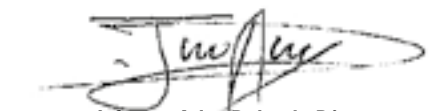
|                                                                         | Note      | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|-------------------------------------------------------------------------|-----------|--------------------------------------------------------------|--------------------------------------------------------------|
| Income from ordinary activities                                         | 22        | \$ 5.416.282.845                                             | \$ 5.038.609.808                                             |
| Other operating income                                                  | 22        | 48.274.326                                                   | 21.198.860                                                   |
| <b>Total income from ordinary activities and other operating income</b> |           | <b>5.464.557.171</b>                                         | <b>5.059.808.668</b>                                         |
| <b>Provisioning and services</b>                                        | <b>23</b> | <b>(3.156.172.601)</b>                                       | <b>(3.048.201.524)</b>                                       |
| <b>Contribution margin</b>                                              |           | <b>2.308.384.570</b>                                         | <b>2.011.607.144</b>                                         |
| Works for fixed assets                                                  |           | 95.721.646                                                   | 79.538.010                                                   |
| Personnel expenses                                                      | 24        | (234.661.198)                                                | (203.889.155)                                                |
|                                                                         | 25        | (331.152.321)                                                | (330.299.569)                                                |
| <b>Other operating expenses</b>                                         |           | <b>1.838.292.697</b>                                         | <b>1.556.956.430</b>                                         |
| Depreciations and amortisations                                         | 26        | (399.243.179)                                                | (354.627.483)                                                |
| Impairment losses (Reversal)                                            | 26        | (14.710.633)                                                 | (40.896.882)                                                 |
| <b>Operating profit</b>                                                 |           | <b>1.424.338.885</b>                                         | <b>1.161.432.065</b>                                         |
| Financial revenues                                                      |           | 18.672.374                                                   | 35.336.181                                                   |
| Financial expenses                                                      |           | (208.195.773)                                                | (201.115.058)                                                |
| Exchange difference                                                     |           | 10.911                                                       | (4.855.282)                                                  |
| <b>Net financial earnings</b>                                           | <b>27</b> | <b>(189.512.488)</b>                                         | <b>(170.634.159)</b>                                         |
| Earnings from other investments                                         | 28        | 415.682                                                      | 64.006                                                       |
| Earnings from sale and disposal of assets                               | 29        | (11.938.475)                                                 | (12.457.615)                                                 |
| <b>Earnings before taxes</b>                                            |           | <b>1.223.303.604</b>                                         | <b>978.404.297</b>                                           |
| Income tax expense                                                      | 30        | (400.546.418)                                                | (369.763.448)                                                |
| <b>Net income</b>                                                       |           | <b>\$ 822.757.186</b>                                        | <b>\$ 608.640.849</b>                                        |
| <b>Basic and diluted earnings per share</b>                             |           |                                                              |                                                              |
| Basic and diluted earnings per share in on-going operations             | 31        | \$ 6.051,50                                                  | \$ 4.464,40                                                  |
| 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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
 Legal Representative

  
**Luz Dary Sarmiento Quintero**  
 Public Accountant  
 Professional Card 65450-T

  
**Jeferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T  
 Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 21 February 2020)

## Codensa S.A. E.S.P.

### Statement of Comprehensive Income – Separate

(Thousands of pesos)

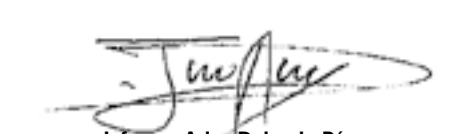
|                                                                                                             | Note      | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|-------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------|--------------------------------------------------------------|
| <b>Net income</b>                                                                                           |           | <b>\$ 822.757.186</b>                                        | <b>\$ 608.640.849</b>                                        |
| <b>Components of other comprehensive income not reclassified to earnings before taxes</b>                   |           |                                                              |                                                              |
| Loss on new measurements of defined benefit plans                                                           |           | (24.349.272)                                                 | (24.620.805)                                                 |
| Loss on new measurements of financial instruments measured at fair value through OCI                        |           | (12.567)                                                     | (8.774)                                                      |
| <b>Other comprehensive income not reclassified to earnings before taxes</b>                                 |           | <b>(24.361.839)</b>                                          | <b>(24.629.579)</b>                                          |
| <b>Components of other comprehensive income reclassified to earnings before taxes</b>                       |           |                                                              |                                                              |
| Loss on cash flow hedges                                                                                    |           | (54.503)                                                     | (20.043)                                                     |
| <b>Other comprehensive income reclassified to earnings before taxes</b>                                     |           | <b>(54.503)</b>                                              | <b>(20.043)</b>                                              |
| <b>Income tax relative to components of other comprehensive income not reclassified to net income</b>       |           |                                                              |                                                              |
| Effect of taxes on new measurements of defined benefit plans                                                |           | 6.521.742                                                    | 7.835.955                                                    |
| <b>Total income tax relative to components of other comprehensive income not reclassified to net income</b> |           | <b>6.521.742</b>                                             | <b>7.835.955</b>                                             |
| <b>Income tax relative to components of other comprehensive income reclassified to net income</b>           |           |                                                              |                                                              |
| Effect of taxes on cash flow hedges                                                                         | 20        | 17.441                                                       | 7.416                                                        |
| <b>Total income tax relative to components of other comprehensive income reclassified to net income</b>     |           | <b>17.441</b>                                                | <b>7.416</b>                                                 |
| <b>Total other comprehensive income</b>                                                                     | <b>32</b> | <b>(17.877.159)</b>                                          | <b>(16.806.251)</b>                                          |
| <b>Total comprehensive income</b>                                                                           |           | <b>\$ 804.880.027</b>                                        | <b>\$ 591.834.598</b>                                        |

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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
 Legal Representative

  
**Luz Dary Sarmiento Quintero**  
 Public Accountant  
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**Jeferson Arley Delgado Pérez**  
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 Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 21 February 2020)

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 |
| Initial 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                 |
| Changes in equity                                            |                |                |               |                    |                            |                  |                                                               |                                               |                                  |
| Net income                                                   | -              | -              | -             | -                  | -                          | -                | -                                                             | -                                             | -                                |
| Other comprehensive income (Note 32)                         | -              | -              | -             | -                  | -                          | (12,627)         | (8,774)                                                       | (16,784,850)                                  | 608,640,849                      |
| Comprehensive income                                         | -              | -              | -             | -                  | -                          | (12,627)         | (8,774)                                                       | (16,784,850)                                  | 608,640,849                      |
| Dividends declared                                           | -              | -              | -             | -                  | -                          | -                | -                                                             | -                                             | (439,631,322)                    |
| Increases (decreases) due to other changes, equity           | -              | -              | -             | (3,191,156)        | (3,191,156)                | -                | -                                                             | -                                             | (29,993,471)                     |
| Total increase (decrease) in equity                          | -              | -              | -             | (3,191,156)        | (3,191,156)                | (12,627)         | (8,774)                                                       | (16,784,850)                                  | 139,016,056                      |
| 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                 |
| Changes in equity                                            |                |                |               |                    |                            |                  |                                                               |                                               |                                  |
| Net income                                                   | -              | -              | -             | -                  | -                          | -                | -                                                             | -                                             | -                                |
| Other comprehensive income (Note 32)                         | -              | -              | -             | -                  | -                          | (37,062)         | (12,567)                                                      | (17,827,530)                                  | 822,757,186                      |
| Comprehensive income                                         | -              | -              | -             | -                  | -                          | (37,062)         | (12,567)                                                      | (17,827,530)                                  | 822,757,186                      |
| Dividends declared                                           | -              | -              | -             | -                  | -                          | -                | -                                                             | -                                             | (430,444,258)                    |
| Increases (decreases) due to other changes, equity (Note 21) | -              | -              | -             | (4,395,664)        | (4,395,664)                | -                | -                                                             | -                                             | 4,395,664                        |
| Total increase (decrease) in equity                          | -              | -              | -             | (4,395,664)        | (4,395,664)                | (37,062)         | (12,567)                                                      | (17,827,530)                                  | 396,708,592                      |
| Final equity as of 31-12-2019                                | \$ 13,487,545  | \$ 190,553,196 | \$ 26,454,481 | \$ 202,298,711     | \$ 228,753,192             | \$ (37,062)      | \$ (28,741)                                                   | \$ (92,813,626)                               | \$ 2,802,358,619                 |

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 faithfully taken accounting books of the companies that make up the company.

  
Francisco Bertoli  
Legal Representative

  
Luz Dary Sarmiento Quintero  
Public Accountant  
Professional Card 65450-T

  
Jefferson Arley Delgado Pérez  
Statutory Auditor  
Professional Card 220202-T

Appointed by Ernst & Young Audit S.A.S. TR-530  
(Refer to my report dated 21 February 2020)

## Codensa S.A. E.S.P.

### Separate Statement of Cash Flows - Direct Method

(Thousands of pesos)

|                                                                                            | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Cash flows from (used in) operating activities:                                            |                                                              |                                                              |
| Types of collections by operating activity                                                 |                                                              |                                                              |
| Collections from sales of goods and services                                               | \$ 5.237.267.364                                             | \$ 4.833.235.106                                             |
| Collections from royalties, fees, commissions and other revenues from ordinary activities  | 115.368.870                                                  | 115.737.594                                                  |
| Other collections from operating activities                                                | 2.107.470.068                                                | 1.963.191.591                                                |
| Types of cash payments from operating activities                                           |                                                              |                                                              |
| Payments to vendors for supply of goods and services                                       | (3.708.508.545)                                              | (3.429.586.855)                                              |
| Payments of operating leases                                                               | (1.230.268)                                                  | (9.880.218)                                                  |
| Payments to and on behalf of employees                                                     | (143.297.577)                                                | (160.771.770)                                                |
| Payments of bonuses and compensations, annuities and other benefits of subscribed policies | (4.679.912)                                                  | (4.443.028)                                                  |
| Other payments for operating activities                                                    | (2.025.352.530)                                              | (1.652.538.787)                                              |
| Reimbursed income tax (paid)                                                               | (316.849.256)                                                | (381.415.101)                                                |
| Other cash inflows (outflows)                                                              | (74.016.410)                                                 | (63.614.090)                                                 |
| <b>Net cash flows from operating activities</b>                                            | <b>1.186.171.804</b>                                         | <b>1.209.914.442</b>                                         |
| 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             | 137.000.000                                                  | 132.000.000                                                  |
| Other payments to acquire equity or debt instruments from other entities                   | (137.000.000)                                                | (112.000.000)                                                |
| Purchase of property, plant and equipment                                                  | (978.024.897)                                                | (908.955.183)                                                |
| Payments from futures, forwards, option and swap contracts                                 | (74.367)                                                     | (153.978)                                                    |
| Interests received                                                                         | 8.183.964                                                    | 10.345.929                                                   |
| <b>Net cash flows used in investment activities</b>                                        | <b>(969.915.300)</b>                                         | <b>(883.763.232)</b>                                         |
| Cash flows from (used in) financing activities:                                            |                                                              |                                                              |
| Amount from issue of bonds                                                                 | 480.000.000                                                  | 555.000.000                                                  |
| Amount from long-term loans                                                                | 67.043.372                                                   | -                                                            |
| Amount from short-term loans                                                               | 200.000.000                                                  | -                                                            |
| Loans from related entities                                                                | 92.658.471                                                   | 81.000.000                                                   |
| Dividends paid                                                                             | (432.861.488)                                                | (424.769.587)                                                |
| Interest paid                                                                              | (163.913.063)                                                | (146.710.355)                                                |
| Interest paid on operating leases (IFRS 16)                                                | (1.825.440)                                                  | -                                                            |
| Bank loan payments                                                                         | (517.391.503)                                                | (39.782.607)                                                 |
| Bond loan payments                                                                         | (160.000.000)                                                | (261.660.000)                                                |
| Payments of finance lease liabilities                                                      | (3.701.451)                                                  | (3.360.448)                                                  |
| Payments of lease liabilities (IFRS 16)                                                    | (8.535.378)                                                  | -                                                            |
| Payments of loans to related entities                                                      | (81.000.000)                                                 | -                                                            |
| <b>Net cash flows used in financing activities</b>                                         | <b>(529.526.480)</b>                                         | <b>(240.282.997)</b>                                         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                | <b>(313.269.976)</b>                                         | <b>85.868.213</b>                                            |
| Cash and cash equivalents initial balance                                                  | 633.939.201                                                  | 548.070.988                                                  |
| Cash and cash equivalents final balance                                                    | <b>\$ 320.669.225</b>                                        | <b>\$ 633.939.201</b>                                        |

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

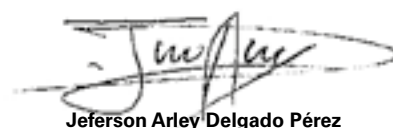
The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been faithfully taken accounting books of the companies that make up the company.



**Francesco Bertoli**  
Legal Representative



**Luz Dary Sarmiento Quintero**  
Public Accountant  
Professional Card 65450-T



**Jeferson Arley Delgado Pérez**  
Statutory Auditor  
Professional Card 220202-T  
Appointed by Ernst & Young Audit S.A.S. TR-530  
(Refer to my report dated 21 February 2020)

## TABLE OF CONTENTS

|                                                                      |     |
|----------------------------------------------------------------------|-----|
| 1. Overview .....                                                    | 136 |
| 2. Bases for Presentation .....                                      | 139 |
| 3. Accounting Policies .....                                         | 142 |
| 4. Net Cash and Cash Equivalents .....                               | 165 |
| 5. Net Other Financial Assets .....                                  | 166 |
| 6. Other Non-Financial Assets .....                                  | 166 |
| 7. Commercial Accounts Receivable and Other Receivables, Net .....   | 166 |
| 8. Balances and Transactions with Related parties .....              | 171 |
| 9. Net inventories .....                                             | 176 |
| 10. Non-current assets and liabilities held for sale .....           | 176 |
| 11. Investments in Subsidiaries, Joint Ventures and Associates ..... | 177 |
| 12. Net Intangible Assets Other than Capital Gains .....             | 178 |
| 13. Net Property, Plant and Equipment .....                          | 180 |
| 14. Other Financial Liabilities .....                                | 185 |
| 15. Commercial accounts payable and other payables .....             | 191 |
| 16. Provisions .....                                                 | 193 |
| 17. Taxes payable .....                                              | 200 |
| 18. Provisions for employee benefits .....                           | 202 |
| 19. Other non-financial liabilities .....                            | 205 |
| 20. Net deferred taxes .....                                         | 209 |

## TABLE OF CONTENTS

|                                                                        |     |
|------------------------------------------------------------------------|-----|
| 21. Patrimonio .....                                                   | 211 |
| 22. Revenue and other operating revenues .....                         | 215 |
| 23. Provisioning and Services .....                                    | 218 |
| 24. Personnel expenses .....                                           | 219 |
| 25. Other fixed operating expenses .....                               | 219 |
| 26. Expense for Depreciation, Amortisation and Impairment Losses ..... | 221 |
| 27. Net Financial Income .....                                         | 221 |
| 28. Income from Investments .....                                      | 223 |
| 29. Income from the Sale and Disposal of Assets .....                  | 223 |
| 30. Income Tax Expenses .....                                          | 224 |
| 31. Earnings per Share .....                                           | 225 |
| 32. Other Comprehensive Income .....                                   | 225 |
| 33. Assets and Liabilities in Foreign Currency .....                   | 226 |
| 34. Penalties .....                                                    | 226 |
| 35. Other Insurance .....                                              | 227 |
| 36. Commitments and Contingencies .....                                | 228 |
| 37. Risk Management .....                                              | 231 |
| 38. Information on fair value .....                                    | 234 |
| 39. Categories of financial assets and financial liabilities .....     | 235 |
| 40. Approval of Financial Statements .....                             | 235 |
| 41. Subsequent events .....                                            | 235 |

**1. Overview**

**1.1. Economic entity**

Codensa S.A. E.S.P. (hereinafter the Company) is a public limited company in accordance with the provisions of Act 142/1994 and 143/1994. 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, in the city of Bogotá D.C.

The Company 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.S. On June 27, 2019, through a private document, under number 02480893 of book IX, the Business Group was modified, in the sense of indicating the inclusion of the companies Parque Solar Fotovoltaico Sabanalarga S.A.S. and Parque Solar Fotovoltaico Valledupar S.A.S., which are indirectly controlled by the foreign company Enel Green Power SpA through Enel Green Power Colombia S.A. E.S.P. (subsidiaries).

Corporate Purpose – The Company is engaged in 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 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. It may also participate as partner or shareholder in other public utilities, directly or by associating with other persons, or forming a consortium with them. In developing its main corporate purpose, the company may promote and set up establishments or agencies in Colombia or abroad; acquire, lease, dispose of, encumber and give as collateral all kinds of movable or immovable property under any title; assume any form of association or business collaboration with natural or juridical persons to carry out activities related, connected and complementary to its corporate purpose; use trademarks, trade names, patents, inventions or any other intangible assets as long as they are related to the main purpose; transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, write of execution and others; participate in public and private tenders; give or receive money in loan to or from their shareholders, parent companies, subsidiaries, and third parties; enter into insurance, transport, joint accounts, contracts with banking and/or financial institutions. It may further participate with financial institutions as a banking correspondent for the benefit of its customers.

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.

The General Shareholders' Meeting, in extraordinary session No. 72 held on September 17, 2019, approved the entry of a new line of business consisting of the incorporation of a commercial financing entity to continue operating the product “Crédito Fácil Codensa” jointly with Scotiabank Colpatría. As of December 31, 2019, the commercial financing company has not been

incorporated. In the same meeting, the modification of the Company's corporate purpose was approved in order to satisfactorily advance its participation in the new Commercial Financing Company and in turn to develop complementary activities, one of them related to e-commerce to carry out business with customers through different digital platforms and strengthen the Company's position in terms of marketing and mass placement of insurance policies as an insurance correspondent.

**1.2. Corporate Cooperation Agreements**

The Company and Scotiabank Colpatría S.A. have entered into an Open Book business collaboration agreement with the aim of providing financial products and services to users of the public energy service in the residential and commercial categories, which is in force from 1 November 2019, and the end date of the agreement shall be when all the procedures for the constitution of a financing company “NewCo” are completed and the portfolio is transferred to the new company, as established in the Investment Framework Agreement signed on 31 October 2019, between said parties.

As of 31 December 2019, the commercial financing company has not been incorporated.

**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 the Company whose purpose is to provide the service of promotion, billing and collection of the value of the premiums and instalments of the contracts authorised by the Company and that Mapfre sells to Codensa's customers, among others. The term of this contract is 8 years.

On 1 February 2017, Mapfre and the Company 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 the Company, 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 2019 and 2018, 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 the Company's and EEC's 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 of the Company and 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 the Company 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 the CREG in Resolution 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 079 of 2014.

The Regulation Commission issued CREG Resolution 095 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.

In February 2019, the CREG published CREG Resolution 015 of 2019, which modifies the rate of return for the electricity distribution activity, approved in CREG Resolution 016 of 2018, which adheres to the aforementioned methodology.

Subsequently, as a result of the comments sent by the agents to CREG resolution 015 of 2018, CREG resolutions 085 of 2018, 151 of 2018 and 036 of 2019 were issued, which clarify and correct some provisions of the first resolution, including the retroactive adjustment factor, the revision of the investment plan and the application of the quality scheme.

Resolution 036 of 15 April 2019, mentions that an adjustment factor will be applied that compensates (or reduces) the difference in income between the current distribution rate and the new approved rate, calculated from April of the first year until the date of approval of new charges.

In May 2019, the Ministry of Mines and Energy published Resolution 40459 of 2019, this new Ministry resolution reviews the public policy guidelines on Advanced Metering Infrastructures (AMI).

In July 2019, the National government issued Act 1964 of 2019, which aims to generate schemes to promote the use of electric vehicles and zero emissions, in order to contribute to sustainable mobility and the reduction of polluting emissions and greenhouse gas.

In July 2019, the Commission issued CREG Resolution 079 of 2019, which seeks not to change the contracting level between vertically integrated companies and/or in a situation of control, until the CREG approves the final path of maximum own contracting.

In August 2019, the CREG issued CREG Resolution 098 of 2019, which establishes the mechanisms to incorporate storage systems in order to mitigate inconveniences caused by the lack or insufficiency of energy transport networks in the National Interconnected System

In September 2019, the Superintendence of Household Public Utilities issued Resolution 20191000035615, which regulates the collection of the \$ 4/kWh surcharge on energy service from residential users of socioeconomic strata 4, 5 and 6 and commercial, industrial and non-regulated users. The resources will be contributed to the Business Fund of the Superintendence to support business intervention processes.

In October 2019, the Commission published CREG Resolution 129 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the contracting mechanism of contracts resulting from the auction under Resolution 40590 of 2019 of the Ministry of Mines and Energy.

In October 2019, the Commission published CREG Resolution 130 of 2019, which defines the principles, behaviours and procedures that retail marketers must follow when entering into energy contracts for the regulated market.

In October 2019, the CREG issued Resolution CREG 142 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the complementary mechanism contracts.

In December 2019, the Commission published the draft of CREG Resolution 155 of 2019, which contains the conceptual bases for the compensation of the marketing activity.

In December 2019, the Commission published CREG Resolution 198 of 2019, whereby the application of subsidies to users of socioeconomic strata 1 and 2 is extended.

In December 2019, the CREG published CREG Resolution 199 of 2019, whereby some provisions of CREG Resolution 015 of 2018 on the new compensation methodology for the distribution activity are amended.

On 20 December 2019, the CREG approved CREG Resolution 189 of 2019, being notified to the Company on 8 January 2020, and which approves the variables necessary to calculate the income and charges associated with the electric power distribution activity for the market served by the Company. On 15 January 2020, the Company filed with the CREG an appeal for reversal against the resolution

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 2019, 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 2016, and which were published in Spanish by such organisation in 2017, and incorporated

into the Colombian technical accounting framework by Act 1314 of 13 July 2009, and compiled and updated as per Decree 2483 of 2018, issued by Decree 2420 of 2015, as amended.

The application of these international standards in Colombia is subject to some exceptions established by the regulator and contained in Decree 2420 of 2015, as amended. These exceptions vary depending on the type of company and are as follows:

» Exceptions applicable to all financial information preparers.

Article 2.2.1 of Decree 2420 of 2015, complemented by Decree 2496 of the same year and as amended by Decrees 2131 of 2016 and 2170 of 2017, provides that the determination of post-employment benefits for future retirement or disability pensions will be carried out in accordance with the requirements of IAS 19, however, it requires the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, articles 1.2.1.18.46 et seq., and, in the case of partial pension commutations, in accordance with the provisions of item 5 of article 2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used and the differences with the calculation made in the terms of the technical framework under CFRS.

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 2020

Decree 2270 of 2019 compiled and updated the technical framework of the Financial Information Standards accepted in Colombia, which had been incorporated by Decrees 2420 of 2015, 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018, including some interpretations, modifications or amendments whose application is effective from January 1, 2020.

These interpretations, modifications, and amendments, as well as the evaluation of the impacts according to the analyses carried out by the Company, are described below:

### Amendments to IAS 19: Plan amendment, curtailment or settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement

occurs during a period. When a plan amendment, curtailment or settlement occurs during the annual reporting period, the amendments to IAS 19 specify that an entity must:

- » Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- » Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: (i) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and (ii) the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognised in other comprehensive income.

The changes must be applied to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2020, with earlier application permitted. The Company will assess the possible impacts of the application of these amendments.

## IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income tax when tax treatments involve an uncertainty that affects the application of IAS 12. The Interpretation does not apply to items outside the scope of IAS 12 such as other taxes, levies and interest and penalties associated with uncertain tax treatments. This interpretation addresses specifically the following

- » whether an entity considers uncertain tax treatments separately;
- » the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- » how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- » how an entity considers changes in facts and circumstances.

An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The interpretation is included in the Technical Compilation and Update Annex 1- 2019, of Decree 2270 of 2019 and is effective for the annual reporting period that begins on or after January 1, 2020, with earlier application permitted, certain exemptions are allowed in the transition. The company does not expect impacts due to the application of this interpretation.

## Annual improvements 2018 (issued in October 2018)

The improvements were introduced in the Colombian accounting framework through Decree 2270 of 2019, and include:

### Amendments to IFRS 3: Definition of a Business

The amendments to the definition of a business in IFRS 3 – Business Combinations help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test. They also add examples to illustrate the application of the amendments.

Since the amendments apply prospectively to transactions or events that occur on or after the date of the first request, the Company will not be affected by these amendments on the cut-off date.

### Amendments to IAS 1 and IAS 8: Definition of Material

The amendments align the definition of “Material” across the standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and clarify certain aspects of the definition. The new definition states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

Amendments to the definition of material are not expected to have a significant impact on the Company’s financial statements.

## 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:

- » A 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.

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 intangible assets and property, plant and equipment. (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.
- » Variations in income from rate changes, according to regulatory updates.
- » 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 16 Leases

IFRS 16 leases became effective as of January 1, 2019. This standard 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.

IFRS 16 sets out 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 statement of financial position similar to the accounting for financial leases under IAS 17. The standard includes two recognition exemptions for lessees: leases for which the underlying asset is of “low value” and short-term leases (i.e., leases with a term of 12 months or less). On the start date of a lease, a lessee

recognises a right-of-use asset and a lease liability. Lessees must separately recognise the interest expense, the lease liability and the depreciation charge for the right-of-use asset.

Lessees are also required to remeasure the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The contract generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 continues to classify all leases using the same classification principle as in IAS 17, either as operating or finance leases.

IFRS 16, which is effective for annual periods beginning on January 1, 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

The Company adopted IFRS 16 according to the retrospective model with cumulative effect, recognizing its effects from the date of adoption without restatement of the comparative information. As a practical solution, the Company has chosen not to apply the standard to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

The Company has elected to use the exemptions proposed by the standard in lease agreements for which the lease terms end within 12 months from the date of initial application, and in the lease agreements for which the underlying asset is of low value.

The Company has evaluated the current office and service centre lease agreements, and identified leases that comply with the conditions of IFRS 16 in service contracts in areas such as land, networks, vehicles and computer equipment.

Right-of-use assets were measured at initial recognition for an amount equal to the lease liability, which corresponds to the present value of the lease payments that have not been paid on the date of adoption discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the lease start date.

The right-of-use assets and the lease liabilities recognised by the adoption of IFRS 16 are detailed below:

| Item                                                                         | Total Recognitions from<br>1 January to 31<br>December 2019 | Recognition During<br>2019 (a) | Recognition<br>adoption<br>1 January 2019 |
|------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------|-------------------------------------------|
| <b>Right-of-use assets</b>                                                   |                                                             |                                |                                           |
| - Land and buildings                                                         | \$ 29.699.503                                               | \$ 626.392                     | \$ 29.073.111                             |
| - Fixed installations and others (networks, vehicles and computer equipment) | 2.161.316                                                   | 201.138                        | 1.960.178                                 |
| <b>Total right-of-use assets impact of IFRS 16</b>                           | <b>\$ 31.860.819</b>                                        | <b>\$ 827.530</b>              | <b>\$ 31.033.289</b>                      |
| <b>Lease liabilities</b>                                                     |                                                             |                                |                                           |
| - Land and buildings                                                         | \$ 29.699.503                                               | \$ 626.392                     | \$ 29.073.111                             |
| - Fixed installations and others (networks, vehicles and computer equipment) | 2.161.316                                                   | 201.138                        | 1.960.178                                 |
| <b>Total lease liabilities impact of IFRS 16</b>                             | <b>\$ 31.860.819</b>                                        | <b>\$ 827.530</b>              | <b>\$ 31.033.289</b>                      |

- (a) In the period from January to December 2019, the following were recognised: i) the right-of-use asset and the vehicle lease liability in accordance with the transport contract that makes the routes to the headquarters in Chia and Facativá, and ii) the updates to the value of the right-of-use asset and the lease liability for the indexations to the lease fees of the offices and service centres.

Right-of-use assets are depreciated on a straight-line basis over the shortest of the term of the lease and the estimated useful life of the assets, as follows:

| Classes of asset by use                                           | Estimated range of useful<br>life years |
|-------------------------------------------------------------------|-----------------------------------------|
| IFRS 16 leases                                                    |                                         |
| Land                                                              | 22                                      |
| Buildings                                                         | 2 – 6                                   |
| Fixed installations and others (networks, vehicles and computing) | 2 – 4                                   |

Impacts Summary

The effect of the adoption of IFRS 16 is as follows:

Impact on the Statement of Financial Position

| Statement of Financial Position Item                                       | Total Recognitions from 1<br>January to 31 December 2019 |                   | Balance as of 31<br>December 2019 |                   |
|----------------------------------------------------------------------------|----------------------------------------------------------|-------------------|-----------------------------------|-------------------|
| <b>Right-of-use assets</b>                                                 |                                                          |                   |                                   |                   |
| Land and buildings                                                         | \$                                                       | 29.699.503        | \$                                | 21.818.785        |
| Fixed installations and others (networks, vehicles and computer equipment) |                                                          | 2.161.316         |                                   | 1.520.172         |
| <b>Total right-of-use assets, net</b>                                      | <b>\$</b>                                                | <b>31.860.819</b> | <b>\$</b>                         | <b>23.338.957</b> |
| <b>Lease liabilities</b>                                                   |                                                          |                   |                                   |                   |
| Land and buildings                                                         | \$                                                       | 29.699.503        | \$                                | 21.824.757        |
| Fixed installations and others (networks, vehicles and computer equipment) |                                                          | 2.161.316         |                                   | 1.684.792         |
| <b>Total lease liabilities</b>                                             | <b>\$</b>                                                | <b>31.860.819</b> | <b>\$</b>                         | <b>23.509.549</b> |

Impact on the Income Statement for the twelve months ended 31 December 2019:

| Income Statement Item                                                      | Movement from 1<br>January to 31<br>December 2019 |
|----------------------------------------------------------------------------|---------------------------------------------------|
| Land and buildings                                                         | \$ 7.880.718                                      |
| Fixed installations and others (networks, vehicles and computer equipment) | 641.144                                           |
| <b>Total depreciation right-of-use assets</b>                              | <b>\$ 8.521.862</b>                               |
| Depreciation buildings right-of-use assets capitalised in projects         | (785.268)                                         |
| <b>Total expense depreciation right-of-use assets</b>                      | <b>\$ 7.736.594</b>                               |
| <b>Financial expenses</b>                                                  |                                                   |
| Land and buildings                                                         | \$ 1.880.395                                      |
| Fixed installations and others (networks, vehicles and computer equipment) | 129.153                                           |
| <b>Total financial expenses</b>                                            | <b>\$ 2.009.548</b>                               |
| <b>Lease expenses (*)</b>                                                  |                                                   |
| Land and buildings                                                         | \$ (9.756.739)                                    |
| Fixed installations and others (networks, vehicles and computer equipment) | (554.389)                                         |
| <b>Total lease expenses</b>                                                | <b>\$ (10.311.128)</b>                            |
| <b>Deferred tax</b>                                                        | <b>(163.714)</b>                                  |
| <b>Total impact on income statement</b>                                    | <b>\$ (728.700)</b>                               |

(\*) Lower value of the lease expense corresponding to the contracts that were recognised as finance lease under the guidelines of IFRS 16.

