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CONSOLIDATED FINANCIAL STATEMENTS 2020

Emgesa S.A. E.S.P. and its Subsidiaries

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CONSOLIDATED FINANCIAL STATEMENTS 2020

Emgesa S.A. E.S.P. and its Subsidiaries

As of and for the year ended December 31, 2020
(With comparative figures as of and for the year ended December 31, 2019)
With the Independent Auditor's Report

KPMG S.A.S.
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INDEPENDENT AUDITOR'S REPORT

to the Shareholders of

Emgesa S.A. E.S.P.:

Opinion

I have audited the consolidated financial statements of Emgesa S.A. E.S.P. (the Company), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements, faithfully taken from the accounting books attached hereto, present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted in Colombia, applied uniformly with the previous year.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia (ISA). My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of my report. I am independent of the Company, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to our audit of the consolidated financial statements established in Colombia and I have fulfilled my ethical responsibilities in accordance with these requirements and the aforementioned IESBA Code. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming my opinion thereon I do not provide a consolidated opinion on these matters.

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Estimated revenue from the sale of delivered and unbilled energy (See Note 2.5 to the consolidated financial statements)	
Key Audit Matter	**How the matter was addressed in the audit**
The Company has established a procedure for the recognition of estimated revenue at the end of each month, associated with the sale of energy delivered and not billed in the wholesale market, billed in the following month in accordance with the established billing cycles. As of December 31, 2020, the estimated unbilled revenue recognized amounts to $ 154.871 million. I considered the estimate of the revenue from the sale of energy delivered and not billed as a key audit matter due to the significance of the variables incorporated in determining this revenue, especially with respect to: a) the amount of energy consumed calculated based on the historical average consumption in recent months or the typical consumption curve, depending on the type of customer, and b) the prices agreed with customers, which for the wholesale market and the non-regulated market correspond to the Producer Price Index (PPI).	My audit procedures to evaluate the estimated revenue from the sale of delivered and unbilled energy included, among others, the following: 1. Evaluation of the design, implementation and operational effectiveness of certain internal controls established by the Company, for the estimate of revenue, such as: 1) the review of monthly consumption base for the calculation of the estimate per customer and contract; 2) the review and approval of the price variables that are incorporated in the contractual agreements of each customer (PPI); 3) the preparation, review and approval of the estimated revenue at the end of each month and 4) comparison of the revenue estimate with the final bill, including the validation of the variables incorporated for the process of estimating the revenue of the delivered and unbilled energy. 2. For a selection of contracts, a comparison was made of the Producer Price Index (PPI) used to estimate revenue at year-end versus the actual data for the month published by the National Administrative Department of Statistics (DANE), to identify possible deviations and the Company's reasons for them. 3. Comparison of the consumption used in the estimate versus the information reported by the operator and manager of the Colombian electricity market (XM). 4. Recalculation of the estimated revenue at year-end. 5. Comparison of the accuracy of the estimated revenue recognized at year-end versus the actual billing issued in January of the following year and follow-up on the Company's explanation of possible deviations. 6. Analysis of the age of the portfolio originated in the recognition of the delivered and unbilled energy.

Other Matters

The consolidated financial statements as of and for the year ended December 31, 2019 are presented exclusively for comparison purposes, they were audited by another public accountant, who in his report dated February 20, 2020 expressed an unqualified opinion on them.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards accepted in Colombia. This responsibility includes devising, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 the 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 Company'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 consolidated 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 our 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate 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 our audit.

I also provide those charged with corporate 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 our independence, and where applicable, related safeguards.

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

24 de feb de 2021

Sandra Patricia Solano Ávila
Independent Auditor
Professional Card 93087-T
Member of KPMG S.A.S.

Emgesa S.A. E.S.P. and its Subsidiaries
Consolidated Statement of Financial Position
(Comparative figures as of 31 December 2019)

(Thousands of pesos)

	Note		As of 31 December 2020		As of 31 December 2019
Assets					
Current Assets:					
Net cash and cash equivalents	4	$	821.190.708	$	287.544.909
Net other current financial assets	5		14.934.264		13.471.927
Net other current non-financial assets	6		43.377.785		24.118.654
Net commercial accounts receivable and other receivables	7		227.849.855		239.035.049
Current accounts receivable from related entities	8		3.065.649		182.940.465
Net inventories	9		102.199.837		82.219.623
Income tax assets	15		–		10.006
Total current assets			**1.212.618.098**		**829.340.633**
Non-current assets:					
Net Other non-current financial assets	5		517.050		554.417
Net Other non-current non-financial assets	6		28.668.245		32.564.696
Net commercial accounts receivable and other receivables	7		13.767.293		12.315.176
Net intangible assets other than capital gains	10		111.059.264		114.467.551
Net Property, plant and equipment	11		8.128.459.665		8.130.990.569
Deferred tax assets	18		955		-
Total non-current assets			**8.282.472.472**		**8.290.892.409**
Total assets		**$**	**9.495.090.570**	**$**	**9.120.233.042**
Liabilities and equity					
Current liabilities:					
Financial liabilities	12		906.950.399		329.192.028
Current commercial accounts payable and other payables	13		315.037.310		320.183.181
Current accounts payable to related entities	8		265.504.246		227.557.833
Provisions	14		99.567.986		102.533.817
Current tax liabilities	15		241.244.349		207.188.045
Provisions for employee benefits	16		38.215.623		36.624.002
Other non-financial liabilities	17		93.418.672		60.932.027
Total current liabilities			**1.959.938.585**		**1.284.210.933**
Non-current liabilities:					
Financial liabilities	12		1.858.512.467		2.688.684.643
Provisions	14		212.052.096		147.259.379
Provisions for employee benefits	16		90.438.803		88.556.371
Deferred tax liabilities	18		217.924.275		168.260.483
Total non-current liabilities			**2.378.927.641**		**3.092.760.876**
Total liabilities		**$**	**4.338.866.226**	**$**	**4.376.971.809**

Emgesa S.A. E.S.P. and its Subsidiaries
Consolidated Statement of Financial Position
(Comparative figures as of 31 December 2019)

(Thousands of pesos)

	Note	As of 31 December 2020	As of 31 December 2019
Equity			
Issued capital		$ 655.222.313	$ 655.222.313
Issue premiums		113.255.816	113.255.816
Reserves	19	551.693.678	560.353.525
Other comprehensive income (OCI)		(31.165.913)	(31.398.646)
Net income		*1.283.908.535*	*1.232.152.218*
Retained earnings		*1.113.058.150*	*743.412.486*
Earnings from CFRS conversion effect		*1.470.220.530*	*1.470.220.530*
Accumulated earnings		3.867.187.215	3.445.785.234
Equity attributable to owners of the controlling Group		**5.156.193.109**	**4.743.218.242**
Non-controlling interest		**31.235**	**42.991**
Total Equity		**5.156.224.344**	**4.743.261.233**
Total liabilities and equity		**$ 9.495.090.570**	**$ 9.120.233.042**

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

The undersigned Legal Representative and Public Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the companies comprising the Group.

Marco Fragale
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562–T

Sandra Patricia Solano Ávila
Independent Auditor
Professional Card 93087-T
Member of KPMG S.A.S.
(Refer to my report dated 24 February 2021)

Emgesa S.A. E.S.P. and its Subsidiaries
Consolidated Income Statement, by Nature
(Comparative figures for the year ended 31 December 2019)

(Thousands of pesos, except earnings per share)

	Note		For the year ended 31 December 2020		For the year ended 31 December 2019
Revenues from ordinary activities	20	$	4.247.728.253	$	4.069.676.348
Other operating revenues	20		33.574.315		21.890.628
Total revenues from ordinary activities and other operating revenues			**4.281.302.568**		**4.091.566.976**
Provisioning and services	21		(1.522.343.711)		(1.527.753.202)
Contribution margin		**$**	**2.758.958.857**	**$**	**2.563.813.774**
Other work by the entity and capitalized			10.112.190		11.141.488
Personnel expenses			(115.459.351)		(105.074.712)
Other fixed operating expenses			(163.597.750)		(134.598.669)
Gross operating profit			**2.490.013.946**		**2.335.281.881**
Depreciations and amortisations	24		(245.505.363)		(242.230.877)
Financial and non-financial impairment	24		(1.215.957)		(455.677)
Operating profit			**2.243.292.626**		**2.092.595.327**
Financial revenues			20.208.263		20.532.971
Financial expenses			(289.597.757)		(299.371.597)
Capitalised financial expenses			8.112.313		13.566.737
Net exchange difference			799.630		(428.513)
Net financial earnings	**25**		**(260.477.551)**		**(265.700.402)**
Earnings from other investments non-controlled			11.772		3.961
Earnings from sale of assets	26		(1.191.079)		(3.359.067)
Earnings before taxes			**1.981.635.768**		**1.823.539.819**
Income tax expense	27		(697.727.218)		(591.387.449)
Income for the year		**$**	**1.283.908.550**	**$**	**1.232.152.370**
Non-controlling interests			(15)		(152)
Net income		**$**	**1.283.908.535**	**$**	**1.232.152.218**
Basic earnings per share					
Basic earnings per share	28		8.563,25		8.223,20
Number of common shares outstanding			**148.914.162**		**148.914.162**

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

The undersigned Legal Representative and Public Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the companies comprising the Group.

Marco Fragale
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Emgesa S.A. E.S.P. and its Subsidiaries
Consolidated Income Integral Statement
(Comparative figures for the year ended 31 December 2019)

(Thousands of pesos)

	Note		For the year ended 31 December 2020		For the year ended 31 December 2019
Net Income		$	**1.283.908.550**	$	**1.232.152.370**
Components of other comprehensive income not reclassified to earnings before taxes:					
Losses on new measurements of financial instruments measured at fair value through OCI	5-29		(37.369)		(1.948.552)
Losses on new measurements of defined benefit plans	29		(1.712.482)		(8.131.850)
Gains on cash flow hedges	29		–		959
Other earnings before taxes		$	**(1.749.851)**	$	**(10.079.443)**
Components of other comprehensive income reclassified to earnings before taxes					
Losses on cash flow hedges	29		(1.474.375)		1.066.579
Other gains reclassified to earnings before taxes			**(1.474.375)**		**1.066.579**
Income tax relative to components of other comprehensive income not reclassified to earnings before taxes					
Gain on new measurements of defined benefit plans	29		457.577		1.886.585
Total income tax relative to components of other comprehensive income not reclassified to income tax			457.577		1.886.585
Income tax relative to cash flow hedges of other comprehensive income	29		2.999.382		(421.966)
Income tax relative to components of other comprehensive income			**2.999.382**		**(421.966)**
Other comprehensive income			**232.733**		**(7.548.245)**
Total comprehensive income	**29**	$	**1.284.141.283**	$	**1.224.604.125**

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

The undersigned Legal Representative and Public Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the companies comprising the Group.

Marco Fragale
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(Refer to my report dated 24 February 2021)

Emgesa S.A. E.S.P. and its Subsidiaries
Statement of Changes in Equity
(With comparative figures for the year ended 31 December 2019)
(Thousands of pesos)

	Note	Issued capital	Issue premium	Other reserves				Other comprehensive income			Accumulated earnings and profits	Total Equity	Non-controlling interests	Total Equity
				Legal reserve	Statutory Reserve	Occasional reserve	Total Reserves	Gains and losses on new measurements of financial instruments	Gains and losses on defined benefit plans	Total other comprehensive income				
Initial balance as of 01 January 2019		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 238.961.345**	**$ 566.750.629**	**$ (604.172)**	**$ (23.246.229)**	**$ (23.850.401)**	**$ 2.927.869.649**	**$ 4.239.248.006**	**$ 42.833**	**$ 4.239.290.839**
Changes in equity														
Comprehensive income														
Net income		–	–	–	–	–	–	–	–	–	1.232.152.218	1.232.152.218	152	1.232.152.370
Other comprehensive income	29	–	–	–	–	–	–	(1.302.980)	(6.245.265)	(7.548.245)	-	(7.548.245)	–	(7.548.245)
Comprehensive income		–	–	–	–	–		(1.302.980)	(6.245.265)	(7.548.245)	1.232.152.218	1.224.603.973	152	1.224.604.125
Dividends recognised as distributions to owners	–	–	–	–	–	–		–	–	–	(720.633.737)	(720.633.737)		(720.633.737)
Increases (decreases) due to other changes, equity		–	–	–	–	(6.397.104)	(6.397.104)	–	–	–	6.397.104	–	6	6
Total increase (decrease) in equity		**–**	**–**	**–**	**–**	**(6.397.104)**	**(6.397.104)**	**(1.302.980)**	**(6.245.265)**	**(7.548.245)**	**517.915.585**	**503.970.236**	**158**	**503.970.394**
Final balance as of 31 December 2019		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 232.564.241**	**$ 560.353.525**	**$ (1.907.152)**	**$ (29.491.494)**	**$ (31.398.646)**	**$ 3.445.785.234**	**$ 4.743.218.242**	**$ 42.991**	**$ 4.743.261.233**
Changes in equity														
Comprehensive income														
Net income		–	–	–	–	–	–	–	–	–	1.283.908.535	1.283.908.535	15	1.283.908.550
Other comprehensive income	29	–	–	–	–	–	–	1.487.638	(1.254.905)	232.733	-	232.733	–	232.733
Comprehensive income		–	–	–	–	–	–	1.487.638	(1.254.905)	232.733	1.283.908.535	1.284.141.268	15	1.284.141.283
Dividends recognised as distributions to owners	–	–	–	–	–	–		–	–	–	(871.166.401)	(871.166.401)	–	(871.166.401)
Increases (decreases) due to other changes, equity	19	–	–	–	–	(8.659.847)	(8.659.847)	–	–	–	8.659.847	–	(11.771)	(11.771)
Total increase (decrease) in equity		**–**	**–**	**–**	**–**	**(8.659.847)**	**$ (8.659.847)**	**1.487.638**	**(1.254.905)**	**232.733**	**421.401.981**	**412.974.867**	**(11.756)**	**412.963.111**
Final balance as of 31 December 2020		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 223.904.394**	**$ 551.693.678**	**$ (419.514)**	**$ (30.746.399)**	**$ (31.165.913)**	**$ 3.867.187.215**	**$ 5.156.193.190**	**$ 31.235**	**$ 5.156.224.344**

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

The undersigned Legal Representative and Public Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the companies comprising the Group.

Marco Fragale
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(Refer to my report dated 24 February 2021)

Emgesa S.A. E.S.P. and its Subsidiaries
Consolidated Statement of Cash Flows, Direct Method
(With comparative figures for the year ended 31 December 2019)

(Thousands of pesos)

	For the year ended 31 December 2020	For the year ended 31 December 2019
Cash flows from operating activities:		
Types of collections by operating activity		
Collections from sales of goods and services	$ 4.496.819.295	$ 4.003.498.367
Collections from royalties, fees, commissions and other revenues from ordinary activities	20.211.730	10.055.272
Collections from bonuses and compensations, annuities and other benefits of subscribed policies	–	16.010.050
Types of cash payments from operating activities:		
Payments to vendors for supply of goods and services	(1.661.724.301)	(1.733.877.642)
Payments and/or on behalf of employees	(101.155.328)	(93.716.912)
Payments of bonuses and compensations, annuities and other obligations from subscribed policies	(23.983.502)	(22.554.752)
Other payments for operating activities	(7.430.179)	(7.919.436)
Payments for operating leases (IFRS 16)	-	(5.446.733)
Net cash flows from operating activities	**2.722.737.715**	**2.166.048.214**
Paid income taxes	(635.951.777)	(484.765.676)
Other cash outflows	(49.202.915)	(40.587.895)
Net cash flows from operating activities	**2.037.583.023**	**1.640.694.643**
Cash flows used in investment activities:		
Other payments to acquire certificates of deposit	–	(136.000.000)
Other collections for the sale of certificates of deposit	–	205.400.000
Loans to related entities	(80.000.000)	(92.658.471)
Purchase of property, plant and equipment	(310.358.896)	(347.482.810)
Collections from related entities	(808.602)	(3.751.474)
Interest received	172.658.471	81.000.000
Net cash flows used in investment activities	14.516.613	15.230.931
Net Cash flows from (used in) financing activities:	**(203.992.414)**	**(278.261.824)**
Loan reimbursements		
Dividends paid to shareholders	(241.070.000)	(746.900.000)
Interest paid financing	(834.102.573)	(696.571.125)
Interest paid for operating leases (IFRS 16)	(216.450.099)	(265.948.230)
Payments of finance lease liabilities	-	(872.893)
Payments of liabilities for leases (IFRS 16)	(700.896)	(2.208.287)
Other cash outflows financing	(5.531.461)	(5.446.733)
Net cash flows used in financing activities	(2.089.781)	1.001.709
Net increase (decrease) in cash and cash equivalents	**(1.299.944.810)**	**(1.716.945.559)**
Cash and cash equivalents initial balance	**533.645.799**	**(354.512.740)**
Cash and cash equivalents final balance	287.544.909	642.057.649
Efectivo y equivalentes al efectivo al final del ejercicio	**$ 821.190.708**	**$ 287.544.909**

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

The undersigned Legal Representative and Public Accountant certify that we have previously verified the affirmations contained in these consolidated financial statements and that they have been faithfully taken from the accounting books of the companies comprising the Group.

Marco Fragale
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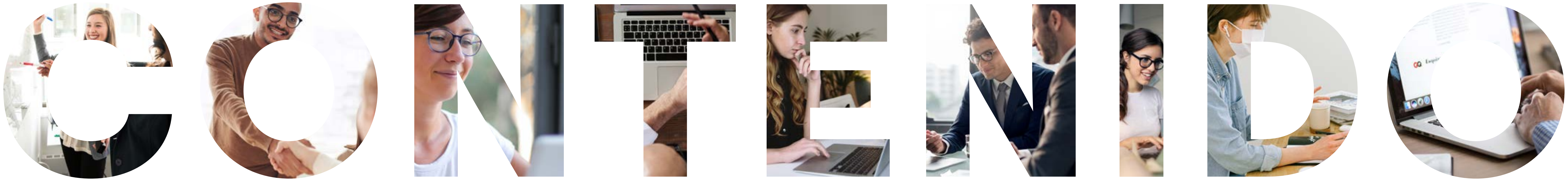

1. Overview

1.1 Economic Entity

Emgesa S.A. E.S.P. is a commercial corporation incorporated under Colombian law as a public utility Group, regulated by Law 142 and 143 of 1994. Pursuant to the applicable regulations, its acts and contracts are governed by the rules of private law.

The Group was established by public deed No. 003480 of the 18th Notary Public of Bogota on 15 October 1980 and registered with the Chamber of Commerce on 17 August 2007 under No. 01151755 of Book IX, trade registration No. 01730333, with the contribution of generation assets from Grupo Energía Bogotá S. A. E.S.P. (formerly Empresa de Energía de Bogotá S.A. E.S.P.) with 51.51% of common and preferred shares and cash contributions from other investors with 48.49% of common shares. (See note 19).

The Group is of Colombian origin, has its seat and main offices at Carrera 11 No. 82-76, Bogota D.C. Its term of duration is indefinite.

Emgesa S.A. E.S.P. is a subsidiary of Enel Américas S.A., entity controlled by Enel S.P.A. (hereinafter Enel).

The latest update on the situation of control and business group was entered in the trade register on 25 August 2020, under No. 02609384 of book IX, informing that ENEL SPA. (parent) exercises indirect control over the Group CODENSA S.A. ESP and EMGESA S.A. ESP through the Group ENEL AMÉRICAS S.A .; in turn ENEL SPA. (parent) exercises indirect control of SOCIEDAD PORTUARIA CENTRAL CARTAGENA S.A. through the Group EMGESA S.A. ESP, which is indirectly controlled through the Group ENEL AMÉRICAS S.A.; also ENEL SPA. (parent) exercises indirect control of the Group INVERSORA CODENSA S.A.S. through the Group CODENSA S.A. ESP, which is indirectly controlled through the Group ENEL AMÉRICAS S.A.; in addition, ENEL SPA. (parent) exercises indirect control of the Group ENEL GREEN POWER COLOMBIA S.A.S. ESP through the Group ENEL GREEN POWER S.P.A., which is controlled directly by ENEL SPA.; moreover, ENEL SPA. (parent) exercises indirect control over the ENEL FOUNDATION through the companies CODENSA S.A. ESP and EMGESA S.A. ESP, which in turn are indirectly controlled through the Group ENEL AMÉRICAS S.A.; also ENEL SPA. (parent) exercises indirect control of the Group ENEL X COLOMBIA S.A.S. through the Group CODENSA S.A. ESP, which is in turn indirectly controlled through the Group ENEL AMÉRICAS S.A.; and ENEL SPA. (parent) exercises indirect control of the Group EGP FOTOVOLTAICA LA LOMA S.A.S. through the Group ENEL GREEN POWER COLOMBIA S.A.S. ESP, which is in turn directly controlled by ENEL GREEN POWER S.P.A., which is controlled directly by ENEL SPA. Due to internal movements within the business group, the situation of control and business group will be modified during the year 2021.

Corporate Purpose – The Group's main object is generation and trading of electrical power according to Act 143 of 1994 and the regulations that regulate, add and modify or repeal it, and all types of related activities directly, indirectly, complementary or auxiliary with the gas fuel trade business, executing the necessary actions to preserve the environment and good relations with the community in the area of influence of its projects; and perform works, designs and consulting in electrical engineering and market products for the benefit of its customers. In addition, the Group may develop its corporate purpose, perform all activities related to exploration, development, research, exploitation, trade, storage, marketing, transportation and distribution of minerals and stone material, as well as administrative, operational and technical management related to the production of minerals and the exploration and exploitation of deposits in the Republic of Colombia, including the purchase, sale, rental, distribution, import and export of raw materials, elements, machinery and equipment for the mining sector; the import of liquid fuels derived from crude oil for the generation of energy, as well as the import of natural gas for the generation of energy and/or its trade. Additionally, the Group may promote and establish premises or agencies in Colombia and abroad; acquire any kind of real or personal property, lease them, transfer them, encumber them and pledge them as collateral; use trademarks, trade names, patents, inventions or any other intangible property; participate in public and private tenders; execute and perform all kinds of contracts and acts, whether civil, labour, commercial or financial or otherwise of any nature necessary, convenient or appropriate for the achievement of its purposes, including participation in financial derivatives markets of energy commodities; give to, or receive from, its shareholders, parent companies, subsidiary, and third parties money in loan; transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, executive titles and others; enter into partnership agreements or acquire shares in companies and participate as partners in other public service companies; split and merge with other companies that have a related corporate purpose; assume any form of association or business collaboration with natural and legal persons, national or foreign, to carry out activities related, similar or complementing to its corporate purpose.

(In thousands of pesos)

Change in the Group's corporate purpose - On 25 March 2020, in the ordinary session of the General Shareholders' Meeting, the opening of new business lines was approved and also the expansion of the Group's corporate purpose, in the sense of including the activity to sell any product or by-product derived from the operation of non-electrical energy generation plants; as well as any other product that has any of the above as a component.

On 23 September 2020, the first call was made to the Bondholders' Meeting for 7 October 2020. However, the session had no quorum to deliberate and decide on the change of the corporate purpose in accordance with the provisions of Decree 2555 of 2010. Therefore, a second call was made on 9 October 2020 to hold the meeting on the 26th. In this meeting the Bondholders' Meeting, unanimously and with the appropriate quorum as per Decree 2555 of 2010, approved the amendment of the Group's corporate purpose. Thus, the beginning of the procedures for the protocolization and subsequent registration of this amendment to the Bylaws with respect to the Group's corporate purpose is dependent on the delivery of the minutes of this session by the Representative of the bondholders, Itaú Asset Management Colombia SA (formerly Helm Fiduciaria S.A.).

The Group has 12 hydraulic generation stations and 2 thermal power plants, located in the departments of Cundinamarca, Huila and Bolívar:

Plant	Technology	Declared Capacity
Guavio	Hydraulic	1.250,0 MW
Betania	Hydraulic	540,0 MW
El Quimbo	Hydraulic	400,0 MW
Guaca	Hydraulic	324,0 MW
Paraíso	Hydraulic	276,0 MW
Dario Valencia	Hydraulic	150,0 MW
Tequendama	Hydraulic	56,8 MW
Salto II	Hydraulic	35,0 MW
Charquito	Hydraulic	19,4 MW
Limonar	Hydraulic	18,0 MW
Laguneta	Hydraulic	18,0 MW
Menor Guavio	Hydraulic	9,9 MW
Termozipa	Thermal	225,0 MW
Cartagena	Thermal	184,0 MW

Gas Sale

Sales made until December 2020 were 86.4 Mm3, which meant a contribution of 0.021% to the Group's variable margin, on 1 December 2020, the new gas year began with the entry of a new industrial customer in the coffee zone and the renewal of 3 industrial customers in Bogota.

By 2020, the Group continues to be a relevant player in the natural gas sale market in Colombia, remaining active in the secondary market sales processes through intra-day supply and transportation negotiations.

Subsidiary - Sociedad Portuaria Central Cartagena SPCC S.A. (hereinafter "SPCC") is a public limited Group incorporated on 18 September 2009, through public deed No. 2643 of the 11th Notary Public of Bogota and registered with the Bogota Chamber of Commerce on 18 November 2009. Its legal ter of duration is until 18 September 2059.

Corporate Purpose – Its main objective is the investment, construction and maintenance of docks and public and private ports, the management of ports, the provision of loading and unloading services, storage of ports and other services directly related to port activity, development and use of docks and multipurpose ports, in accordance with the law. In addition, provide port services, either as a port operator and allow the provision of services by other port operators. In developing of its main corporate purpose, it may partner up with other port companies or holders of special authorizations referred to in Article 4 of Act 01 of 1991, temporarily or permanently, for the purpose of facilitating the use of marine areas of common use adjacent to the port by carrying out works such as: dredging, filling and ocean engineering works, among others, provide the services of common benefit that are necessary, as well as carrying out other complementary activities.

On 1 October 2018, capital was increased in response to the capitalisation approved in session No. 14 of the Shareholders' Meeting held on 1 October 2018. The Meeting approved:

1. Increase the authorized, subscribed and paid-in capital of the Group, which amounts to the sum of $89,715; and

2. Under the capitalisation, increase the number of shares from 58,000 to 897,146.

On 30 July 2010, the Group signed concession agreement No. 006 of 2010 with the National Institute of Concessions – INCO, today the National Infrastructure Agency - ANI, as amended by addendum No. 001 signed on 22 December 2014. The most relevant aspects are described below:

Concession Agreement (See Note 40)

Purpose – Right to the temporary and exclusive occupation and use of beaches, low-tide land, accessory areas and the port infrastructure built, which is located in the Mamonal sector, District of Cartagena, Department of Bolivar.

Contract Value – The value of the port concession agreement is US $371,524, corresponding to the present value of the consideration for the temporary and exclusive occupation and use of the beaches, low-tide land and accessory areas for public use and consideration for infrastructure.

Payment Method – Initially, the payment method was agreed in 20 advance annual payments, however, in August 2011, the Group decided to repay the debt to the National Institute of Roads and Treasury of Cartagena, with a loan granted by Emgesa of $569,144 with a 7-year term and 100% principal payment method plus interest at maturity.

Investment Plan – The agreement determines an investment plan to be developed by the Group in the public use area equivalent to US $327,009, and the execution of investments at the concessionaire's expense for USD 1,673,646 is also authorized in order to build port infrastructure under the required standards of operation and security within the period established in the schedule of activities registered in addendum No. 001 of 22 December 2014, subject to the timely approval of the competent environmental authority. The contractual investment plan indicates the activities to be carried out, the amount of the investment, construction term and schedule, testing and commissioning. In the event that the concessionaire requests a modification of the approved investment plan, it must ensure at least that the present value of the investments remains equal to US $181,975.

Concession Term: The concession has a 20-year term from the signing date of port concession agreement 006 of 2010. In no case will there be an automatic extension, it may take place as long as it is authorized by law or is processed before the competent body subject to the procedure established for that purpose by current regulations.

Group Obligations – The Group undertakes to comply with all the legal and contractual obligations necessary for the development of this contract, especially:

> Pay the consideration for the concession and the surveillance fee established in the agreement, in accordance with current legal provisions and the corresponding deadlines.

> Carry out port activities in accordance with current legal provisions.

- This infrastructure is in regular condition, but the concessionaire is obligated to recover it during the initial four years of the concession. Once the final infrastructure is built, the concessionaire will deliver the barge to the Nation free of charge, in good condition and operation.
- The concessionaire undertakes during the first year to initially operate with the existing port infrastructure and with the floating dock. At the beginning of the 25th month of the concession, the construction of a fixed dock will begin.
- Not be involved in unfair competition.
- Not to give up the concession agreement in whole or in part without prior authorization.
- Comply with the regulations of the Superintendence of Ports and Transport.
- Protect the environment.
- Inform the National Institute of Concessions - INCO, today the national infrastructure agency – ANI, and the Superintendence of Ports and Transport, of the volume of cargo transported, for which it must submit a monthly report containing the tons transported by type of cargo.
- Inform the Canal del Dique Regional Autonomous Corporation - CARDIQUE of the volume of cargo transported, for which it must submit a semi-annual report containing the tons transported by type of cargo, type of vessel, origin and final destination.

In compliance with the current port concession agreement with the National Infrastructure Agency and in compliance with the obligation to execute the port investment plan, the SPCC coordinated bidding activities to select and contract the Management, Engineering, Auditing and Construction operators of the fixed dock construction project, which was executed in 2019.