Impact on the Statement of Cash Flows:

| Cash Flow Statement Item                                                                  | Movement from 1 January<br>to 31 December 2019 |
|-------------------------------------------------------------------------------------------|------------------------------------------------|
| Payments to suppliers for the supply of goods and services (Payments of operating leases) | \$ (10.360.818)                                |
| <b>Net flow of operating activities</b>                                                   | <b>\$ (10.360.818)</b>                         |
| Payments of liabilities from finance leases                                               | \$ 8.535.378                                   |
| Interest paid (leases)                                                                    | 1.825.440                                      |
| <b>Net flow of financing activities</b>                                                   | <b>\$ 10.360.818</b>                           |

Leases

The Company has lease agreements for offices, service centres, vehicles and other equipment used in the operation.

The generalities of these contracts are:

- » The Company acts as lessee and assumes the corresponding obligations.
- » Most contemplate restrictions to sublease assets.
- » They include extension, termination and fee update clauses.

The company also has certain office and service centre leases with lease terms of 12 months or less for which it has chosen to use the exemptions proposed by the standard.

The movement during the period from January to December 2019 of the right-of-use assets derived from the adoption of IFRS 16, is as follows:

|                                         | Land                | Buildings            | Other Installations | Total                |
|-----------------------------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Additions caused by IFRS 16</b>      | <b>\$ 3.870.193</b> | <b>\$ 25.829.310</b> | <b>\$ 2.161.316</b> | <b>\$ 31.860.819</b> |
| Adoption 01/01/2019                     | 3.870.193           | 25.202.918           | 1.960.178           | 31.033.289           |
| New contracts and indexations           | 0                   | 626.392              | 201.138             | 827.530              |
| Depreciation                            | (161.605)           | (7.719.113)          | (641.144)           | (8.521.862)          |
| <b>Final balance 31/12/2019</b>         | <b>\$ 3.708.588</b> | <b>\$ 18.110.197</b> | <b>\$ 1.520.172</b> | <b>\$ 23.338.957</b> |
| <b>Right-of-use assets, net IFRS 16</b> |                     |                      |                     |                      |

The carrying value of lease liabilities (net present value of the liabilities included in other financial liabilities) and the movements during the period are detailed below:

|                                    | Current              | Non-current          | Total                |
|------------------------------------|----------------------|----------------------|----------------------|
| <b>Additions caused by IFRS 16</b> | <b>\$ 10.343.610</b> | <b>\$ 21.517.209</b> | <b>\$ 31.860.819</b> |
| Adoption 01/01/2019                | 10.025.767           | 21.007.522           | 31.033.289           |
| New contracts and indexations      | 317.843              | 509.687              | 827.530              |
| Interest                           | 2.009.548            | -                    | 2.009.548            |
| Payments                           | (10.360.818)         | -                    | (10.360.818)         |
| Other movements                    | 8.889.445            | (8.889.445)          | -                    |
| <b>Final balance 31/12/2019</b>    | <b>\$ 10.881.785</b> | <b>\$ 12.627.764</b> | <b>\$ 23.509.549</b> |
| <b>IFRS 16 lease liabilities</b>   |                      |                      |                      |

The table illustrates the maturities of the minimum future payments and the net present value of the contracts recognised in the adoption of IFRS 16:

| Minimum lease payments,<br>finance lease obligations | As of 31 December 2019 |                     |                      |
|------------------------------------------------------|------------------------|---------------------|----------------------|
|                                                      | Gross                  | Interest            | Present value        |
| Less than one year                                   | \$ 10.881.784          | \$ -                | \$ 10.881.784        |
| More than one year, but less than five years         | 12.853.235             | 3.049.670           | 9.803.565            |
| Over five years                                      | 5.763.159              | 2.938.961           | 2.824.198            |
| <b>Total</b>                                         | <b>\$ 29.498.178</b>   | <b>\$ 5.988.631</b> | <b>\$ 23.509.547</b> |

Additionally, lease expenses of short-term contracts (valid for less than 12 months) that are exempt from IFRS 16 are maintained in the Income Statement, the detail is as follows:

| Income Statement Item                     | Movement from 1 January<br>to 31 December 2019 |                  |
|-------------------------------------------|------------------------------------------------|------------------|
| Lease expense                             |                                                |                  |
| Buildings                                 | \$                                             | 1.230.268        |
| Total lease expenses short-term contracts | \$                                             | <b>1.230.268</b> |

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 derecognised, 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 and Bonds)**

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 capitalised 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 Power 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 |                     |
|-------------------|--------------------------------|---------------------|
|                   | As of December 2019            | As of December 2018 |
| Development costs | 2                              | 2                   |
| Licences          | 3                              | 3                   |
| Easements         | 50                             | 50                  |
| Software          | 3 - 5                          | 3 - 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 additionally, 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                                 | Estimated years of useful life range 2019 | Estimated years of useful life range 2018 |
|------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Buildings                                                              | 20 - 40                                   | 20 - 40                                   |
| 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>Metering and tele-control equipment</i>                             | 10 - 20                                   | 10 - 20                                   |
| Finance leases                                                         |                                           |                                           |
| Fixed installations and others (Vehicles)                              | 1 - 3                                     | 1 - 3                                     |
| IFRS 16 right-of-use assets (*)                                        |                                           |                                           |
| <i>Land</i>                                                            | 22                                        | -                                         |
| <i>Buildings</i>                                                       | 2 - 6                                     | -                                         |
| <i>Other installations (networks, vehicles and computer equipment)</i> | 2 - 4                                     | -                                         |
| Other installations                                                    |                                           |                                           |
| <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                                    |

(\*) With the entry into force of IFRS 16 on January 1, 2019, the right-of-use assets by lease agreements were recognised, the useful life is estimated based on the validity of the contracts.

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.

Two Cash-Generating Units (CGUs) are currently identified in the Company: 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

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 2019 are the following:

| Categories / Expiry Ranges | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121 - 150 days | 151 - 180 days | >180 days |
|----------------------------|-----------|------------|------------|-------------|----------------|----------------|-----------|
| Residential                | 0,14%     | 4,70%      | 16,42%     | 32,92%      | 47,15%         | 63,50%         | 81,74%    |
| Commercial                 | 0,23%     | 6,69%      | 17,61%     | 29,70%      | 40,49%         | 51,61%         | 76,04%    |
| Industrial                 | 0,29%     | 8,08%      | 17,43%     | 26,77%      | 35,68%         | 45,60%         | 76,31%    |
| Official                   | 3,50%     | 16,73%     | 29,95%     | 44,43%      | 54,15%         | 73,26%         | 82,94%    |
| Public Lighting            | 0,54%     | 2,52%      | 5,41%      | 12,22%      | 23,75%         | 24,82%         | 48,57%    |
| Other Businesses (VAPS)    | 0,01%     | 13,56%     | 19,84%     | 30,78%      | 32,48%         | 37,38%         | 53,94%    |

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 materialises. 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 materialises. 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**

**Policy applied for 2018**

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.

**Policy applied for 2019**

IFRS 16 Leases became effective as of January 1, 2019. In its application, the Company evaluates the nature of the transactions that take the legal form of a lease. The standard provides specific criteria for the lessor and the lessee.

**Lessee**

IFRS16 establishes principles for measurement, recognition, presentation and disclosure of leases and requires lessees to evaluate the following parameters under a single finance lease model.

A contract contains a lease if it conveys the right to control the use of the identified asset, in exchange for consideration. Therefore, the following parameters establish the conveyance of control:

- » There must be an identified asset in the lease.
- » The lessee must have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- » The lessee has the right to direct the use of the identified asset throughout the period of use. This is determined if:
  - The lessee has the right to operate the identified asset throughout the period of use without the supplier having the right to change those operating instructions, or
  - The lessee has designed the identified asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

If the parameters mentioned above are not met, the contracts will not constitute a lease under the parameters established in IFRS 16.

If a finance lease is set up, the lessee must recognise the right-of-use assets and finance lease liabilities at the beginning of the contract.

The standard includes two recognition exemptions for lessees:

- » Leases for which the underlying asset is of low value, and
- » Short-term leases (i.e., leases with a lease term of 12 months or less)

In this case, they are recognised in profit or loss, and there is no place for right-of-use assets or lease liabilities.

The lease liability is measured at the present value of the non-cancellable payments during the term agreed in the contract; discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the start date. Subsequently, lessees are required to remeasure the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

The right-of-use asset is initially recognised at the commencement date and measured at cost, consisting of: i) the lease liability, ii) the lease payments made at or before the commencement date, less any lease incentives received, iii) the initial direct costs incurred by the lessee and iv) an estimate of the costs to be incurred by the lessee for dismantling or restoring the asset.

The right-of-use asset is depreciated on a straight-line basis during the shortest of the term of the lease agreement and the estimated useful life of the assets.

The interest expense, the lease liability and the depreciation on the right-of-use asset have to be recognised separately.

**Lessor**

The lessor classifies leases either as operating or finance lease. They are classified as finance lease when substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred. If the risk and rewards of the underlying asset are not transferred they will be classified as operating lease.

*Finance Lease*

At the beginning of the contract, the lessor recognises the leased assets and presents them as an account receivable for a value equal to the net investment of the lease.

When the lessor is a manufacturer or dealer, revenue is recognised as the fair value of the underlying asset discounted using a market rate of interest. In addition, cost of sale is recognised as the cost, or carrying amount if different, of the underlying asset.

*Operating Lease*

Lessor recognises revenue from lease payments of underlying assets on a straight-line basis.

The underlying assets subject to lease are reflected in the statement of financial position according to the nature of the underlying assets.

**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 33% rate effective as of 31 December 2019, under the accrual method of accounting, and is determined 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 - Financing Law was declared unconstitutional in its full extent by the Constitutional Court in judgment C-481 of 16 October 2019; however, on 27 December 2019, Act 2010 was passed, which defined the following rates applicable to the year-end taxable income: 2020 at 32%, 2021 at 31%, 2022 onwards at 30%. 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 (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. Sales Tax**

The distribution and marketing of electrical energy is excluded from sales tax (VAT); therefore, the tax (VAT) treatment on purchases of goods and services are recorded as higher cost or expense.

Additionally, the Company provides services such as lease of equipment, maintenance of equipment and sale of scrap metal, among other services taxed at a general rate of 19%, with the exception of services provided to state entities where the applicable rate is the one in force on the date of the resolution or awarding act, or of the execution of the respective contract.

**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:

**Leve 1:** Quoted prise (not adjusted) in an active market for identical assets and liabilities.

**Leve 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”.

**Leve 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:

- » Para 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 2019 and 2018 of \$3,277.14 and \$3,249.75 for US \$1 and \$3,678.59 and \$3,714.95 and for Euro €1.

**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

The Company applies a recognition model for revenue from contracts with customers based on 5 stages:

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 recognises 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 recognises 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 recognises 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 capitalised 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 2019 of Grupo Energía Bogotá S.A. E.S.P. Preferred dividends have a value of US \$0.10 (\*) per share.

(\*) Complete figure expressed in USD

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. Net Cash and Cash Equivalents

|                                             | As of 31 December 2019 | As of 31 December 2018 |
|---------------------------------------------|------------------------|------------------------|
| Balances in banks (1)                       | \$ 285.398.900         | \$ 617.129.012         |
| Other cash and cash equivalents             | 35.269.711             | 16.760.658             |
| Other cash and cash equivalents (2)         | 35.301.940             | 16.824.853             |
| Impairment of cash and cash equivalents (*) | (32.229)               | (64.195)               |
| Petty cash                                  | 614                    | 49.531                 |
|                                             | <b>\$ 320.669.225</b>  | <b>\$ 633.939.201</b>  |

(\*) Corresponds to the calculation of impairment in cash and cash equivalents, in accordance with IFRS 9.

The detail of cash and equivalent in pesos by currency type presented above is the following:

|                 | As of 31 December 2019 | As of 31 December 2018 |
|-----------------|------------------------|------------------------|
| Colombian Pesos | \$ 319.845.259         | \$ 563.808.817         |
| U.S. Dollars    | 823.966                | 70.108.784             |
| Euros           | -                      | 21.600                 |
|                 | <b>\$ 320.669.225</b>  | <b>\$ 633.939.201</b>  |

- (1) The variation in banks corresponds mainly to: i) Collection of \$7,460,106,302; ii) payments to suppliers (Remuneration, O&M, Capex, taxes) for \$(7,251,959,395); iii) payment of dividends for \$(432,861. 488); iv) interest payment for \$(163,913,063); v) Bond Issue for \$480,000,000; vi) Bank loans \$(267,043,372); loan and bond payments \$(677,391,503).
- (2) Corresponds mainly to fiduciary commissions and collective portfolios 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.

Collective portfolios are used to transfer the resources of the Company’s savings or current accounts, generating fluctuations in the balance of the portfolios.

| Entity                     | As of 31 December 2019 | EA Rate | As of 31 December 2018 | EA Rate |
|----------------------------|------------------------|---------|------------------------|---------|
| Corredores Asociados       | \$ 16.004.056          | 5,23%   | \$ 8.674.410           | 3,12%   |
| Fondo Abierto Alianza      | 12.784.538             | 4,94%   | 14.769                 | 2,97%   |
| Fiduciaria Occidente       | 5.475.478              | 4,98%   | 135.618                | 3,34%   |
| Credicorp                  | 672.720                | 4,07%   | 6.476.532              | 3,15%   |
| Valores Bancolombia        | 127.010                | 4,72%   | 10.406                 | 2,57%   |
| Alianza Fiduciaria         | 99.654                 | 4,36%   | 96.288                 | 2,77%   |
| BBVA Fiduciaria            | 79.176                 | 5,17%   | 41.894                 | 2,78%   |
| Fiduciaria Bogotá 248      | 58.061                 | 0,90%   | 9.724                  | 2,67%   |
| Fiduciaria Corficolombiana | 1.247                  | 4,01%   | 1.206                  | 2,73%   |
| Fiduciaria Bogotá 371      | -                      | 0,00%   | 1.360.823              | 1,40%   |
| Fondo de inversión BBVA    | -                      | 0,00%   | 3.183                  | 3,86%   |
|                            | <b>\$ 35.301.940</b>   |         | <b>\$ 16.824.853</b>   |         |

As of December 31, 2019, there are no restrictions or limitations on the cash reflected in the Financial Statements.

5. Net Other Financial Assets

|                                                            | As of 31 December 2019 |                 | As of 31 December 2018 |                  |
|------------------------------------------------------------|------------------------|-----------------|------------------------|------------------|
|                                                            | Current                | Non-current     | Current                | Non-current      |
| Judicial embargoes (1)                                     | \$ 725.885             | \$ -            | \$ 695.199             | \$ -             |
| Impairment of other assets                                 | (5.390)                |                 | (5.162)                |                  |
| Financial investments - unlisted or illiquid companies (2) | -                      | 6.318           | -                      | 18.886           |
|                                                            | <b>\$ 720.495</b>      | <b>\$ 6.318</b> | <b>\$ 690.037</b>      | <b>\$ 18.886</b> |

(1) The balance as of 31 December 2019 corresponds to embargoes on the Company's bank accounts for labour process \$440,000 and civil processes \$ 285,885.

Judicial embargoes are part of the Company's restricted cash.

(2) The balance of investments in companies corresponds to minor holdings of the Company in companies mainly in the electricity sector.

6. Other Non-Financial Assets

|                                                    | As of 31 December 2019 |                      | As of 31 December 2018 |                      |
|----------------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                                    | Current                | Non-current          | Current                | Non-current          |
| Prepayments on purchases of goods and services (1) | \$ 13.300.271          | \$ -                 | \$ 11.962.875          | \$ -                 |
| Employee benefit for loans (2)                     | 1.245.453              | 15.568.453           | 1.319.509              | 15.264.646           |
| Other debtors (3)                                  | 92.237                 | 78.666               | 717.183                | 78.666               |
| Impairment of other debtors                        | (604)                  | (591)                | (925)                  | -                    |
| Travel advances                                    | 2.345                  | -                    | 80.762                 | -                    |
| Accounts receivable (4)                            |                        | 23.924.930           |                        |                      |
|                                                    | <b>\$ 14.639.702</b>   | <b>\$ 39.571.458</b> | <b>\$ 14.079.404</b>   | <b>\$ 15.343.312</b> |

(1) As of 31 December 2019 and 2018, the composition of this line item corresponds to prepayments for exchange transactions and international energy transactions to XM for \$7,408,473 and \$6,321,758, and for the purchase of goods and services from local creditors for \$5,891,798 and \$3,989,860, 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 31 December 2018 corresponds mainly to accounts 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. The payment was received 4 April 2019.

(4) Corresponds to the tax discount on VAT paid in the acquisition, construction or manufacture and import of real productive fixed assets, including the associated services to put them in conditions of use according to article 83 of Act 1943 of 2018.

7. Commercial Accounts Receivable and Other Receivables, Net

|                                                                       | As of 31 December 2019 |                      | As of 31 December 2018 |                      |
|-----------------------------------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                                                       | Current                | Non-current          | Current                | Non-current          |
| Commercial accounts, gross (1)                                        | \$ 742.645.642         | \$ 107.890.826       | \$ 664.562.468         | \$ 98.766.103        |
| Other accounts receivable, gross (3)                                  | 16.045.069             | 30.612.205           | 11.979.447             | 31.916.099           |
| <b>Total commercial accounts and other accounts receivable, gross</b> | <b>758.690.711</b>     | <b>138.503.031</b>   | <b>676.541.915</b>     | <b>130.682.202</b>   |
| Impairment provision commercial accounts (2)                          | (70.236.506)           | (84.831.027)         | (69.096.829)           | (77.226.478)         |
| Impairment provision other accounts receivable (2)                    | (368.866)              | (304.723)            | (335.181)              | (353.050)            |
| <b>Total commercial accounts and other accounts receivable, net</b>   | <b>\$ 688.085.339</b>  | <b>\$ 53.367.281</b> | <b>\$ 607.109.905</b>  | <b>\$ 53.102.674</b> |

(1) As of 31 December 2019, the composition of commercial accounts is as follows:

|                                                        | Overdue portfolio     |                      |                      |                      | Total current portfolio | Non-current portfolio (c) |
|--------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|-------------------------|---------------------------|
|                                                        | Current portfolio     | 1-180                | 181-360              | >360                 |                         |                           |
| <b>Energy portfolio (a)</b>                            |                       |                      |                      |                      |                         |                           |
| <b>Not- agreed portfolio (a)</b>                       | <b>\$ 480.739.401</b> | <b>\$ 35.853.430</b> | <b>\$ 14.989.045</b> | <b>\$ 52.503.819</b> | <b>\$ 584.085.695</b>   | <b>\$ 75.538.484</b>      |
| Mass customers                                         | 208.178.363           | 11.268.669           | 2.679.993            | 15.527.102           | 237.654.127             | -                         |
| Large customers                                        | 155.717.094           | 22.335.764           | 8.669.317            | 28.458.621           | 215.180.796             | -                         |
| Institutional customers (b)                            | 116.843.944           | 2.248.997            | 3.639.735            | 8.518.096            | 131.250.772             | 75.538.484                |
|                                                        | <b>12.724.715</b>     | <b>967.547</b>       | <b>32.846</b>        | <b>25.112</b>        | <b>13.750.220</b>       | <b>12.512.090</b>         |
| <b>Agreed portfolio (c)</b>                            |                       |                      |                      |                      |                         |                           |
| Mass customers                                         | 5.622.074             | 399.348              | 7.833                | 10.842               | 6.040.097               | 835.641                   |
| Large customers                                        | 6.201.766             | 510.314              | 25.013               | 14.270               | 6.751.363               | 3.240.713                 |
| Institutional customers                                | 900.875               | 57.885               | -                    | -                    | 958.760                 | 8.435.736                 |
| <b>Energy portfolio, gross</b>                         | <b>493.464.116</b>    | <b>36.820.977</b>    | <b>15.021.891</b>    | <b>52.528.931</b>    | <b>597.835.915</b>      | <b>88.050.574</b>         |
| Energy portfolio impairment                            | (7.815.523)           | (11.785.295)         | (10.859.306)         | (36.304.514)         | (66.764.638)            | (84.316.581)              |
| <b>Energy portfolio, net</b>                           | <b>\$ 485.648.593</b> | <b>\$ 25.035.682</b> | <b>\$ 4.162.585</b>  | <b>\$ 16.224.417</b> | <b>\$ 531.071.277</b>   | <b>\$ 3.733.993</b>       |
| <b>Supplementary business portfolio and others (d)</b> |                       |                      |                      |                      |                         |                           |
| Mass customers                                         | 49.780.005            | 4.594.846            | 897.255              | 2.281.256            | 57.553.362              | 13.920.971                |
| Large customers                                        | 79.733.676            | 1.467.185            | 1.071.020            | 1.523.098            | 83.794.979              | 5.919.281                 |
| Institutional customers                                | 3.461.386             | -                    | -                    | -                    | 3.461.386               | -                         |
| <b>Supplementary business portfolio, gross (e)</b>     | <b>132.975.067</b>    | <b>6.062.031</b>     | <b>1.968.275</b>     | <b>3.804.354</b>     | <b>144.809.727</b>      | <b>19.840.252</b>         |
| Supplementary business portfolio impairment            | (20.351)              | (767.187)            | (1.001.352)          | (1.682.978)          | (3.471.868)             | (514.446)                 |
| <b>Supplementary business portfolio, net</b>           | <b>132.954.716</b>    | <b>5.294.844</b>     | <b>966.923</b>       | <b>2.121.376</b>     | <b>141.337.859</b>      | <b>19.325.806</b>         |
| <b>Total commercial accounts, gross</b>                | <b>626.439.183</b>    | <b>42.883.008</b>    | <b>16.990.166</b>    | <b>56.333.285</b>    | <b>742.645.642</b>      | <b>107.890.826</b>        |
| <b>Commercial accounts impairment</b>                  | (7.835.874)           | (12.552.482)         | (11.860.658)         | (37.987.492)         | (70.236.506)            | (84.831.027)              |
| <b>Total commercial accounts, net</b>                  | <b>\$ 618.603.309</b> | <b>\$ 30.330.526</b> | <b>\$ 5.129.508</b>  | <b>\$ 18.345.793</b> | <b>\$ 672.409.136</b>   | <b>\$ 23.059.799</b>      |

As of 31 December 2018, the composition of commercial accounts is as follows:

|                                                        | Overdue portfolio     |                      |                     |                      | Total current portfolio | Non-current portfolio (c) |
|--------------------------------------------------------|-----------------------|----------------------|---------------------|----------------------|-------------------------|---------------------------|
|                                                        | Current portfolio     | 1-180                | 181-360             | >360                 |                         |                           |
| <b>Energy portfolio (a)</b>                            |                       |                      |                     |                      |                         |                           |
| <b>Not- agreed portfolio (a)</b>                       | <b>\$ 452.477.034</b> | <b>\$ 26.252.749</b> | <b>\$ 9.385.398</b> | <b>\$ 50.819.378</b> | <b>\$ 538.934.559</b>   | <b>\$ 65.377.443</b>      |
| 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                |
|                                                        | <b>16.803.442</b>     | <b>1.090.762</b>     | <b>351.974</b>      | <b>211.151</b>       | <b>18.457.329</b>       | <b>13.870.849</b>         |
| <b>Agreed portfolio (c)</b>                            |                       |                      |                     |                      |                         |                           |
| 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                 |
| <b>Energy portfolio, gross</b>                         | <b>469.280.476</b>    | <b>27.343.511</b>    | <b>9.737.372</b>    | <b>51.030.529</b>    | <b>557.391.888</b>      | <b>79.248.292</b>         |
| Energy portfolio impairment                            | (14.263.378)          | (5.448.230)          | (7.531.185)         | (36.769.364)         | (64.012.157)            | (76.885.245)              |
| <b>Energy portfolio, net</b>                           | <b>\$ 455.017.098</b> | <b>\$ 21.895.281</b> | <b>\$ 2.206.187</b> | <b>\$ 14.261.165</b> | <b>\$ 493.379.731</b>   | <b>\$ 2.363.047</b>       |
| <b>Supplementary business portfolio and others (d)</b> |                       |                      |                     |                      |                         |                           |
| Mass customers                                         | 36.931.770            | 16.637               | 58.455              | 468.559              | 37.475.421              | 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               | -                         |

|                                             | Overdue portfolio |               |              |               | Total current portfolio | Non-current portfolio (c) |
|---------------------------------------------|-------------------|---------------|--------------|---------------|-------------------------|---------------------------|
|                                             | Current portfolio | 1-180         | 181-360      | >360          |                         |                           |
| Supplementary business portfolio, gross (e) | 99.603.145        | 2.792.716     | 1.099.847    | 3.674.871     | 107.170.579             | 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      | 935.907       | 102.085.907             | 19.176.578                |
| Total commercial accounts, gross            | 568.883.621       | 30.136.227    | 10.837.219   | 54.705.400    | 664.562.467             | 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 | \$ 15.197.072 | \$ 595.465.638          | \$ 21.539.625             |

(a) As of 31 December 2019 and 2018, corresponds mainly to customer portfolio of the regulated market for \$504,704,291 and \$415,617,761, infrastructure \$2,849,346 and \$7,445,006, public lighting for \$10,996,970 and \$10,353,036, private work \$24,447,330 and \$50,566,341 and portfolio of regulatory schemes \$88,312,509 and \$91,887,144, respectively.

From the portfolio specified above, as of 31 December 2019 and 2018, \$85,594,843 and \$81,745,734, respectively, are in the process of being claimed by customers, mainly by the Special Administrative Unit of Public Services (hereinafter UAESP).

(b) The Company's main institutional customer is the UAESP. As of 31 December 2019 and 2018, 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.

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.

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 notified the party 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.

As of the reporting period, 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 2019 and 2018, include the UAESP account receivable in arrears for VAT on public lighting infrastructure lease, invoiced but not collected since July 2013. This amount corresponds to \$74,089,203 and \$65,377,442 respectively.

Based on the opinion of the Company's external counsel and 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 31 December 2019 and 2018.

The response time of the process is approximately 5 years, beginning in March 2017 and based on the current judicial congestion presented by the Council of State.

(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 2019 and 2018, the short-term portfolio amounts to \$13,750,220 and \$18,457,329.

The detail on maturities of the non-current portfolio is as follows:

| Year                        | As of 31 December 2019 | As of 31 December 2018 |
|-----------------------------|------------------------|------------------------|
| Between one and two years   | \$ 3.589.709           | \$ 3.688.275           |
| Between two and three years | 2.084.949              | 2.130.870              |
| Over three years            | 6.837.432              | 8.051.704              |
|                             | <u>\$ 12.512.090</u>   | <u>\$ 13.870.849</u>   |

(d) As of 31 December 2019 and 2018, the current complementary business portfolio corresponds mainly to private works \$27,644,242 and \$25,828,196, electrical works \$23,729,126 and \$26,834,056, infrastructure \$2,849,346 and \$7,453,140, Codensa Services \$21,187,882 and \$16,632,695 and collection orders \$7,816,148 and \$7,471,144, respectively.

(e) The non-current 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 maturities of the non-current portfolio is as follows:

| Year                        | As of 31 December 2019 | As of 31 December 2018 |
|-----------------------------|------------------------|------------------------|
| Between one and two years   | \$ 12.362.150          | \$ 12.042.589          |
| Between two and three years | 5.518.183              | 5.516.442              |
| Over three years            | 1.959.919              | 1.958.780              |
|                             | <b>\$ 19.840.252</b>   | <b>\$ 19.517.811</b>   |

(2) 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 3.2.9 (b) financial asset impairment policy)

The evolution of portfolio impairment is as follows:

| Item                                                                                   | As of 31 December 2019 | As of 31 December 2018 |
|----------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Provision for impairment of commercial accounts</b>                                 |                        |                        |
| Simplified Collective Model (a)                                                        | \$ 46.550.509          | \$ 36.485.026          |
| Simplified Individual Model (b)                                                        | 108.163.492            | 109.654.933            |
| <b>Total provision for impairment of commercial accounts</b>                           | <b>\$ 154.714.001</b>  | <b>\$ 146.139.959</b>  |
| <b>Provision for impairment other accounts receivable</b>                              |                        |                        |
| General Collective Model                                                               | 1.027.121              | 871.579                |
| <b>Total provision for impairment other accounts receivable</b>                        | <b>\$ 1.027.121</b>    | <b>\$ 871.579</b>      |
| <b>Total provision for impairment of commercial accounts other accounts receivable</b> | <b>\$ 155.741.122</b>  | <b>\$ 147.011.538</b>  |

By 2019, the following variations in the impairment are presented:

(a) **Simplified Collective Model:**

Provision increase of \$10,065,483 mainly due to the increase in the portfolio balances of the residential, commercial and industrial categories.

(b) **Simplified Individual Model:**

The variation corresponds mainly to:

- » Decrease in the provision for the public lighting VAT portfolio derived from the adjustment of current and default interest \$(6,208,001) and due to an increase in the portfolio for the year of \$13,290,554, 100% provision.
- » Decrease in portfolio provision, mainly: Tocancipa \$(1,320,282); Julio Ciatoba \$(685,595); IFI Salinas Concession \$(425,242); Ladrillera Santa Ana \$ (246,672).
- » Decrease in the provision of other businesses mainly: Prodesa y Cia S.A. \$(784,117) and the increase in Biogas Doña Juana \$152,550
- » Increase in provision for prescription customers (portfolio over 5 years that is not in legal lawsuit) \$511,212

The movements of the provision for impairment of commercial accounts and other accounts receivable are as follows:

|                                       | Value                 |
|---------------------------------------|-----------------------|
| <b>Balance as of 31 December 2018</b> | <b>\$ 147.011.538</b> |
| Endowment                             | 23.894.888            |
| Uses                                  | (15.165.304)          |
| <b>Balance as of 31 December 2019</b> | <b>\$ 155.741.122</b> |

(3) As of 31 December 2019 and 2018, corresponds mainly to accounts receivable from employees with a present value of \$39,998,754 and \$38,265,474 respectively, accounts receivable from retired personnel with a present value of \$2,828,093 and \$3,299.422 for housing loans, household 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**

**Net Accounts Receivable from Related Entities:**

| Company                          | Type of related entity | Country of origin | Type of transaction  | As of 31 December 2019 | As of 31 December 2018 |
|----------------------------------|------------------------|-------------------|----------------------|------------------------|------------------------|
| Emgesa S.A. E.S.P                | Otra (*)               | Colombia          | Venta de energía(1)  | \$ 11.768.298          | \$ 11.311.486          |
|                                  |                        | Colombia          | Otros servicios      | 31.590                 | 406.296                |
| Enel SPA                         | Controladora           | Italia            | Expatriados          | 2.587.959              | 2.854.408              |
| Grupo Energía Bogotá             | Otra (**)              | Colombia          | Iluminación Navideña | 800.000                | 1.323.529              |
|                                  |                        | Colombia          | Otros servicios      | 52.199                 | 8.608                  |
| Endesa Oper. Y Serv. Comerciales | Otra (*)               | España            | Otros servicios (2)  | 376.721                | 232.562                |
| Enel Energía                     | Otra (*)               | Italia            | Expatriados          | 265.537                | 268.162                |
| Enel Global Infr. & Network      | Otra (*)               | Italia            | Expatriados          | 242.246                | -                      |
| Enel Green Power Col             | Otra (*)               | Colombia          | Otros servicios(3)   | 188.996                | 393.185                |
| Endesa Energía                   | Otra (*)               | España            | Otros servicios (2)  | 174.520                | 257.959                |
| Enel Chile S.A.                  | Otra (*)               | Chile             | Expatriados          | 98.514                 | 76.264                 |
| Enel Iberoamérica S.R.L          | Otra (*)               | España            | Expatriados          | 95.450                 | 95.450                 |
| Cia, Energetica Do Ceara         | Otra (*)               | Brasil            | Expatriados          | 58.275                 | 11.995                 |
| Enel Distribución Perú S.A.      | Otra(*)                | Perú              | Otros servicios      | 55.926                 | 23.704                 |
| Enel Distribuzione               | Otra (*)               | Italia            | Expatriados          | 55.465                 | 106.309                |
| Empresa Distribuidora del Sur    | Otra (*)               | Argentina         | Expatriados          | 52.744                 | 15.513                 |
| Enel Trading Argentina S.R.L.    | Otra (*)               | Argentina         | Expatriados          | 44.678                 | 12.429                 |
| Enel Brasil S.A.                 | Otra (*)               | Brasil            | Expatriados          | 4.309                  | -                      |
| Enel X Colombia S.A.S            | Otra (*)               | Colombia          | Compra Materiales    | 7.939                  | -                      |
|                                  |                        |                   |                      | <b>\$ 16.961.366</b>   | <b>\$ 17.397.859</b>   |

(\*) Companies over which Enel SPA has significant influence or control.

(\*\*) Grupo Energía Bogotá S.A. E.S.P. is a shareholder the Company (See Note 21).

Accounts receivable from related parties show impairment in accordance with IFRS 9 for \$34,450.

(1) As of 31 December 2019 and 2017, the balance includes estimates on tolls, regional transmission system (STR) and billing by distribution areas (ADDs) for \$11,103,672 and \$11,095,278; use of lines and networks for \$332,181 and \$160,829 and energy billing for \$332,445 and \$55,379, respectively.

As of 31 December 2019, Emgesa S.A. E.S.P. supports energy conveyance with Codensa S.A. E.S.P. with bank guarantees.

- (2) Corresponds to the services provided by the Call Center from January to December 2019, the variation corresponds a higher collection in 2019 due to the payment of pending bills in 2018 and 2019.
- (3) Corresponds to the management services provided to Enel Green Power Colombia for the periods September to December 2019, the variation corresponds to the crossing of accounts between related parties in December 2019.

Accounts payable to related entities

| Company                     | Type of related entity | Country of origin | Type of transaction   | As of 31 December 2019 | As of 31 December 2018 |
|-----------------------------|------------------------|-------------------|-----------------------|------------------------|------------------------|
| Emgesa S.A E.S.P            | Otra (*)               | Colombia          | Préstamo (1)          | \$ 92.658.471          | \$ 81.000.000          |
|                             |                        | Colombia          | Compra energía(2)     | 85.334.255             | 53.699.255             |
|                             |                        | Colombia          | Intereses financieros | 792.396                | 276.572                |
|                             |                        | Colombia          | Otros servicios       | 1.651.327              | 133.796                |
| Grupo Energía Bogotá        | Otra (**)              | Colombia          | Dividendos(3)         | 54.424.996             | 55.674.005             |
| Enel Américas               | Controladora           | Chile             | Dividendos(3)         | 51.223.527             | 52.399.066             |
| Enel Italia                 | Otra (*)               | Italia            | Otros servicios (4)   | 21.340.971             | 14.374.334             |
|                             |                        | Italia            | Expatriados           | 1.794.973              | 1.812.716              |
| Enel Chile                  | Otra (*)               | Chile             | Otros servicios (5)   | 4.241.644              | 2.001.395              |
|                             |                        | Italia            | Expatriados           | -                      | 269.732                |
| Enel Global Infr. & Network | Otra (*)               | Italia            | Expatriados           | 1.772.966              | 574.694                |
| Enel SPA                    | Controladora           | Italia            | Expatriados           | 539.484                | 410.963                |
| Enel Iberoamérica S.R.L     | Otra (*)               | España            | Expatriados           | 276.955                | 504.025                |
| Enel Distribución Chile     | Otra (*)               | Chile             | Expatriados           | 117.029                | -                      |
| Enel Distribuzione          | Otra (*)               | Italia            | Otros servicios (6)   | -                      | 2.419.902              |
|                             |                        |                   |                       | <b>\$ 316.168.994</b>  | <b>\$ 265.550.455</b>  |

(\*) Correspond to companies over which Enel SPA has significant influence or control.

(\*\*) Grupo Energía Bogotá is a shareholder of the Company (See Note 21).

- (1) As of 31 December 2019 corresponds to loans granted in October and November 2019 for \$68,862,265 and \$23,796,206, respectively, maturing on 31 January 2020 at an effective annual rate of 5.34% for payment of creditors .
- (2) Energy Portfolio due for consumption in December.  
As of 31 December, the Company has commitments for the purchase of energy with Emgesa S.A. E.S.P. for \$3,558,012,773
- (3) Dividends declared payable corresponding to the 2018 profit according to the payment plan, the dividends were paid in January 2020.
- (4) Corresponds mainly to: (i) Cybersecurity and Digital Enabler services requested by the GDS area. (ii) Management, processing and storage of Cloud services.
- (5) Corresponds to the acquisition, support and maintenance of additional Salesforce Licenses.
- (6) As of 31 December 2019, the variation corresponds to the billing payment for software licensing services and basic engineering services.

Effects on net income with related entities

| Company            | Type of transaction                   | As of 31 December 2019 | As of 31 December 2018 |
|--------------------|---------------------------------------|------------------------|------------------------|
| <b>Revenue</b>     |                                       |                        |                        |
| Emgesa S.A. E.S.P. | Peajes y uso de líneas y redes        | 144.502.874            | 139.445.674            |
|                    | Energía y otros servicios             | 949.795                | 704.213                |
|                    | Otros ingresos                        | 300.893                | 269.515                |
|                    | Compensación calidad del servicio (1) | (520.016)              | (1.399.450)            |

| Company                        | Type of transaction  | As of 31 December 2019 | As of 31 December 2018 |
|--------------------------------|----------------------|------------------------|------------------------|
| Grupo Energía Bogotá           | Iluminación navideña | 800.000                | 1.323.529              |
|                                | Otros Servicios      | 13.555                 | -                      |
| Enel Green Power Colombia      | Otros servicios (2)  | 1.035.725              | 1.090.883              |
| Endesa Operaciones y Servicios | Otros servicios (3)  | 761.677                | 681.594                |
|                                | Diferencia en cambio | 42.213                 | 77.460                 |
| Endesa Energía                 | Otros servicios (3)  | 327.711                | 304.682                |
|                                | Diferencia en cambio | 25.580                 | 35.154                 |
| Enel Italia                    | Diferencia en cambio | 338.562                | 132.271                |
|                                | Expatriados          | 17.743                 | -                      |
| Enel Spa                       | Expatriados          | 188.162                | 370.397                |
|                                | Diferencia en cambio | 90.675                 | 5.259                  |
| Enel Global Infr. & Network    | Expatriados          | 242.246                | -                      |
|                                | Diferencia en cambio | 7.942                  | -                      |
| Enel Chile S.A.                | Expatriados          | 22.241                 | 27.212                 |
|                                | Diferencia en cambio | 191.164                | 511.779                |
| Cia, Energetica Do Ceara       | Expatriados          | 46.280                 | 11.995                 |
| Empresa Distribuidora Sur S.A  | Expatriados          | 37.231                 | 15.513                 |
|                                | Diferencia en cambio | 1.882                  | 2.315                  |
| Enel Distribución Perú S.A.    | Expatriados          | 32.114                 | 10.981                 |
|                                | Diferencia en cambio | 32.249                 | 12.429                 |
| Endesa CEMSA S.A.              | Expatriados          | -                      | 106.309                |
|                                | Diferencia en cambio | 10.078                 | 27.805                 |
| Enel X Colombia S.A.S          | Otros Servicios      | 7.939                  | -                      |
| Enel Brasil S.A.               | Expatriados          | 4.309                  | -                      |
| Enel energía                   | Expatriados          | -                      | 9.512                  |
| Energía Nueva Energía Limpia   | Diferencia en cambio | -                      | 3.253                  |
| Enel Green Power Italia        | Diferencia en cambio | -                      | 2.399                  |
|                                |                      | <b>\$ 149.510.824</b>  | <b>\$ 143.782.683</b>  |

Costs and expenses

|                             |                                     |               |             |
|-----------------------------|-------------------------------------|---------------|-------------|
| Emgesa S.A. E.S.P.          | Energía (4)                         | 1.079.449.888 | 752.606.390 |
|                             | Otros servicios                     | -             | 337.270     |
|                             | Intereses financieros préstamos (5) | 1.467.623     | 297.390     |
|                             | Servicios Informáticos              | 16.430.624    | 10.135.748  |
| Enel Italia Servizi         | Expatriados                         | -             | 64.298      |
|                             | Diferencia en cambio                | 276.435       | 501.355     |
| Enel Global Infr. & Network | Expatriados                         | 1.196.252     | 574.694     |
|                             | Diferencia en cambio                | 6.870         | -           |
| Fundación Enel              | Aportes a Fundación                 | 1.138.876     | 740.489     |
|                             | Expatriados                         | 1.009.815     | 883.372     |
| Enel Spa                    | Diferencia en cambio                | 45.541        | 2.890       |
|                             | Diferencia en cambio                | 261.577       | 14.223      |
| Enel Chile S.A.             | Expatriados                         | 243.521       | 260.973     |
|                             | Diferencia en cambio                | 2.228         | -           |
| Enel Iberoamérica S.R.L     | Expatriados                         | 145.530       | 536.597     |
|                             | Diferencia en cambio                | 5.421         | 57.420      |

| Company                         | Type of transaction  | As of 31 December<br>2019 | As of 31 December<br>2018 |
|---------------------------------|----------------------|---------------------------|---------------------------|
| Enel Distribución Chile S.A.    | Expatriados          | 117.028                   | (52.362)                  |
|                                 | Diferencia en cambio | -                         | 3.018                     |
| Endesa Operaciones y Servicios  | Diferencia en cambio | 57.845                    | 76.416                    |
| Endesa Energía                  | Diferencia en cambio | 39.202                    | 23.414                    |
| Grupo Energía Bogotá            | Arrendamientos       | 38.492                    | 24.523                    |
| Enel energía                    | Expatriados          | 2.625                     | -                         |
| Enel Distribución Perú S.A.     | Diferencia en cambio | 1.775                     | 1.275                     |
| Energía Nueva Energía Limpia Mx | Diferencia en cambio | -                         | 5.602                     |
| Enel Américas                   | Diferencia en cambio | -                         | 2.346                     |
|                                 |                      | <b>\$ 1.101.937.168</b>   | <b>\$ 767.097.341</b>     |

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 71 of the General Shareholders’ Meeting held on 26 March 2019, 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           | Di Murro Michele             |
| Fourth                | Baracaldo Andrés           | Álvarez Hernández Astrid     |
| Fifth                 | Castilla Canales Felipe    | Ussa Freddy                  |
| Sixth (Independent)   | Moreno Montalvo Gustavo    | Rodríguez Rios Daniel        |
| Seventh (Independent) | Lopez 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 2019 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 26 March 2019.

The composition of the Board of Directors is duly registered with the Bogota Chamber of Commerce.

Below is the list of fees paid to Board members:

| Name                            | As of 31 December<br>2019 | As of 31 December<br>2018 |
|---------------------------------|---------------------------|---------------------------|
| Vargas Lleras José Antonio      | 44.703                    | \$ 33.613                 |
| Rubio Díaz Lucio                | 44.703                    | 37.266                    |
| Castilla Canales Felipe         | 44.702                    | 37.107                    |
| Caldas Rico Andrés              | 41.074                    | 33.808                    |
| Lopez Valderrama Andrés         | 33.538                    | 33.739                    |
| Moreno Montalvo Gustavo         | 30.102                    | -                         |
| Baracaldo Sarmiento Andrés      | 18.926                    | 10.114                    |
| Álvarez Hernández Gloria Astrid | 18.469                    | 20.066                    |
| Cajiao Pedraza Mario Antonio    | 11.165                    | -                         |
| Rodríguez Ríos Daniel           | 10.621                    | 27.418                    |
| Restrepo Molina Carlos Mario    | 3.629                     | -                         |
| Moreno Restrepo Ernesto         | -                         | 16.238                    |
| Franco Reyes José Antonio       | -                         | 9.689                     |
| Lopez Vergara Leonardo          | -                         | 6.906                     |
| Acosta Correa David Felipe      | -                         | 6.711                     |
| Pardo Juan Manuel               | -                         | 3.252                     |
|                                 | <b>\$ 301.632</b>         | <b>\$ 275.927</b>         |

Key Management Personnel

Below is a list of key Management personnel:

| Name                       | Position                                    | Period             |
|----------------------------|---------------------------------------------|--------------------|
| Lucio Rubio Diaz           | Country CEO                                 | January – December |
| David Felipe Acosta Correa | General Manager Codensa                     | January – May      |
| Francesco Bertoli          | General Manager Codensa                     | June – December    |
| Michelle Di Murro          | Administration, Finance and Control Manager | January - December |

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:

|                     | Period ended 31 December<br>2019 |                  |
|---------------------|----------------------------------|------------------|
| Remunerations       | \$                               | 1.369.389        |
| Short-term benefits |                                  | 136.692          |
| Long-term benefits  |                                  | 290.164          |
|                     | <b>\$</b>                        | <b>1.796.245</b> |

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 2019, 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 2019, there are no compensation payments for contract termination.

9. Net inventories

|                             | As of 31 December 2019 | As of 31 December 2018 |
|-----------------------------|------------------------|------------------------|
| Net electrical material (1) | \$ 166.794.630         | \$ 106.586.480         |
| Transformers (1)            | 12.923.699             | 8.570.211              |
| Non-electrical material (1) | 10.780.109             | 4.333.101              |
| Added value (2)             | 416.019                | 449.380                |
|                             | <b>\$ 190.914.457</b>  | <b>\$ 119.939.172</b>  |

- (1) (1) From 1 January to 31 December 2019, the Company increased material procurement required for projects such as the maintenance and optimisation plan in quality of medium voltage lines and networks infrastructure, distribution transformers, reinforcement of tele-control network and equipment, under-grounding 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 31 December 2018 | <b>\$ (799.886)</b> |
| Use of provision (a)           | 576.320             |
| Endowment of provision         | (701.165)           |
| Balance as of 31 December 2019 | <b>\$ (924.731)</b> |

- (a) Corresponds mainly to the losses of cable waste that were returned as surplus from the company's electrical infrastructure operations.
- (2) Corresponds primarily to the inventory of induction stoves available for sale; to date there are no signs of impairment of said inventory.

The consumption of materials through profit or loss as of December 2019 and 2018 corresponds to:

|                                      | As of 31 December 2019 | As of 31 December 2018 |
|--------------------------------------|------------------------|------------------------|
| Maintenance substations and networks | \$ 10.003.047          | \$ 6.672.816           |
| Lighting and new business            | 1.419.881              | 2.796.565              |
| Other materials                      | 2.537.589              | 3.351.146              |
|                                      | <b>\$ 13.960.517</b>   | <b>\$ 12.820.527</b>   |

The value of inventories recognised as an expense during the period corresponds to consumption for repairs and maintenance of the company's infrastructure (See Note 25).

There are no 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 S.A. E.S.P. was created after 1992, the vertical integration restriction is applicable and therefore cannot commercially operate or represent any generation assets, therefore, PCH was operated by Emgesa S.A. E.S.P. under a usufruct contract.

After a sale process conducted during 2019, the transaction was successfully executed by the signing of the asset purchase agreement on 26 December 2019. However, the process for transferring the asset is pending execution.

The agreement contemplates that the parties must grant the public deed on the transfer of properties in favour of the buyer and proceed with their registration before the public instruments registration office. To do this, the buyer must cooperate as necessary to fulfil the aforementioned obligations.

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, PCH has been recorded at fair value. During 2019, mandatory compliance additions were made for environmental issues and the fair value was updated.

Below are the non-current assets and liabilities held for sale as of 31 December 2019 and 2018.

|                                                          | Balance as of 31 December 2018 | Additions           | Fair Value Update (a) | Balance as of 31 December 2019 |
|----------------------------------------------------------|--------------------------------|---------------------|-----------------------|--------------------------------|
| <b>Non-current assets held for sale</b>                  |                                |                     |                       |                                |
| Net property, plant and equipment                        |                                |                     |                       |                                |
| Hydraulic power plant                                    | \$ 18.917.654                  | \$ 7.021.623        | \$ 11.264.073         | \$ 37.203.350                  |
| <b>Non-current liabilities held for sale</b>             |                                |                     |                       |                                |
| Dismantling                                              | (12.453.350)                   |                     |                       | (12.453.350)                   |
| <b>Net value of assets and liabilities held for sale</b> | <b>\$ 6.464.304</b>            | <b>\$ 7.021.623</b> | <b>\$ 11.264.073</b>  | <b>\$ 24.750.000</b>           |

- (a) See note 26 IFRS 5 p.41 (c)

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 3.2.4 and 3.2.5). The detail of investments is as follows:

| Share Certificates         | Economic activity | Relationship | Common shares | Interest % | As of 31 December 2019 | As of 31 December 2018 |
|----------------------------|-------------------|--------------|---------------|------------|------------------------|------------------------|
| Enel X Colombia S.A.S. (1) | Services          | Subsidiary   | 5.000.000     | 100,00%    | \$ 5.458.851           | \$ 5.063.775           |
| Inversora Codensa          | Investment        | Subsidiary   | 5.000         | 100,00%    | 1.803                  | 2.190                  |
|                            |                   |              |               |            | <b>\$ 5.460.654</b>    | <b>\$ 5.065.965</b>    |

- (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 authorised 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 recognised 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 recognised 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.

The company has a 100% interest in its subsidiaries, the variation corresponds to the adjustment of the valuation using the Equity Method in 2019 in Enel X Colombia for \$395,076 and in Inversora Codensa for \$387.

As of 31 December 2019, the financial information of the subsidiaries was:

|                                     | Enel X Colombia S.A.S. | Inversora Codensa S.A.S |
|-------------------------------------|------------------------|-------------------------|
| <b>Assets</b>                       | <b>\$ 6.917.072</b>    | <b>\$ 1.946</b>         |
| Liabilities                         | 1.458.221              | 143                     |
| Equity (*)                          | 5.458.851              | 1.803                   |
| <b>Total liabilities and equity</b> | <b>\$ 6.917.072</b>    | <b>\$ 1.946</b>         |

|                              | Enel X Colombia S.A.S. | Inversora Codensa S.A.S |
|------------------------------|------------------------|-------------------------|
| Revenue                      | 1.398.668              | -                       |
| Costs and expenses           | (1.037.534)            | (220)                   |
| Financial results            | 228.945                | (157)                   |
| Corporate and deferred taxes | (195.003)              | (10)                    |
| <b>Net income</b>            | <b>\$ 395.076</b>      | <b>\$ (387)</b>         |

12. Net Intangible Assets Other than Capital Gains

|                                 | As of 31 December 2019  | As of 31 December 2018  |
|---------------------------------|-------------------------|-------------------------|
| Software (1)                    | \$ 204.036.035          | \$ 131.666.454          |
| Easement                        | 57.897.561              | 55.967.613              |
| Licenses                        | 40.440.038              | 39.207.888              |
| Development costs (2)           | 3.832.935               | 2.187.164               |
| <b>Net intangible assets</b>    | <b>\$ 306.206.569</b>   | <b>\$ 229.029.119</b>   |
| Software                        | 331.480.028             | 233.010.593             |
| Easement                        | 70.340.763              | 66.687.010              |
| Licenses                        | 81.924.186              | 73.306.820              |
| Development costs               | 32.773.246              | 30.676.152              |
| <b>Gross intangible assets</b>  | <b>\$ 516.518.223</b>   | <b>\$ 403.680.575</b>   |
| Software                        | (127.443.993)           | (101.344.139)           |
| Easement                        | (12.443.202)            | (10.719.397)            |
| Licenses                        | (41.484.148)            | (34.098.932)            |
| Development costs               | (28.940.311)            | (28.488.988)            |
| <b>Accumulated amortisation</b> | <b>\$ (210.311.654)</b> | <b>\$ (174.651.456)</b> |

(1) Corresponds to the following software:

|                                          | Net cost as of 31 December 2019 | Remaining life (Years) | Net cost as of 31 December 2018 | Remaining life (Years) |
|------------------------------------------|---------------------------------|------------------------|---------------------------------|------------------------|
| <b>Administrative management systems</b> | <b>\$ 4.495.027</b>             |                        | <b>\$ 6.841.930</b>             |                        |
| SAP Software                             | 1.864.360                       | 2                      | 2.632.421                       | 2                      |
| Institutional Portal Project Latam       | 1.369.443                       | 2                      | 1.811.028                       | 3                      |
| Archibus system                          | 508.592                         | 3                      | 736.976                         | 4                      |
| Software SAP RRHH                        | 351.623                         | 3                      | 547.372                         | 4                      |
| Storia system                            | 303.910                         | 3                      | 621.235                         | 4                      |
| Mercurio                                 | 97.099                          | 1                      | 203.026                         | 2                      |
| ABC Flow Charter                         | -                               | -                      | 289.872                         | 2                      |
| <b>Commercial management systems</b>     | <b>45.932.406</b>               |                        | <b>20.805.254</b>               |                        |
| CRM Sales Force (a)                      | 22.818.071                      | 3                      | -                               | -                      |
| Billing                                  | 4.175.839                       | 3                      | -                               | -                      |
| Evolución Epica CRM                      | 4.173.423                       | 3                      | 5.166.007                       | 4                      |
| Unique ID                                | 1.972.704                       | -                      | -                               | -                      |
| E-Home                                   | 1.806.699                       | 3                      | -                               | -                      |
| E - Order gestión trabajo de campo       | 6.291.910                       | 2                      | 8.196.693                       | 3                      |
| Electronic billing                       | 1.648.964                       | 3                      | 1.185.436                       | 4                      |
| One Hub                                  | 1.026.750                       | 3                      | 1.739.000                       | 4                      |
| Retail N III                             | 1.010.938                       | -                      | -                               | -                      |
| Synergia 4J Project                      | 801.307                         | 1                      | 3.012.589                       | 2                      |

|                                        | Net cost as of 31 December 2019 | Remaining life (Years) | Net cost as of 31 December 2018 | Remaining life (Years) |
|----------------------------------------|---------------------------------|------------------------|---------------------------------|------------------------|
| ICT online services portal             | 188.636                         | 2                      | 422.814                         | 0.4                    |
| Automation Vehicle Recharge System     | 17.165                          | 1                      | 35.890                          | 0.2                    |
| On-site billing                        | -                               | -                      | 704.008                         | 2                      |
| Business Intelligence Software         | -                               | -                      | 333.915                         | 1                      |
| Business partners operation system     | -                               | -                      | 8.902                           | 0.2                    |
| <b>Distribution management system</b>  | <b>153.608.602</b>              |                        | <b>104.019.270</b>              |                        |
| Sap E4E (b)                            | 100.316.235                     | 5                      | 59.087.108                      | -                      |
| Software Scada STM (c)                 | 10.963.609                      | 3                      | 7.305.806                       | 4                      |
| Software Scada - Fronten Communication | 8.060.473                       | 3                      | 10.497.028                      | 4                      |
| Software DMS / EMS                     | 7.609.056                       | 3                      | 8.228.963                       | 4                      |
| Digl&N Colombia                        | 5.491.267                       | 4                      | 1.690.631                       | -                      |
| Big Data Analytics and Dashboards      | 3.494.843                       | 4                      | 529.303                         | 4                      |
| Software Scada                         | 2.464.962                       | 3                      | 3.753.682                       | 4                      |
| MEF Local Projects                     | 2.500.168                       | 5                      | -                               | -                      |
| Asset Management                       | 1.467.478                       | -                      | -                               | -                      |
| MLM and ARQC                           | 1.105.970                       | 5                      | -                               | -                      |
| SIR-regulatory information system      | 549.839                         | 3                      | 7.605.654                       | 4                      |
| Corporate Data Network Metrolan HA     | 494.896                         | 3                      | 694.643                         | 3                      |
| PIM Power Quality System               | 385.349                         | 3                      | 442.466                         | 4                      |
| IBM Transformation Project             | 260.966                         | 3                      | 527.064                         | 2                      |
| Service Now Project                    | 173.677                         | 3                      | 155.508                         | 2                      |
| Oracle licensing                       | 95.441                          | 1                      | 401.400                         | 2                      |
| Linux licensing                        | 93.259                          | 1                      | 186.539                         | 2                      |
| Effective Power Monitoring             | 6.785                           | 0,1                    | 54.493                          | 1                      |
| Cas Projects 2015                      | -                               | -                      | 76.674                          | 0.3                    |
| Novel IDM licenses                     | -                               | -                      | 22.149                          | 0.4                    |
| Other minor computer software          | 8.074.329                       |                        | 2.760.159                       |                        |
|                                        | <b>\$ 204.036.035</b>           |                        | <b>\$ 131.666.454</b>           |                        |

- (a) Corresponds mainly to the development of CRM “Customer Relationship Management” software, performs relationship management with customers, monitoring their activities, optimises marketing strategies for coordinating the sale of services. In 2019, the implementation of the Onsite Care project was carried out on the Salesforce platform.
- (b) Corresponds mainly to the development and commissioning of the E4E-GDS (Evolution for Energy - Global Distribution System) project, which aims to standardise the SAP systems that support the Company’s accounting models, asset management and operation.
- (c) Corresponds mainly to the development of Scada software, tele-control and automation technology for the medium-voltage distribution network under the Enel Global model, which allow for significant improvement in service quality indicators.
- (2) Corresponds mainly to the implementation of the first underground high-voltage test field (115kV) in agreement with the National University of Colombia to carry out pre-qualification tests of conductors used in high-voltage underground transmission, seeking to adopt the incorporation of this technology for the undergrounding of high voltage lines in the medium term in the city of Bogota.