Historical context and current state of the dock

By virtue of the port concession contract signed with the ANI for a term of 20 years, the Group will operate the port facilities built and located in the Mamonal sector, Cartagena District, to achieve access by sea-river route and be able to receive fuels liquids necessary to ensure the operation of the Cartagena Thermal Power Plant. For this, the contractual commitment to build a fixed dock was acquired through an initial investment plan of USD 261,575.

In order to obtain better conditions of safety and efficiency in port operations, in June 2012 the ANI was requested authorization to modify the design of the fixed pier to build it in a linear fashion and to extend the term for the conclusion of the works of construction of the pier with the new design.

The following activities were carried out for the process of the Addendum No. 1:

- Obtaining the legal, technical and financial viability opinion, which was positive by the ANI regarding the viability of signing the other to the port concession contract.
- At the work table, the ANI and the Group reconstructed the financial model, which served as the basis for calculating the consideration that the Group had to pay in favour of the Nation due to the concession contract, which implied a risk for a possible increase in the value of the port consideration already paid by the Group.
- The annual progressive increase in the cargo handling capacity authorized to the Group was clarified in the Port Concession Contract, without implying a change to the contract.
- After holding various meetings with the auditing firm UG21 Consultores de Ingeniería S.L hired by the ANI, it was possible to obtain a favourable opinion regarding the modifications requested by the Group and the progressive increase in the annual installed capacity.
- After several meetings with the ANI legal team, it was possible to establish a 12-month term in the construction schedule to carry out actions before the environmental authority, clarifying in the other, that the concessionaire will not be in breach if the process of Environmental license exceeds said term due to delays, causes or reasons attributable to the environmental authority.

- 2.5 years have elapsed from the request, where the final Technical, Legal, Financial concept was obtained by the ANI authorizing the signing of the addendum to the port concession contract.

On 22 December 2014, Addendum No. 1 was signed to Port Concession Contract No. 006 between the ANI and the Group, which authorized the modification of the design of the fixed dock, the new investment plan of around USD 2 million, which in detail registers a mandatory investment value of USD 327,009 and an account and risk value of USD 1,673,646. In addition, it clarified the installed capacity without implying an essential change to the contract.

On 11 March 2016, SPCC was notified of Cardique Resolution 1911 of 14 December 2015, whereby this entity approved the start of the construction works of the fixed dock agreed in the concession contract.

On 1 November 2016, the Group filed a request with the ANI to transfer the contractual investment plan for the start of construction works in August 2019 and their completion in January 2020.

On 5 January 2018, the Group received a response from the ANI, stating its non-acceptance of the request to reschedule the investment plan. The Group continued to carry out the necessary procedures and pertinent internal actions to continue with the execution of the construction works and the investment plan of the port concession contract, which began in 2018.

In line with the above and due to the fact that the investment plan provided in the concession contract will be executed, the possible regulatory changes set out in CREG Resolution 109 of 2016 did not affect the development of the port concession.

On 13 August 2018, the Group was notified to attend the call by the National Infrastructure Agency (ANI) to discuss possible contractual breaches related to the Concession contract 006 of 2010 and its Addendum No. 1 of 2014.

On 23 August 2018, a Hearing was held at the ANI to raise charges to the Group for breach of its contractual obligations from the concession contract 006 of 2010 and its Addendum No. 1 of 2014.

On 4 September 2018, the Hearing was resumed. The Group received the charges, gathered documentary evidence and requested the decree and receipt of a testimony.

On 18 September 2018, the Hearing was resumed, the ANI incorporated into the process the documentary evidence provided by the Group and declared the receipt of the testimony of Mr. Alberto Duque Ramirez, Secretary of the Group's Board of Directors.

On 4 October 2018, the Hearing was resumed, the testimony of Mr. Alberto Duque Ramirez, Secretary Group's Board of Directors, was received and the SUPERVISION of the project was requested to render an updated report.

On 16 October 2018, contract No. SPCC-01-16102018 was formalized with the firm specialized in outshore and port civil works Alvarado & Düring, which establishes the execution of construction works of a fixed dock to replace the current floating dock. This contractual obligation is estimated to end in mid-August 2019.

On 2 November 2018, the Group submitted the report prepared by the project supervision.

On 29 November 2018, the service contract No. SPCC-02-26112018 was signed between the Group and Summum Projects S.A.S. for the technical inspection and quality control of the execution and engineering works of the fixed dock contract for the unloading of fuel in the power generation plant of Cartagena

On 5 December 2018, the Group disclosed to the ANI the surviving events that have occurred regarding the construction of the dock, submitting the following documents to the process:

- Copy of service contract No. SPCC-01-16102018
- Copy of technical specifications SPCCV03
- Copy of the certificate of commencement
- Copy of Annex I Payment Milestones

> Copy of Annex II Schedule
> Copy of Annex III Unit Prices
> Among others

The National Infrastructure Agency through resolution No. 397 of 12 March 2019 approved the Regulation of Technical Conditions of Port Operation of Sociedad Portuaria Central Cartagena S.A., by virtue of Concession Agreement No. 006 of 30 July 2010, in compliance with ANI Resolution No. 850 of 6 April 2017, which establishes the content of the Regulation of Technical Conditions of Operation of Maritime ports.

On 3 May 2019, the delegate superintendence of ports submitted to Sociedad Portuaria Central Cartagena the good standing certificate for the financial information - IFCG1 - corresponding to the year 2018. The information delivered was the following: complementary disclosures, general information, financial statements, IFC compliance statement, statement of financial position, income statement, comprehensive income statement, direct cash flow, indirect cash flow, changes in equity, notes to the financial statements, accounting policies.

On 15 July 2019, the ANI issued an Order in the administrative sanction process against SPCC, resolving to incorporate the file and give it the evidentiary value that the Law grants to the technical and financial concept issued by the Supervision of Port Concession Agreement No. 006 of 2010, contained in an ANI memorandum filed with No. 2019-303-009629-3 by the Port Projects Manager together with the Manager of the Internal Financial Work Group.

This report states that, "at the date of the visit to the facilities, the physical progress of the Work is approximately at 60%, because the precast for the installation of the plate for the dock are already available, and, on the other hand, the pile driving is at 90%, the other activities are in progress and will be carried out according to the schedule for September year."

Due to the above, the port project manager VGC and the financial manager VGC reported that to date the fine corresponding to the non-execution of the investment plan would be USD 8,800.

With this report, there is a significant decrease is presented on the possible sanction from USD 14,606.90 to USD 8,800; the ANI transferred the decision issued in the Order for a period of three (3) days.

On 9 August 2019, Mrs. Claudia Juliana Ferro, ANI official, read in a hearing the operative portion of Resolution 1186 of 2019, "whereby the breach of the contractual obligations assumed by Central Puerto Cartagena S.A. under port concession contract No. 006 is declared, and imposes a fine of US $ 8,800."

On 21 August 2019, the ANI resumed the hearing and, within the term granted, the lawyer Jairo Rivera supported the reasons for disagreement (factual and legal grounds) against administrative act Resolution 1186 of 2019. Upon closing this procedural stage, the ANI unofficially requested the Technical Supervision of the Concession Contract to submit a report on the current status "progress report" within ten (10) business days.

The sanctioning administrative process has not ended and therefore the administrative act is not final. To date, the appeal for reversal has not started.

In relation to the progress traceability in the construction of the fixed dock, the civil works for the construction of the platform and the mooring dolphins of the new fixed dock in Cartagena were completed on 28 November 2019. Some minor works pending for the definitive installation of the dock were developed in early December, in order to have the new fixed dock available safely.

Through Resolution No. 20207070006105 of 28 May 2020, the National Infrastructure Agency (ANI) revoked Resolution 1186 of 9 August 2019, and declared the termination of the administrative sanctioning process initiated against SOCIEDAD PORTUARIA CENTRAL CARTAGENA S.A. on account of the alleged breach of the contractual obligation established in the Fifteenth Clause, section 15.33 of the Concession Contract No. 006 of 2010 and Sixth of Addendum No. 1 of 22 December 2014 to the execution of the investment plan with the construction of the fixed dock.

Activities began in June 2020, in relation to the anticipated reversal of the barge, with the following processes:

The technical assessment by the Naval Engineer in the first week of August 2020, with scope to the status of the infrastructure, the commercial value of the hull and environmental concept regarding the infrastructure.

Request to the River Administration of Barranquilla where the Major Navigation Patent of the Barge "JUPITER I" is registered on the general Good Standing Certificate and certificate of ownership history of the Barge. It is estimated that they will issue a response within the third week of August 2020.

SPCC will request through a formal document to Cardique, a Good Standing Certificate for the fulfilment of environmental obligations and the validity of the permit. It will also inform the process of reversal of the barge. The ANI is expected to confirm to the SPCC (within 2 weeks) if, according to the documents indicated as commercial assessment and environmental good standing, the SPCC complies with the paragraph on Environmental Good Standing, or otherwise what steps are required to obtain this document.

1.2 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 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, the Generation-Transmission Reference Expansion Plan and the natural gas supply plan. In the case of generation this plan is for reference purposes, while for transmission it is binding. 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 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 electricity market is based on the fact that trading companies and large consumers can sell energy through bilateral agreements or through a short-term market called "Energy Exchange", which operates freely according to the conditions of supply and demand. In addition, to promote the expansion of the system, there are currently two schemes: i) Firm Energy expansion auctions, within the "Reliability Charge" scheme and ii) long-term contract auctions defined by the Ministry of Finance. Mines and Energy. The operation and management of the market is carried out by XM, which acts as National Dispatch Centre (CND) and manager of the Commercial Exchange System (ASIC).

Act 1715 of 2014 regulates the integration of Non-Conventional Renewable Energies (NCRE) into the national energy system. This regulation gives fiscal and tax incentives to project developers associated with these technologies. It also proposes the creation of a fund for the research and development of NCRE and energy efficiency projects, and defines the general regulatory framework for the participation of self-generation in the market. Subsequently, Act 1715 was regulated through Decree 2143 of 2015.

Furthermore, CREG published Resolution 024 of 2015, which regulates large-scale self-generation activity.

Additionally, the CREG issued Resolutions 11 and 212 of 2015, which promote demand response mechanisms. The Ministry of Mines and Energy published in 2015 Decree No. 1623, which regulates coverage expansion policies, and Decree No. 2143, which defines the guidelines for the application of fiscal and tax incentives established in Act No. 1715.

With the adoption of the Reference Action Plan 2017-2022 for the development of the Programme for the Rational and Efficient Use of Energy (PROURE) by the Ministry of Mines and Energy, through Resolution 41286 of 2016, the reference objectives and goals of energy efficiency and sectoral actions and measures and strategies are defined.

In September 2017, the Ministry of Mines and Energy issued Decree 1543, which regulates the Fund for Non-Conventional Energy and Efficient Energy Management - FENOGE, whose objective is to finance NCRE programs and efficient energy management, by means advertising, promotion, encouragement and incentives, through free-standing trust fund. Programs and projects aimed at the residential sector of socio-economic strata 1, 2 and 3, among others, may be financed partially or totally both for the implementation of small-scale self-generation solutions and for the improvement of energy efficiency through the promotion of good practices, end-use energy equipment, adaptation of internal installations and architectural remodelling.

In February 2018, the CREG issued Resolution 030 of 2018, with simplified procedures to authorise the connection of Small-Scale Distributed Self-Generators (less than 1 MW), Large-Scale Generators up to 5 MW and Distributed Generators (defined as up to 0.1 MW) that employ Non-Conventional Renewable Energy Sources (NCRE).

The Ministry of Mines and Energy, through Decree 0570 of March 2018, defines the public policy guidelines for the contracting of Long-Term Energy. The objectives of the Decree are: to strengthen the resilience of the generation matrix through risk diversification, to promote pricing competition and efficiency through new and existing projects, to mitigate the effects of climate variability and change through the use of available renewable resources, to strengthen national energy security and reduce greenhouse gas emissions, in accordance with COP21 commitments.

Through Resolutions 41307 and 41314 of December 2018, the Ministry of Mines and Energy officially established the first long-term electric power auction, which seeks to diversify, complement and boost the competitiveness of the energy matrix, making it more resistant to climate variability, contributing to the reduction of carbon dioxide emissions and ensuring the country's energy security.

On 22 October 2019, the National Government conducted the auction of unconventional sources of renewable energy through the Mining and Energy Planning Unit (UPME) an entity attached to the Ministry of Mines and Energy.

In May 2019, Act 1955, National Development Plan 2018-2022 "Pact for Colombia, Pact for Equality" was approved. Among others, the following topics of the final articles stand out: i. Tax Benefit: those who make investments in FNCER, will have the right to deduct from their income in a period not exceeding 15 years, 50% of the total investment made. ii. Energy matrix - Purchase of FERNC Energy in long-term contracts: the trading agents will be obliged to buy electricity from FNCER (between 8% and 10% of their purchases). In any case, the Ministry of Mines and Energy or the entity that it delegates, will regulate the scope of the obligation.

In July 2019, the CREG published Resolution 060 of 2019, "Whereby temporary modifications and additions are made to the Operating Regulations to allow the connection and operation of solar photovoltaic and wind plants in the National Interconnected System (SIN) and other provisions are issued." This resolution defines the operational requirements and commercial aspects for the operational treatment of unconventional sources.

In July 2019, CREG published Resolution 080 of 2019, which establishes general rules of market behavior for agents who carry out the activities of household public services of electric energy and fuel gas. The CREG considers it necessary to establish a regulatory framework that, in addition to the specific market rules and obligations, defines general rules of behaviour that promote and allow to develop: free access to networks and facilities that by their nature are monopolies, free choice of service providers and the possibility of user migration, transparency, neutrality, economic efficiency, free competition and non-abusive use of the dominant position.

Accordingly, the Superintendence of Household Public Utilities published in March 2020 the document Behaviour Guidelines - Access to Electricity Transmission Networks. It offers tools for agents to assess whether their behaviours are in accordance with the regulation. It is not constituted as an administrative act. It does not postpone the entry into force of the obligations of CREG Resolution 080 of 2019, nor does it limit or affect in any way the exercise of the inspection, surveillance and control functions of the Superintendence of Household Public Utilities.

In addition, in September 2019, the CREG published Resolution 098, hereby it defined the mechanisms to incorporate storage systems in order to mitigate inconveniences caused by the lack or insufficiency of energy transmission networks in the National Interconnected System. This Resolution is issued given the urgency for the Electric Energy Storage Systems with Batteries (SAEB) to start operating, with the sole purpose of mitigating the current issues due to the lack or insufficiency of electric energy transmission networks and it will be effective until December 31, 2022.

In addition, the CREG published Resolution 132 of October 2019, which defines the mechanism of holders of the Reliability Charge for assignments of Firm Energy Obligations to new power plants. The participants are new power plants that have not been assigned with Firm Energy Obligation in any allocation mechanism and that their estimated variable fuel costs do not exceed the current fuel shortage price. The power plants will be assigned for a period of 10 years and will be remunerated at USD $ 9/MWh.