The composition and movements of the item intangible assets are detailed below:

|                                      | Development<br>Costs | Easement      | Licenses      | Computer<br>Software | Intangibles<br>under<br>Construction | Intangible<br>Assets |
|--------------------------------------|----------------------|---------------|---------------|----------------------|--------------------------------------|----------------------|
| Initial balance 01/01/2019           | \$ 2.187.164         | \$ 55.967.613 | \$ 39.207.888 | \$ 31.957.604        | \$ 99.708.850                        | \$ 229.029.119       |
| Additions                            | 41.093               | 3.277.364     | 3.416.243     | -                    | 103.670.558                          | 110.405.258          |
| Transfers (1)                        | -                    | -             | 5.249.254     | 167.163.458          | (172.412.712)                        | -                    |
| Amortisation                         | (451.322)            | (1.723.806)   | (7.433.347)   | (26.051.723)         | -                                    | (35.660.198)         |
| Other increases and<br>decreases (2) | 2.056.000            | 376.390       | -             | -                    | -                                    | 2.432.390            |
| Movements of the period              | 1.645.771            | 1.929.948     | 1.232.150     | 141.111.735          | (68.742.154)                         | 77.177.450           |
| Final balance 31/12/2019             | \$ 3.832.935         | \$ 57.897.561 | \$ 40.440.038 | \$ 173.069.339       | \$ 30.966.696                        | \$ 306.206.569       |

- (1) Corresponds mainly to the commissioning of the ERP E4E (Evolution for Energy), which aims to standardise the SAP systems that support the Company's accounting models, asset management and operation.
- (2) Corresponds mainly to the development of the first test field in Colombia for the execution of pre-qualification tests for conductors used for high-voltage underground transmission.

As of 31 December 2019, the Company has no intangible assets with indefinite useful life.

Additionally, there are no restrictions or guarantees on intangible assets. As of 31 December 2019, there are no acquisition commitments on intangible assets through official subsidy.

13. Net Property, Plant and Equipment

|                                                    | As of 31 December<br>2019 | As of 31 December<br>2018 |
|----------------------------------------------------|---------------------------|---------------------------|
| Construction in progress (1)                       | 706.371.675               | \$ 1.087.398.798          |
| Buildings                                          | 213.462.060               | 187.860.259               |
| Land                                               | 114.895.524               | 108.751.871               |
| Improvements in third-party property               | 1.404.815                 | 1.940.277                 |
| Plant and equipment                                | 4.420.209.426             | 3.648.731.122             |
| Electrical distribution networks and installations | 3.517.638.230             | 2.784.854.721             |
| Substations and high voltage lines                 | 902.571.196               | 863.876.401               |
| Fixed installations and others                     | 91.316.517                | 66.862.309                |
| Other installations                                | 56.463.546                | 43.029.732                |
| Fixed installations and accessories                | 34.852.971                | 23.832.577                |
| Finance leases                                     | 27.466.177                | 8.487.325                 |
| Fixed installations and others                     | 4.127.220                 | 8.487.325                 |
| IFRS 16 right-of-use assets                        | 23.338.957                | -                         |
| Buildings and Land                                 | 21.818.785                | -                         |
| Fixed installations and others                     | 1.520.172                 | -                         |
| Net property, plant and equipment                  | 5.575.126.194             | \$ 5.110.031.961          |
| Construction in progress                           | 706.371.675               | 1.087.398.798             |
| Buildings                                          | 273.060.575               | 243.670.265               |
| Land                                               | 114.895.524               | 108.751.871               |
| Improvements in third-party property               | 10.128.371                | 10.128.371                |
| Plant and equipment                                | 9.116.910.663             | 8.046.608.037             |
| Electrical distribution networks and installations | 7.122.147.152             | 6.132.597.844             |
| Substations and high voltage lines                 | 1.994.763.511             | 1.914.010.193             |
| Fixed installations and others                     | 227.298.061               | 186.786.732               |
| Other installations                                | 148.372.380               | 123.390.829               |
| Fixed installations and accessories                | 78.925.681                | 63.395.903                |
| Finance leases                                     | 46.556.145                | 14.739.797                |
| Fixed installations and others                     | 14.695.326                | 14.739.797                |

|                                                           | As of 31 December<br>2019 | As of 31 December<br>2018 |
|-----------------------------------------------------------|---------------------------|---------------------------|
| IFRS 16 right-of-use assets                               | 31.860.819                | -                         |
| Buildings and Land                                        | 29.699.503                | -                         |
| Fixed installations and others                            | 2.161.316                 | -                         |
| Gross property, plant and equipment                       | 10.495.221.014            | 9.698.083.871             |
| Buildings                                                 | (59.598.515)              | (55.810.006)              |
| Improvements in third-party property                      | (8.723.556)               | (8.188.094)               |
| Plant and equipment                                       | (4.696.701.237)           | (4.397.876.915)           |
| Electrical distribution networks and installations        | (3.604.508.922)           | (3.347.743.123)           |
| Substations and high voltage lines                        | (1.092.192.315)           | (1.050.133.792)           |
| Fixed installations and others                            | (135.981.544)             | (119.924.423)             |
| Other installations                                       | (91.908.834)              | (80.361.097)              |
| Fixed installations and accessories                       | (44.072.710)              | (39.563.326)              |
| Finance leases                                            | (19.089.968)              | (6.252.472)               |
| Fixed installations and others                            | (10.568.106)              | (6.252.472)               |
| IFRS 16 right-of-use assets                               | (8.521.862)               | -                         |
| Buildings and Land                                        | (7.880.718)               | -                         |
| Fixed installations and others                            | (641.144)                 | -                         |
| Accumulated depreciation of property, plant and equipment | \$ (4.920.094.820)        | \$ (4.588.051.910)        |

Assets undergoing construction correspond to the following projects:

| Project                                                 | As of 31 December 2019 | As of 31 December 2018 |
|---------------------------------------------------------|------------------------|------------------------|
| Normalisation and quality medium voltage service        | \$ 110.693.230         | \$ 112.363.807         |
| Connections lines and mass urban networks               | 96.270.446             | 295.437.169            |
| Replenishment of rural infrastructure level 2           | 65.334.329             | 22.222.756             |
| Modernisation of public lighting Bogota                 | 64.237.684             | 83.078.567             |
| Medium voltage lines quality plan                       | 49.948.823             | 57.160.582             |
| Latam tele-control project - Codensa                    | 43.256.569             | 116.847.000            |
| Construction Substation North STN-115Kva                | 39.750.295             | 34.156.379             |
| Medium voltage capacity expansion                       | 35.706.574             | 39.132.680             |
| Replenishment transformers and urban rural equipment    | 30.091.992             | 25.506.832             |
| Construction Substation Compartir 115-11.4Kva           | 27.938.633             | 3.568.505              |
| Adaptation of loss control metering equipment           | 26.949.027             | 19.280.757             |
| High voltage service normalisation and quality          | 18.472.180             | 13.102.826             |
| High voltage capacity expansion                         | 12.451.876             | 26.562.300             |
| Substation equipment modernisation                      | 10.054.947             | 18.532.786             |
| Other minor projects                                    | 9.501.344              | 15.798.322             |
| Smart Metering                                          | 8.871.936              | 12.099.879             |
| Commercial Headquarters Adjustments                     | 8.188.564              | 17.371.124             |
| Land use planning IDU - Municipalities                  | 8.165.895              | 52.208.334             |
| Construction Substation Portugal STN-115Kva             | 7.355.066              | -                      |
| Concessions medium voltage lines                        | 6.914.405              | 8.099.259              |
| San Jose substation                                     | 6.753.449              | 5.465.307              |
| Public lighting expansion                               | 5.166.655              | 36.194.789             |
| Construction Substation Terminal STN-115Kva             | 4.734.694              | -                      |
| Rural public lighting                                   | 4.155.028              | 10.720.307             |
| Expansion peripheral networks MV – LV                   | 2.789.676              | 10.756.143             |
| Replenishment of rural and urban infrastructure level 2 | 2.618.358              | 32.972.188             |
| Construction Substation Gran Sabana                     | -                      | 18.760.200             |
|                                                         | \$ 706.371.675         | \$ 1.087.398.798       |

The composition and movements of the line item Properties, plant and equipment are detailed below:

|                                            | Plant and Equipment      |                |                |                                   |                                    |                                                  |                         |                     |                    |                               |
|--------------------------------------------|--------------------------|----------------|----------------|-----------------------------------|------------------------------------|--------------------------------------------------|-------------------------|---------------------|--------------------|-------------------------------|
|                                            | Construction in progress | Lands          | Buildings      | Improvements third-party property | Substations and high voltage lines | Installations and electric distribution networks | Hydraulic power station | Other installations | Finance leases (c) | Property, plant and equipment |
| Initial balance 01/01/2018                 | \$ 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              |
| 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)                        | (7.381.561)                                      | -                       | (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)                | (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              |
| Period movements                           |                          |                |                |                                   |                                    |                                                  |                         |                     |                    |                               |
| Movements in property, plant and equipment |                          |                |                |                                   |                                    |                                                  |                         |                     |                    |                               |
| Additions (a)                              | 809.728.662              | 1.358.091      | -              | -                                 | -                                  | -                                                | -                       | 362.127             | 42.265             | 811.491.145                   |
| Transfers                                  | (1.188.323.395)          | 6.118.432      | 29.390.310     | -                                 | 87.307.576                         | 1.024.378.106                                    | -                       | 41.128.971          | -                  | -                             |
| Withdrawals (b)                            | -                        | -              | -              | -                                 | (1.167.459)                        | (8.895.596)                                      | -                       | (3.226)             | (15.679)           | (10.081.960)                  |
| Depreciation expenses (see note 26)        | -                        | -              | (3.788.509)    | (535.462)                         | (47.445.322)                       | (282.699.001)                                    | -                       | (17.033.664)        | (12.081.023)       | (363.582.981)                 |
| Other increases (decreases)                | (2.432.390)              | (1.332.870)    | -              | -                                 | -                                  | -                                                | -                       | -                   | 31.033.289         | 27.268.029                    |
| Period movements                           | (381.027.123)            | 6.143.653      | 25.601.801     | (535.462)                         | 38.694.795                         | 732.783.509                                      | -                       | 24.454.208          | 18.978.852         | 465.094.233                   |
| Final balance 31/12/2019                   | \$ 706.371.675           | \$ 114.895.524 | \$ 213.462.060 | \$ 1.404.815                      | \$ 902.571.196                     | \$ 3.517.638.230                                 | -                       | \$ 91.316.517       | \$ 27.466.177      | \$ 5.575.126.194              |

- (a) As of 31 December 2019 and 2018, \$4,220,664 and \$2,998,967 of financial expenses were capitalised into eligible assets for projects such as replacement and redesign of urban and rural medium voltage, Norte substation, Compartir substation and Portugal substation.
- (b) Corresponds mainly to the removal of HV/MV/LV equipment, networks and distribution transformers and public lighting associated with modernisation and replenishment projects.
- (c) The increase corresponds to the initial recognition of the right-of-use assets of the contracts identified as of 1 January 2019 by adoption of IFRS 16 for \$31,033,289 (See note 3.1), the right-of-use asset for \$201,138 recognised in May by an additional contract signed under the guidelines of this standard, and the adjustment to the value of the right-of-use assets by the indexation of the royalties for \$626,392.

Accumulated depreciation corresponds to \$7,747,553 of the right-of-use assets recognised in the adoption of IFRS 16 and \$4,333,470 of the finance lease of vehicles in previous terms.

Main investments

As of 31 December 2019 and 2018, 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 2019 | As of 31 December 2018 |
|--------------------------------------------------------------------|----------------|------------------------|------------------------|
| Adecuación y modernización en líneas y redes AT, MT y BT*          | Líneas y Redes | \$ 336.312.453         | \$ 296.548.085         |
| Adecuación, modernización y expansión subestaciones AT/MT y MT/MT* | Subestaciones  | 93.315.140             | 72.673.316             |
| Expansión y modernización de alumbrado público rural y urbano      | Líneas y Redes | 85.241.316             | 76.070.098             |
| Expansión líneas y redes AT, MT y BT*                              | Líneas y Redes | 84.347.202             | 100.515.680            |

| Additions by project                                            | Class          | As of 31 December 2019 | As of 31 December 2018 |
|-----------------------------------------------------------------|----------------|------------------------|------------------------|
| Telecontrol Latam                                               | Líneas y Redes | 64.287.922             | 78.612.610             |
| Expansión y adecuación transformadores de distribución MT y BT* | Líneas y Redes | 42.245.823             | 33.635.887             |
| Adquisición aparatos de medida para control pérdidas MT y BT*   | Líneas y Redes | 22.834.443             | 27.978.435             |
| Construcción Subestación Compartir 115-11.4Kva                  | Subestaciones  | 19.282.925             | 6.298.040              |
| Expansión subestación Norte STN/115 Kv                          | Subestaciones  | 10.386.214             | 7.779.667              |
| Expansión subestación Portugal STN/115 Kv                       | Subestaciones  | 7.354.969              | -                      |
| Expansión subestación Terminal STN/115 Kv                       | Subestaciones  | 4.464.964              | -                      |
| Expansión subestación Gran Sabana                               | Subestaciones  | 2.684.130              | 9.853.427              |
| Expansión subestación Nueva Esperanza 550/115 Kv                | Subestaciones  | -                      | 1.769.067              |

\* HV (High voltage), MV (Medium voltage) and LV (Low voltage)

As of 31 December 2019 and 2018, direct workforce was capitalised directly related to the construction in progress for \$95,721,646 and \$79,538,010. The variation corresponds mainly to the greater execution of tele-control projects, replacement quality and urban and rural infrastructure in medium voltage networks, Compartir substation, San Jose, Terminal substation, North substation, massive urban and rural connections in medium and low voltage networks and compliance with the district land use plan.

Main transfers to operation

As of 31 December 2019, the main constructions in progress that started operations correspond to:

| Project                                                                      | Total Activation |
|------------------------------------------------------------------------------|------------------|
| Modernisation, adaptation and expansion of medium voltage lines and networks | \$ 656.879.003   |
| Modernisation, adaptation and expansion of low voltage lines and networks    | 190.328.602      |
| Modernisation, adaptation and expansion of Public Lighting                   | 127.434.255      |
| Modernisation, adaptation of high and medium voltage substation compensation | 118.357.518      |
| Modernisation, adaptation and expansion of distribution transformers         | 32.355.057       |
| Modernisation, adaptation and expansion of high voltage lines and networks   | 7.793.213        |

As of 31 December 2018, the main constructions in progress that started operations corresponded to:

| Project                                                                      | Total Activation |
|------------------------------------------------------------------------------|------------------|
| Modernisation, adaptation and expansion of medium voltage lines and networks | \$ 215.068.312   |
| Modernisation, adaptation of high and medium voltage substation compensation | 100.885.039      |
| Modernisation, adaptation and expansion of low voltage lines and networks    | 90.263.845       |
| Modernisation, adaptation and expansion of distribution transformers         | 26.732.745       |
| Modernisation, adaptation and expansion of Public Lighting                   | 13.568.344       |
| Modernisation, adaptation and expansion of high voltage lines and networks   | 12.241.644       |

Finance lease

As of 31 December 2019 and 2018, it corresponds to the net book value of assets under finance lease agreements, the variation corresponds mainly to the amortisation and depreciation of these assets.

The vehicle finance lease agreements in force as of 31 December 2019 have been executed with the companies Mareauto Colombia S.A.S. and Transportes Especiales Aliados S.A.S. in order to support the operation of the Company and Equirent S.A. for the transportation of the organisation’s directors.

In September 2018, the Company and Transportes Especiales Aliados S.A.S. signed a 3-year term contract for \$22,418,741 for the use and benefit of 90 vehicles under finance lease. In February 2019 the finance lease agreement with the company Transportes Especializados JR S.A.S. ended.

The present value of future payments derived from said contracts are as follows:

| Minimum lease payments,<br>finance lease obligations | As of 31 December 2019 |                   |                     | As of 31 December 2018 |                     |                     |
|------------------------------------------------------|------------------------|-------------------|---------------------|------------------------|---------------------|---------------------|
|                                                      | Gross                  | Interest          | Present value       | Gross                  | Interest            | Present value       |
| Less than one year                                   | \$ 4.393.167           | \$ 407.374        | \$ 3.985.793        | \$ 4.386.631           | \$ 865.489          | \$ 3.521.142        |
| Over one year but less than five years (see note 15) | 1.041.483              | 38.768            | 1.002.715           | 5.685.794              | 494.425             | 5.191.369           |
| <b>Total</b>                                         | <b>\$ 5.434.650</b>    | <b>\$ 446.142</b> | <b>\$ 4.988.508</b> | <b>\$ 10.072.425</b>   | <b>\$ 1.359.914</b> | <b>\$ 8.712.511</b> |

Leases under IFRS 16

On 1 January 2019, the Company adopted IFRS 16 Leases, according to the retroactive model with cumulative effect, recognising its effects from the date of adoption without restatement of the comparative information. The tight-of-use assets recognised in the adoption, the additions and updates made in 2019 are as follows (refer to note 3.1. for further details):

| Item                                                                         | Total<br>Recognition as of<br>31 December 2019 | Recognition during<br>2019 | Recognition<br>adoption<br>1 January 2019 |
|------------------------------------------------------------------------------|------------------------------------------------|----------------------------|-------------------------------------------|
| <b>Right-of-use assets</b>                                                   |                                                |                            |                                           |
| - Land and buildings                                                         | \$ 29.699.503                                  | \$ 626.392                 | \$ 29.073.111                             |
| - Fixed installations and others (networks, vehicles and computer equipment) | 2.161.316                                      | 201.138                    | 1.960.178                                 |
| <b>Total right-of-use assets impact IFRS 16, gross</b>                       | <b>\$ 31.860.819</b>                           | <b>\$ 827.530</b>          | <b>\$ 31.033.289</b>                      |

Operating Lease

The income statement as of 31 December 2019 and 2018 includes \$999,167 and \$10,817,333, respectively, corresponding mainly to the payment of real estate operating lease agreements. The variation is due to the adoption of IFRS 16.

The main office and service centre lease agreements that are not within the scope of this standard for having a term of one year or less and that continue to be recognised as operating leases are the following:

|                                 | End date of current<br>term |
|---------------------------------|-----------------------------|
| <b>Administrative offices</b>   |                             |
| Cortezza                        | Jul-20                      |
| <b>Customer service offices</b> |                             |
| Medina                          | Sep-20                      |
| Agua de Dios                    | Sep-20                      |
| Anapoima                        | Mar-20                      |
| Fusagasugá                      | Jun-20                      |
| La mesa                         | Jun-20                      |
| Choachí                         | Jul-20                      |
| Tocaima                         | Feb-20                      |
| Cáqueza                         | Sep-20                      |
| Santa Librada                   | Nov-20                      |
| Sesquillé                       | Oct-20                      |

As of 31 December 2019, related contracts contain automatic extension clauses by common agreement of both parties and are adjusted annually by the Consumer Price Index (CPI) plus contractually defined points.

As of 31 December 2019, future payments derived from said contracts are as follows:

| Minimum future payments for non-payable leases, lessees | As of 31 December<br>2019 |
|---------------------------------------------------------|---------------------------|
| Less than one year                                      | \$ 660.081                |
|                                                         | <b>\$ 660.081</b>         |

Insurance policies

Below are the policies for the protection of Company property:

| Insured property                                           | Hedged risks                                                                                        | Insured value<br>(Figures in thousands) | Maturity   | Insurance<br>company    |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------|------------|-------------------------|
|                                                            | Non-contractual civil liability                                                                     | USD\$ 20.000                            | 1/11/2020  | Axa Colpatría           |
| Company assets                                             | Non-contractual civil liability (tier of USD \$200 million in excess of USD \$20 million)           | USD\$ 200.000                           | 1/11/2020  | Mapfre Seguros Colombia |
|                                                            | Environmental civil liability                                                                       | USD 11.323                              | 31/10/2020 | Chubb Seguros           |
| Civil works, equipment contents, stores and loss of profit | All risk material damage, earthquake, seaquake HMAcc – AMIT, loss of profit and machinery breakdown | € 1.000.000                             | 31/10/2020 | Mapfre Seguros Colombia |
| Vehicles                                                   | Non-contractual civil liability                                                                     | \$ 600.000 por vehículo                 | 02/01/2020 | Seguros Mundial         |
| Goods and assets                                           | Freight transport                                                                                   | \$ 5.000.000 por despacho               | 31/07/2020 | HDI Seguros S.A.        |

14. Other Financial Liabilities

|                          | As of 31 December 2019 |                      |                         | As of 31 December 2018 |                      |                         |
|--------------------------|------------------------|----------------------|-------------------------|------------------------|----------------------|-------------------------|
|                          | Current                |                      | Non-current             | Current                |                      | Non-current             |
|                          | Capital                | Interest             |                         | Capital                | Interest             |                         |
| Bonds issued (1)         | \$ 90.000.000          | \$ 30.077.478        | \$ 1.883.340.000        | \$ 160.000.000         | \$ 28.013.636        | \$ 1.493.340.000        |
| Bank Obligations (2)     | 111.688.696            | 744.388              | 47.817.205              | 309.831.972            | 5.991.850            | 98.506.638              |
| <b>Finance lease (3)</b> | <b>14.683.471</b>      | <b>184.107</b>       | <b>13.630.479</b>       | <b>3.521.141</b>       | -                    | <b>5.191.369</b>        |
| Commercial vehicle lease | 3.985.793              | -                    | 1.002.715               | 3.521.141              | -                    | 5.191.369               |
| IFRS 16 leases           | 10.697.678             | 184.107              | 12.627.764              | -                      | -                    | -                       |
| Derivatives (4)          | 54.503                 | -                    | -                       | -                      | -                    | -                       |
|                          | <b>\$ 216.426.670</b>  | <b>\$ 31.005.973</b> | <b>\$ 1.944.787.684</b> | <b>\$ 473.353.113</b>  | <b>\$ 34.005.486</b> | <b>\$ 1.597.038.007</b> |

- (1) The bond movement from January to December 2019 corresponds mainly to:
- (i) On 7 March 2019, the first placement was made of the ninth tranche of the Company's Ordinary Bonds and Commercial Paper Issuance and Placement Programme for \$480,000,000. The award was made as follows:
- (a) Sub-series B10: \$200,000,000 with a 10-year term and a coupon rate of CPI + 3.56% E.A.
- (b) Sub-series E4: \$280,000,000 for a 4-year term and a coupon rate of 6.30% E.A.

The resources were used to refinance financial obligations and finance the Company's investment plan.

- (ii) On 9 March 2019, the first payment was made of the fifth tranche of the Company's Ordinary Bonds and Commercial Paper Issuance and Placement Programme for \$160,000,000, Sub-series E2.
- (iii) As of 31 December 2019, the E4-16 bond for \$90,000,000 was reclassified from the long term to the short term.

The total financial debt of the Company in bonds is represented in nine (9) 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 2019:

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 Company's 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. Subsequently, having fulfilled the requirements established for this purpose, 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). Finally, Resolution No. 0683 of 28 May 2019, authorised the increase in the Overall Quota of the Programme in an additional amount of \$595,000,000, bringing the Overall Quota to \$3,400,000,000, and approved the renewal of the term of the authorisation of the public offer of the Programme’s bonds for an additional three years from the execution of said Resolution, i.e., until 19 June 2022.

As of 31 December 2019, nine (9) 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, the eighth Tranche on 23 October 2018 and the ninth tranche on 7 March 2019. Below is the detail of current issues:

Second Tranche under the Programme

|                                        |                                                                                         |
|----------------------------------------|-----------------------------------------------------------------------------------------|
| Total placed value                     | \$375,000,000, as follows:<br>Sub–serie B5:\$181.660.000<br>Sub–serie B12:\$193.340.000 |
| Current balance as of 31 December 2019 | \$193.340.000                                                                           |
| Par value per bond                     | \$10.000                                                                                |
| Issue terms                            | Subseries B5: 5 years<br>Subseries B12: 12 years                                        |
| Date of issue                          | 15 November 2013 for all series                                                         |
| Maturity                               | Subseries B5: 15 November 2018<br>Subseries B12: 15 November 2025                       |
| Issue Manager                          | Deceval S.A.                                                                            |
| Coupon Rate:                           | Subseries B5: CPI + 3.92% E.A.<br>Subseries B12: CPI + 4.80% E.A.                       |
| Rating                                 | AAA (Triple A )<br>Granted by FitchRatings Colombia S.A. S.C.V.).                       |

Third Tranche under the Programme

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| Total placed value                     | \$185,000,000, as follows:<br>Subseries B7: \$185,000,000 |
| Current balance as of 31 December 2019 | \$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: | Sub–serie B7: IPC + 3,53% E.A.                                    |
| Rating       | AAA (Triple A )<br>Granted by FitchRatings Colombia S.A. S.C.V.). |

Fourth Tranche under the Programme

|                                        |                                                                  |
|----------------------------------------|------------------------------------------------------------------|
| Total placed value                     | \$90,000,000, as follows:<br>Subseries E4: \$90,000,000          |
| Current balance as of 31 December 2019 | \$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:                           | Sub–serie E4: 7,70% E.A.                                         |
| Rating                                 | AAA (Triple A )<br>Assigned by FitchRatings Colombia S.A. S.C.V. |

Fifth Tranche under the Programme

|                                        |                                                                                          |
|----------------------------------------|------------------------------------------------------------------------------------------|
| Total placed value                     | \$430,000,000, as follows:<br>Subseries E2: \$160,000,000<br>Subseries E5: \$270,000,000 |
| Current balance as of 31 December 2019 | \$270.000.000                                                                            |
| Par value per bond                     | \$10.000                                                                                 |
| Issue Terms                            | Subseries E2: 2 years<br>Subseries E5: 5 years                                           |
| Date of Issue                          | 9 March 2017                                                                             |
| Maturity                               | Subseries E2: 9 March 2019<br>Subseries E5: 9 March 2022                                 |
| Issue Manager                          | Deceval S.A.                                                                             |
| Coupon Rate:                           | Sub–serie E2: 7,04% E.A.<br>Sub–serie E5: 7,39% E.A.                                     |
| Rating                                 | AAA (Triple A )<br>Assigned by Fitch Ratings Colombia S.A. S.C.V.                        |

Sixth Tranche under the Programme

|                                        |                                                                   |
|----------------------------------------|-------------------------------------------------------------------|
| Total placed value                     | \$200,000,000, as follows:<br>Subseries E7: \$200,000,000         |
| Current balance as of 31 December 2019 | \$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:                           | Sub–serie E7: 6,46% E.A.                                          |
| Rating                                 | AAA (Triple A )<br>Assigned by Fitch Ratings Colombia S.A. S.C.V. |

Seventh Tranche under the Programme

|                                        |                                                                                           |
|----------------------------------------|-------------------------------------------------------------------------------------------|
| Total placed value                     | \$360,000,000, as follows:<br>Subseries E7: \$200,000,000<br>Subseries B12: \$160,000,000 |
| Current balance as of 31 December 2019 | \$360.000.000                                                                             |
| Par value per bond                     | \$10.000                                                                                  |
| Issue Terms                            | Subseries E7: 7 years<br>Subseries B12: 12 years                                          |
| Date of Issue                          | 11 April 2018                                                                             |

|               |                                                                   |
|---------------|-------------------------------------------------------------------|
| Maturity      | Subseries E7: 11 April 2025<br>Subseries B12: 11 April 2030       |
| Issue Manager | Deceval S.A.                                                      |
| Coupon Rate:  | Subseries E7: 6.74% E.A.<br>Subseries B12: CPI+3.59% E.A.         |
| Rating        | AAA (Triple A )<br>Assigned by Fitch Ratings Colombia S.A. S.C.V. |

Eighth Tranche under the Programme

|                                        |                                                                   |
|----------------------------------------|-------------------------------------------------------------------|
| Total placed value                     | \$195,000,000, as follows:<br>Subseries B5: \$195,000,000         |
| Current balance as of 31 December 2019 | \$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:                           | Sub–serie B5: IPC+2,82% E.A.                                      |
| Rating                                 | AAA (Triple A )<br>Assigned by Fitch Ratings Colombia S.A. S.C.V. |

Ninth Tranche under the Programme

|                                        |                                                                                           |
|----------------------------------------|-------------------------------------------------------------------------------------------|
| Total placed value                     | \$480.000.000, as follows:<br>Subseries E4: \$280,000,000<br>Subseries B10: \$200,000,000 |
| Current balance as of 31 December 2019 | \$480.000.000                                                                             |
| Par value per bond                     | \$10.000                                                                                  |
| Issue Terms                            | Subseries E4: 4 years<br>Subseries B10: 10 years                                          |
| Date of Issue                          | 7 March 2019                                                                              |
| Maturity                               | Subseries E4: 7 March 2023<br>Subseries B10: 7 March 2029                                 |
| Issue Manager                          | Deceval S.A.                                                                              |
| Coupon Rate:                           | Subseries E4: 6.30% E.A.<br>Subseries B10: CPI +3.56% E.A.                                |
| Rating                                 | AAA (Triple A )<br>Assigned by Fitch Ratings Colombia S.A. S.C.V.                         |

The detail of the obligations for debt bonds as of 31 December 2019 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       |
| Bonos B12-13    | 8,83%   | Variable     | \$ 2.128.625         | \$ -                 | \$ 2.128.625          | \$ -                  | \$ -                  | \$ 193.340.000        | \$ 193.340.000          |
| Bonos B7-14     | 7,50%   | Variable     | 259.000              | -                    | 259.000               | 185.000.000           | -                     | -                     | 185.000.000             |
| Bonos E4-16     | 7,70%   | Fixed        | 313.969              | 90.000.000           | 90.313.969            | -                     | -                     | -                     | -                       |
| Bonos E5-17 (*) | 7,39%   | Fixed        | 16.290.292           | -                    | 16.290.292            | -                     | 270.000.000           | -                     | 270.000.000             |
| Bonos E7-17     | 6,46%   | Fixed        | 829.819              | -                    | 829.819               | -                     | 200.000.000           | -                     | 200.000.000             |
| Bonos E7-18     | 6,74%   | Fixed        | 2.956.457            | -                    | 2.956.457             | -                     | -                     | 200.000.000           | 200.000.000             |
| Bonos B12-18    | 7,57%   | Variable     | 2.645.534            | -                    | 2.645.534             | -                     | -                     | 160.000.000           | 160.000.000             |
| Bonos B5-18     | 6,77%   | Variable     | 2.468.276            | -                    | 2.468.276             | -                     | 195.000.000           | -                     | 195.000.000             |
| Bonos E4-19     | 6,30%   | Fixed        | 1.181.385            | -                    | 1.181.385             | -                     | 280.000.000           | -                     | 280.000.000             |
| Bonos B10-19    | 7,53%   | Variable     | 1.004.121            | -                    | 1.004.121             | -                     | -                     | 200.000.000           | 200.000.000             |
|                 |         |              | <b>\$ 30.077.478</b> | <b>\$ 90.000.000</b> | <b>\$ 120.077.478</b> | <b>\$ 185.000.000</b> | <b>\$ 945.000.000</b> | <b>\$ 753.340.000</b> | <b>\$ 1.883.340.000</b> |

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 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       |
| Bonos B12-13    | 8,23%   | Variable     | \$ 1.989.160          | \$ -         | \$ 1.989.160          | \$ -                 | \$ -                  | \$ 193.340.000        | \$ 193.340.000          |
| Bonos B7-14     | 6,92%   | Variable     | 239.129               | -            | 239.129               | -                    | 185.000.000           | -                     | 185.000.000             |
| Bonos E4-16     | 7,70%   | Fixed        | 313.956               | -            | 313.956               | 90.000.000           | -                     | -                     | 90.000.000              |
| Bonos E2-17     | 7,04%   | Fixed        | 160.691.636           | -            | 160.691.636           | -                    | -                     | -                     | -                       |
| Bonos E5-17 (*) | 7,39%   | Fixed        | 16.290.395            | -            | 16.290.395            | -                    | 270.000.000           | -                     | 270.000.000             |
| Bonos E7-17     | 6,46%   | Fixed        | 829.813               | -            | 829.813               | -                    | -                     | 200.000.000           | 200.000.000             |
| Bonos E7-18     | 6,74%   | Fixed        | 2.956.457             | -            | 2.956.457             | -                    | -                     | 200.000.000           | 200.000.000             |
| Bonos B12-18    | 6,98%   | Variable     | 2.444.313             | -            | 2.444.313             | -                    | -                     | 160.000.000           | 160.000.000             |
| Bonos B5-18     | 6,18%   | Variable     | 2.258.777             | -            | 2.258.777             | -                    | 195.000.000           | -                     | 195.000.000             |
|                 |         |              | <b>\$ 188.013.636</b> | <b>\$ -</b>  | <b>\$ 188.013.636</b> | <b>\$ 90.000.000</b> | <b>\$ 650.000.000</b> | <b>\$ 753.340.000</b> | <b>\$ 1.493.340.000</b> |

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.

The detail of bank loans as of 31 December 2019 is as follows:

- (2) On 7 February 2019, the Company acquired a new loan with MUFG Bank, Ltd., for \$200,000,000 at a fixed rate of 5.23%, maturing on 7 November 2019.

On 18 March 2019, the Company repaid the loan for \$200,000,000 with MUFG Bank, Ltd., acquired in March 2016.

On 5 April 2019, the Company acquired a loan through a Findeter Rediscount line made through Banco Bogota in the amount of \$17,043,372 with an rate of IBR + 1.25% monthly in arrears for a 7-year term including a two-year grace period, the resources received will be destined to partial financing for the construction of the Compartir substation.

On 10 June 2019, the Company repaid \$81,000,000 of the loan with MUFG Bank, Ltd., acquired in June 2016.

On 13 June 13, 2019, it acquired a loan agreed with Banco BBVA COLOMBIA S.A. under the Finagro line in the amount of \$50,000,000 with a rate of IBR + 0.90% semiannually in arrears for a 3-year term. The resources received will be used to finance investments in rural areas of the Company’s area of influence.

On 7 November 2019, the company repaid the loan acquired on 7 February 2019 with MUFG Bank, Ltd., for \$200,000,000 at a fixed rate of 5.23%.

During 2019, principal amortisations of treasury loans for \$36,391,503 were made.

| Description                      | Maturity   | Rate EA | 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 |
| The Bank of Tokyo Mitsubishi UFJ | 10/06/2020 | 9,11%   | \$ -              | \$ 81.438.740 | \$ 81.438.740 | \$ -         | \$ -         | \$ -          | \$ -              |
| Banco de Bogotá                  | 5/04/2026  | 5,47%   | 66.026            | -             | 66.026        | 2.272.450    | 10.226.023   | 4.544.899     | 17.043.372        |
| Banco BBVA                       | 21/01/2020 | 5,13%   | 247.717           | -             | 247.717       | -            | -            | -             | -                 |
| Banco BBVA                       | 23/02/2020 | 5,18%   | 211.422           | -             | 211.422       | -            | -            | -             | -                 |
| Banco BBVA                       | 25/03/2020 | 5,21%   | 114.423           | -             | 114.423       | -            | -            | -             | -                 |
| Banco BBVA                       | 21/04/2020 | 5,13%   | 412.406           | 404.484       | 816.890       | -            | -            | -             | -                 |
| Banco BBVA                       | 21/05/2020 | 5,18%   | 266.999           | 263.985       | 530.984       | -            | -            | -             | -                 |
| Banco BBVA                       | 22/06/2020 | 5,21%   | 253.262           | 252.602       | 505.864       | -            | -            | -             | -                 |
| Banco BBVA                       | 17/03/2021 | 5,86%   | 621.883           | 1.844.740     | 2.466.623     | 546.978      | -            | -             | 546.978           |
| Banco BBVA                       | 21/04/2021 | 5,78%   | 317.140           | 893.482       | 1.210.622     | 518.150      | -            | -             | 518.150           |
| Banco BBVA                       | 23/05/2021 | 5,83%   | 472.850           | 1.369.409     | 1.842.259     | 794.151      | -            | -             | 794.151           |

| Description             | Maturity   | Rate<br>EA | Current              |                       | Non-current           |                      |                      |                     | Total<br>Non-current |
|-------------------------|------------|------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|
|                         |            |            | Less than<br>90 days | Over<br>90 days       | Total Current         | 1 to 2 years         | 2 to 5 years         | 5 to 10 years       |                      |
| Banco BBVA              | 13/06/2022 | 5,18%      | -                    | 16.779.148            | 16.779.148            | 16.666.667           | 8.333.333            | -                   | 25.000.000           |
| Banco Agrario           | 22/08/2021 | 6,23%      | 1.602.543            | 4.599.823             | 6.202.366             | 3.914.554            | -                    | -                   | 3.914.554            |
| <b>Total Bank Loans</b> |            |            | <b>\$ 4.586.671</b>  | <b>\$ 107.846.413</b> | <b>\$ 112.433.084</b> | <b>\$ 24.712.950</b> | <b>\$ 18.559.356</b> | <b>\$ 4.544.899</b> | <b>\$ 47.817.205</b> |

The detail of bank loans as of 31 December 2018 is as follows:

| Description                      | Maturity   | Rate<br>EA | Current               |                      | Non-current           |                      |                     |                   | Total Non-current    |
|----------------------------------|------------|------------|-----------------------|----------------------|-----------------------|----------------------|---------------------|-------------------|----------------------|
|                                  |            |            | Less than<br>90 days  | Over<br>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            |
| <b>Total Bank Loans</b>          |            |            | <b>\$ 216.117.078</b> | <b>\$ 99.706.744</b> | <b>\$ 315.823.822</b> | <b>\$ 92.890.409</b> | <b>\$ 5.616.229</b> | <b>\$ -</b>       | <b>\$ 98.506.638</b> |

(3) he detail of the obligations for commercial vehicle leases as of 31 December 2019 is as follows:

| Description                              | Rate   | Type of<br>rate | Current              |                     | Non-current         |                     |                     |
|------------------------------------------|--------|-----------------|----------------------|---------------------|---------------------|---------------------|---------------------|
|                                          |        |                 | Less than<br>90 days | Over<br>90 days     | Total Current       | 1 to 2 years        | Total Non-current   |
| Equirent S.A.                            | 9,54%  | Fija            | \$ 35.642            | \$ 61.211           | \$ 96.853           | \$ -                | \$ -                |
| Mareauto Colombia SAS                    | 11,78% | Fija            | 731.084              | 2.207.319           | 2.938.403           | 301.010             | 301.010             |
| Transportes Especializados AliadosS.A.S. | 12.50% | Fija            | 226.667              | 723.870             | 950.537             | 701.705             | 701.705             |
| <b>Total lease obligations</b>           |        |                 | <b>\$ 993.393</b>    | <b>\$ 2.992.400</b> | <b>\$ 3.985.793</b> | <b>\$ 1.002.715</b> | <b>\$ 1.002.715</b> |

The detail of the obligations for commercial vehicle leases as of 31 December 2018 is as follows:

| Description                              | Rate   | Type of<br>rate | Current              |                     | Non-current         |                     |                     |
|------------------------------------------|--------|-----------------|----------------------|---------------------|---------------------|---------------------|---------------------|
|                                          |        |                 | Less than<br>90 days | Over<br>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 AliadosS.A.S. | 12.50% | Fija            | 200.154              | 456.327             | 656.481             | -                   | -                   |
| <b>Total lease obligations</b>           |        |                 | <b>\$ 883.625</b>    | <b>\$ 2.637.516</b> | <b>\$ 3.521.141</b> | <b>\$ 5.191.369</b> | <b>\$ 5.191.369</b> |

The detail of the lease obligations under IFRS 16 as of 31 December 2019 is as follows:

|                                                                            | As of 31 December 2019 |                      |
|----------------------------------------------------------------------------|------------------------|----------------------|
|                                                                            | Current                | Non-current          |
| <b>Contracts IFRS 16 adoption (a)</b>                                      | <b>\$ 10.807.763</b>   | <b>\$ 12.543.585</b> |
| Land and buildings                                                         | 9.906.858              | 11.917.899           |
| Fixed installations and others (networks, vehicles and computer equipment) | 900.905                | 625.686              |
| <b>Contracts signed from January to December 2019 (b)</b>                  | <b>\$ 74.022</b>       | <b>\$ 84.179</b>     |
| Fixed installations and others (vehicles)                                  | 74.022                 | 84.179               |
| <b>Total lease liabilities IFRS 16</b>                                     | <b>\$ 10.881.785</b>   | <b>\$ 12.627.764</b> |

(a) Finance lease liabilities recognised by the adoption of IFRS 16 correspond mainly to the lease of offices and service centres.

(b) In the period from January to December 2019, the transport contract between the Chia and Facatativá offices was recognised under IFRS 16.

As of 31 December 2019, the Company has \$3,928,803,095 in unused authorised 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 subscribed on 27 November 2019, a credit line committed for COP \$200,000,000 with BBVA Colombia S.A. The conditions of the credit line consider a two-year grace period, semi-annual interest amortisation and its availability period is until January 15, 2020. Through this line of credit, the line subscribed for \$150,000,000 with the same bank on June 6, 2019 it was cancelled.

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.

As of 31 December 2019, there are no guarantees on financial obligations.

(4) (4) As of 31 December 2019, the company has foreign exchange hedges to cover payment of insurance and capex invoices, the valuation of which corresponds to \$54,503 in favor of the bank ScotiaBank Colombia.

15. Commercial accounts payable and other payables

|                               | As of 31 December<br>2019 | As of 31 December<br>2018 |
|-------------------------------|---------------------------|---------------------------|
| Other payables (1)            | \$ 832.275.923            | \$ 949.906.128            |
| Energy purchase suppliers (2) | 165.554.571               | 231.655.420               |
|                               | <b>\$ 997.830.494</b>     | <b>\$ 1.181.561.548</b>   |

(1) The detail of other accounts payable as of 31 December 2019 is as follows:

|                                             | As of 31 December<br>2019 | As of 31 December<br>2018 |
|---------------------------------------------|---------------------------|---------------------------|
| Accounts payable for goods and services (a) | \$ 647.333.774            | \$ 781.393.748            |
| Taxes other than Income Tax (b)             | 59.712.731                | 53.848.456                |
| Collection in favour of third parties (c)   | 63.253.211                | 61.334.940                |
| Other payables (d)                          | 39.492.316                | 34.957.135                |
| Balances in favour of customers (e)         | 22.483.891                | 18.371.849                |
|                                             | <b>\$ 832.275.923</b>     | <b>\$ 949.906.128</b>     |

(a) As of 31 December 2019 and 2018, it corresponds primarily to the account payable to Banco Colpatría Red Multibanca Colpatría S.A. for the collection of the “Crédito Fácil Codensa” business portfolio, which was reconciled and outstanding for \$83,694,548 and \$236,967,327, respectively. This balance was paid in the first week of January 2020 and 2019, respectively.

(b) As of 31 December 2019 and 2018, taxes other than income tax correspond to:

|                                                     | As of 31 December<br>2019 | As of 31 December<br>2018 |
|-----------------------------------------------------|---------------------------|---------------------------|
| Provision for tax payment (i)                       | \$ 30.946.402             | \$ 28.240.237             |
| Territorial taxes, municipal and related taxes (ii) | 28.766.329                | 25.608.219                |
|                                                     | <b>\$ 59.712.731</b>      | <b>\$ 53.848.456</b>      |

- (i) As of 31 December 2019 and 2018, corresponds mainly to withholdings on third parties for \$6,955,570 and \$8,465,910 and self-withholdings for \$23,990,832 and \$19,774,327, respectively.
- (ii) As of 31 December 2019 and 2018, corresponds mostly to the industry and trade tax for \$15,610,776 and \$15,119,562, 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 2019 and 2018, corresponds mostly to liabilities for mandate contracts of subscription to periodicals, magazines and insurance policies for \$20,844,554 and \$20,100,611, respectively; Banco Colpatría Red Multibanca Colpatría S.A. for \$14,000,397 and \$25,356,674 for the collection in the settlement process made by the Company of the loan portfolio of the business “Open Book,” formerly “Crédito Fácil Codensa,” in accordance with the business cooperation contract, respectively. The collections made by the Company are reconciled periodically by the parties and then transferred.
- In May 2019 we started the collection of the cleaning service with Área Limpia S.A.S ESP in the town of Suba, for the remainder of 2019 we began the collection with Promoambiental Distrito S.A.S. E.S.P. As of 31 December 2019, the liabilities correspond to \$18,477,565 from the towns of Suba, Candelaria, Chapinero, San Cristóbal, Santafé, Sumapaz, Usaquén and Usme.
- (d) As of 31 December 2019 and 2018, corresponds mostly to liabilities on account of energy distribution areas (ADDs) for \$16,882,780 and \$15,182,236, 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 energy purchase suppliers correspond to:

|                                             | As of 31 December<br>2019 | As of 31 December<br>2018 |
|---------------------------------------------|---------------------------|---------------------------|
| XM S.A. E.S.P. (a)                          | 90.461.341                | 57.026.365                |
| Isagen S.A. E.S.P.                          | 18.722.553                | 51.269.259                |
| Empresa De Energía del Pacífico S.A. E.S.P. | 11.243.836                | 14.305.416                |
| Aes Chivor y Compañía Eca E.S.P.            | 9.047.667                 | 54.843.397                |
| Empresas Públicas de Medellín E.S.P.        | 7.090.717                 | 22.660.634                |
| Termotasajero S.A. E.S.P.                   | 5.164.625                 | 5.839.158                 |
| Empresa Urra S.A. E.S.P.                    | 5.158.818                 | 3.054.950                 |
| Central Termoeléctrica el Morro 2 S.A.S     | 3.172.900                 | -                         |
| Gestión Energética S.A E.S.P.               | 2.579.746                 | 2.427.607                 |
| Generarco S.A E.S.P.                        | 1.800.852                 | 2.394.378                 |
| Termoyopal Generación 2 S.A.S E.S.P         | 1.604.222                 | -                         |
| Compañía energética del Tolima              | 1.197.635                 | -                         |
| Empresa De Energía De Boyacá S.A. E.S.P.    | 1.062.529                 | 6.082.736                 |
| Nitro Energy Colombia S.A.S                 | 727.652                   | 1.898.777                 |
| Celsia S.A. E.S.P.                          | -                         | 2.974.166                 |
| Others of smaller amount                    | 6.519.478                 | 6.878.577                 |
|                                             | <b>\$ 165.554.571</b>     | <b>\$ 231.655.420</b>     |

(a) As of 31 December 2019 and 2018, the variation corresponds mainly to the increase in the average contracting price of \$315.67/Kwh and \$184.06/Kwh, respectively.

The variation in the balances of supply contracts is due to the maturity of payments to agents, in 2018 most of them landed on the first business day of January 2019, corresponding to consumptions in November and December. For the end of 2019 the payments were made on 30 December. The balances payable correspond to December consumption.

16. Provisions

|                                                       | As of 31 December 2019 |                      | As of 31 December 2018 |                     |
|-------------------------------------------------------|------------------------|----------------------|------------------------|---------------------|
|                                                       | Current                | Non-current          | Current                | Non-current         |
| <b>Provision for legal claims (1)</b>                 | <b>\$ 16.124.148</b>   | <b>\$ 1.304.300</b>  | <b>\$ 14.517.695</b>   | <b>\$ 2.288.790</b> |
| Labour                                                | 7.178.192              | 219.597              | 5.707.455              | 1.470.738           |
| Civil                                                 | 8.945.956              | 1.084.703            | 8.810.240              | 818.052             |
| Dismantling, restoration and rehabilitation costs (2) | 6.795.482              | 13.940.645           | 18.441.204             | 6.069.987           |
| <b>Other provisions</b>                               | <b>\$ 344.628</b>      | <b>\$ 613.062</b>    | <b>\$ 572.359</b>      | <b>\$ 1.150.290</b> |
| Environmental Compensation Nueva Esperanza (3)        | 25.140                 | -                    | 25.140                 | -                   |
| Environmental Compensation Compartir (4)              | 264.778                | -                    | 547.219                | 288.698             |
| Environmental Compensation Portugal (5)               | 54.710                 | -                    | -                      | -                   |
| Other provisions                                      | -                      | 613.062              | -                      | 861.592             |
| <b>Total provisions</b>                               | <b>\$ 23.264.258</b>   | <b>\$ 15.858.007</b> | <b>\$ 33.531.258</b>   | <b>\$ 9.509.067</b> |

- (1) As of 31 December 2019, the value of the claims against the Company administrative, civil, labour and constitutional actions amount to \$13,697,721,026; based on the assessment of success probability in the defence of these cases, \$17,428,448 (includes financial updates) have been provisioned to cover probable losses for these contingencies. Management estimates that the results 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<br>processes | No. of processes | Value of              | Value of             | VPN                 | Total value          |
|------------------------|---------------|---------------------|------------------|-----------------------|----------------------|---------------------|----------------------|
| Civil                  | Probable      | 97                  | 12               | \$ 354.720.826        | \$ 10.605.369        | \$ (574.710)        | \$ 10.030.659        |
|                        | Likely        | 191                 | 125              | 166.025.711           | -                    | -                   | -                    |
|                        | Remote        | 41                  | 23               | 1.251.110             | -                    | -                   | -                    |
| <b>Total civil</b>     |               | <b>329</b>          | <b>160</b>       | <b>521.997.647</b>    | <b>10.605.369</b>    | <b>(574.710)</b>    | <b>10.030.659</b>    |
| Labour                 | Probable      | 35                  | 0                | 7.773.813             | 7.546.215            | (148.426)           | 7.397.789            |
|                        | Likely        | 94                  | 28               | 15.705.327            | -                    | -                   | -                    |
|                        | Remote        | 4                   | 1                | 300.000               | -                    | -                   | -                    |
| <b>Total labour</b>    |               | <b>133</b>          | <b>29</b>        | <b>23.779.140</b>     | <b>7.546.215</b>     | <b>(148.426)</b>    | <b>7.397.789</b>     |
| <b>Total processes</b> |               | <b>462</b>          | <b>189</b>       | <b>\$ 545.776.787</b> | <b>\$ 18.151.584</b> | <b>\$ (723.136)</b> | <b>\$ 17.428.448</b> |

- (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 2019:

| Processes                                | Start Date | Claim     | Subject of the Lawsuit                                       | Current status and procedural situation                                                                                       |
|------------------------------------------|------------|-----------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Solangy Sanchez Bustos                   | 2013       | 5.010.750 | Electrocution                                                | In court pending ruling                                                                                                       |
| Olga Josefina Nieto Avendaño             | 2012       | 3.825.824 | Electrocution                                                | On appeal for a second instance ruling                                                                                        |
| Visita Leonor Pedroza Gonzalez Y Otros   | 2014       | 1.974.825 | Electrocution                                                | In court pending ruling                                                                                                       |
| Raúl Ernesto Rodriguez                   | 2016       | 1.900.000 | Electrocution                                                | Appeal that dissociated the ministry of mines and the superintendence of household public utilities, pending date for hearing |
| Hugo Roberto Pavon Rivera Y Otros        | 2013       | 1.200.000 | Electrocution                                                | Return to the initial 47 civil court of the circuit, in the evidentiary stage                                                 |
| Maria Elvira Diaz Arango                 | 2011       | 1.102.871 | Accident injuries on public roads.                           | Pending ruling hearing.                                                                                                       |
| Maria Cecilia Guerrero Rodriguez Y Otros | 2012       | 700.000   | Electrocution                                                | Pending instruction and trial hearing 5 March 2020                                                                            |
| José Javier Jimenez Y Otros              | 2017       | 500.000   | Electrocution                                                | First instance judgment on appeal with the civil chamber of the Bogota court, pending second instance arguments and ruling.   |
| Luz Stella Ceballos Alzate               | 2015       | 500.000   | Labour claim - Retirement Pension                            | Pending supreme court ruling.                                                                                                 |
| Jose Gustavo Veloza Zea                  | 2019       | 500.000   | Recognition and payment of regular pension                   | Executive process stage.                                                                                                      |
| Elcy Marlen Ayala Anzola                 | 2019       | 500.000   | Recognition and payment of regular pension                   | Processes for cost collection in favour of the company.                                                                       |
| Arnol Arnulfo Rincon                     | 2019       | 500.000   | Recognition and payment of regular pension                   | Executive process stage.                                                                                                      |
| Gloria Ines Garcia Leon                  | 2015       | 500.000   | Recognition and payment of regular pension                   | Closed and filed in favour of the company.                                                                                    |
| Gilberto Garcia Lopez                    | 2014       | 500.000   | Solidarity wages and social benefits.                        | Pending final ruling supreme court.                                                                                           |
| Narda Ruth Botero                        | 2014       | 444.000   | Electrocution                                                | Open term for allegations and first instance ruling.                                                                          |
| Luis Eduardo Sarmiento                   | 2017       | 400.000   | Recognition and payment of regular pension                   | Pending final ruling supreme court.                                                                                           |
| Luz Angela Alvarez Berrio                | 2011       | 356.786   | Electrocution                                                | Ruling in favour first instance.                                                                                              |
| Sonia Gualteros                          | 2017       | 300.000   | Recognition and payment of regular pension                   | Process closed                                                                                                                |
| Jose Serrato Malaver Y Otros             | 2014       | 300.000   | Electrocution                                                | Payment of the ruling without further developments in the process.                                                            |
| Jaime Aponte Fandiño                     | 2019       | 300.000   | Recognition and payment of regular pension                   | Executive process stage.                                                                                                      |
| Henry Alonso Velasquez                   | 2019       | 300.000   | Labour reinstatement and compensation without just cause     | Executive process stage.                                                                                                      |
| Efrain Pinzon Villabona                  | 2019       | 300.000   | Recognition and payment of regular pension                   | In court pending ruling                                                                                                       |
| Guillermo Mejía Rodriguez                | 2019       | 300.000   | Reinstatement /compensation for dismissal without just cause | In cost collection in favour of the Company                                                                                   |
| Hernando Serrano Tello                   | 2013       | 100.000   | Regular pension - legislative act                            | Pending supreme court ruling.                                                                                                 |
| José Domingo Hernandez                   | 2017       | 16.000    | Regular pension - legislative act                            | Pending second instance ruling.                                                                                               |

Below are the details of the main legal proceedings classified as likely that the Company has as of 31 December 2019:

| Processes                                                                                                | Start Date | Claim       | Subject of the Lawsuit                                                                                                                              | Current status and procedural situation                                                                                                                               |
|----------------------------------------------------------------------------------------------------------|------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UAESP                                                                                                    | 2018       | 113.082.893 | Judicial debt collection of resolution 412 and 730 of 2017 that unilaterally re-liquidates the public lighting agreement for the periods 1998-2004. | Suspended. Surety bond was issued to prevent the execution of attachment orders.                                                                                      |
| Asocuan                                                                                                  | 2012       | 15.000.000  | Lawsuit for property claim where the substation is located.                                                                                         | Superior Court of Bogota D.C. The tacit withdrawal was ratified at the appeal seat and on 12 December 2019 the order to obey and comply with the provision was issued |
| Asocuan                                                                                                  | 2012       | 15.000.000  | Lawsuit for invalidity of license granted by the Ministry of Culture.                                                                               | In evidentiary stage since 06/10/2017.                                                                                                                                |
| Soledad Cobos Laurens                                                                                    | 2015       | 11.000.000  | Compensation of easement for location of infrastructure on the premises                                                                             | In evidentiary stage                                                                                                                                                  |
| Aene Servicios S.A.                                                                                      | 2013       | 7.000.000   | Contract breach lawsuits                                                                                                                            | In evidentiary stage                                                                                                                                                  |
| Carlos Eduardo Moreno                                                                                    | 2017       | 5.754.000   | Electrocution                                                                                                                                       | Open term for closing arguments                                                                                                                                       |
| Inversiones Rico Ltda En Liquidación                                                                     | 2016       | 4.000.000   | Compensation for the location of high-voltage towers in high-value premises.                                                                        | Expiry of the action, pending cost collection for \$ 25MM                                                                                                             |
| Zamir Humberto Villamil Y Otros                                                                          | 2017       | 3.000.000   | Electrocution                                                                                                                                       | In evidentiary stage                                                                                                                                                  |
| Cooperativa De Ingenieria Y Servicios Isecoop                                                            | 2016       | 2.916.000   | Item 5 clause 2 Contract CPS037.06 declare void.                                                                                                    | Closing arguments in second instance; in court - council of state.                                                                                                    |
| Abelardo Garcia Rodriguez                                                                                | 2017       | 2.000.000   | Compensation for damages to users of voltage level 1 for owning distribution assets.                                                                | In Court with the evidence provided by the required parties.                                                                                                          |
| Carlos Alberto Amador Morales Y Otros                                                                    | 2018       | 1.800.709   | Electrocution                                                                                                                                       | With an appeal in court, pending ruling.                                                                                                                              |
| Cooperativa De Trabajo Asociado Servicomtrec                                                             | 2016       | 1.740.380   | Mathematical error in the settlement of Contract cps019-06                                                                                          | Open terms to present closing arguments in second instance with the council of state.                                                                                 |
| Yuli Andrea Roa Cubides Y Otros                                                                          | 2014       | 1.259.951   | Electrocution                                                                                                                                       | Favourable ruling dated 18 December 2019                                                                                                                              |
| Edificio Helios Ph, Conjunto Residencial Usatama, Edificio Sonsoles, Edificio Balmoral, Edificio Tomine. | 2016       | 1.037.400   | Compensation for easement for location of co-owned energy substation.                                                                               | In court, appeal for reversal underway.                                                                                                                               |
| Dalia Mercedes Lasso - Adriana Machuca Serrano                                                           | 2016       | 1.037.000   | Electrocution                                                                                                                                       | Cundinamarca Administrative Court rules against the Company to pay in favour of the plaintiff \$75,757,279.                                                           |

(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 shell 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 shell 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.

During 2019, the Company performed shell washing for 32.81 tons at a cost of \$121,975. 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 Empresa de Energía de Bogotá 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) recognise 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 2019 and 2018, the expenditures associated with sampling and marking including transaction agreements and those associated with equipment in MV and LV oil to Compañía Ingelétrica S.A. amount to \$4,298,636 and \$101,593, respectively.

**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 2019 and 2018, the value of the projected undiscounted flows are as follows:

| Year              | As of 31 December<br>2019 | As of 31 December<br>2018 |
|-------------------|---------------------------|---------------------------|
| 2019              | -                         | 18.441.204                |
| 2020              | 6.795.482                 | 1.263.362                 |
| 2021 y siguientes | 13.389.559                | 5.406.487                 |
|                   | <b>\$ 20.185.041</b>      | <b>\$ 25.111.053</b>      |

As of 31 December 2019 and 2018, the Company updated the provision discounting future cash flows at net present value at a rate of 5.12% and 6.21 % E.A., generating a financial effect of \$965,144 and \$(844,326), the most appropriate discount rate, considering the interest rates of government bonds (TES) that have maturities similar to those of the obligation.

- (3) 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, the Company 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.

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 2019, no financial update was made, as the balance of the provision corresponds to short-term flows, which will be executed in April 2020 once the report is delivered to the environmental authority.

- (4) 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 Substation

The Company 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 the Company 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.

During 2019, 300 flight derailleurs were installed on the 115 kV transmission line, air quality monitoring, four (4) electromagnetic field talks with the community in the project’s area of influence, complying with the commitments established in the Environmental Management Plan and Environmental License of the project Compartir.

The obligations from forest use activities were not started because the environmental authority has not approved the area suggested by the Company, where 500 trees should be planted and maintenance activities should be carried out on the plantation for a three-year period.

Additionally, two days of voluntary planting and four of garden beautification in residential complexes located in the municipality of Soacha were carried out, initiating the shared value project called “Reforesting Soacha”.