In September 2019, the Superintendence of Household Public Utilities SSPD published the regulation of the $ 4/kWh national surcharge, as part of the measures required to ensure the provision of electric power service by the companies overseen by this Superintendence. This rate will be applied to socioeconomic strata 4.5 and 6, commercial and industrial, from November 2019 and will be retroactive to July 2019, and its collection is considered as income received for third parties.

During the second quarter of 2020, different entities such as the Ministry of Mines and Energy, the Energy and Gas Regulatory Commission and the Superintendence of Household Public Utilities, have adopted temporary measures and issued transitory regulations within the framework of the State of Economic, Social and Ecological Emergency; thus dictating different provisions in the matter of public services of electric energy and fuel gas, with respect to the impact of COVID-19 mainly and in relation to the impact on the end user.

In March 2020, the Energy and Gas Regulation Commission published CREG Resolution 033 of 2020, which defines the temporary flexibility of the guarantee adjustment terms and the deadline to carry out audits of the Reliability Charge. This is motivated by the expansion of the pandemic outbreak called Covid-19 at the global level, which has had economic effects on the markets for financial products, leading to unusual changes in the peso-dollars exchange rate at the national level. Additionally, the CREG motivates and considers that, in order to update the guarantees and carry out the audits, the agents and auditors must carry out procedures before other entities, procedures that are difficult in the current situation of preventive isolation.

On the other hand, the Energy and Gas Regulatory Commission published in April 2020 Resolution CREG 061, which establishes rules to defer the payment obligations of Sellers and dictates other transitory provisions. The Commission has considered that taking into account the collection difficulties that are occurring in the current circumstances, associated with the reduction in user income, it considers it necessary to temporarily adjust the payment conditions of the sellers of the obligations invoiced by the ASIC and the LAC for market transactions and network usage charges. This is to make it easier for sellers who serve end users to comply with their obligations, in such a way that the stability of the service provision scheme is protected and the continuity of supply can be guaranteed.

In May, CREG Resolution 099 of 2020 is published, whereby an Firm Energy Obligation Purchase Reconfiguration Auction is called for the 2020-2021 and 2021-2022 periods, and other provisions are amended. This rule is motivated by an eventual Firm Energy Obligation deficit for the years in question, taking into account the demand projection of the UPME of October 2019 and that one of the plants that received assignment of obligations in the purchase reconfiguration auction that was carried out last year (Resolution 117 of 2019) did not present guarantees or fuel contract.

On 19 June 2020, the Energy and Gas Regulatory Commission published final Resolution 125, which repeals the regulations of Chapter II, Start and End of the Shortage Risk Period, of CREG Resolution 026 of 2014 and a transitional rule is adopted. The Commission considers it pertinent and relevant to review and adjust the indicators and rules contained in articles 2 to 6 of CREG Resolution 026 of 2014, in order to avoid the activation of the embalming mechanism from the definition of a system condition based on index alert levels for which there are doubts about its assertiveness.

At the end of the first semester of 2020, CREG Resolution 127 is issued, which defines a procedure for the annual verification of the Firm Energy for Reliability Charge of generation plants with Firm Energy Obligations. This resolution originates from the need to have up-to-date information on Firm Energy, given that the annual balances could be accounting for energy that the system does not have.

Through CREG Resolution 136 of July 9, 2020, the Commission adds a paragraph to Article 42 of CREG Resolution 060 of 2019, which stipulates that wind and solar photovoltaic plants connected to the STN (National Transmission System) and STR (Regional Transmission System) that are in commercial operation and do not meet the technical requirements within the established term must submit to CREG an adaptation plan for their facilities to comply with what is required in this Article, or otherwise to declare the date of disconnection from the STN or STR. The plan that contemplates the adequacy of the facilities or the declaration of the date of disconnection may not exceed 36 months from the date of delivery.

In August 2020, the Superintendence of Household Public Utilities issued Resolution 20201000033335, which establishes the rate of the special contribution to which home public service providers are subject for the year 2020, and is issued other provisions applicable to this contribution and to the additional contribution provided for in article 314 of Act 1955 of 2019 for the strengthening of the Business Fund. The Superintendence of Household Public Utilities sets the contribution rate at 0.2186% in accordance with the provisions of Article 85 of Act 142 of 1994 modified by Article 18 of Law 1955 of 2019 and the additional contribution rate for the strengthening of the Business Fund is 1% in accordance with the provisions of article 314 of Act 1955 of 2019.

XM reported the results of the purchase reconfiguration auctions carried out on 10 September 2020, called by CREG through Resolution 099 of 2020. 2 purchase reconfiguration auctions were held for the 2020-2021 and 2021-2022 terms . The firm energy assigned was 3,113,391 kWh-day for the first term and 852,288 kWh-day for the second. The allocation price for the 2020-2021 term was 16.6 USD/MWh. For the term 2021-2022 it was 15.1 USD/MWh. There was a total participation of 6 generation resources, to which all of the energy offered was assigned.

In October 2020, the Ministry of Mines and Energy, through the issuance of Resolution 40311, defines the public policy guidelines for CREG to establish the regulation for the assignment of connection points. Applies to generation and self-generation projects, as well as the owners of the STN, STR and SDL assets. This rule allows the transfer of connection rights, allows the change of technology of the projects and allows the connection of lower generation capacity due to delays in transport works.

In October, the Commission publishes Resolution 193 of 2020, which modifies CREG Resolution 022 of 2001, related to the expansion of the STN. The standard refers to modifications on extensions of the STN facilities and aspects related to the guarantees that users must put up. It allows the expansion of transmission works under construction, requires guarantees from the Network Operator for the commissioning of the connection and allows the change of configuration of the Substation under construction without a call, among other aspects.

In November, CREG Resolution 209 of 2020 is published, whereby new rules are adopted for the start and end of the shortage risk period of Chapter II of the Statute for Shortage Risk Situations, CREG Resolution 026 of 2014, and other provisions are made. Through this standard, the indicators and rules contained in articles 2 to 6 of CREG Resolution 026 of 2014 are reviewed and adjusted, also adjusting the rules applicable to the procedure for defining the energy for reserve and the payment of thereof.

In that same month, the Commission published Resolution 194, whereby it defines an option of the Reliability Charge for plants under construction with Firm Energy Obligations, which temporarily and at the Start of the Validity Period of the Obligation will have an installed capacity lower than the declared Net Effective Capacity, but the level of progress of their works allows them to operate and comply with the assigned Firm Energy Obligations. Highlights: installed capacity available for commercial operation on the start date of the Firm Energy Obligations, the Firm Energy Reliability Charge must be sufficient to cover Firm Energy Obligations, and the construction progress should allow it to reach the Net Effective Capacity within two years from the Start of the Validity Period of the Obligation.

Furthermore, CREG Resolution 207 was published in November 2020, which defines an audit scheme on fuel supply and transportation costs declared by generating agents. Highlights: semi-annual audit, plants that represent up to 96% of the security generation are audited, the rest randomly 15%, the 2020 Audits will be in March 2021, the Auditor will be selected by XM according to the list made by the Committee Marketing Advisor, the audit costs assumed by the lawsuit will be included in the restrictions and the functions and deadlines of the auditor are specified.

In environmental issues, Decree 1076 of 26 May 2015 is a compilation of the standards issued by the National Government, which contains all the current regulatory decrees issued to date that develop environmental laws and whose purpose is to prevent normative dispersion. The content is divided into three large groups: 1. Structure of the environmental sector, 2. Regulatory regime of the environment sector and 3. Final provisions. The second group contains the different regulatory issues such as biodiversity, environmental management, non-seawater, seawater, air, waste, institutional management, financial, economic and tax instruments and sanctioning regime.

Act 1819 of 2016 on tax reform, introduced a reduction in income tax to promote Non-Conventional Energy Sources and exclusion of VAT on equipment, technologies and services that offer an environmental benefit; as well as the carbon tax on all fossil fuels used for energy purposes; and defines the guidelines for the non-imposition of this tax on users certified as carbon neutral, which is subsequently regulated by Decree 926 of 2017.

Based on the provisions of Article 174 of Act 1955 of 2019 (National Development Plan) and Article 130 of Decree 2106 of 22 November 2019, those interested in accessing the tax incentives established in Act 1715 of 2014 , associated with VAT and special deduction of income tax and complementary, for investments in projects of Non-Conventional Sources of Renewable Energy, and Efficient Energy Management, no longer require obtaining the environmental certification issued by the National Environmental Licensing Authority, since only the certification issued by the Mining and Energy Planning Unit - UPME is required to access the incentives.

Furthermore, the Ministry of Environment and Sustainable Development published on 11 August 2016 Resolution 1312, which adopts the terms of reference for the preparation of the Environmental Impact Assessment (EIA), required for the process of the environmental license of projects for the use of continental wind energy sources, as well as Resolution 1670 of 15 August 2017, whereby the terms of reference for the preparation of the Environmental Impact Assessment - EIA, required for the processing of the environmental license of projects for the use of photovoltaic solar energy, are adopted.

In addition, the Ministry of Environment and Sustainable Development, by means of Decree 2462 of 28 December 2018, provides that the Environmental Diagnosis of Alternatives will only be required for projects for the exploration and use of alternative energy sources that come from biomass for generation of energy with installed capacity exceeding 10 MW, excluding solar, wind, geothermal and tidal energy sources.

The UPME, through Resolution 703 of 2018, established the procedure and requirements to obtain the certification that endorses the Non-Conventional Renewable Energy Sources (NCRES) projects, with a view to obtaining the benefit of the exclusion of the VAT and the exemption from customs duties as provided in articles 12 and 13 of Act 1715 of 2014.

Finally, through Resolution 0629 of 31 July 2020, the Ministry of Environment and Sustainable Development extended the transition regime for the implementation of the methodology for the preparation and presentation of environmental studies contemplated in Resolution 1402 of 2018. Said transition regime established that the environmental studies prepared based on the methodology established in Resolution 1503 of 2010 should be submitted no later than August 2, 2020. With the new transition regime introduced in Resolution 0629 of 2020, environmental studies elaborated, or in the process of elaboration, in accordance with the methodology adopted by Resolution 1503 of 2010 and that were to be presented on 2 August 2020, will not be governed by the methodology of Resolution 1402 of 2018, as long as said studies are filed within 9 months of the date on which the health emergency in the country (COVID) is lifted, a term that will not be extendable.

In addition, Resolution 629 sets out two relevant aspects, namely:

- That the environmental studies started under the 2010 methodology that are subject to prior consultation and that have not been conducted within the 9-month term provided in the extension, may be submitted to the competent environmental authority after the deadline, as long as the authority is informed on time.
- That, as of 2 August 2020, environmental studies that are not covered under the transition regime must be prepared in accordance with the methodology established in Resolution 1402 of 2018.

The regulation in the natural gas sector is aimed at the fulfilment of the objectives defined in Act 142 of 1994: i) ensure the quality of the service for the improvement of the quality of life of users, ii) the permanent extension of coverage, iii) continuous and uninterrupted service provision, iv) efficient provision, v) freedom of competition and non-abusive use of dominant position.

Since the issuance of Decree 2100 of 2011, a regulation has been issued specifically aimed at ensuring and guaranteeing supply, reliability and continuity of service in the natural gas sector. In this sense, regulatory instruments have been defined in order to encourage imports and increase gas production, standardise contractual modalities to ensure the service of essential demand in firm, define negotiation mechanisms that promote competition and efficient pricing, and create and consolidate a market manager in order to have timely operational and commercial information of the sector.

The foregoing is materialised by the Energy and Gas Regulation Commission (CREG) with the issuance of Resolution 089 of 2013, which regulates commercial aspects of the natural gas wholesale market that are part of the natural gas operation regulations. Based on studies conducted by the CREG, and given the concentration of the natural gas market, this resolution is necessary to promote market competition, designing mechanisms that promote greater market transparency and liquidity, and identifying the need to promote a more efficient use of gas supply and transportation infrastructure.

Moreover, and according to the analysis and follow-up of the transactions and results of the natural gas market negotiations, in August 2017 the CREG, through Resolution 114, adjusted some aspects related to the trading in the natural gas wholesale market and compiled Resolution CREG 089 of 2013 with all its adjustments and amendments.

The CREG, continuing with its evaluation and aiming for adjustments to the natural gas market, and as a result of the process of consultation, analysis and comments of the agents, published on 20 February 2019 Resolution 021 of 2019, which amends Resolution 114 of 2017, emphasising on the main adjustments: relaxes the duration, the start date and the end date of the bilateral firm contracts of the secondary market; incorporates a contract with interruptions to negotiate bilaterally in the secondary market; incorporates the transport contract with conditional firmness in the secondary market; relaxes the start date of long-term contracts negotiated bilaterally in the primary market; incorporates supply contracts with conditional firmness and the option to purchase gas in the primary gas supply market.

On 1 April 2020, CREG issued Resolution 042 of 2020, whereby it defines transitory measures in relation to the modification by mutual agreement of prices and quantities of the current gas supply and transportation contracts signed in the primary and secondary market, in accordance with the provisions of CREG Resolution 114 of 2017 and the agreement and adjustment of the billing period and modification of the payment dates, in accordance with the provisions of CREG Resolution 123 of 2013. This applies given the mandatory preventive isolation order issued by the National Government in development of the State of Economic Emergency ordered by means of Decree 417 of 2020 and the measures are adopted in order to mitigate the effects on the fuel gas sector of the problems identified, such as: (i) the reduction in demand; (ii) the slowdown in economic activity and (iii) the increase in the Representative Exchange Rate, which has an important effect on the prices of natural gas and its transportation, affecting the rates faced by regulated non-regulated users.

Furthermore, the Commission has issued Resolution 068 of 2020, whereby additional transactional information must be declared by participants in the wholesale natural gas market provided for in Annex 2 of CREG Resolution 114 of 2017, including a) Payment currency agreed in the Contracts and b) Exchange rate agreed in the contract for purposes of converting dollars to Colombian pesos for settlement and billing; and Resolution 103 of 2020, which amends CREG Resolution 056 of 2019, and defines the conditions for the extension of the period of obligation to provide services for the natural gas market manager, extending for a period of up to twelve (12) months, counted from 5 January 2020.

At the end of June 2020, the Commission, through Circular 054 of 2020 and taking into account the provisions of Article 25 of CREG Resolution 114 of 2017, published the sale schedule of the natural gas wholesale market to be taken into account for the year 2020, stages to be carried out between the months of July and November 2020.

Through CREG Resolution 135 of 3 July 2020, the Commission formalized the selection of the Colombian Stock Exchange as the Natural Gas Market Manager, for a period of five (05) years that will become effective on sixth (06) January 2021.

On 15 July 2020, CREG Resolution 138 is published, whereby measures are adopted in relation to the marketing mechanisms and procedures of the Total Production Available Firm Sale (PTDVF), and the Imported Quantities Available for Firm Sale (CIDVF) of natural gas, in accordance with the provisions of CREG Resolution 114 of 2017. This regulation is motivated by the impact that the pandemic has had on the gas market, the need to make direct negotiations more flexible so that the thermal power plants can participate in the auction for reconfiguration of the Reliability Charge and the optimization of gas use.

The Ministry of Mines and Energy during the month of October 2020, published Resolution 40304, whereby the Natural Gas Supply Plan and other provisions are adopted. The works that are considered relevant and that are included are: Pacific Regasification Plant, gas pipeline between Yumbo and Buenaventura, 3 transport infrastructure works with bidirectionalities, interconnection of the markets of the Atlantic Coast and the centre of the country and 2 reinforcements for Valle de Cauca and Tolima Grande.

In November, the Commission published Resolution 185 of 2020, which sets out provisions on the sale of transmission capacity in the wholesale natural gas market. This standard reflects greater transparency in the allocation mechanisms, streamlines transport capacity allocations when requests exceed the available capacity of the system, establishes mechanisms to allocate the capacity of supply plan projects, allows to improve the use it or sell it processes in the long and short term for transport capacity and encourages the efficient allocationn of transport capacity among the gas market participants.

In that same month, CREG Resolution 186 of 2020 was published, which regulates commercial aspects of the supply of the wholesale market (primary and secondary) of natural gas. This standard compiles the amendments made to date on CREG Resolution 114 of 2017 (CREG Resolutions 140 and 153 of 2017, 008 of 2018 and 021 of 2019).

In December 2020, the Superintendence of Household Public Utilities published Resolution 20201000057975, which defines the assimilation of new activities in the fuel gas service supply chain, establishing the information reporting criteria for these agents and issuing other provisions. Its effects will be those established in article 17 of Act 1955 of 2019, for the development of inspection, surveillance and control functions, and for compliance with the regulation. It assimilates the REGASIFICATION activity to the TRANSPORTATION activity, an activity complementary to the residential public fuel gas service, and it assimilates the COMMERCIALIZATION OF IMPORTED GAS activity to the COMMERCIALIZATION activity, an activity complementary to the residential public fuel gas service.

Through Circular 076 of 18 August 2020, the Commission modified the indicative regulatory agenda for 2020. This modification is due to the fact that the Ministry of Finance and Public Credit and the Ministry of Mines and Energy have not yet delegated to the Commission all regulatory functions associated with liquid fuels, CREG has not been able to complete the staff due to budget insufficiency, and the health emergency caused by Covid has demanded priority attention.

Finally, the Government published the final documents with the analyses and proposals of the "Energy Transformation Mission", which will become a roadmap for the sector, as a guide to the main transformations to be adopted in the future. This mission was made up of 20 national and international experts and in January 2020 they presented their recommendations to continue moving towards an efficient, reliable and sustainable electric power service, for the benefit of users. The Mission also puts forward a series of proposals aimed at strengthening and modernizing the institutions and entities of the sector, and achieving greater coordination that allows them to respond to the new challenges of the electricity sector. The recommendations of the Mission were shared and made available to the agents of the sector for review and comments, these were sent in February 2020.

2. Bases for Presentation

The Group presents its general-purpose consolidated financial statements in Colombian pesos and the values have been rounded up to the nearest thousand (COP $000), except as otherwise indicated.

The consolidated 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 Group's general-purpose consolidated financial statements as of 31 December 2020, have been prepared in accordance with the Colombian Financial Reporting Standards (CFRS), established in Act 1314 of 2009, regulated by Unified Decree Regulation 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The CFRS applicable in 2020 are based on the International Financial Reporting Standards (IFRS), along with their interpretations, issued by the International Accounting Standards Board (IASB). The basic standards correspond to those officially translated into Spanish and issued by the IASB in the second half of 2018 and the incorporation of the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions issued in 2020.

The Group applies to these separate financial statements the following exception contemplated in Title 4 Special Regimes of Chapter 1 of Decree 2420 of 2015:

The Group's general-purpose consolidated 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 Group and are as follows:

• 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 Group belongs to Group 1 according to the definitions of Decrees 2784 of 28 December 2012 and 3024 of 27 December 2013, according to which the Group issued the first comparative financial statements under CFRS as of 31 December 2015.

The general-purpose consolidated 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 the assets and liabilities registered at fair value.

The preparation of the consolidated 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.

For legal purposes in Colombia, the separate financial statements are the main financial statements.

2.2 Accrual Basis of Accounting

The Group prepares its consolidated financial statements using the accrual basis of accounting, except for cash flow information.

2.3 New Standards Incorporated into the Accounting Framework Accepted in Colombia with Effective Application from 1 January 2021

Decree 1432 of 2020 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia, incorporating the amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions that can be applied immediately in the year 2020. No other norms, interpretations or amendments were added to the norms that had already been compiled by Decree 2270 of 2019 considering the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018.

2.4 Financial Reporting Standards Not Incorporated into the Accounting Framework Accepted in Colombia, Issued but Not yet Effective

The amendments issued by the IASB during the years 2019 and 2020 are listed below. Some became effective internationally as of January 1, 2020 and others will enter into force as of January 1, 2021, 2022 and 2023. These standards have not yet been adopted in Colombia.

Amendment to IAS 1 Presentation of Financial Statements - Classification of liabilities as current or non-current

The amendments issued in January 2020 clarify the criteria for classifying liabilities as current or non-current, based on the rights that exist at the end of the reporting period. The classification is not affected by the expectations of the entity or the events after the date of the report. The changes also clarify what the "settlement" of a liability refers to in terms of the standard. The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2023 and its early application is allowed. The effect of the application on the comparative information may be made retroactively.

Amendment to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendment published in May 2020 prohibits the deduction of the cost of an item of property, plant and equipment from any amount arising from the sale of items produced while taking that asset to the place and conditions necessary for it to operate in the manner provided by Management. Instead, an entity would recognize the amounts of those sales in profit or loss. The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendment published in May 2020 addressed 3 modifications to the standard in order to: update the references to the Conceptual Framework; add an exception for the recognition of contingent liabilities and liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Liens; and confirm that contingent assets should not be recognized on the acquisition date. The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed. Any effect on its application will be made prospectively.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Cost of fulfilling a contract

The purpose of this amendment, which was also published in May 2020, is to specify the costs that an entity includes when determining the "performance cost" of a contract for the purpose of evaluating whether a contract is onerous; clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling a contract and an allocation of other costs that are directly related to the fulfillment of the contract. Before recognizing a separate provision for an onerous contract, for an onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract. The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Interest Rate Benchmark Reform

After the financial crisis, the reform and replacement of interest rate benchmarks such as GBP LIBOR and other interbank rates (IBORs) has become a priority for global regulators. There is currently uncertainty about the precise timing and nature of these changes. To transition from existing contracts and agreements that reference LIBOR, adjustments for term differences and credit differences may be necessary to allow the two benchmark rates to be economically equivalent in transition.

The amendments made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain alternatives in relation to the benchmark interest rate reform. The alternatives relate to hedge accounting and have the effect that the reforms generally should not bring hedge accounting to an end. However, any hedging ineffectiveness must continue to be recorded in the income statement. Given the pervasive nature of hedges involving interbank rate-based contracts (IBORs), the alternatives will affect companies across all industries.

Accounting policies related to hedge accounting should be updated to reflect the alternatives. Fair value disclosures may also be affected due to transfers between levels of the fair value hierarchy as markets become more or less liquid.

The Group does not expect significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2021 and its early application is allowed.

Annual improvements to IFRS Standards 2018–2020 cycle

The following improvements were completed in May 2020:

• IFRS 9 Financial Instruments: clarifies which commissions should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases: modifies illustrative example 13 of the standard to eliminate the illustration of lessor payments related to improvements to leased assets, to eliminate any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards: allows entities that have measured their assets and liabilities at the book value recorded in their parent's accounting, also measure accumulated translation differences using the amounts reported by the matrix. This amendment will also apply to associates and joint ventures with some conditions. • IAS 41 Agriculture: eliminates the requirement that entities exclude tax cash flows when measuring fair value under IAS 41.

The Group expects no significant impacts from this modification; in any case, it is evaluating the impact that they could have on the financial statements.

The amendment applies as of January 1, 2022 and its early application is allowed.

Conceptual framework

The IASB has issued a revised Conceptual Framework to be used in standard setting decisions with immediate effect. Key changes include:

• Increasing the importance of management in the objective of financial reporting; • Restore prudence as a component of neutrality; • Define a reporting entity, which can be a legal entity or a part of an entity; • Review the definitions of an asset and a liability; • Eliminate the probability threshold for recognition and add guidelines on derecognition; • Add guidelines on different measurement bases, and • Indicate that profit or loss is the main performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled when this improves the relevance or faithful representation of the financial statements.

2.5 Relevant Estimates and Accounting Criteria

In the preparation of the Financial Statements, specific estimates have been used by the Group'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 3.1.13.).
> The useful life of intangible assets and property, plant and equipment. (See Notes 3.1.7. and 3.1.8.).
> The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.1.9. (B)).
> The hypotheses used for the calculation of the fair value of the financial instruments. (See Note 3.1.14.).
> Revenues and estimated expenses arising from generation activities, which mainly come from energy sales through bilateral contracts to the wholesale and unregulated market, the energy market, the Automatic Generation Control (AGC) service and the reliability rate, as well as the purchases of energy necessary to deal with such contracts, are estimates applying elements of judgment (See Note 3.1.17.).
> Probability of occurrence and amount of uncertain or contingent liabilities (See Note 3.1.11.).
> Future disbursements for environmental commitments arising from the environmental license mainly for new projects, as well as the discount rates to be used (see Note 3.1.8.).
> 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 3.1.12).

Although 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.

2.6 Subsidiaries Entities

Subsidiaries are considered to be those companies controlled by Emgesa S.A. E.S.P. directly or indirectly. Control is exercised if, and only if, the following elements are present: i) power over the subsidiary, ii) exposure, or right, to variable returns of these companies, and iii) ability to use power to influence the amount of these returns.

Emgesa S.A. E.S.P. has power over its subsidiaries when it owns the majority of the substantive voting rights, or without this situation occurring, it has rights that give it the current ability to direct its relevant activities, that is, activities that significantly affect the returns of the Group. subsidiary.

Emgesa S.A. E.S.P. will reassess whether or not it has control in a subsidiary Group if the facts and circumstances indicate that there have been changes in one or more of the elements of control mentioned above.

2.7 Associates and Joint arrangements

An associate is an entity over which Emgesa S.A. E.S.P. has significant influence on financial and operating policy decisions, without having control or joint control.

Joint arrangements are those entities in which Emgesa S.A. E.S.P. exercises control through the arrangement and jointly with third parties, i.e., when decisions on their relevant activities require the unanimous consent of the parties that share control. Joint arrangements are classified into:

Joint venture is an entity that the Group 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.

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 Group has no investments in associates and has not registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

2.8 Investments accounted for using the equity method

The interests that the Group holds in joint ventures and associates are recorded following the equity method.

According to the equity method, the investment in an associate or joint venture is initially recorded at cost. From the date of acquisition, the investment in the statement of financial position is recorded by the proportion of its total equity that represents the Group's share in its capital, once adjusted, as the case may be, the effect of the transactions carried out with the Group, plus the capital gains that have been generated in the acquisition of the Group. If the resulting amount is negative, the participation is left at zero in the statement of financial position, unless there is a present obligation (whether legal or implicit) on the part of the Group to replenish the equity situation of the Group, in which case, the corresponding provision is recorded.

The capital gains relating to the associate or joint venture are included in the book value of the investment and are not amortised and no individual impairment test is performed.

The dividends received from these companies are recorded reducing the value of the investment and the results obtained by them, which correspond to the Group according to its interest, are recorded in the item "Interest in gain (loss) of associates accounted for by the equity method".

As of the issue date of the financial statements, the Group has neither investments in joint ventures or associates nor capital gains.

2.9 Principles of consolidation and business combinations

Subsidiaries are consolidated by integrating all their assets, liabilities, revenues, expenses and cash flows into the consolidated financial statements once the corresponding adjustments and eliminations of intra-Group transactions have been made.

The comprehensive income of subsidiaries are included in the consolidated statement of comprehensive income from the date when the Parent Group obtains control of the subsidiary until the date on which it loses control over it.

The consolidation of the operations of Emgesa S.A. E.S.P. Parent Group and of the subsidiaries has been carried out following these basic principles:

(1) At the date of taking control, the assets acquired and liabilities assumed from the subsidiary are recorded at fair value, except for certain assets and liabilities that are recorded following the valuation principles established in other CFRS. If the fair value of the consideration transferred plus the fair value of any non-controlling interest exceeds the fair value of the net assets acquired from the subsidiary, this difference is recorded as capital gains. In the case of a low-priced purchase, the resulting gain is recorded with a credit to profit or loss, after reassessing whether all the acquired assets and assumed liabilities have been correctly identified and reviewing the procedures used to measure the fair value of these amounts.

For each business combination, the Group chooses if it values the non-controlling interests of the acquiree at fair value or by the proportional part of the net identifiable assets of the acquiree.

If it is not possible to determine the fair value of all assets acquired and liabilities assumed at the acquisition date, the Group will report the provisional values recorded. During the measurement period, which will not exceed one year from the date of acquisition, the recognized provisional values will be retrospectively adjusted and additional assets or liabilities will be recognized to reflect new information obtained on events and circumstances that existed on the date of acquisition, but that were not known by management at that time.

In the case of business combinations carried out in stages, at the acquisition date, the share previously held in the equity of the acquired Group is measured at fair value and the resulting gain or loss, if any, is recognized in the year's profit or loss.

(2) The value of the shareholding of the non-controlling shareholders in the equity and in the comprehensive results of the subsidiaries is shown, respectively, in the headings "Total equity: Non-controlling interests in the consolidated statement of financial position and "Gain (loss) attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interests" in the consolidated comprehensive income statement.

(3) Consolidated companies have the Colombian peso as their functional currency, therefore there is no conversion of foreign currency.

(4) Balances and transactions between the consolidated companies have been eliminated in their entirety in the consolidation process.

(5) Changes in interest in the subsidiaries that do not result in a loss of control are recorded as equity transactions, the carrying amount of the control and non-controlling interest being adjusted to reflect the changes in its relative shares in the subsidiary. The difference that may exist, between the value by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognized in the Equity attributable to the owners of the parent Group.

(6) Business combinations under common control are recorded using the "pooling of interests" method as reference. Under this method, the assets and liabilities involved in the transaction are reflected at the same book value in which they were registered in the parent Group, the foregoing without prejudice to the possible need to make accounting adjustments to homogenize the accounting policies of the companies involved.