The value of the indexed undiscounted flows projected, and the value used in 2019 are presented below:

| Year          | Al 31 de diciembre de 2019 |
|---------------|----------------------------|
| As of 31      |                            |
| December 2019 | \$ 618.859                 |
| 2020          | 192.468                    |
| 2021          | 72.310                     |
|               | <b>\$ 883.637</b>          |

As of 31 December 2019, the provision of Compartir was updated to the net present value at a rate of 76.42% EA (IBR + 2.13%), generating a financial effect in 2019 of \$(47,721).

- (5) Corresponds to the obligations of the administrative act of Resolution No. 02182 of August 2019 issued by the Bogota District Secretary for the Environment, where an Environmental License is granted to carry out the project called: “Portugal Substation, transmission line at 115 kV and its connection modules”, which imposes compliance with the obligations established in the Environmental Management Plan of the Environmental Impact Assessment, as well as compliance with current environmental regulations.

Portugal Substation Environmental License:

On 22 August 2019, through resolution No. 02182, the Environmental Control Direction of the District Secretary for the Environment granted the Environmental License for the project “Portugal Substation, 115 kV transmission line and its connection modules”, to be executed in the premises called El Refugio, located in the Engativa locality of the city of Bogota D.C., authorizing the construction, assembly, operation and dismantling of said project. It also orders compliance with the obligations established in the Environmental Impact Assessment, the Environmental Management Plan, the Environmental Monitoring Programme and current environmental regulations.

By 2020, staff training activities will be developed to comply with the provisions of the environmental management plans and programmes of each of the activities that will be carried out during the project and that are mandatory. In addition, there are planned payments associated with the obligations related to Environmental Compliance Reports (ICA), Noise Measurements, Electromagnetic Field Measurements and the Payment to the environmental authority (SDA) for Monitoring and Control.

The movement of provisions between 1 January 2018 and 31 December 2019 is as follows:

|                                       | Provision of legal claims | Dismantling, restoration and rehabilitation costs | Gran Sabana | Nueva Esperanza | Compartir  | Portugal  | Public lighting and others | Total         |
|---------------------------------------|---------------------------|---------------------------------------------------|-------------|-----------------|------------|-----------|----------------------------|---------------|
| Initial balance as of 01-01-2018      | \$ 14.374.556             | \$ 20.243.063                                     | \$ 28.387   | \$ 873.944      | \$ -       | \$ -      | \$ 23.010.453              | \$ 58.530.403 |
| Increase (Decrease) in provisions     | 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    |
| Increase (Decrease) in provisions (a) | 5.635.062                 | (198.381)                                         | -           | -               | -          | 54.710    | (218.722)                  | 5.272.669     |
| Provision used                        | (2.494.087)               | (4.591.276)                                       | -           | -               | (618.859)  |           | (29.808)                   | (7.734.030)   |
| Financial effect update               | (114.058)                 | 1.014.593                                         | -           | -               | 47.720     |           | -                          | 948.255       |
| Recoveries                            | (2.404.954)               | -                                                 | -           | -               | -          |           | -                          | (2.404.954)   |
| Total movements in provisions         | 621.963                   | (3.775.064)                                       | -           | -               | (571.139)  | 54.710    | (248.530)                  | (3.918.060)   |
| Final balance as of 31-12-2019        | \$ 17.428.448             | \$ 20.736.127                                     | \$ -        | \$ 25.140       | \$ 264.778 | \$ 54.710 | \$ 613.062                 | \$ 39.122.265 |

- (a) The following is the movement of 2019 of the provision for legal claims, which mainly corresponds to:

| Process type   | Plaintiff                            | Subject of claim                                            | Value        |
|----------------|--------------------------------------|-------------------------------------------------------------|--------------|
| Civil_Ordinary | SSPD                                 | Noncompliance Report NT4 Assets Out of operation            | \$ 1.656.232 |
| Labour         | Pedro Rodríguez Zarate               | Recognition and payment of regular pension                  | 500.000      |
| Civil          | Virginia Ariza Navarro               | Death by electrocution                                      | 413.350      |
| Civil          | Jeronimo Santiago Velasquez y Otros  | Damage to third parties                                     | 360.000      |
| Civil          | Gloria Amparo Betancourth            | Death by electrocution of Henryr Burgos                     | 300.000      |
| Labour         | Romulo Olaya Cifuentes               | Compensation for termination of contract without just cause | 250.000      |
| Civil          | Manuela Mahecha y Otros              | Burning crops                                               | 240.000      |
| Civil          | Jose Gilberto Bernal                 | Burning crops                                               | 215.000      |
| Administrative | Lisandro Burgos Mayorga              | Death by electrocution of Henry Burgos                      | (500.026)    |
| Labour         | Pedro Rodríguez Zarate               | Recognition and payment of regular pension                  | (500.000)    |
| Civil          | Jairo Antonio Buritica Gomez y Otros | Minor injuries from contact with the network                | (323.600)    |
| Civil          | Dilva Cecilia Madera Argel y Otros   | Death by electrocution                                      | (302.631)    |
| Direct repair  | Betty del Carmen Rodríguez Corredor  | Death by electrocution                                      | (250.271)    |
| Labour         | Efrain Solano Rodríguez              | Pension comparability                                       | (150.000)    |
| Labour         | Jorge Arturo Suarez Carrero          | Recognition and payment of regular pension                  | (143.618)    |

17. Taxes payable

Income Tax

Tax returns for taxable years 2016, 2017 and 2018 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 2019 | As of 31 December 2018 |
|------------------------------------|------------------------|------------------------|
| Current income tax (1)             | \$ 425.799.515         | \$ 355.091.584         |
| Withholdings and self-withholdings | (149.750.124)          | (137.552.840)          |
| Other withholdings                 | (88.389.987)           | (81.295.776)           |
| Income tax advance                 | (15.197.191)           | (63.594.469)           |
| Tax discount (2)                   | (24.513.490)           | (2.648.569)            |
|                                    | <b>\$ 147.948.723</b>  | <b>\$ 69.999.930</b>   |

(1) Liabilities for current income tax payable consist of:

|                                                                                          | As of 31 December 2019 | As of 31 December 2018 |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Income tax relative to the results of the period (See note 30)                           | \$ 400.107.012         | \$ 355.005.191         |
| Income taxes related to components of other comprehensive income (See numeral 1 Note 32) | 1.326.404              | (2.377.054)            |
| Tax discount for investment in science and technology                                    | 2.997.186              | 2.463.447              |
| Tax discount Industry and Trade Tax                                                      | 21.084.195             | -                      |
| Tax discount donation                                                                    | 284.718                | -                      |
|                                                                                          | <b>\$ 425.799.515</b>  | <b>\$ 355.091.584</b>  |

(2) As of December 31, 2019 corresponds to the tax discount for investments made in science and technology equivalent to \$2,997,186; for payment of the Industry and Trade Tax \$21,084,195, in accordance with article 115 of the Tax Code; for donations \$284,718; and the discount for the acquisition of real productive fixed assets \$147,391, in accordance with article 258-1 of the Tax Code. As of December 31, 2018 corresponds to (i) donations to non-profit entities under article 257 of the Tax Code for \$185,122, which corresponds to a lower value of the registered donation; and (ii) investments made in research, technological development or innovation, according to article 256 of the Tax Code, for \$2,463,447 which corresponds to a lower value of current income expenditure.

The main reconciliation items between earnings before taxes and the taxable net income are:

| Item                                                 | From 1 January to 31 December 2019 | From 1 January to 31 December 2018 |
|------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Accounting earnings before income tax</b>         | <b>\$ 1.223.303.604</b>            | <b>\$ 978.404.297</b>              |
| <b>Line items increasing net income</b>              |                                    |                                    |
| Wealth tax                                           | -                                  | -                                  |
| Non-deductible expenses (1)                          | (8.402.888)                        | 17.894.935                         |
| Non-deductible provisions                            | (2.523.857)                        | (17.737.635)                       |
| Contribution to financial transactions               | 11.888.958                         | 11.196.804                         |
| Other line items that increase net income            | (5.088.134)                        | (1.844.938)                        |
| Non-deductible taxes (2)                             | 65.259.605                         | 23.994                             |
| Presumptive interests                                | 39.461                             | 46.698                             |
| <b>Total line items that increase net income</b>     | <b>61.173.145</b>                  | <b>9.579.858</b>                   |
| <b>Line items that decrease net income</b>           |                                    |                                    |
| Fiscal depreciation and amortisation (3)             | 5.151.105                          | (16.047.568)                       |
| Losses for new measurement of defined benefits plans | 1.669.815                          | (11.018.238)                       |
| Fiscal profit in sale of fixed assets                | -                                  | (469.640)                          |
| Deductions for hiring the disabled                   | (159.315)                          | (171.026)                          |
| Other line items that decrease net income            | (441.717)                          | (547.367)                          |
| Non-taxable income                                   | (395.076)                          | (63.775)                           |
| <b>Total line items that decrease net income</b>     | <b>5.824.812</b>                   | <b>(28.317.614)</b>                |

| Item                                       | From 1 January to 31 December 2019 | From 1 January to 31 December 2018 |
|--------------------------------------------|------------------------------------|------------------------------------|
| <b>Taxable net income</b>                  | <b>1.290.301.561</b>               | <b>959.666.541</b>                 |
| <b>Presumptive income Investor Codensa</b> |                                    |                                    |
| Income tax rate                            | 33,00%                             | 33,00%                             |
| <b>Income tax</b>                          | <b>425.799.515</b>                 | <b>316.689.959</b>                 |
| Occasional earnings                        | -                                  | 469.640                            |
| Tax rate of occasional earnings            | 10,00%                             | 10,00%                             |
| <b>Tax on occasional earnings</b>          | <b>-</b>                           | <b>46.964</b>                      |
| <b>Total income tax and complementary</b>  | <b>\$ 425.799.515</b>              | <b>\$ 316.736.923</b>              |

(1) As of 31 December 2019 and 2018, the main variation corresponds to untaxed income from the recovery of impairment of assets held for sale (\$11,264,073) and \$15,453,756, loan forgiveness for \$2,076,846 and \$ 926,142 , non-deductible donation expense of \$1,145,876 and \$591,215, financial expenses-income from the previous year of \$0 and (\$1,142,774), and others for (\$361,537) and (\$2,066,597).

(2) Corresponds to the non-deductibility of the expense for the Industry and Trade Tax.

(3) The variation corresponds to the difference between the fiscal and accounting depreciation of fixed assets.

As a result of Act 1819 of 2016, as of 2017 the income tax for equality CREE was eliminated and replaced the 6% CREE tax surcharge with 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 2019 and 2018 are as follows:

Income tax surcharge

| Item                                                     | From 1 January to 31 December 2019 | From 1 January to 31 December 2018 |
|----------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Ordinary taxable net income</b>                       | <b>\$ 1.290.301.561</b>            | <b>\$ 959.666.541</b>              |
| Exemption income tax surcharge                           | -                                  | 800.000                            |
| <b>Taxable net income income tax surcharge</b>           | <b>1.290.301.561</b>               | <b>958.866.541</b>                 |
| Income tax surcharge rate                                | 0%                                 | 4,00%                              |
| <b>Income Tax Surcharge</b>                              | <b>-</b>                           | <b>38.354.661</b>                  |
| <b>Total income tax and income tax surcharge payable</b> | <b>\$ 425.799.515</b>              | <b>\$ 355.091.584</b>              |

Equity Reconciliation

|                          | As of 31 December 2019  | As of 31 December 2018  |
|--------------------------|-------------------------|-------------------------|
| <b>Accounting equity</b> | <b>\$ 3.142.273.123</b> | <b>\$ 2.767.837.354</b> |
| Estimated liabilities    | 166.028.586             | 173.880.690             |
| Tax adjustment on assets | (243.047.055)           | (229.805.308)           |
| Debtors provision        | 91.068.550              | 87.384.509              |
| Others                   | 5.192.649               | 2.381.919               |
| Price-level restatement  | (1.315.647)             | (1.353.237)             |
| Deferred tax asset       | 352.442                 | 5.507.156               |
| <b>Fiscal equity</b>     | <b>\$ 3.160.552.648</b> | <b>\$ 2.805.833.083</b> |

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 2019 with foreign related parties in order to validate the correct application of the market prices in each one. In 2020, the assessment and supporting documentation will be prepared to comply with the tax obligation in July 2020.

18. Provisions for employee benefits

|                                                                     | As of 31 December 2019 |                       | As of 31 December 2018 |                       |
|---------------------------------------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
|                                                                     | Current                | Non-current           | Current                | Non-current           |
| Social benefits and contributions to social security (1)            | \$ 42.628.759          | \$ 1.176.817          | \$ 34.724.136          | \$ -                  |
| Obligations for defined post-employment and long-term benefits. (2) | 28.423.534             | 302.848.954           | 29.085.089             | 283.208.814           |
| Benefits for retirement plans                                       | -                      | -                     | 5.005                  | -                     |
|                                                                     | <b>\$ 71.052.293</b>   | <b>\$ 304.025.771</b> | <b>\$ 63.814.230</b>   | <b>\$ 283.208.814</b> |

- (1) As of 31 December 2019 and 2018, it corresponds mainly to bonuses of \$18,318,396 and \$13,977,607, vacation leaves and vacation bonus for \$12,608,499 and \$10,922,321. 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 2019 and 2018, social security and payroll contributions amount to \$5,310,415 and \$4,293,478, and severance pay and interest on severance pay to \$6,252,401 and \$5,186,593, 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 2019 | As of 31 December 2018 |
|-------------|------------------------|------------------------|
| Pensioners  | 1.173                  | 1.175                  |
| Average age | 68,1                   | 67,2                   |

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 2019 | As of 31 December 2018 |
|----------------------|------------------------|------------------------|
|                      |                        |                        |
| <b>Education aid</b> |                        |                        |
| Pensioner            | 146                    | 164                    |
| Average age          | 19                     | 18,7                   |
| <br>                 |                        |                        |
| Energy aid           | 990                    | 999                    |
| Pensioner            | 67,7                   | 66,8                   |
| <b>Health aid</b>    |                        |                        |
| Pensioner            | 1.335                  | 1.406                  |
| Average age          | 64,9                   | 63,4                   |

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 2019 | As of 31 December 2018 |
|-------------|------------------------|------------------------|
| Employees   | 68                     | 69                     |
| Average age | 54,9                   | 54                     |
| Seniority   | 28,6                   | 27,6                   |

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.

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 2019 | As of 31 December 2018 |
|-------------|------------------------|------------------------|
| Employees   | 168                    | 172                    |
| Average age | 52,10                  | 51,20                  |
| Seniority   | 25,0                   | 24,0                   |

As of 31 December 2019 and 2018, 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 2019 | As of 31 December 2018 |
|-----------------------------------------|------------------------|------------------------|
| Discount rate                           | 5,81%                  | 6,80%                  |
| Salary increase rate (active personnel) | 4,90%                  | 5,00%                  |
| Pension increment rate                  | 3,85%                  | 4,00%                  |
| Estimated inflation                     | 3,85%                  | 4,00%                  |
| 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<br>Women: 57                            |

The movement of obligations for benefits defined as of 31 December 2019 is the following:

|                                                                         | Retired personnel     |                      | Active personnel          |                     |                       |
|-------------------------------------------------------------------------|-----------------------|----------------------|---------------------------|---------------------|-----------------------|
|                                                                         | Pensions (a)          | Benefits             | Retroactive severance pay | Five-year term      | Defined benefits plan |
| <b>Initial balance 1 January 2018</b>                                   | <b>\$ 222.824.803</b> | <b>\$ 63.356.669</b> | <b>\$ 2.913.583</b>       | <b>\$ 5.975.497</b> | <b>\$ 295.070.552</b> |
| 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            |
| <b>Final balance as of 31 December 2018</b>                             | <b>\$ 236.461.937</b> | <b>\$ 66.073.684</b> | <b>\$ 3.515.943</b>       | <b>\$ 6.242.339</b> | <b>\$ 312.293.903</b> |
| Cost of current service                                                 |                       |                      | 138.873                   | 262.859             | 401.732               |
| Cost for interests                                                      | 15.774.145            | 4.338.998            | 234.232                   | 387.936             | 20.735.311            |
| Contributions paid                                                      | (21.747.807)          | (3.622.605)          | (348.736)                 | (811.169)           | (26.530.317)          |
| Actuarial (gains) losses arising from changes in financial assumptions  | 26.754.244            | 6.529.297            | 241.111                   | 231.182             | 33.755.834            |
| Actuarial (gains) losses arising from changes in experience adjustments | (4.850.297)           | (4.433.541)          | 108.458                   | (208.595)           | (9.383.975)           |
| <b>Final balance as of 31 December 2019</b>                             | <b>\$ 252.392.222</b> | <b>\$ 68.885.833</b> | <b>\$ 3.889.881</b>       | <b>\$ 6.104.552</b> | <b>\$ 331.272.488</b> |

- (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 2019 and 2018, that the post-employment benefits liability for future retirement pensions amounts to \$183,533,420 and \$190,375,282, 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 2019 | As of 31 December 2018 |
|---------------------|------------------------|------------------------|
| Discount rate       | 8,89%                  | 10,13%                 |
| Technical interest  | 4,80%                  | 4,80%                  |
| Estimated inflation | 3,91%                  | 5,09%                  |

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 2019:

| Changes in discount rate | Retired personnel |               | Active personnel          |                | Defined benefits plan |
|--------------------------|-------------------|---------------|---------------------------|----------------|-----------------------|
|                          | Pensions          | Benefits      | Retroactive severance pay | Five-year term |                       |
| - 100 basic points       | \$ 282.708.073    | \$ 76.815.036 | \$ 4.157.762              | \$ 6.386.459   | \$ 370.067.330        |
| + 100 basic points       | \$ 224.616.366    | \$ 61.877.772 | \$ 3.646.449              | \$ 5.845.508   | \$ 295.986.095        |

As of 31 December 2018

| Changes in discount rate | Retired personnel |               | Active personnel          |                | Defined benefits plan |
|--------------------------|-------------------|---------------|---------------------------|----------------|-----------------------|
|                          | Pensions          | Benefits      | Retroactive severance pay | Five-year term |                       |
| - 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        |

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 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 trade union organisation ASIEB 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. To date, no petition has been filed by the union that initiates a collective dispute for the negotiation of a new agreement.

19. Other non-financial liabilities

|                                                    | As of 31 December 2019 |                      | As of 31 December 2018 |                      |
|----------------------------------------------------|------------------------|----------------------|------------------------|----------------------|
|                                                    | Current                | Non-current          | Current                | Non-current          |
| Prepayments from customers for use of networks (2) | \$ 4.731.358           | \$ -                 | \$ 8.160.165           | \$ -                 |
| Deferred income                                    | -                      | -                    | -                      | -                    |
| Contingent Liabilities (1)                         | -                      | 20.753.268           | -                      | 19.135.216           |
|                                                    | <b>\$ 4.731.358</b>    | <b>\$ 20.753.268</b> | <b>\$ 8.160.165</b>    | <b>\$ 19.135.216</b> |

- (1) Empresa de Energía de Cundinamarca (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. Below are the main processes considered under such criteria in IFRS 3:

(a) **Engineering Cooperative ISECOOP**

Start date: 2013

Claim: \$2.916.000

Provisioned: \$2.916.000

Purpose of the lawsuit: To declare void item 5 of clause two of service provision agreement No. 037 of 2 October 2006 entered into with Empresa de Energía de Cundinamarca.

Estado actual y situación procesal: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling in favour of the company issued by the Administrative Court of Cundinamarca Section Three Subsection B; The appeal filed within the term by the plaintiff against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance; In Court - Council of State, Third Section - to issue a second instance ruling.

(b) **Associated Labour Cooperative SERVICOMTREC**

Start date: 2013

Claim: \$1.740.380

Provisioned: \$1.740.380

Purpose of the lawsuit: To declare the existence of 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, to adjust the value of the agreement for the Provision of Transport Services CPS-019-06 to the sum of \$944,341, and other amounts.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling in favour of the company issued by the Administrative Court of Cundinamarca Section Three Subsection B; The appeal filed within the term by the plaintiff against the first instance ruling was granted; Open term for presenting closing arguments in the second instance to the Council of State, Third Section.

(c) **Dalia Mercedes Lasso and Others**

Start date: 2016

Claim: \$1.037.000

Provisioned: \$1.037.000

Purpose of the lawsuit: Electrocution injuries to Mr Carlos Arturo Cortes Sanchez.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(d) **Diana Patricia Quintero Osorio**

Start date: 2016

Claim: \$850.000

Provisioned: \$180.000

Purpose of the lawsuit: Death of Mr Nelson de Jesus by electrocution.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling against Codensa S.A. E.S.P. issued by the Administrative Court of Cundinamarca Section Three Subsection B, declaring the shared guilt for the reckless act of the victim and ordered Codensa S.A. E.S.P. to pay in favor of the plaintiffs the sum of \$ 75,757 for the following items:

\$ 33.189 for material damage

\$ 36.886 for moral damage in favour of minor child

\$ 5.533 for moral damage in favour of the spouse

\$ 149 for sentence in costs

The appeal filed within the term by the plaintiff against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance with the Council of State, Third Section; In Court to issue a second instance ruling.

(e) **Luis Humberto Hernandez and Others**

Start date: : 2016

Claim: \$500.000

Provisioned: \$500.000

Purpose of the lawsuit: 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 were affected.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(f) **Maria Lucia Angola Zapata**

Start date: 2016

Claim: \$353.700

Provisioned: \$353.700

Purpose of the lawsuit: Death of Nestor Fabio Orjuela Angola by electrocution.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(g) **Luis Antonio Quito Bernal**

Start date: 2016

Claim: \$353.700

Provisioned: \$353.700

Purpose of the lawsuit: Bodily injury of Luis Antonio Quito Bernal by electric shock.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; In Court to issue first instance ruling.

(h) **Maria Rutby Acosta de Silgado**

Start date: 2016

Claim: \$160.000

Provisioned: \$387.714

Purpose of the lawsuit: Regular pension recognition

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling against the company issued by the 30th Labour Court of the Bogota Circuit; The appeal filed within the term by the company against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance; Second instance ruling in favour of the company issued by the Superior Court of the Judicial District Labour Chamber, which reversed the first instance decision. The appeal for reversal with the Supreme Court of Justice Labour Chamber underway.

(i) **Yeir Antonio Benavides Ladino**

Start date: 2016

Claim: \$498.240

Provisioned: \$498.240

Purpose of the lawsuit: Bodily injury of Yeir Albeiro Benavidez by electric shock.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(j) **Ladrillera San Miguel Arcángel**

Start date: 2016

Claim: \$300.000

Provisioned: \$300.000

Purpose of the lawsuit: Breach of service provision contract - outages

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

**Fiscal Processes Municipality of Agua de Dios**

The Company's main tax litigations as of 31 December 2019, classified as likely, correspond to six processes originated between the Municipality of Agua de Dios and Empresa de Energía de Cundinamarca 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. Therefore, the process seeks the nullity of bills for public lighting tax issued by the Municipality.

Claim: \$1.000.376.

Provisioned: \$1.000.376.

Current status and procedural situation:

The following processes are open as of 31 December 2019.

- i. File 2015-30. On 25 April 2018, a first instance ruling was issued in favour of the Company. Currently in the Chamber of the Administrative Court of Cundinamarca, since 29 January 2019, to issue a second instance ruling.
- ii. File 2016-73. On 15 August 2019, a first instance ruling was issued in favour of the Company. Pending submission to the Administrative Court of Cundinamarca to issue a second instance ruling.
- iii. File 2017-836. Currently n the Chamber of the Administrative Courts of Girardot since 26 August 2019, to issue a first instance ruling.
- iv. File 2017-452. On 7 October 2019, a first instance ruling was issued against Codensa, which was appealed. Currently in the Chamber of the Administrative Court of Cundinamarca, since 15 November 2019, to issue a second instance ruling.
- v. File 2019-152. A lawsuit was filed with the Administrative Courts of Girardot on 6 May 2019. The schedule of the initial hearing is pending.
- vi. File 2019-370. A lawsuit was filed with the Administrative Courts of Girardot on 6 December 2019. Pending admission of the lawsuit.

It is worth considering the following proceedings that took place during 2019.

- i. File 2018-210. On 7 October 2019, a favourable first instance ruling was issued, which was not appealed.
- ii. File 2015-284. On 2 September 2019, the Cundinamarca Administrative Court issued a second instance ruling in favour of the Company.

- (2) The variation corresponds mainly to: i) Sellers that gave a favourable balance generating prepayments for a lower value, ii) Sellers that changed from prepaid to bank guarantee to secure the payment of invoices, iii) Commercial agreement with Dicl S.A. E.S.P. for prepayment within the first days of the following month.

**20. 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 (liabilities) as of 31 December 2019:

|                                              | Initial balance<br>01/01/2019 | Increases (decreases) for<br>deferred tax in profit or<br>loss (i) | Increase (decrease)<br>for deferred tax in<br>other comprehensi-<br>ve income (ii) | Final balance<br>31/12/2019 |
|----------------------------------------------|-------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------|
| <b>Deferred tax assets</b>                   |                               |                                                                    |                                                                                    |                             |
| Provisions and others (1)                    | \$ 46.603.750                 | \$ 5.312.792                                                       | -                                                                                  | \$ 51.916.542               |
| Defined contribution obligations             | 20.849.093                    | (421.473)                                                          | 7.848.148                                                                          | 28.275.768                  |
| Hedging instruments                          | -                             | -                                                                  | 17.441                                                                             | 17.441                      |
| <b>Total deferred tax assets</b>             | <b>\$ 67.452.843</b>          | <b>\$ 4.891.319</b>                                                | <b>\$ 7.865.589</b>                                                                | <b>\$ 80.209.751</b>        |
| <b>Deferred tax liabilities</b>              |                               |                                                                    |                                                                                    |                             |
| Excess of tax depreciation on book value (2) | 71.785.596                    | 8.159.536                                                          |                                                                                    | 79.945.132                  |
| Others                                       | 1.174.403                     | (557.342)                                                          | -                                                                                  | 617.061                     |
| <b>Total deferred tax liabilities</b>        | <b>\$ 72.959.999</b>          | <b>\$ 7.602.194</b>                                                | <b>\$ -</b>                                                                        | <b>\$ 80.562.193</b>        |
| <b>Net deferred tax assets (liabilities)</b> | <b>\$ (5.507.156)</b>         | <b>\$ (2.710.875)</b>                                              | <b>\$ 7.865.589</b>                                                                | <b>\$ (352.442)</b>         |

- (i) As of 31 December 2019, the increase (decrease) in deferred income tax corresponds to: (i) deferred tax for the period (\$541,897) and (ii) Deferred tax from previous years for (\$ 2,168,978).
- (ii) Deferred tax assets correspond 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 2019 for \$7,848,146, and to the movements of settled forwards for \$17,441.

- (1) As of 31 December 2019, the detail of deferred tax assets on account of other provisions corresponds to:

|                                         | Final balance<br>01/01/2019 | Increase (decrease) for<br>deferred tax in profit or loss | Final balance |
|-----------------------------------------|-----------------------------|-----------------------------------------------------------|---------------|
| Provision of uncollectible accounts (a) | 31/12/2019                  | \$ 408.742                                                | \$ 25.243.724 |
| Provisions of works and services        | 2.435.738                   | 542.713                                                   | 2.978.451     |
| Labour obligations provision            | 4.634.177                   | (2.407.965)                                               | 2.226.212     |
| Provision for contingent liabilities    | 5.711.135                   | 514.845                                                   | 6.225.980     |
| Provision for dismantling               | 150.491                     | 14.835                                                    | 165.326       |
| Others (b)                              | 8.837.227                   | 6.239.622                                                 | 15.076.849    |
| <b>\$ 46.603.750</b>                    | <b>\$ 5.312.792</b>         | <b>\$ 51.916.542</b>                                      |               |

- (a) Corresponds to the provision of the Public Lighting VAT portfolio with UAESP.
- (b) Corresponds mainly to vehicle lease for \$74,294, recognition for the adoption of IFRS 16 for \$6,604,322, provision for materials and other estimated long-term liabilities (\$ 438,994).
- (2) As of 31 December 2019, 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 reassessment; 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; and vi) liabilities for adoption of IFRS 16 equivalent to (\$6,440,608).