(7) When control over a subsidiary is lost, the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity are derecognized. Any resulting gain or loss is recognized in profit or loss. If any interest in the former subsidiary is retained and it is accounted for using the equity method, the gain or loss arising from the new measurement at fair value is recognized in profit or loss only to the extent of the interest in the new associate. ; If the interest that is retained is accounted for in accordance with IFRS 9, the part of the gain or loss is fully recognized in profit or loss.

Any difference between the assets and liabilities contributed to the consolidation and the consideration given is recorded directly in equity as to debit or credit to other reserves. The Group does not apply a retrospective registration of business combinations under common control.

2.10 Consolidation Principles

The subsidiary is consolidated by integrating in the consolidated financial statements all of its assets, liabilities, income, expenses and cash flows once the corresponding adjustments and eliminations of the reciprocal operations have been made.

3. Accounting Policies

3.1 Accounting Policies Applicable to General-Purpose Financial Statements

The main accounting policies applied when preparing the acGrouping general-purpose consolidated financial statements are the following:

3.1.1. Financial Instruments

3.1.1.1. 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.

3.1.1.2. Financial Assets

The Group 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.

3.1.1.2.1. Debt Instrument

With the application of IFRS 9 as of January 1, 2018, financial assets are classified at amortized cost and fair value.

(a) Financial Assets at Amortised Cost

A financial asset is classified as measured at "amortised cost" only if it meets the following criteria: the purpose of the business model of the Group 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.

3.1.1.2.2. 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 Group can make an irrevocable election in the initial recognition to recognise changes in fair value through other comprehensive income in equity.

3.1.1.2.3. 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 Group 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 Group 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 Group 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.

(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 Group has no hedging instruments.

3.1.1.3. 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 Group has to cover the market risks associated with the interest rate or the exchange rate.

3.1.1.3.1. Debts (Financial Obligations)

Debts are initially recognised at fair value, net of costs incurred in the transaction.

Debts are subsequently registered at their amortised cost; Any difference between the funds received (net of the costs of the transaction) and the redemption value is recognised in the income statement during the loan period using the effective interest method.

The costs incurred to obtain the debt are recognised as transactions to the extent that it is likely that the debt will be received in whole or in part. In such case, the fees are deferred until the loan is received. If there is no evidence of the likelihood that part or all of the debt will be received, the fees are capitalised as prepaid costs paid for services to obtain liquidity and are amortised in the respective loan period. If the costs incurred are immaterial, they may carried to profit or loss at the time of issuance of the securities.

Loans are classified in current liabilities, unless the Group has the unconditional right of deferring the payment of the obligation at least 12 months from the date of the balance sheet.

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.

3.1.1.4. 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.

3.1.1.5. 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.

3.1.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are recognised on the date of negotiation, which is the date when the Group 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 Group has substantially transferred all risks and benefits inherent to the property.

In the initial recognition, the Group measures financial assets at fair value; however, 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 will affect the value of the 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 Group 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 Group must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.

3.1.1.7. 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.

3.1.1.8. Fair Values of Investments

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 Group 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.

3.1.2. Inventories

The stock in inventories includes goods for sale or internal consumption which the risks and benefits of the property have been acquired; this classification includes materials, fuels and Certified Emissions Reduction certificates (CERs)

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.

In the case of CERs, the initial cost is determined by their fair value on the date of issuance of the certificates, which is identifiable for each of them.

The cost of goods other than CERs is measured in accordance with the weighted average method, which considers the units of an article purchased on different dates and with different 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 Group'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 Group's results.

3.1.3. Non-current Assets Held for Sale and Discontinued Activities

The Group 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 Group 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".

At the date of issuance of the financial statements, the Group has no non-current assets held for sale or discontinued operations.

3.1.4. Investments in Subsidiaries

A subsidiary is an entity controlled by the Group. 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 Group, 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 Group according to their interest, under the item "Result from other investments." The measurement of the equity method is assessed according to the materiality of the figures and taking into account the interest in each subsidiary.

3.1.5. Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence on financial and operating policy decisions, without having control or joint control.

Joint arrangements are those entities in which the Group exercises control through the arrangement and jointly with third parties, i.e., when decisions on their relevant activities require the unanimous consent of the parties that share control. Joint arrangements are classified into:

A joint venture is an entity that the Group 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.

The Group currently has joint arrangements represented in trusts. 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.

Investments in associates or joint ventures are measured in the separate financial statements at cost. Joint arrangements of the type of joint operations represented in trusts are measured at fair value.

As of the issue date of the financial statements, the Group has not investments in associates or joint arrangements.

3.1.6. Business Combination

In a business combination, the Group 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 Group chooses whether to measure the non-controlling interests of the acquired Group at fair value or at the proportional part of the identifiable net assets of the acquired Group. If it is impossible to determine the fair value of all assets acquired and liabilities assumed on the date of acquisition, the Group 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 Group and the resulting gain or loss, if any, is recognised in profit or loss.

Acquisition costs incurred are charged to expenses and are presented in administrative expenses in the income statement.

As of the date of these financial statements, the Group has no business combinations.

3.1.7. 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 Group 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 Group 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 through profit or loss.

(In thousands of pesos)

(b) Other Intangible Assets

These assets correspond mainly to IT software and rights. 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 remaining useful life for amortisation:

Emgesa S.A. E.S.P.

The average remaining useful lives used for amortisation are as follows:

Item	2020	2019
Rights *	23	24
Development costs	1	2
Licences	4	2
Software	3	3
Other identifiable assets	1	2

(*) Refer to the rights that the Group has registered to obtain the usufruct of the greater flow of useful water from the Chingaza and Río Blanco projects. Its amortisation is recognised by the straight-line method. In addition, this item classifies the legal stability premium for Quimbo, which allows obtaining tax benefits for the investments made in this plant; this premium has a useful life of 20 years according to the validity of the tax benefits.

Sociedad Portuaria Central Cartagena S.A.

The average remaining useful lives used for amortization are as follows:

Concept	2020	2019
Concessions	10	12

Gains or losses arising on sales or withdrawals of property, plant and equipment are recognised as other gains (losses) through profit or loss and are calculated by deducting from the amount received from the sale the net asset value of the asset and the corresponding sales expenses.

3.1.8. 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 Group 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 Group making the investment.

> Personnel expenses related directly to constructions in progress.

> Future disbursements that the Group will have to make with respect to the closing of its facilities are incorporated into the asset value for the updated value, recognising from an accounting standpoint the respective provision for dismantling or restoration. The Group annually reviews its estimates on the aforementioned future disbursements, increasing or decreasing the asset value based on the results of said estimation.

(In thousands of pesos)

> Future disbursements for environmental commitments for new projects, as well as discount rates to be used.

> 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 and in the conditions provided by Management.

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 assets.

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 costs are registered directly in the income statement as costs in the corresponding period.

Based on the process of the impairment testing, the Group considers that the book value of the assets does not exceed their recoverable value thereof.

Property, plant and equipment, in this case net of residual value, is depreciated distributing linearly the cost of the variable components during their estimated useful life, which constitutes the time during which the Group expects to use them. The estimated useful life and residual value are revised periodically and, if applicable, adjusted prospectively. The Group did not consider significant the residual value of its fixed assets.

The remaining average useful lives used for depreciation are:

Emgesa S.A. E.S.P.

The average remaining useful lives used for depreciation are as follows:

Types of property, plant and equipment	2020	2019
Plants and equipment		
Civil works plants and equipment	55	56
Electromechanical equipment Hydroelectric power stations	30	30
Electromechanical equipment Thermal power stations	18	19
Buildings	56	56
Fixed installations, accessories and others	10	10
Finance leases		
Buildings	1	3
Fixed installations and others (vehicles)	2	3

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The average remaining useful lives used for depreciation are:

Classes of property, plant and equipment	2020	2019
Machinery and Equipment	2	3
Furniture and Fixtures	2	3

The Group defined that the flooded plots located in the hydroelectric power plants are depreciable because they do not have a specific use after the end of the useful life of the plant, therefore the cost is depreciated within the line of plants, pipelines and tunnels to 75 years. In addition, based on the environmental requirements provided in Decree 1076 of 2015 applicable to

El Quimbo, there is a decommissioning obligation for the powerhouse for a timespan that the Group has estimated, in the most conservative scenario, to be 50 years (see Note 15).

The excess of the tax depreciation over the accounting depreciation generates a tax effect that is registered as a deferred tax liability.

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.

3.1.9. Asset Impairment

(a) Non-financial Assets (Except Inventories and Deferred Tax Assets).

Throughout the period, and essentially on the closing date, an assessment is performed to determine whether there is any indication that an asset could have been subject to impairment loss. Should there be any sign, an estimate is made of the recoverable value of said asset to determine, where applicable, the value of the impairment. If dealing with identifiable assets not generating cash flows independently, the recoverability is estimated for the Cash-Generating Unit (CGU) to which the asset belongs, understanding as such the smaller group of identifiable assets generating independent cash inflows.

In the Group, all assets operate integrally, and cash flows of a plant cannot be considered independently from the rest of the generation assets; therefore, the Group as a whole is taken as the CGU Cash-Generating Unit.

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 Group in nearly every case.

To estimate the value in use, the Group 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 estimate of cash flows for coming years by applying reasonable growth rates. 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" 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 Group 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, recognising 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 individual model

This model performs a uniform and consistent calculation on each of the counterparties that make up the commercial portfolio. Given that the Group manages its commercial portfolio individually, the group defined that the most appropriate way to manage the Group's credit risk expectation is by performing an individual assessment on each counterparty with which the Group transacts as a result of its business operations.

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:

The expected credit loss on the other financial assets determined by the collective general model as of 1 January 2018 is as follows:

Probability of Default (PD): It is determined in accordance with the group guidelines for each category, considering the Group'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.

3.1.10. Leases

IFRS 16 Leases became effective as of January 1, 2019. In its application, the Group 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

IFRS 16 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, except for the considerations that can be recognized by law directly in profit or loss.

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.

3.1.11. Contingent Provisions, Liabilities and Assets

The existing financial statement of the financial statements of the Group, 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 Group 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 Group 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 and labour lawsuits that are considered contingent are disclosed in the notes to the financial statements. (See Note 15).

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 Group. The likely occurrence of benefits is reported and, if the realisation of revenues is almost certain, recognised in the financial statements. The Group will refrain from recognising any contingent asset.

3.1.12. Taxes

Includes the cost of generally mandatory taxes in favour of the State and payable by the Group 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 Group operates.

3.1.12.1. Income Tax and Deferred Tax

The income tax expense for the period includes income tax, resulting from the application of the type of levy on the period's taxable base, after applying the deductions that are fiscally permitted, plus the variation of assets and liabilities for deferred taxes and tax credits. Differences between the book value of assets and liabilities and their tax base generate the balance of deferred tax assets or liabilities, which are estimated using the tax rates expected to be valid when assets and liabilities are realised, considering for such purpose the rates that at the end of the reporting period have been approved or for which the approval process is close to an end.

The provision for income tax is calculated at the effective rate at year end using the accrual method, determining it based on the commercial profit adjusted according to current tax regulations in order to properly connect the revenues of the period with their respective costs and expenses, registering the amount of the estimated liabilities.

Deferred tax assets are recognised as a result of all deductible temporary differences, losses and tax credits not used, to the extent that it is likely that there will be future tax gains sufficient to recover deductions for temporary differences and to make tax credits effective, except if the deferred tax relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that:

a. is not a business combination, and

b. at the time it was realised, it did not affect either the accounting guarantee or the tax gain (loss).

With respect to deductible temporary differences related to investment in subsidiaries, associates and joint ventures, deferred tax assets are recognised only if it is likely that the temporary differences will revert in the foreseeable future and if there are tax gains against which the temporary differences can be used.

Deferred tax liabilities are recognised for all temporary differences, except for those derived from the initial recognition of capital gain and those whose origin is from the valuation of investment in subsidiaries, associates and joint ventures, where the Group can control their reversion and it is likely that there will be no reversions in a foreseeable future.

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.

3.1.12.2. Industry and Trade Tax

In applying of article 86 of Act 2010 of 2019, the Group recognized as an expense for the year all the industry and commerce tax caused in the year, the amount that can be attributed as a tax discount is treated as a non-deductible expense in the determination of the Income tax in the year, the tax discount applied decreases the value of the current income tax expense for the period; On the balances that could be applied as a tax discount for the following year, a deferred tax asset was recognized.

3.1.13. Employee Benefits

a. Pensions

The Group has commitments related to pensions, both for defined provision and defined contribution, which are managed through pension plans. For the defined provision plans, the Group 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 and the commitments for defined provision plans represent the current value of accrued. The Group does not have assets affected by these plans.

b. Other Obligations Subsequent to the Workplace Relationship

The Group 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 Group, 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 Group implemented a voluntary retirement plan, which included in its benefits a temporary income for the qualifying employees having less than 10 years left to be entitled to the old age pension. The benefit consists in a monthly payment of between 70% and 90% of the salary, from the moment of contract termination by mutual agreement until 4 months after the worker meets the age requirement pursuant to the Law to access the old age pension (62 years for men, 57 for women). These payments will be made using resources placed by the Group in a private fund, assigned to each employee included in the plan. It has been treated as a post- employment benefit as the Group is responsible for providing additional resources required to meet this obligation or receive a reimbursement in case of excess.

The benefit obligation is calculated by independent actuaries using the projected unit credit method.

c. Long-term Benefits

The Group 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 similar methodology 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 are measured annually by the parent Group, by qualified independent actuaries.

d. Benefits of Employee Loans

The Group 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.

3.1.14. 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.

In order to establish the fair value, the Group uses valuation techniques, including those used for financial obligations entered at fair value at the time of their payment, as contractually defined, according to an active liabilities market with similar characteristics. In both cases (assets and liabilities) with sufficient information to make the measurement, maximising the use of observable relevant input data and minimising the use of non-observable input data.

Considering the hierarchy of input data used in the measurement techniques, the assets and liabilities measured at fair value can be classified into the following levels:

Level 1: Quoted prise (not adjusted) in an active market for identical assets and liabilities.

Level 2: Input data other than quoted prices that are included in level 1 and which are evident for assets or liabilities, whether directly (i.e., as price) or indirectly (i.e., derived from price). The methods and hypotheses used to determine level 2 of fair values, by type of financial assets or financial liabilities, take into account the estimated future cash flows, deducted with the zero-coupon curves of the type of interest of each currency. All the described measurements are carried out through external tools such as "Bloomberg".

Level 3: Input data for assets or liabilities that are not based on observable market information (non-observable inputs).

When measuring fair value, the Group takes into account the characteristics of the asset or liability, particularly:

- For non-financial assets, a measurement of the fair value takes into account the capacity of the market participant to generate economic benefits by using the asset at its highest and best use, or through its sale to other market participants who want to use the asset at its highest and best use;
- For liabilities and equity instruments, the fair value supposes that the liability will not be settled, 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 Group'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.