Act 2010 of 2019 defined the following rates: year 2020 at 32%, year 2021 at 31%, year 2022 onwards at 30%, which show no changes compared to 31 December 2018. The deferred tax as of 31 December 2019 by rate is presented below:

|                                      | 2020<br>Income tax and<br>surcharge | 2021<br>Income tax and<br>surcharge | 2022<br>Onwards        |
|--------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| Estimated provisions and liabilities | \$ 25.571.519                       | \$ 3.803.135                        | \$ 151.384.463         |
| Property, plant and equipment        | (15.988.398)                        | (24.833.443)                        | (225.908.285)          |
| Portfolio                            | 26.881.022                          | 26.881.022                          | 28.266.900             |
| Others                               | (20.677)                            | (75.180)                            | (1.898.991)            |
|                                      | <b>\$ 36.443.466</b>                | <b>\$ 5.775.534</b>                 | <b>\$ (48.155.913)</b> |
| Rate                                 | 32%                                 | 31%                                 | 30%                    |
|                                      | \$ 11.661.909                       | \$ 1.790.416                        | \$ (14.446.774)        |
| Occasional earnings                  | 6.420.068                           |                                     |                        |
| Rate                                 | 10%                                 |                                     |                        |
| Tax                                  | 642.007                             |                                     |                        |
| Total deferred tax liabilities       | <b>\$ (352.442)</b>                 |                                     |                        |

The following is the detail of net deferred tax assets (liabilities) as of 31 December 2018:

|                                              | Final balance<br>01/01/2018 | Increase<br>(decrease) for<br>deferred tax in<br>profit or loss (i) | Increase<br>(decrease) for<br>deferred tax in<br>equity | Increase (decrease)<br>for deferred tax in<br>profit or loss due to<br>rate change (i) | Increase<br>(decrease) for<br>deferred tax in<br>other comprehen-<br>sive income (ii) | Final balance<br>31/12/2018 |
|----------------------------------------------|-----------------------------|---------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------|
| <b>Deferred tax assets</b>                   |                             |                                                                     |                                                         |                                                                                        |                                                                                       |                             |
| 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                  |
| <b>Total deferred tax assets</b>             | <b>\$ 59.459.101</b>        | <b>\$ (9.873.156)</b>                                               | <b>\$ 16.532.862</b>                                    | <b>\$ (4.124.865)</b>                                                                  | <b>\$ 5.458.901</b>                                                                   | <b>\$ 67.452.843</b>        |
| <b>Deferred tax liabilities</b>              |                             |                                                                     |                                                         |                                                                                        |                                                                                       |                             |
| 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                   |
| <b>Total deferred tax liabilities</b>        | <b>\$ 79.108.938</b>        | <b>\$ (511.194)</b>                                                 | <b>\$ -</b>                                             | <b>\$ (5.630.329)</b>                                                                  | <b>\$ (7.416)</b>                                                                     | <b>\$ 72.959.999</b>        |
| <b>Net deferred tax assets (liabilities)</b> | <b>\$ (19.649.837)</b>      | <b>\$ (9.361.962)</b>                                               | <b>\$ 16.532.862</b>                                    | <b>\$ 1.505.464</b>                                                                    | <b>\$ 5.466.317</b>                                                                   | <b>\$ (5.507.156)</b>       |

(\*) 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) (1) As of 31 December 2018, the detail of deferred tax assets for other provisions corresponds to:

|                                          | Initial balance<br>01/01/2018 | Increase (decrease) for<br>deferred taxes in profit<br>or loss | Increase (decrease)<br>for deferred taxes in<br>equity | Increase (decrease) for<br>deferred taxes in rate<br>change results | Final balance<br>31/12/2018 |
|------------------------------------------|-------------------------------|----------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------|-----------------------------|
| 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 – Third party-claims (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                   |
|                                          | <b>\$ 46.367.067</b>          | <b>\$ (14.255.048)</b>                                         | <b>\$ 16.532.862</b>                                   | <b>\$ (2.041.131)</b>                                               | <b>\$ 46.603.750</b>        |

- (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<br>Income tax and<br>surcharge | 2020<br>Income tax and<br>surcharge | 2021<br>Income tax and<br>surcharge | 2022<br>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)            |
|                                      | <b>\$ 35.395.015</b>                | <b>\$ (6.079.218)</b>               | <b>\$ (13.067.800)</b>              | <b>\$ (39.443.839)</b> |
| 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       | <b>\$ (5.507.156)</b>               |                                     |                                     |                        |

## 21. Patrimonio

### Capital

The authorised capital consists of 28,378,952,140 shares with a par value of \$100 each.

As of 31 December 2019 and 2018, the subscribed and paid-in shares correspond to 114,864,651 ordinary shares and 20,010,799 preference shares for a total of 134,875,450 shares with a nominal value of \$100.

The shareholding structure as of 31 December 2019 is detailed below:

| Shareholders                     | Common shares<br>with voting rights |                     | Common shares<br>with voting rights |                     | Shareholding structure |                     |
|----------------------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|------------------------|---------------------|
|                                  | Interest<br>(%)                     | Number of<br>shares | Interest<br>(%)                     | Number of<br>shares | Interest<br>(%)        | Number of<br>shares |
| Grupo Energía Bogotá S.A. E.S.P. | 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             |
|                                  | <b>100%</b>                         | <b>114.864.651</b>  | <b>100%</b>                         | <b>20.010.799</b>   | <b>100%</b>            | <b>134.875.450</b>  |

Of the total shares of Empresa de Energía de Bogotá S.A. ESP, 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 26 March 2019, according to Minutes No. 71, approved with a vote of 56.718% of present shares the distribution of ordinary dividends for \$424,188,502 and preferred dividends for \$6,255,756 charged to the net income of 31 December 2018.

Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, seeking to declare these Minutes void, thereby challenging the approval of the profit distribution project.

The dividends on the 2018 net income for \$430,444,258 (\$3,145.04 per common share (\*)) would be paid as follows: 100% of the preferred dividend and 37.19% of the ordinary dividend paid on 22 May 2019, 36.82% payable on 17 October 2019, 24.54% payable on 15 January 2020.

The dividends on the 2017 net income for \$439,631,322 (\$3,217.21 per common share (\*)) were 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.

(\*) 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 chose their own arbitrators as indicated in the Investment Framework Agreement .

Grupo Energía Bogotá S.A. E.S.P. filed a new lawsuit which was notified on 10 April 2019 and answered by Enel Américas on 13 May 2019. The parties were summoned to a conciliation hearing, but it never took place because Grupo Energía Bogotá S.A. E.S.P. file an amendment to the lawsuit, including claims for damages for more breaches of the Investment Framework Agreement: i) Distribution of profits 2016, 2017 and 2018, ii) Non-development of non-conventional renewable energy generation projects, ii) Conflicts of interest in contracts with economic related companies of the Enel Group and iv) Imposition of the Enel brand on the companies Codensa S.A. E.S.P. and Emgesa S.A. E.S.P.

This process is attended directly by the lawyers of Enel Américas. Taking into account the evidentiary stage of the process currently in progress, the contingency is qualified as remote. Management considers that this situation does not affect the financial statements as of 31 December 2018.

Arbitration Tribunals of Grupo Energía Bogotá SA ESP vs. Codensa S.A. E.S.P

There are 17 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 authorisations 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, decisions are being made regarding the operations with economic related companies of high impact for the business.

By order dated 25 October 2019, the Arbitration Court that was first installed decided to accumulate the procedures into one because the claims are similar and they can be carried out by the same proceedings between the same parties. This way, Codensa S.A. E.S.P. will only be involved in only one arbitration. The arbitration is currently in the lawsuit response phase.

The minutes challenged by Grupo Energía de Bogotá S.A E.S.P. specifically against the Company are the following:

- (1) Board of Directors Minutes No. 269 of 22 February 2018 (Whereby the project for the distribution of profits for the 2017 fiscal year and a proposal to amend the Bylaws was authorised for submission to the General Shareholders’ Meeting).
- (2) 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 favour of Emgesa for the energy of the periods 2020 to 2022 for the Regulated Market of the Company). Conflict of Interest.
- (3) General Meeting Minutes No. 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 the Company were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).
- (4) Board of Directors Minutes No. 271 of 25 April 2018 (Whereby the approval proposal for “Technical Services” was notified and the extension of the intercompany agreement with Enel Italia S.R.L was approved, regarding the “Cloud Service, Licenses and Cybersecurity and Digital Enablement Services”).
- (5) Board of Directors Minutes No. 272 of 24 May 2018 (Whereby the approval proposal for “Cybersecurity and Development Services and Supply of IT Platforms with Enel Italia” was notified).
- (6) Board of Directors Minutes No. 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).
- (7) Board of Directors Minutes No. 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).
- (8) Board of Directors Minutes No. 275 of 23 August 2018 (relative to the proposed approval of a new Energy Procurement Procedure).
- (9) Board of Directors Minutes No. 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).
- (10) Extraordinary Shareholders’ Meeting Minutes No. 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).
- (11) 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).



- (12) Board of Directors Minutes No. 278 of 22 November 2018 (related to the presentation of the Pre-Closing 2018, approval of the 2019 budget and 2020-2021 projections and in “miscellaneous” the reiteration of not participating in the tender for operating Electricaribe due to regulatory limits).
- (13) Board of Directors Minutes No. 279 of December 20, 2018 (related to the approval for participating in bidding projects of more than 5 million dollars; authorisation to purchase E-motorwerks equipment).
- (14) Board of Directors Minutes No. 280 of 24 January 2019 (regarding the approval of the purchase of energy from Emgesa for the supply in Codensa Charging Stations for electric vehicles, clarification on authorisation to participate in the MME Long-Term auction and report on the Enel X Business line).
- (15) Board of Directors Minutes No. 282 of 21 February 2019 (regarding the approval of documents to be submitted for consideration of the Shareholders’ Meeting - report to the audit committee containing operations with economic related parties during 2018 and profit distribution project for the 2018 fiscal year) File 115466.
- (16) Board of Directors Minutes N 283 of March 21, 2019 (regarding the approval of documents to be submitted to the Enel X Colombia S.A.S. Sole Shareholder’s Meeting and request to grant powers to the General Manager of Enel X Colombia S.A.S. to submit business offers) File 115466.
- (17) General Meeting Minutes No. 71 of 26 March 2018 (Whereby the profit distribution project for the 2019 fiscal year was approved, the operations with Codensa’s economic associates in 2018 were ratified, a conflict of interest arose in operations with economic associates for the year 2019) File 116257.

Other reserves

|                                                       | As of 31 December 2019 | As of 31 December 2018 |
|-------------------------------------------------------|------------------------|------------------------|
| Reserve for deferred depreciation (Art. 130 Tax Code) | \$ 202.298.711         | \$ 206.694.375         |
| Legal reserve                                         | 26.454.481             | 26.454.481             |
|                                                       | <b>\$ 228.753.192</b>  | <b>\$ 233.148.856</b>  |

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 2018 and 2017 will revert to the extent that the accounting depreciation equals the fiscal depreciation. Therefore, for the March 2019 and 2018 Meetings, the release of \$4,395,664 and \$3,191,156, respectively, from the reserve established, leaving a balance of \$202,298,711.

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. Revenue and other operating revenues

|                                                                | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|----------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Energy Sales (1)                                               | \$ 4.541.786.666                                             | \$ 4.260.156.348                                             |
| <i>Distribution and trade of energy - regulated market (1)</i> | 4.401.047.033                                                | 4.116.632.611                                                |
| <i>Supply of public lighting service (2)</i>                   | 140.739.633                                                  | 143.523.737                                                  |
| Energy Transportation                                          | 485.647.500                                                  | 444.380.755                                                  |
| Business and Government Services (4)                           | 185.752.927                                                  | 149.126.080                                                  |
| <b>Total revenue under IFRS 15</b>                             | <b>\$ 5.213.187.093</b>                                      | <b>\$ 4.853.663.183</b>                                      |
| Leases outside the scope of IFRS 15                            | 203.095.752                                                  | 184.946.625                                                  |
| <b>Total revenue</b>                                           | <b>\$ 5.416.282.845</b>                                      | <b>\$ 5.038.609.808</b>                                      |
| Other operating revenue outside the scope of IFRS 15           | 48.274.326                                                   | 21.198.860                                                   |
| Recovery loss of energy                                        | 23.613.854                                                   | 11.651.640                                                   |
| Others                                                         | 24.660.472                                                   | 9.547.220                                                    |
| <b>Total revenue and other operating revenues</b>              | <b>\$ 5.464.557.171</b>                                      | <b>\$ 5.059.808.668</b>                                      |

- (1) As of 31 December 2019 and 2018, energy sales in the regulated market amount to 8,943 Gwh and 8,884 Gwh, of which 5,112 Gwh and 5,055 Gwh correspond to residential customers, 2,507 Gwh and 2,489 Gwh to commercial customers, 1,045 Gwh and 1,066 Gwh to industrial customers, and 278 Gwh and 274 Gwh to official customers, respectively.

Below are the increases in the component rate received during 2019:

|           | Applied average<br>rate 2018 | Applied average<br>rate 2019 | Variation   |
|-----------|------------------------------|------------------------------|-------------|
| Gm        | 186,92                       | 208,31                       | 11,4%       |
| Tm        | 31,19                        | 34,22                        | 9,7%        |
| Pr        | 34,26                        | 37,63                        | 9,8%        |
| D         | 166.78                       | 172.81                       | 3,6%        |
| Rm        | 32,89                        | 16,05                        | -51,2%      |
| Cv        | 44,82                        | 47,06                        | 5,0%        |
| <b>Cu</b> | <b>476,60</b>                | <b>495,66</b>                | <b>4,0%</b> |

**Generation costs (Gm):** Increase of \$ 13.7/kWh, as a result of a 113.3% increase in the purchase price on the stock exchange, which is equivalent to \$ 125.55/kWh, after evaluating the rate of December 2019 vs. December 2018. Purchases on the stock market accounted for 11.2% of total purchases in generation costs.

**Transmission Costs (Tm):** Increase of \$ 3.03/kWh (8.8%) in the transmission component associated with the combination of lower demand, compared to the previous year.

**Cost of Losses (Pr):** Increase of \$ 1.4/kWh, affected by generation increases related to the effects on the variation of the Gm and Tm components.

**Distribution Costs (D):** Increase of \$ 6.1/kWh mainly due to the distribution component associated with an increase in the unit charge of the Regional Transmission System Centro Sur, which in turn reflects a downward expectation of energy demand.

**Restriction Costs (Rm):** Relief for the amount received by the Wholesale Energy Market corresponding to the application of the guarantee for non-compliance on the date of commissioning of Hidroituango. The amount received equals \$148,030,000, which was applied as follows: 85,238,000 million pesos in the energy consumption bill for November 2019 and 62,792,000 million pesos for the bill of December 2019 . (CREG Res. 101 of 2019).

**Marketing costs (Cv):** The increase of \$0.9/kWh corresponds to the increase in the CPI and the increase in the contribution payment to the Superintendence of Household Public Utilities reflected in the last quarter of the year.

Income provision for rate changes 2019

New Distribution Methodology of CREG Resolution 015 of 2018

Through this Resolution the Energy and Gas Regulation Commission - CREG adopted the methodology, rate formulas and other provisions for the remuneration of the activity of electricity distribution in the Colombian National Interconnected System, such as the conditions for network operators to invest new resources to modernise the infrastructure used in the electric power distribution activity.

Under the procedure established in this methodology, in July 2018, the Company submitted to the CREG the income request for the next rate period (2019-2023), including 2019.

CREG Resolution 036 of 2019

In April 2019, the CREG published CREG Resolution 036 of 2019, whereby some provisions of CREG Resolution 015 of 2019 were amended and established the regulatory annuity from April to March each year.

In particular, by means of this Resolution, the CREG established retrospectively, from April 2019 to the month when the particular Resolution on income is approved, an adjustment to said income in each of the settlements of the first twelve (12) months of application of the new methodology. The adjustment compensates (or subtracts) the difference in income between the current Dx rate (CREG Res. 097/08) and the new Dx rate (CREG Res. 015/19) from April to when the charges are approved, including the adjustment of the CPROG (maintenance of energy losses).

Finally, in the first year, a new rate will be applied on bills from the month following the approval of the resolution on distribution charges under the methodology of CREG Res. 015 of 2019.

CREG Resolution 189 of 2019

On 20 December 2019, the CREG approved CREG Resolution 189 of 2019, being notified to the Company on 8 January 2020, and which approves the variables necessary to calculate the income and charges associated with the electric power distribution activity for the market served by the Company. In addition, and given that CREG Resolution 036 of 2019 grants the right to have an adjustment of retroactive income, the best estimate was made with the information available to date according to the variables approved.

- (2) As of 31 December 2019, energy sales of the non-regulated market for public lighting have decreased from 301 Gwh in 2018 to 289 Gwh in 2019, mainly for the consumption of the Capital District at 205 Gwh and 216 Gwh and other municipalities at 83 Gwh and 85 Gwh, respectively.
- (3) As of 31 December 2019 and 2018, the variation corresponds mainly to billing for the electric energy infrastructure use service of the Company by other energy marketers in the local distribution systems of \$336,117,671 and \$244,042,429 and regional transmission systems for \$149,529,829 and \$195,553,641, respectively.
- (4) As of 31 December 2019, there is an increase in revenues from business and government services, mainly for value added services \$178,516,116 and \$147,212,423; provision of engineering services \$2,237,538 and \$1,158,681; and other service provisions \$1,442,200 and \$755,987 respectively.

Breakdown of revenue 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 summarises 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-energise 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 recognises 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 2019, the Company has received advance payments for the energy transportation service for \$17,065,571.

The Company recognises as revenue the contract liabilities, to the extent that it fulfils the performance obligations.

23. Provisioning and Services

|                                              | Twelve-month period from 1<br>January to 31 December 2019 | Twelve-month period from 1<br>January to 31 December 2018 |
|----------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Energy purchases (1)                         | \$ 2.363.426.429                                          | \$ 2.322.921.286                                          |
| Transport costs (2)                          | 534.572.684                                               | 500.637.818                                               |
| Other variable provisioning and services (3) | 258.173.488                                               | 224.642.420                                               |
|                                              | <b>\$ 3.156.172.601</b>                                   | <b>\$ 3.048.201.524</b>                                   |

(1) As of 31 December 2019 and 2018, energy purchases amount to 10,348 Gwh and 10,508; purchases intended for the regulated market through contracts amount to 8,512 Gwh and 8,996 Gwh; and purchases in the stock market 1,762 Gwh and 1,253 Gwh, the remaining corresponds to purchases intended for the non-regulated market with 68 Gwh and 259 Gwh, respectively.

There is an increase in the average price on the energy exchange that amounts to \$ 228.85/Kwh and \$ 203.06/Kwh as of 31 December 2019 and 2018, respectively.

(2) As of 31 December 2019 and 2018, it is mainly composed of the right-of-use costs in the national transmission power systems of \$358,234,865 and \$324,065,312 and in regional transmission \$166,422,820 and \$162,937,130 respectively.

(3) Following is a description of other variable provisioning and services:

|                                                          | Twelve-month period from 1<br>January to 31 December<br>2019 | Twelve-month period from<br>1 January to 31 December<br>2018 |
|----------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Costs of providing goods and services to individuals (a) | \$ 106.783.603                                               | \$ 73.305.793                                                |
| Industry and trade tax                                   | 64.379.883                                                   | 61.023.118                                                   |
| Costs related to metering equipment                      | 42.438.822                                                   | 41.397.454                                                   |
| Public lighting maintenance and others                   | 19.092.455                                                   | 28.993.448                                                   |
| Cut and reconnection costs                               | 18.699.176                                                   | 16.238.877                                                   |
| Contributions regulation entities                        | 4.676.890                                                    | 1.508.492                                                    |
| Other local taxes related to sales                       | 2.102.659                                                    | 2.175.238                                                    |
|                                                          | <b>\$ 258.173.488</b>                                        | <b>\$ 224.642.420</b>                                        |

(a) As of 31 December 2019 and 2018, corresponds mainly to associated business costs of value-added services such as electrical works, Christmas lights and subscriptions to magazines, insurance and other products.

24. Personnel expenses

|                                                                  | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Wages and salaries (1)                                           | \$ 189.368.233                                               | \$ 164.407.202                                               |
| Social security service and other social charges                 | 39.935.608                                                   | 38.918.126                                                   |
| Expense (revenue) for obligation of post-employment benefits (2) | 818.965                                                      | 838.745                                                      |
| Other personnel expenses (3)                                     | 4.538.392                                                    | (274.918)                                                    |
|                                                                  | <b>\$ 234.661.198</b>                                        | <b>\$ 203.889.155</b>                                        |

(1) As of December 31, 2019 and 2018, corresponds to wages and salaries of \$142,025,100 and \$125,026,271, bonuses of \$16,450,621 and \$12,185,707, vacation leaves and vacation bonuses \$13,270,983 and \$11,723,458, service bonus \$7,894,304 and \$5,715,720, severance pay and severance pay interest \$6,324,227 and \$5,338,427, amortisation of employee benefits of \$3,402,998 and \$4,417,618, respectively.

(2) As of 31 December of 2019 and 2018, corresponds to the cost of the current service of active workers associated to the retroactive severance benefit for \$138,873 and \$123,119, 5-year periods for \$262,859 and \$265,953, respectively.

As of 31 December 2019 and 2018, 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 \$(208.595) and \$449,673, respectively.

(3) (3) As of 31 December 2019 and 2018, corresponds to:

(a) Labour litigations: Recognised allocation of litigation that was subject to changes in the rating in accordance with analyses performed by attorneys-in-fact for \$463,366 and \$1,628,323, respectively.

(b) Retirement bonus: Corresponds to the expenses (recoveries) associated with the provision of retirement bonus for the management personnel for \$4,075,026 and \$(1,903,241), respectively.

25. Other fixed operating expenses

|                                                              | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|--------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Independent professional services, outsourced and others (1) | \$ 194.497.193                                               | \$ 193.681.391                                               |
| Repairs and maintenance (2)                                  | 76.389.122                                                   | 75.823.947                                                   |
| Other supplies and services (3)                              | 25.984.725                                                   | 24.139.650                                                   |
| Leases and fees (4)                                          | 7.690.083                                                    | 10.817.333                                                   |
| Taxes and rates (5)                                          | 4.500.161                                                    | 3.397.462                                                    |
| Insurance premiums                                           | 5.922.646                                                    | 5.079.641                                                    |
| Advertising, marketing and public relations                  | 12.261.035                                                   | 12.874.285                                                   |
| Transport and travel expenses                                | 3.907.356                                                    | 4.485.860                                                    |
|                                                              | <b>\$ 331.152.321</b>                                        | <b>\$ 330.299.569</b>                                        |

(1) Below is the detail of independent professional services, outsourced and others:

|                                                                                                 | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Maintenance services, software development and computer applications (a)                        | \$ 37.181.150                                                | \$ 32.459.054                                                |
| Market recovery contracts                                                                       | 24.079.514                                                   | 26.271.252                                                   |
| Reading                                                                                         | 18.828.864                                                   | 22.220.756                                                   |
| General administration expenses                                                                 | 18.781.269                                                   | 20.975.123                                                   |
| Collection contracts                                                                            | 15.956.613                                                   | 15.033.479                                                   |
| Diagnosis, inspection and maintenance of substations, networks and electrical installations (b) | 15.641.618                                                   | 10.722.421                                                   |
| Other management and operation contracts                                                        | 15.101.366                                                   | 7.796.223                                                    |
| Customer service contracts                                                                      | 12.491.150                                                   | 14.861.434                                                   |
| Fees (c)                                                                                        | 10.692.165                                                   | 7.104.642                                                    |
| Telecommunications services                                                                     | 7.268.184                                                    | 6.818.611                                                    |
| Billing (d)                                                                                     | 4.838.777                                                    | 4.714.201                                                    |
| Temporary staff service                                                                         | 3.259.173                                                    | 1.711.706                                                    |
| Civil and administrative litigations                                                            | 2.910.541                                                    | 3.865.909                                                    |
| Non-payment management contracts                                                                | 2.556.831                                                    | 2.889.715                                                    |
| Diner and cafeteria                                                                             | 2.413.970                                                    | 1.783.361                                                    |
| Industrial safety                                                                               | 1.499.721                                                    | 2.842.476                                                    |
| Office supplies and stationery                                                                  | 996.287                                                      | 890.214                                                      |
| Logistics operation contract for materials and inventories (e)                                  | -                                                            | 3.705.743                                                    |
| Transportation Services Management (e)                                                          | -                                                            | 5.605.064                                                    |
| Loss on claims (e)                                                                              | -                                                            | 1.410.007                                                    |
|                                                                                                 | <b>\$ 194.497.193</b>                                        | <b>\$ 193.681.391</b>                                        |

- (a) As of 31 December 2019 and 2018, 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, Synergia 4J and Genesis.
- (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 Accenture Ltda and for legal advice on constituting the Open Book business.
- (d) Corresponds mainly to costs of correspondence and file management, software maintenance and Cloud service contracts, administrative outsourcing service and telephone and communications costs.
- (e) As of 31 December 2019, the transportation service management cost and loss on claims are included under the heading other management and operation contracts, the item logistics operation contract for materials and inventories is included under the heading of diagnosis, inspection and maintenance of substations, networks and electrical installations.
- (2) Includes material consumption of \$13,960,517 (see note 9).
- (3) The variation is mainly due to increases in training costs for Company employees, public services and office management expenses.
- (4) Includes short-term leases outside the scope of IFRS16 for \$1,230,268.
- (5) The increase corresponds mainly to the payment of property tax in 2019 and to withholdings of assumed taxes.

26. Expense for Depreciation, Amortisation and Impairment Losses

|                                                    | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|----------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Depreciations (Note 13)                            | \$ 363.582.981                                               | \$ 334.302.712                                               |
| Amortisations (Note 12)                            | 35.660.198                                                   | 20.324.771                                                   |
| <b>Depreciations and amortisations</b>             | <b>399.243.179</b>                                           | <b>354.627.483</b>                                           |
| Impairment financial assets (1)                    | 25.974.706                                                   | 25.443.127                                                   |
| (Recovery), impairment of assets held for sale (2) | (11.264.073)                                                 | 15.453.755                                                   |
| <b>Impairment losses</b>                           | <b>14.710.633</b>                                            | <b>40.896.882</b>                                            |
|                                                    | <b>\$ 413.953.812</b>                                        | <b>\$ 395.524.365</b>                                        |

- (1) As of 31 December 2019, corresponds mainly to the allocation of:
- (i) 100% provision of the Public Lighting Infrastructure VAT portfolio for \$13,551,993, prescribed customers that do not present an ongoing lawsuit for \$4,572,019 and customers that present risk of default in payment agreements: Municipality of Agua de Dios for \$3,067,538, others \$1,423,550.
- (ii) In the supplementary business portfolio, the variation is mainly due to customers who default on payment agreements: Biogas Doña Juana for \$752,996.
- (2) Corresponds to the update of the fair value of PCH (Rio Negro Hydroelectric Power Plant) for \$(11,264,073).

27. Net Financial Income

|                                             | Twelve-month period from 1<br>January to 31 December<br>2019 | Twelve-month period from 1<br>January to 31 December<br>2018 |
|---------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Revenues from cash and cash equivalents (1) | \$ 10.062.346                                                | \$ 10.691.401                                                |
| Interest on loans to employees (2)          | 5.255.716                                                    | 5.433.819                                                    |
| Interest on customer financing              | 2.413.070                                                    | 1.716.992                                                    |
| Other financial revenues (3)                | 539.436                                                      | 6.293.327                                                    |
| Default interests (4)                       | 401.806                                                      | 11.200.642                                                   |
| <b>Financial revenues</b>                   | <b>18.672.374</b>                                            | <b>35.336.181</b>                                            |
| Financial obligations (5)                   | (161.885.832)                                                | (153.357.218)                                                |
| Tax on movement of funds                    | (23.777.916)                                                 | (22.393.608)                                                 |
| Obligation for post-employment benefits     | (20.966.493)                                                 | (19.802.986)                                                 |
| Other financial costs (6)                   | (4.939.175)                                                  | (4.842.197)                                                  |
| Finance leases (7)                          | (2.916.385)                                                  | (1.031.628)                                                  |
| Recovery of financial assets (8)            | 2.111.285                                                    | (2.686.388)                                                  |
| <b>Financial expenses</b>                   | <b>(212.374.516)</b>                                         | <b>(204.114.025)</b>                                         |
| Capitalised financial expenses              | 4.178.743                                                    | 2.998.967                                                    |
| <b>Net financial expenses</b>               | <b>(208.195.773)</b>                                         | <b>(201.115.058)</b>                                         |
| Revenues from exchange difference           | 27.526.425                                                   | 15.205.713                                                   |
| Expenses from exchange difference           | (27.515.514)                                                 | (20.060.995)                                                 |
| <b>Net exchange difference (9)</b>          | <b>10.911</b>                                                | <b>(4.855.282)</b>                                           |
| <b>Total net financial income</b>           | <b>\$ (189.512.488)</b>                                      | <b>\$ (170.634.159)</b>                                      |

- (1) 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.
- (2) As of 31 December 2019 and 2018, corresponds to the financial interest of housing credits for \$888,154 and \$921,724, and the financial effect of loans to employees agreed at the differential market rate for \$4,367,562 and \$4,512,096, respectively.

- (3) The variation mainly corresponds to the fact that in 2019 there was no financial update on the public lighting infrastructure VAT portfolio, because there is no financial effect because it was fully provisioned, the financial effect in 2018 was \$2,811,706.
- (4) Corresponds to the billing of default interest to customers for energy service and other products, the variation corresponds mainly to the adjustment made in December 2019 corresponding to default interest on VAT for the lease of public lighting infrastructure billed to UAESP from December 2015 to February 2016 for \$ 6,208,001.
- (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 2019 |                    | Twelve-month period from 1 January to 31 December 2018 |                    |
|----------------------------|--------------------------------------------------------|--------------------|--------------------------------------------------------|--------------------|
| Loans Bank of Tokyo (a)    | \$                                                     | 21.939.507         | \$                                                     | 31.270.413         |
| Interest Bonds E5-17       |                                                        | 19.952.898         |                                                        | 19.953.000         |
| Interest Bonds B12-18 (b)  |                                                        | 16.045.934         |                                                        | 7.855.193          |
| Interest Bonds E4-19 (d)   |                                                        | 13.906.749         |                                                        | -                  |
| Interest Bonds E7-18 (b)   |                                                        | 13.160.000         |                                                        | 9.554.457          |
| Interest Bonds B7-14       |                                                        | 12.875.521         |                                                        | 12.363.536         |
| Interest Bonds E7-17       |                                                        | 12.620.206         |                                                        | 12.620.200         |
| Interest Bonds B5-18 (b)   |                                                        | 12.262.448         |                                                        | 2.258.778          |
| Interest Bonds B10-19 (b)  |                                                        | 12.011.917         |                                                        | -                  |
| Interest Bonds B12         |                                                        | 11.302.821         |                                                        | 15.316.639         |
| Other commercial loans (c) |                                                        | 7.007.849          |                                                        | 7.174.283          |
| Interest Bonds E4-16       |                                                        | 6.741.013          |                                                        | 6.741.000          |
| Interest Bonds E2-17       |                                                        | 2.058.969          |                                                        | 10.976.000         |
| Interest Bonds B5-13       |                                                        | -                  |                                                        | 10.789.069         |
| Interest Bonds A10-08      |                                                        | -                  |                                                        | 6.484.650          |
| <b>Total</b>               |                                                        | <b>161.885.832</b> |                                                        | <b>153.357.218</b> |

- (a) Corresponds to the interests of the loans acquired with MUFG Bank, Ltd. on 17 March 2016 for \$200,000,000 with an agreed rate of 8.4931% EA, 10 June 2016 for \$162,000,000, at an agreed rate of 8.8150% EA and on 7 February 2019 for \$200,000,000, at an agreed rate of 5.3335% EA.
- (b) Corresponds to the interest on bond issues made in 2018 (See Note 14).
- (c) Corresponds mainly to the interests of bank loans acquired as a result of the business combination (See Note 14).
- (d) Corresponds to the interest of the bond issues carried out in 2019 (See Note 14).
- (6) As of 31 December 2019, corresponds mainly to costs for bond issues of \$2,172,016, financial update of legal provisions \$1,307,301, update of the provision of liabilities for decommissioning of PCBs for \$1,014,593, financial update of energy agreements \$(412,593).
- (7) As of 31 December 2019, corresponds to interest on leases under IFRS 16 for \$2,009,548 and interest on vehicle leases for \$906,837.
- (8) Recognised 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, the variation corresponds mainly to a decrease in the provision of energy agreements and other businesses.

- (9) The origins of the effects on exchange difference results correspond to:

|                                         | Twelve-month period from 1 January to 31 December 2019 |                                   |
|-----------------------------------------|--------------------------------------------------------|-----------------------------------|
|                                         | Revenues from exchange difference                      | Expenses from exchange difference |
| Cash                                    | \$ 686                                                 | \$ (45.068)                       |
| Bank balance                            | 23.253.026                                             | (21.447.334)                      |
| Cash and cash equivalents               | <b>23.253.712</b>                                      | <b>(21.492.402)</b>               |
| Current accounts receivable             | 228.996                                                | (4.699.476)                       |
| <b>Total Assets</b>                     | <b>23.482.708</b>                                      | <b>(26.191.878)</b>               |
| Accounts payable for goods and services | 4.043.717                                              | (1.160.349)                       |
| Commercial creditors                    | -                                                      | (163.287)                         |
| <b>Total liabilities</b>                | <b>4.043.717</b>                                       | <b>(1.323.636)</b>                |
| <b>Net results</b>                      | <b>\$ 27.526.425</b>                                   | <b>\$ (27.515.514)</b>            |

|                                         | 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               | <b>656.513</b>                                         | <b>(5.475.984)</b>                |
| Current accounts receivable             | 664.720                                                | (2.156.196)                       |
| <b>Total Assets</b>                     | <b>1.321.233</b>                                       | <b>(7.632.180)</b>                |
| Accounts payable for goods and services | 9.009.977                                              | (10.698.219)                      |
| Other commercial creditors              | 3.402.399                                              | (129.170)                         |
| Commercial creditors                    | 1.472.104                                              | (1.601.426)                       |
| <b>Total liabilities</b>                | <b>13.884.480</b>                                      | <b>(12.428.815)</b>               |
| <b>Net results</b>                      | <b>\$ 15.205.713</b>                                   | <b>\$ (20.060.995)</b>            |

28. Income from Investments

|                                        | Twelve-month period from 1 January to 31 December 2019 | Twelve-month period from 1 January to 31 December 2018 |
|----------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Equity method (1)                      | \$ 394.689                                             | \$ 63.689                                              |
| Dividends of investments in associates | 20.993                                                 | 317                                                    |
| <b>\$</b>                              | <b>415.682</b>                                         | <b>\$ 64.006</b>                                       |

- (1) Corresponds to the equity method applied to Inversora Codensa S.A.S. for \$(387) and Enel X Colombia S.A.S. for \$395,076. They are wholly owned subsidiaries. Enel X Colombia has the purpose of developing public lighting projects, low, medium and high-voltage electrical engineering works and special and architectural lighting projects, among others.

29. Income from the Sale and Disposal of Assets

|                                | Twelve-month period from 1 January to 31 December 2019 | Twelve-month period from 1 January to 31 December 2018 |
|--------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Propiedad, planta y equipo (1) | \$ 11.938.475                                          | \$ 8.200.049                                           |
| Materiales (2)                 | -                                                      | 4.257.566                                              |
| <b>\$</b>                      | <b>11.938.475</b>                                      | <b>\$ 12.457.615</b>                                   |

- (a) Corresponds primarily to the write-off of substation equipment, lines and networks, distribution transformers and public lighting luminaires due to obsolescence, damage and replacement.
- (b) As of 31 December 2018, corresponds primarily to the billing of materials to the cooperating companies as a result of the physical taking of inventories.

30. Income Tax Expensess

The provision recognised through profit or loss, for income tax and income tax surcharge is broken down as follows:

|                                          | Twelve-month period from 1<br>January to 31 December 2019 | Twelve-month period from 1<br>January to 31 December 2018 |
|------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Current income tax                       | \$ 400.107.012                                            | \$ 355.005.191                                            |
|                                          | <b>400.107.012</b>                                        | <b>355.005.191</b>                                        |
| Income tax previous years                | (2.271.469)                                               | 6.901.759                                                 |
| Deferred tax movement (1)                | 541.897                                                   | 15.355.206                                                |
| Deferred tax movement previous years (1) | 2.168.978                                                 | (7.498.708)                                               |
|                                          | <b>\$ 400.546.418</b>                                     | <b>\$ 369.763.448</b>                                     |

- (1) As of 31 December 2019 and 2018, corresponds to the reduction of the net deferred tax of \$2,710,875 and \$7,856,498, which includes (i) deferred tax for the period of \$541,897 and \$16,860,670; (ii) deferred tax on prior years for \$2,168,978 and (\$7,498,708); and (iii) effect for rate changes as a result of the tax reform for \$0 and (\$1,505,464), 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 2019 and 2018 of 32.74 and 37.79%, respectively:

| Reconciliation effective tax rate    | Twelve-month period<br>from 1 January to 31<br>December 2019 | Rate  | Twelve-month period<br>from 1 January to 31<br>December 2018 | Rate  |
|--------------------------------------|--------------------------------------------------------------|-------|--------------------------------------------------------------|-------|
| Net income                           | \$ 822.757.186                                               |       | \$ 608.640.849                                               |       |
| Income tax expense                   | 400.546.418                                                  |       | 369.763.448                                                  |       |
| Earnings before taxes                | <b>1.223.303.604</b>                                         |       | <b>978.404.297</b>                                           |       |
| Legal tax rate in force              | 33%                                                          |       | 37%                                                          |       |
| Tax according to legal rate in force | <b>(403.690.189)</b>                                         | (33%) | <b>(362.009.590)</b>                                         | (37%) |

Permanent differences:

|                                                                          |                         |                 |                         |                 |
|--------------------------------------------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| Non-deductible taxes (1)                                                 | (25.459.026)            | (2,08%)         | (4.151.695)             | 0,42%           |
| Non-deductible wealth tax                                                | 0                       | 0%              | 0                       | 0%              |
| Non-causal and other non-deductible expenses (2)                         | 3.049.095               | 0,25%           | (7.008.998)             | 0,72%           |
| Expenses from previous years                                             | 0                       | 0%              | 422.827                 | (0,04%)         |
| Net effect of movement of estimated liabilities and permanent provisions | 32.112                  | 0%              | 153.273                 | (0,02%)         |
| Assumed interests                                                        | (13.022)                | 0%              | (17.278)                | 0%              |
| Additional deduction disabled                                            | 52.574                  | 0%              | 63.280                  | (0,01%)         |
| Other permanent differences                                              | 0                       | 0%              | 173.767                 | (0,02%)         |
| Rate difference adjustment – deferred adjustments previous years         | 1.013.448               | 0,08%           | (481.430)               | 0,05%           |
| Other tax benefits (3)                                                   | 24.366.099              | 1,99%           | 2.463.447               | (0.25%)         |
| Adjustment for income tax return prior year (4)                          | 102.491                 | (0,06%)         | 596.949                 | (0,06%)         |
| Effect of CREE surcharge adjustment - surcharge                          | 0                       | 0%              | 32.000                  | 0%              |
| <b>Total permanent differences</b>                                       | <b>3.143.771</b>        | <b>0,26%</b>    | <b>(7.753.858)</b>      | <b>(0,79%)</b>  |
| <b>Income tax expense</b>                                                | <b>\$ (400.546.418)</b> | <b>(32,74%)</b> | <b>\$ (369.763.448)</b> | <b>(37,79%)</b> |

- (1) As of 31 December 2019 and 2018, corresponds to the effect on the income tax of the industry and trade tax of \$21,342,607 and \$0, tax on financial movements of \$4,116,419 and \$ 4,142,817, the vehicle tax for \$0 and \$8,878, respectively.

- (2) The variation, for the year 2019, corresponds mainly to the recognition as untaxed income from the recovery of impairment of assets held for sale for (\$11,264,073) and which for 2018 was a non-deductible expense of \$ 15,453,756, as well as the effect of non-causal expenses such as donations and loan forgiveness, among others.
- (3) As of 31 December 2019 and 2018 corresponds to the recognition of tax discounts in: industry and trade tax for \$21,084,195 and \$0, donations for \$284,719 and \$ 0, investment in science and technology for \$2,997,186 and \$2,463,477.
- (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, and (ii) differences in the calculation of provisions for costs and expenses.

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 2019 and 2018, there are no common shares acquired by the Company.

|                                                               | Twelve-month period from 1<br>January to 31 December 2019 | Twelve-month period from 1<br>January to 31 December 2018 |
|---------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Profit attributable to owners                                 | \$ 822.757.186                                            | \$ 608.640.849                                            |
| Preferred dividends (1)                                       | 6.557.819                                                 | 6.503.009                                                 |
| Profit attributable to owners adjusted to preferred dividends | 816.199.367                                               | 602.137.840                                               |
| Weighted average of outstanding shares                        | 134.875.450                                               | 134.875.450                                               |
| <b>Basic and diluted earnings per share (*)</b>               | <b>\$ 6.051,50</b>                                        | <b>\$ 4.464,40</b>                                        |

(\*) Figure in Colombian pesos.

- (1) Out of total shares of Grupo Energía 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.

(\*) Full figure expressed in USD

32. Other Comprehensive Income

The breakdown of other comprehensive income is shown below:

|                                                                                                                                   | Twelve-month period<br>from 1 January to 31<br>December 2019 | Twelve-month period<br>from 1 January to 31<br>December 2018 |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| <b>Components of other comprehensive income that will not be reclassified to net income</b>                                       |                                                              |                                                              |
| Losses for new measurements of defined benefits plans (1)                                                                         | \$ (24.349.272)                                              | \$ (24.620.805)                                              |
| Losses on new measurements of financial instruments measured at fair value rough OCI (2)                                          | (12.567)                                                     | (8.774)                                                      |
| <b>Other comprehensive income that will not be reclassified to earnings before taxes</b>                                          | <b>(24.361.839)</b>                                          | <b>(24.629.579)</b>                                          |
| <b>Other comprehensive income that will be reclassified to earnings before taxes</b>                                              |                                                              |                                                              |
| Gains (losses) on cash flow hedges                                                                                                | (54.503)                                                     | (20.043)                                                     |
| <b>Other comprehensive income that will be reclassified to earnings before taxes</b>                                              | <b>(54.503)</b>                                              | <b>(20.043)</b>                                              |
| <b>Income and deferred taxes relative to components of other comprehensive income that will not be reclassified to net income</b> |                                                              |                                                              |
| Tax effect for losses on new measures of defined benefits plans (1)                                                               | 6.521.742                                                    | 7.835.955                                                    |
| <b>Total income taxes relative to components of other comprehensive income that will not be reclassified to net income</b>        | <b>6.521.742</b>                                             | <b>7.835.955</b>                                             |
| <b>Total income taxes relative to components of other comprehensive income that will be reclassified to net income</b>            |                                                              |                                                              |
| Effect of taxes on cash flow hedges                                                                                               | 17.441                                                       | 7.416                                                        |
| <b>Total income taxes relating to components of other comprehensive income will be reclassified to net income</b>                 | <b>17.441</b>                                                | <b>7.416</b>                                                 |
| <b>Total other comprehensive income</b>                                                                                           | <b>\$ (17.877.159)</b>                                       | <b>\$ (16.806.251)</b>                                       |

- (1) Corresponds to the effect of actuarial losses valued by Aon Hewitt México. As of 31 December 2019 and 2018, actuarial losses with effect on equity are presented below:

|                        | Twelve-month period from 1 January to 31 December 2019 |                           |                  | Twelve-month period from 1 January to 31 December 2018 |                           |                  |
|------------------------|--------------------------------------------------------|---------------------------|------------------|--------------------------------------------------------|---------------------------|------------------|
|                        | Pension and benefits                                   | Retroactive severance pay | Temporary income | Pension and benefits                                   | Retroactive severance pay | Temporary income |
| Initial balance        | \$ (71.868.805)                                        | \$ (371.874)              | \$ (2.745.417)   | \$ (55.509.972)                                        | \$ 54.143                 | \$ (2.745.417)   |
| Actuarial loss         | (23.999.702)                                           | (349.569)                 | -                | (24.012.209)                                           | (608.596)                 | -                |
| Current tax (note 17)  | 1.326.404                                              |                           |                  | 2.377.054                                              | -                         | -                |
| Deferred tax (note 20) | 7.743.275                                              | 104.871                   |                  | 5.276.322                                              | 182.579                   | -                |
| Final balance          | \$ (86.798.828)                                        | \$ (616.572)              | \$ (2.745.417)   | \$ (71.868.805)                                        | \$ (371.874)              | \$ (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 2019 and 2018, 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 (\$12,567) and (\$8,773), 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 2019 |                 |                         |
|---------------------------|------------------------|-----------------|-------------------------|
|                           | (in EUR)               | (in US Dollars) | (in thousands of pesos) |
| Cash and cash equivalents | € -                    | US 251.428      | \$ 823.966              |
| Debtors                   | 683.633                | 263.621         | 3.378.721               |
| Accounts payable          | (13.619.460)           | (15.513.732)    | (100.940.946)           |
| Net liability position    | € (12.935.827)         | US (14.998.683) | \$ ( 96.738.259)        |

|                                | 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           |

34. Penalties

In the period between 1 January and 31 December 2019, the company has been notified of the following penalties:

- » On 12 February 2018 the Superintendence of Household Public Utilities, under file No. 2016240350600061E, decided to sanction the Company 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. The fine was paid on 22 January 2019.

- » On 28 February 2018, the Superintendence of Household Public Utilities, under file No. 2015240350600113E, decided to sanction the Company 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 distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and by means of Resolution 20192400004785 of 5 March 2019 the entity decided to confirm the fine, thus declaring it final. The fine was paid on 29 March 2019.
- » On 12 April 2018, the Superintendence of Household Public Utilities, under file No. 2015240350600082E, decided to sanction the Company 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 by means of Resolution 20192400010955 of 29 April 2019 the entity decided to confirm the fine, thus declaring it final. The fine was paid on 9 July 2019.
- » On 17 May 2019, the Superintendence of Household Public Utilities, under file No. 2017240350600018E, decided to sanction the Company with a fine of \$39,750, for considering that the Company failed to provide the service because the estimated regulatory compensations for 7 users 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 is pending decision by the entity.
- » On 26 July 2019, the Superintendence of Household Public Utilities, under file No. 2017240350600037E, decided to sanction the Company with a fine of \$1,656,232, for considering that the Company failed to timely report assets of voltage level 4 out of operation to not exclude them from remuneration. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and is pending decision by the entity.
- » 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 the Company 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 by order No. 10,654 of 2019 of 7 February 2019, the Superintendence of Industry and Trade reduced the penalty to \$13,728. The penalty was paid on 29 May 2019.

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        | \$5,000,000 by court                   | 31/07/2020 | HDI Seguros S.A.         |
| Employees having a direct contract | Death, total and permanent disability          | \$1,800 maximum individual insured sum | 31/01/2020 | HDI Seguros de Vida S.A. |
| Counsellors or directors           | Civil responsibility of directors and managers | \$ 15.773.178                          | 10/11/2020 | SBS Seguros S.A.         |

36. Commitments and Contingencies

(a) Purchase Commitments:

The Company as of 31 December 2019 has commitments to purchase electric energy as follows:

| Year         | Commitments with third parties |               | Commitments with Emgesa S.A. E.S.P. |               | Total            |
|--------------|--------------------------------|---------------|-------------------------------------|---------------|------------------|
| 2020-2021    | \$                             | 1.595.993.634 | \$                                  | 2.385.180.019 | \$ 3.981.173.653 |
| 2022-2023    |                                | 603.114.690   |                                     | 849.929.139   | 1.453.043.829    |
| 2024-2027    |                                | 817.516.811   |                                     | 322.903.615   | 1.140.420.426    |
| 2028-2032    |                                | 667.790.367   |                                     |               | 667.790.367      |
| 2033 onwards |                                | 534.232.293   |                                     |               | 534.232.293      |
|              | \$                             | 4.218.647.795 | \$                                  | 3.558.012.773 | \$ 7.776.660.568 |

Below is the summary of purchase commitments of materials and services:

| Year         | Materials |             | Services |             |
|--------------|-----------|-------------|----------|-------------|
| 2020 to 2021 | \$        | 400.570.519 | \$       | 294.807.961 |
| 2022 to 2023 |           | 11.256.422  |          | 283.411.325 |
|              | \$        | 411.826.941 | \$       | 578.219.286 |

(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 2019 classified as contingent are:

a. Process Sabana Medical Center PH and Others

Start date: 2014

Claim: \$337.000.000

Purpose of the claim: The plaintiffs seek that the Company returns 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 committing illicit enrichment 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.

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.

On 1 February 2019, the Court confirmed the evidentiary request made to the Company and Grupo de Energía de Bogotá, in order to gather missing documentation.

On 7 February 2019, an appeal for reversal is filed against the confirmation order, arguing that all the requested evidentiary information had already been provided.

On 20 February 2019, the Court resolves the appeal for reversal, requesting the list of all users who own the voltage level 1 assets.

On 28 March 2019, the requested information and the date for receiving the testimonies are expected.

As observed, the process continues in its evidentiary phase.

b. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2009

Claim: \$15.000.000

Purpose of the claim: The Association claims a property located within its facilities where an energy substation of the Company operated. The Company counterclaims the prescription of the property or easement.

Current status of process: In February 2019 began the logistics of serving notice to the defendants in counterclaim, which are all co-owners of the properties that make up the joint ownership.

The notices began to be served on Friday 29 March 2019, through successive servicing until completing almost 800 notices that must be served. However, on 22 April 2019, the Judge decided to declare the tacit withdrawal of the membership claim (in counterclaim) that the Company had filed. The above insofar as it was not possible to comply with the requirement given by the court, consisting of serving notice the defendant in full within the 30 days, in accordance with the provisions of article 317 of the General Procedural Code.

The Company filed an appeal against this decision, which will be resolved by the Superior Court of the Judicial District of Bogota.

c. Public Lighting Litigation with the UAESP

As of 31 December 2019, there is an unfavourable ruling issued on 21 August 2019 within the process of nullity and restoration of the right of Codensa S.A. E.S.P. against UAESP for the re-liquidation of public lighting from 1998 to 2004.

The main events of this litigation and the events that occurred during 2019 are described below:

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 authorised 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 lawsuit was admitted on August 21, 2018.

On 28 September 2018, the Company paid 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 with a rate equal to the DTF from the date the difference occurred to the actual date the payment is made. The remaining value of the unilateral settlement is the purpose of the lawsuit against UAESP.

On 21 August 2019, the Administrative Court of Cundinamarca ruled the process denying the claims of the lawsuit, reducing the value of the agreement concluded in 2014 as it was considered out of time.

The Company filed an appeal because: i) the Court was not aware that the transaction entered into by the parties on 26 June 2014 is fully valid and, therefore, UAESP was required to incorporate it in the partial and unilateral settlement of the inter-administrative agreement. (Act 80 of 1993, article 60). ii) The Court was not aware of the existence and validity of the transaction contained in the settlement agreement signed by the parties on 26 June 2014 and therefore its res judicata effect (art. 2483 Civil Code). iii) The Court was not aware of the principle of good faith (art. 83 Political Constitution) and the prohibition against going against one's own acts (estoppel). iv) The Court was not aware that management cannot obtain any benefit from its own non-compliance. The delay is not attributable to CODENSA, since the obligation to re-settle unilaterally (2 months) was only for UAESP and this occurs after 24 months, so the delay is attributable to UAESP.

The appeal, pending admission, will be resolved by the Council of State and considering the congestion that the administration of justice currently has, we consider that we can have a decision not earlier than five years.

In turn, in the framework of the judicial debt collection process, a surety policy was presented under the terms of art. 837-1 of the Tax Code, in order to prevent the execution of attachment orders against the Company.

The contingency is classified as possible or eventual, given that the Court's affirmations are controversial in our favour before the Council of State, and in view of the ruling against us, the success rate is not over 50%.

**Litigations as Plaintiff:**

As of 31 December 2019, the Company acts as a plaintiff in two 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, estimated 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, \$520,417 (EEC litigation, assumed by Codensa), and for 2015, \$5,102.

In 2019, a partially favourable ruling was obtained in the process underway regarding the tax paid during 2014, in which the Council of State in any case ordered the return of \$1,363,089. In addition, a favourable ruling was obtained for the dispute on the tax for the taxable year 2013, which ordered the return of \$2,717,205.

**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 2019    |                              | As of 31 December 2018    |                              |
|---------------|---------------------------|------------------------------|---------------------------|------------------------------|
|               | Variation (basic points)* | Sensitivity in COP thousands | Variation (basic points)* | Sensitivity in COP thousands |
| IPC           | +/- 3,16 %                | (+/-)\$ 30.610.313           | +/- 5,14 %                | (+/-)\$ 39.071.347           |
| DTF           | +/- 2,23 %                | (+/-)\$ 1.390.295            | +/- 4,08 %                | (+/-)\$ -                    |
| DTF           | +/- 1,66 %                | (+/-)\$ 345.073              | +/- 3,39 %                | (+/-)\$ 1.672.524            |

(\*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2017-2019 and 2016-2018 for the 2019 and 2018 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 has contracted exchange rate hedges for a notional amount of USD 1,338,864, maturing in January 2020, whose valuation as of 31 December 2019 corresponds to \$54,503 in favour of Scotiabank Colombia.

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)                | \$ 49.249.843     | \$ 175.280.237 | \$ 224.530.080   | \$ 692.477.792 | \$ 815.393.528 | \$ 692.846.700 | \$ 162.749.120 | \$ 2.363.467.140  |
| Bank loans (principal + interest)                  | 1.109.203         | 89.614.377     | 90.723.580       | 62.810.031     | 853.767        | 17.198.602     | -              | 80.862.400        |
| Intercompany loans (principal + interest)          | 93.909.373        | -              | 93.909.373       | -              | -              | -              | -              | -                 |
| Financial lease obligations (principal + interest) | 1.144.264         | 3.248.903      | 4.393.167        | 1.041.483      | -              | -              | -              | 1.041.483         |
| Lease obligations IFRS 16 (principal + interest)   | 2.709.798         | 7.529.562      | 10.239.360       | 8.862.795      | 4.632.864      | 5.763.159      | -              | 19.258.818        |
| Commercial accounts payable and other payables     | 997.830.494       | -              | 997.830.494      | -              | -              | -              | -              | -                 |
| Total                                              | \$ 1.145.952.975  | \$ 275.673.079 | \$ 1.421.626.054 | \$ 765.192.101 | \$ 820.880.159 | \$ 715.808.461 | \$ 162.749.120 | \$ 2.464.629.841  |

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 scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance we proceed with persuasive actions such as the suspension of electricity service and the early management of collection on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. The evolution of the portfolio is periodically monitored and, if required, complementary recovery management actions are defined 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 scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance, persuasive actions are taken, such as early collection management on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. Periodic monitoring of credit performance is performed and, if required, complementary recovery management actions are defined 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.

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 2019:

| Financial assets (1)                          | Book value       | Fair value       |
|-----------------------------------------------|------------------|------------------|
| Net commercial accounts and other receivables | \$ 741.446.035   | \$ 746.661.049   |
| Financial liabilities (2)                     |                  |                  |
| Issued bonds                                  | \$ 2.003.417.478 | \$ 2.119.647.846 |
| Bank loans                                    | 160.250.289      | 167.017.673      |
| Intercompany loans                            | 92.658.471       | 93.154.058       |
| Lease obligations                             | 28.498.057       | 30.704.841       |
| Derivatives                                   | 54.503           | 54.503           |
| Total liabilities                             | \$ 2.284.878.798 | \$ 2.410.578.921 |

- (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 2019, 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   |

- (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 2019 |               | As of 31 December 2018 |               |
|------------------------------------------------------|------------------------|---------------|------------------------|---------------|
|                                                      | Current                | Non-Current   | Current                | Non-Current   |
| Amortised cost                                       |                        |               |                        |               |
| Cash and cash equivalents                            | \$ 320.669.225         | \$ -          | \$ 633.939.201         | \$ -          |
| Commercial accounts receivable and other receivables | 688.085.339            | 53.367.281    | 607.109.905            | 53.102.674    |
| Accounts receivable from related entities            | 16.961.366             | -             | 17.397.859             | -             |
| Other financial assets                               | 720.495                | -             | 690.037                | -             |
| Total financial assets at amortised cost             | \$ 1.026.436.425       | \$ 53.367.281 | \$ 1.259.137.002       | \$ 53.102.674 |
| Fair value through OCI                               |                        |               |                        |               |
| Other financial assets                               | -                      | 6.318         | -                      | 18.886        |
| Total financial assets at fair value through OCI     | \$ -                   | \$ 6.318      | \$ -                   | \$ 18.886     |

| Financial liabilities                          | As of 31 December 2019 |                  | As of 31 December 2018 |                  |
|------------------------------------------------|------------------------|------------------|------------------------|------------------|
|                                                | Current                | Non-Current      | Current                | Non-Current      |
| Amortised cost                                 |                        |                  |                        |                  |
| Other financial liabilities                    | \$ 247.432.643         | \$ 1.944.787.684 | \$ 507.358.599         | \$ 1.597.038.007 |
| Commercial accounts payable and other payables | 997.830.494            | -                | 1.181.561.548          | -                |
| Accounts payable to related entities           | 316.168.994            |                  | 265.550.455            | -                |
| Total financial liabilities at amortised cost  | \$ 1.561.432.131       | \$ 1.944.787.684 | \$ 1.954.470.602       | \$ 1.597.038.007 |

40. Approval of Financial Statements

The general-purpose Financial Statements of the Company as of 31 December 2019 were approved by the Board of Directors as per Minutes No. 295 of 25 February 2020 for presentation to the General Shareholders’ Meeting, pursuant to the Code of Commerce.

41. Subsequent events

Payment of intercompany loan:

On 15 January 2020, Emgesa S.A. E.S.P. was repaid the loans granted in October 2019 for \$68,862,265 at a rate of 5.34% E.A., the interest paid corresponds to \$ 717,938.

On 17 January 2020, Emgesa S.A. E.S.P. was repaid the loan granted in November 2019 for \$23,796,206 at a rate of 5.34% E.A., the interest paid corresponds to \$ 244,372.

Payment of dividends

On 15 January 2020, the surplus of the dividends declared corresponding to the 2018 profit for \$105,648,523 was paid.

Bank credit

On 14 January 2020, Codensa S.A. E.S.P. made use of the committed line of credit with Banco BBVA Colombia S.A. for an amount of COP \$200,000,000, under the Finagro line, with a 5-year term and a 2-year grace period. The proceeds received are used to finance investments in rural areas of the Company's area of influence.

Transmilenio S.A. Agreement

On 3 January 2020, Codensa signed contracts with Transmilenio S.A. in order to lease three yards with electrical recharging infrastructure for 15.7 years. In accordance with these agreements, Codensa signed three property lease agreements with CI Alliance S.A., Terrapuestos S.A.S. and CIGESA S.A.S. In the coming months, the Company will begin the development of infrastructure in these properties in accordance with the specifications of the yards to be delivered to Transmilenio.

Hedge maturity date

In December 2019, derivative liabilities with Scotiabank Colombia were acquired to cover exposure of payment of insurance and capex bills that matured in January 2020, as detailed below:

| Derivative      | Underlying                               | Risk factor   | Asset notional | Currency | Active fixed rate | Maturity              | MTM |        |
|-----------------|------------------------------------------|---------------|----------------|----------|-------------------|-----------------------|-----|--------|
| FORWARD         | Insurance bill payment exposure coverage | Exchange rate | 1.252.503      | USD      | 3.322,56          | 28 de january de 2020 | \$  | 43.634 |
| FORWARD         | Capex bill payment coverage              | Exchange rate | 86.361         | USD      | 3.411,27          | 07 de january de 2020 |     | 10.869 |
| Total Valuation |                                          |               |                |          |                   |                       | \$  | 54.503 |

ERRATUM

CODENSA S.A. ESP ANNUAL REPORT

In Pg 101 of the Codensa SA ESP Annual Report in Chapter OSH, Safety and Management Services, the opening paragraph reads: "For the fourth consecutive year, a result of zero labour accidents was obtained from own employees and from contractor companies, reaffirming our commitment to people's health and lives. Below are the most relevant results..." This, refers solely and exclusively to Safety and Management Services and not to the results of work-related accidents of the entire company.