3.1.15. Functional 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 Group'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.

3.1.16. Transactions and Balances in Foreign Currency

Group's 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 Group 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.

3.1.17. Classification of Balance as Current and Non-current

The Group 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 Group'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 Group 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.

3.1.18. Recognition of Revenues

The Group applies a recognition model for revenue from contracts with customers based on 5 steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The recognition model for revenue from contracts with customers contemplates the following:

(a) Portfolio approach:

In order to identify the goods and/or services promised in contracts with customers, the Group 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 (electricity, value-added services); b) Market typology (regulated, not regulated); or c) Type of customer (size, type, sector).

(b) Contracts with multiple goods and/or services:

A contract is established with multiple goods and services when the Group 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 Group performs them.
> The Group's performance creates or improves an asset that the customer controls as it is created or improved.
> The Group's performance creates or improves an asset with an alternative use for it. The Group 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 Group 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.

(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 Group must determine if the commitment to fulfil the performance obligations is their responsibility or that of a third party. In the event that the Group 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 Group 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 Group 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 Group 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 Group 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 Group to transfer goods and/or services to customers for which the Group has received a consideration from customers.

3.1.19. Financial income and costs

Interest income (expense) is recorded considering the effective interest rate applicable to the principal pending amortization during the corresponding accrual period.

3.1.20. Recognition of costs and expenses

The Group 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, fuel, 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.

3.1.21. 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.

3.1.22. 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 Group is the following:

> The Code of Commerce requires the Group 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 Group'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.

3.1.23. Earnings per Share

The basic earnings per share is calculated as the quotient between the net gain of the period attributable to Group shareholders and the average weighted number of ordinary outstanding shares in said period, after making the appropriation for preferred dividends corresponding to the number of shares as of year-end.

3.1.24. Distribution of Dividends

Commercial laws in Colombia stipulate that, eleven 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 Group 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 absorbed specific losses can not be used to cover others, except if 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 the first instance is the Group's Board of Directors, while in the second instance is the General Shareholders' Meeting's responsibility.

3.1.25. 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);

(In thousands of pesos)

(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 Group, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business; given that, although the Group records transactions in the gas business, to date the amount of transactions in this line of business is not representative, therefore it is not considered as an independent segment.

4. Net Cash and Cash Equivalents

Below is the breakdown of net cash and cash equivalents as of 31 December 2020 and 2019:

	As of 31 December 2020	As of 31 December 2019
Balances in banks	$ 658.832.466	$ 229.911.173
Short-term deposits (1)	110.000.000	40.000.000
Other cash and cash equivalents (2)	52.357.364	17.633.522
Petty cash	878	214
	$ 821.190.708	**$ 287.544.909**

The equivalent detail in pesos by type of currency of cash and cash equivalents above is as follows:

Detalle por Moneda	Al 31 de diciembre de 2020	Al 31 de diciembre de 2019
Pesos Colombianos	$ 819.830.175	$ 284.106.527
Dólares Americanos	1.360.533	3.438.382
	$ 821.190.708	**$ 287.544.909**

(*) Los saldos denominados en moneda extranjera están expresados en pesos colombianos a las tasas representativas de cambio al 31 de diciembre 2020 y 31 de diciembre de 2019 de $ 3.432,50 y $3.277,14 por US$1 y $ 4.199,84 y $3.678,59 por 1 Euro, respectivamente.

Cash and cash equivalents are held mainly in banks and financial institutions, which are rated between the AA- and AAA + range, according to the rating agencies (Standard & Poors, Fitch Rating).

The variation in cash and equivalents corresponds to: i) Collected $ 4,515,230,186 ii) payments (energy, variable costs, O&M, capex, fuels, insurance, remunerations) for ($ 2,150,447,641), iii) payment of the balance of dividends in 2019 for ($ 834,102,573), iv) payment of interest on bonds, bank debt and lease liabilities ($ 216,450,099), v) income tax ($ 635,951,777), vi) collection of interGroup loans in 2019 $ 92,658,471 vii) payment of principal debt ($ 241,070,000) viii) others (yields, derivative compensation and others) $ 6,194,475.

(1) Short-term deposits correspond mainly to term deposits that mature within a period equal to or less than 90 days from their acquisition date and accrue the market interest for this type of short-term investments.

As of 31 December 2020, the balance corresponds mainly to:

Bank	Amount	FN Rate	Days	Start	Maturity	Item
Itaú Corpbanca Colombia S.A	60.000.000	1.75%	90	20-Oct-2020	20-Ene-2021	Bonos
Scotiabank Colpatria S.A	50.000.000	1.75%	90	20-Oct-2020	20-Ene-2021	Bonos
Total	**$ 110.000.000**					

(2) Other cash and cash equivalents are mainly made up of collective portfolios correspond to usual operations of additions and decreases made daily by the treasury to these entities, in order to channel the proceeds from collection.

(In thousands of pesos)

As of 31 December 2020 and 2019, the Group presents restricted cash (See Note 34).

The following table details the changes in liabilities arising from financing activities of EMGESA as of December 31, 2020 and 2019, including those changes that represent cash flows and changes that do not represent cash flows. Liabilities arising from financing activities are those for which cash flows were, or cash flows will be, classified in the statement of cash flows as cash flows from financing activities:

	Balance as of 1 January 2020	Cash flows		Changes other than cash		
		Amounts from loans	Payment of loans and interest	Interest accrued	Lease agreements	Balance as of 31 December 2020
Bonds	$ 3.001.765.481	$ -	$ (451.604.539)	$ 205.662.766	$ -	$ 2.755.823.708
Lease liabilities	11.550.325	-	(7.106.089)	863.287	2.421.917	7.729.440
Total liabilities for financing activities	**$ 3.013.315.806**	**$ -**	**$ (458.710.628)**	**$ 206.526.053**	**$ 2.421.917**	**$ 2.763.553.148**

	Balance as of 1 January 2019	Cash flows		Changes other than cash		
		Amounts from loans	Payment of loans and interest	Interest accrued	Lease agreements	Balance as of 31 December 2019
Bonds	$ 3.601.606.275	$ -	$ (849.436.570)	$ 249.595.776	$ -	$ 3.001.765.481
Loans and bank obligations	150.313.620	-	(158.587.748)	8.274.128	-	-
Lease liabilities	2.311.246	-	(8.603.969)	959.954	16.883.094	11.550.325
Total liabilities for financing activities	**$ 3.754.231.141**	**$ -**	**$ (1.016.628.287)**	**$ 258.829.858**	**$ 16.883.094**	**$ 3.013.315.806**

5. Other financial assets, net

Un resumen de los otros activos financieros al 31 de diciembre de 2020 y 2019, es el siguiente:

	As of 31 December 2020		As of 31 December 2019	
	Current	**Non-current**	**Current**	**Non-current**
Trusts	$ 12.913.907	$ -	$ 10.536.056	$ -
Trusts (1)	12.920.287	-	10.547.404	-
Trust impairment (*)	(6.380)	-	(11.348)	-
Guarantees energy derivatives markets	1.054.722	-	1.832.169	-
Other Assets	965.635	-	1.103.702	-
Other assets (2)	968.288	-	1.109.150	-
Impairment of other assets	(2.653)	-	(5.448)	-
Financial investments - unlisted or illiquid companies (3)	$ -	517.050	-	554.417
	$ 14.934.264	**$ 517.050**	**$ 13.471.927**	**$ 554.417**

(*) See note 7, numeral 4, this value is part of the deterioration of the general collective model.

(1) As of 31 December 2020 and 2019, the balance of the trusts corresponds to:

	As of 31 December 2020	As of 31 December 2019
Trusts Zomac (a)	$ 5.386.563	$ 5.636.246
Trusts Embalse Tominé (b)	6.061.327	2.352.957
Trusts Embalse Muña (b)	550.137	1.681.541
Trusts El Quimbo (c)	922.260	876.660
Total	**$ 12.920.287**	**$ 10.547.404**

(a) As of 31 December 2020, the Zomac trusts were established after the approval of the Territory Renewal Agency (ART) for the payment of income and complementary taxes for taxable periods 2018 and 2019, through the execution of viable projects of social importance in the different municipalities located in the zones most affected by the armed conflict (ZOMAC).

(In thousands of pesos)

(b) The balance as of 31 December 2020 corresponds mainly to trusts with BBVA as follows:

Tominé Reservoir Trust No. 31636 for $5,714,063 and Trust No. 31555 for $347,264, intended for the management, operation, maintenance and improvement of the Reservoir in accordance with Resolution No. 0776 of 2008. With the Muña Reservoir Trust Fund No. 31683 for $549,786, intended for compliance with the ruling of the State Council within the public interest claim filed with No. 479 of 2001, and Trust Fund No. 32374 for $351, intended for compliance with Resolution No. 1153 of 17 June 2015 for the development of the Environmental Management Plan for the Muña Reservoir.

(c) The Quimbo trust was established with Corficolombiana to meet commitments derived from the construction of the hydroelectric power plant.

The Group's current trusts have a specific use and support obligations contracted in key projects for the business, which clarify their allocation.

(2) As of 31 December 2020, the amount of other assets corresponds to the accrual of CDT interest for $ 376,992 and the judicial embargoes, detailed below by financial entity for $591,296

Embargo	Process	Bank	Value legal deposit
National Mining Agency (ANM)	Auto No. 594 del 01-08-2019	Davivienda	$ 492.682
Gabriel Chaux Campos	Oficio No. 0761	BBVA	36.000
First Municipal Civil Court Garzon - Huila	No. 412984003001 207-0341-00	Davivienda	25.000
First Municipal Civil Court Garzon - Huila	No. 412984003001 207-0341-00	Bancolombia	15.089
Second Municipal Civil Court Garzon - Huila	Oficio No. 0728	Bancolombia	8.000
Twenty-Ninth Civil Court Bogota	No. 110013103029201700441-00	Banco Caja Social	4.335
Regional Autonomous Corporation Magdalena	Neiva 2018-082	BBVA	3.246
Regional Autonomous Corporation Magdalena	Neiva 2018-082	Colpatria	3.246
Regional Autonomous Corporation Magdalena	Neiva 2018-082	Colpatria	3.246
Gabriel Chaux Campos	Proceso ejecutivo oficio No. 0761	Banco a	452

(3) Financial investments in unlisted companies are:

Share Certificates	Economic activity	Common shares	% Interest	As of 31 December 2020	As of 31 December 2019
Derivex S.A.	Commercial	35.764	4,99%	$ 517.050	$ 554.417
Electrificadora del Caribe S.A. E.S.P.	Energy	109.353.394	0,22%	-	-
				$ 517.050	**$ 554.417**

In May 2019 the Group acquired 35,764 shares of Derivex S.A. for $579,377, a private entity whose corporate purpose is the management of a trading system for operations on derivative financial instruments, the underlying assets of which are electric power, gas, fuel, and other energy commodities, and for recording operations on such instruments. As of 31 December 2020, the investment valuation was adjusted and a decrease of $37,367 was recorded in the income statement.

In 2019, a decrease originated in the investment in Electrificadora del Caribe SA ESP was reflected, as a result of the valuation calculated at fair value based on the Group's participation in the equity of said Group, this being the most appropriate method to measure The investment due to the conditions of the counterparty, this Group was intervened by the Colombian State and in its financial statements as of 30 September 2020 it presents negative equity, for this reason its fair value is $ 0.

(In thousands of pesos)

6. Other Non-Financial Assets, Net

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Other debtors	31.047.371	800.000	8.528.297	133.715
Other debtors (1)	35.128.929	3.671.532	13.268.116	133.715
Impairment of other debtors (*)	(4.081.558)	(2.871.532)	(4.739.819)	-
Prepayments for acquisition of goods (2)	11.765.629	–	14.839.466	–
Employees benefits from loans (3)	524.584	6.443.788	729.359	7.817.217
Prepaid expenses	38.180	-	21.532	-
Taxes accounts receivable (4)	2.021	21.424.457	-	24.613.764
	$ 43.377.785	$ 28.668.245	$ 24.118.654	$ 32.564.696

(*) See note 7, numeral 4, this value is part of the deterioration of the general collective model.

(1) As of 31 December 2020, the other debtors mainly consists of the account receivable from the Ministry of Finance for the payments made by the Group, as a result of the rulings against Betania corresponding to the processes in force on the date of the 1997 stock purchase agreement for $3,370,694, fines and penalties in contracts for por $26,714,306, scrap sales, leases and other items for $5,043,529.

Within the balance of other non-current debtors as of December 31, 2020, there is mainly the account receivable from the Municipality of Guachené for $ 2,737,817, impaired to 100%.

The impairment of other assets corresponds to the application of IFRS 9 under the collective model, general evaluation.

(2) The balance of the prepayments include the guarantees given to XM for negotiations in energy operations for $ 10,027,584 and advance to other suppliers for $ 1,738,045.

This is the detail of prepayments as of 31 December 2020:

	As of 31 December 2020	As of 31 December 2019
Security deposit XM	$ 10.027.584	$ 11.860.927
Global Consulting an	657.705	–
Mosquera Casas Cristian	251.953	254.221
Cass Constructores S.A.S	248.396	248.396
Solarte Nacional de Construcciones	248.396	248.396
Agencia De Aduanas Suppla S.A.S.	99.405	840.000
National Environmental Fund – Fonam	95.370	95.370
Vanti S.A. ESP.	50.000	–
Empresas Municipales de Cartago E.S.P	45.167	45.167
Empresa de Energía de Pereira	22.478	22.478
T.M.E. S.P.A. Termomecánica Ecología	–	561.684
Procesos y Diseños Energéticos S.A.	–	272.292
Delstar Energie	–	145.592
PYQ S.A.S.	–	137.293
BBVA Asset Management	–	33.577
Others	19.175	73.554
	$ 11.765.629	**$ 14.838.947**

(In thousands of pesos)

(3) Employee loan benefits are awarded at rates between 0% and 7%, which is why the Group deducts future cash flows at the market rate, recognising as a prepaid benefit the difference between the Market rate and the rate awarded, and amortising them over the life of the loan.

(4) As of 31 December 2020, corresponds to the tax discount of $21,424,457 according to article 83 of Act 1943 of 2018, the opportunity was created for a tax discount on the VAT paid in the acquisition, construction or training and import of productive real fixed assets, including the associated services to put them in conditions of use. There are three requirements to apply this discount on the income tax: (i) To have a productive real fixed asset, (ii) that VAT has been paid, (iii) the asset is impaired.

7. Net commercial accounts receivable and other receivables

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Gross commercial accounts (1)	$ 228.098.924	$ 43.242.362	$ 241.101.146	$ 43.242.362
Gross other accounts receivable (2)	3.658.156	13.858.379	3.588.429	12.429.872
Gross commercial financed portfolio (3)	300.639	55.747.757	-	55.747.757
Gross retired employees financed portfolio	271.174	-	270.774	-
Total gross commercial accounts receivable and other receivables	**$ 232.328.893**	**$ 112.848.498**	**$ 244.960.349**	**$ 111.419.991**
Provision for impairment of commercial accounts (4)	(4.388.274)	(43.242.362)	(5.804.721)	(43.242.362)
Provision for impairment of other accounts receivable (*)	(88.174)	(91.086)	(118.569)	(114.696)
Provision for impairment of commercial financed portfolio (4)	(1.349)	(55.747.757)	-	(55.747.757)
Provision for impairment of retired employee financed portfolio (*)	(1.241)	-	(2.010)	-
Total provision for impairment	**$ (4.479.038)**	**$ (99.081.205)**	**$ (5.925.300)**	**$ (99.104.815)**
Net commercial accounts	223.710.650	-	235.296.425	-
Net other accounts receivable	3.569.982	13.767.293	3.469.860	12.315.176
Net commercial financed portfolio	299.290	-	-	-
Net retired employees financed portfolio	269.933	-	268.764	-
Total net commercial accounts receivable and other receivables	**$ 227.849.855**	**$ 13.767.293**	**$ 239.035.049**	**$ 12.315.176**

(*) See note 7, numeral 4, this value is part of the deterioration of the general collective model.

As of 31 December 2020, the composition of commercial accounts is as follows:

	Current portfolio	Past due portfolio			Total current portfolio	Non-current portfolio
		1-180 days	181-210 days	>360 days		
Gross commercial accounts	**$ 224.992.414**	**$ 33.447**	**$ 446.083**	**$ 2.927.619**	**$ 228.399.563**	**$ 98.990.119**
- Large customers	84.913.690	-	-	-	84.913.690	98.990.119
- Institutional customers	14.115.208	-	-	-	14.115.208	
- Others	125.963.516	33.447	446.083	2.927.619	129.370.665	
- Provision for impairment	(1.281.764)	(33.447)	(146.793)	(2.927.619)	(4.389.623)	(98.990.119)
Net commercial accounts	**$ 223.710.650**	**$ -**	**$ 299.290**	**$ -**	**$ 224.009.940**	**$ -**

(In thousands of pesos)

As of 31 December 2019, the composition of commercial accounts is as follows:

	Current portfolio	Past due portfolio 1-180 days	181-210 days	>360 days	Total current portfolio	Non-current portfolio
Gross commercial accounts	**$ 237.515.965**	**$ 305.757**	**$ –**	**$ 3.279.424**	**$ 241.101.146**	**$ 98.990.119**
- Large customers	106.077.113	–	–	–	106.077.113	98.990.119
- Institutional customers	18.120.641	–	–	–	18.120.641	
- Others	113.318.211	305.757	–	3.279.424	116.903.392	
- Provision for impairment	(2.369.781)	(155.516)	–	(3.279.424)	(5.804.721)	(98.990.119)
Net commercial accounts	**$ 235.146.184**	**$ 150.241**	**$ –**	**$ –**	**$ 235.296.425**	**$ –**

(1) As of 31 December 2020, the portfolio of current commercial accounts presents a variation of ($13.002.222), which corresponds mainly to:

(a) Increase in the estimated portfolio of the wholesale market as of December 2020 for $ 23,343,813 mainly because for the wholesale market as of December 31, 2019, EPM, Empresa de Energía del Quindío, Central Eléctricas Norte de Santander were billed without incurring In estimation and additional, the indexation factor of the PPI of December 2019 compared to December 2020 increased by 1.62%; partially offset by lower demand from the non-regulated market of ($ 2,034,638) and decrease in gas supply sales due to the termination of the contract with customers of ($ 1,837,588).

(b) Decrease in the wholesale market portfolio due to billing maturity of the clients Empresas Públicas de Medellín, Centrales Eléctricas del Norte, Electrificadora del Meta S.A. and Celsia Colombia S.A. E.S.P. for ($ 28,981,498).

(c) Decrease in the portfolio of the unregulated market due to lower Covid-19 demand for ($ 1,811,449).

On the other hand, as of 31 December 2020, the non-current commercial accounts correspond to Electricaribe's wholesale market portfolio for $43,242,362, provisioned at 100%.

(2) The balance of other non-current accounts receivable as of 31 December 2020, mainly includes housing loans to employees for $12,445,564.

(3) As of December 31, 2020, the current financed portfolio of the energy exchange is presented due to the effect of Covid-19 for $ 300,639.

Regarding the balance of long-term financed portfolio as of December 31, 2020, there are the Energy supply contracts No. EDCC-111-2012 and EDCC-154-201 and the other one number EDCC-136-2013/EM-13-213, entered into with the wholesale market customer Electrificadora del Caribe S.A. E.S.P., which due to internal cash flow difficulties of the customer, it is agreed to extend the payment of the invoice for $55,747,757, provisioned at 100%.

(4) For the impairment provision, the models defined by the Group are:

- Simplified individual model
- General collective model

The evolution of portfolio impairment under IFRS 19 and other assets is as follows:

Item	As of 31 December 2020	As of 31 December 2019
Simplified Individual Model (a)	$ 103.379.742	$ 104.794.840
General Collective Model (b)	7.155.257	5.021.738
Total	**$ 110.534.999**	**$ 109.816.578**

(In thousands of pesos)

As of 31 December 2020 there is a variation in portfolio impairment corresponding to: Provision allocation for $ 9,857,431, recovery of provision for ($ 8,693,060) and portfolio write-offs for ($ 446,574)

(a) The simplified individual model contemplates the impairment under IFRS 9 of commercial accounts receivable

(b) The general collective model contemplates the impairment under IFRS 9 of: Cash and cash equivalents, other financial and non-financial assets, other accounts receivable and accounts receivable with related parties.

The delinquent debtors' write-off it is made once all collection possibilities, legal actions, and demonstration of the debtors' insolvency have been exhausted.

As of December 31, 2020, the Group has entered into short-term payment agreements with some clients who, to date, have met their payment commitments. Therefore, a positive expectation is maintained regarding the behavior of the Group's collection. No significant effects have been evidenced that affect the calculation of portfolio impairment, for this reason the models suggested under IFRS 9 have been maintained.

Guarantees granted by Debtors:

For energy and gas customers depending on the outcome of the credit risk assessment and the final decision of the lines of business, when necessary, the portfolio is backed with a security. As of 31 December 2020 and 2019, the Group supports the sale of energy and gas with blank promissory notes and bank guarantees.

For loans to employees, the guarantees are covered by mortgages, promissory notes and pledges.

8. Balances and transactions with related parties

Net accounts receivable from related entities

Name Related Group	Relationship	Country of origin	Transaction Type	As of 31 December 2020		As of 31 December 2019	
				Current	Non-Current	Current	Non-Current
Enel Green Power Colombia S.A.S. E.S.P. (1)	Other (*)	Colombia	Management services	$ 2.426.101	$ -	$ 2.029.713	$ -
Enel Gl Th Generation (2)	Other (*)	Italy	Expatriates	347.583	-	155.491	-
Enel S.P.A. (2)	Controlling	Italy	Expatriates	216.365	-	173.376	-
Enel S.P.A. (3)	Controlling	Italy	Other services	19.406	-	-	-
Codensa S.A. E.S.P. (4)	Other (*)	Colombia	Other services	28.831	-	1.651.327	-
Codensa S.A. ES.P. (5)	Other (*)	Colombia	Loans and interest receivable from group companies	-	-	93.450.867	-
Codensa S.A. E.S.P. (6)	Other (*)	Colombia	Sale of energy	-	-	85.334.255	-
Enel Chile S.A	Other (*)	Chile	Expatriates	24.176	-	24.176	-
Enel Global Trading SPA (7)	Other (*)	Italy	Other services	3.187	-	121.260	-
			Total	**$ 3.065.649**	**$ -**	**$ 182.940.465**	**$ -**

(*) Corresponds to companies over which Enel SPA has significant influence or control

Accounts receivable from related parties show impairment in accordance with IFRS 9 for $14,370.

(1) The variation mainly corresponds to the increase in the billing of the contract for the provision of assistance services in the management and operation of the administration processes for the period October to December 2020 and other services 2020, between Enel Green Power Colombia S.A.S. E.S.P. and the Group at $ 396,388.

(2) Corresponds to the provision for the costs of expatriate personnel in Italy and Chile.

(3) The variation corresponds to the reimbursements associated with the payment made to the employees who receive the policy due to covid-19.

(4) The variation corresponds mainly to the payment received for the provision of services for mandatory compliance additions for environmental issues of the Río Negro PCH for ($ 1,419,311) and the payment received for the provision of services to the emergency care contract for ($ 157,963).

(In thousands of pesos)

(5) The variation corresponds to the payment received from interGroup loans for $ 92,658,471 disbursed in October and November 2019 and interests of $ 792,396 maturing on January 31, 2020 at an effective annual rate of 5.34%, for the end of December 2020 no interGroup loans were presented.

(6) The variation corresponds to the fact that in December 2019 the factoring operation was not negotiated as a result of the portfolio from the sale of energy to be collected in January 2020, which amounted to $85,334,255.

(7) The variation corresponds to the payment received for reimbursement of costs associated with the coordination of the Enel Day Trading América event in June 2019.

Accounts payable to related entities

Name Related Group	Country of origin	Relationship	Transaction Type		As of 31 December 2020		As of 31 December 2019
					Current		Current
Grupo Energía Bogotá S.A. E.S.P.	Colombia	(**)	Dividends	$	110.965.845	$	91.872.043
Grupo Energía Bogotá S.A. E.S.P.	Colombia	(**)	Other services		166.600		-
Enel Américas S.A.	Chile	Controlling	Dividends		104.434.894		86.464.868
Codensa S.A. E.S.P. (1)	Colombia	Other (*)	Energy purchase		17.208.261		11.768.298
Codensa S.A. E.S.P. (2)	Colombia	Other (*)	Other services		1.592.240		31.590
Enel Green Power Colombia S.A.S. (3)	Colombia	Other (*)	Energy purchase		9.022.577		5.089.653
Enel Green Power Colombia S.A.S.	Colombia	Other (*)	Other services		53.160		24.111
Enel Gl Th Generation SRL (4)	Italy	Other (*)	Computer Services		8.511.985		370.609
Enel Gl Th Generation SRL (5)	Italy	Other (*)	Expatriates		1.056.071		369.686
Enel Produzione Spa (6)	Italy	Other (*)	Assessments and projects		2.877.291		13.567.925
Enel Produzione Spa (5)	Italy	Other (*)	Expatriates		350.468		1.144.993
Enel SPA (4)	Italy	Controlling	Computer Services		1.786.709		-
Enel SPA (5)	Italy	Controlling	Expatriates		188.755		1.176.313
Enel SPA (7)	Italy	Controlling	Other services		23.289		-
Enel Global Trading SPA (4)	Italy	Other (*)	Computer Services		1.725.599		681.320
Enel Global Trading SPA (5)	Italy	Other (*)	Expatriates		184.989		-
Enel Global Services (4)	Italy	Other (*)	Computer Services		1.521.162		-
Enel Italia SRL (4)	Italy	Other (*)	Computer Services		1.152.847		7.947.106
Enel Italia SRL (8)	Italy	Other (*)	Other services		-		713.694
Enel Italia SRL (5)	Italy	Other (*)	Expatriates		-		293.514
Enel Generación Chile S.A. (9)	Chile	Other (*)	Other services		882.100		2.508.783
Enel Generación Chile S.A. (5)	Chile	Other (*)	Expatriates		757.582		407.954
Enel Green Power Brasil Participações (5)	Brazil	Other (*)	Expatriates		587.297		722.931
Enel Iberia (5)	Spain	Other (*)	Expatriates		447.464		1.100.182
Cesi SPA (10)	Italy	Other (*)	Other services		7.061		400.534
C.G. Term. Fortaleza (5)	Brazil	Other (*)	Expatriates		-		901.726
			Total	**$**	**265.504.246**	**$**	**227.557.833**

(*) Corresponds to companies over which Enel SPA has significant influence or control.

(**) Grupo Energía Bogotá S. A. E.S.P. is shareholder of the Group (See Note 20).

(1) The variation corresponds mainly to the increase in the estimates of tolls, Regional Transmission System (STR), Local Distribution System (SDL) and energy billing for $ 5,439,963.

(2) The main variation corresponds to the pending payment of the following concepts: AWS Cloud Services for $ 875,077, Services through DDV modality for $ 408,981, social benefits for assignment of employment contract for 235,299.

(3) The variation of $ 3,932,924 corresponds to the balance payable for the purchase of energy for the periods September to December 2020.

(In thousands of pesos)

(4) The variation between December 31, 2020 and 2019 corresponds to the reclassification of the computer services provided by the Group Enel Italia SRL, in accordance with the corporate organization reported by the holding Group, related to the Digital Worker Transformation, Governance projects -E4E SAP Renewables, Global CKS-SAP-TAM-SYSTEM, Online Monitoring and Infrastructure, Cyber Security-Digital Enebler Services, Intranet Applications and Global Travel.

(5) The variation corresponds to the provision movements for 2020 and payments made for the costs of expatriate personnel from Spain, Italy, Brazil and Chile in Colombia.

(6) The variation between December 31, 2020 and 2019 corresponds to the payment of engineering services for the BEPP (Best Environmental Practice Project) and Life Extension projects of the Termozipa Power Plant for $ 10,690,634.

(7) The variation corresponds to the global acquisition of the coverage policy during 2020 for employees due to COVID 19 and the reimbursement of the expense for $ 23,289.

(8) The variation between December 31, 2020 and 2019 corresponds to the payment for Technical Fee Energy Management of Trading and Generation for the technical services carried out within the business group, which respond to fundamentally strategic and operational needs provided during the 2019 for $ 713,694.

(9) The variation corresponds to the engineering services for the power generating plants - Termozipa project for environmental adaptation and extension of the useful life, during the first semester of 2020 the payment was made for ($ 1,811,640) and provision for $ 882,100.

(10) The variation is presented by the payment of invoices related to engineering services according to the framework contract for the Muña and Central Paraíso reservoirs for $ 393,473.

Transactions with economic associates, effects through profit or loss:

Revenues/ Group	Transaction Type	As of 31 December 2020	As of 31 December 2019
Codensa S.A. E.S.P.	Sale of Energy	$ 1.196.643.076	$ 1.081.372.827
Codensa S.A. ESP	Financial revenues	899.998	1.467.623
Enel Green Power Colombia S.A.S.	Other services	862.960	375.266
Enel Green Power SPA	Other services	352.950	2.588.922
Enel GL TH Generation	Other services	192.092	155.491
Enel GL TH Generation	Exchange difference	188.712	270
C.G. Term. Fortaleza	Other services	186.451	-
Enel Green Power Brasil Participações	Exchange difference	135.634	14.706
Enel Produzione S.P.A.	Exchange difference	120.517	359.209
Enel Produzione S.P.A.	Other services	-	3.034
Enel Global Services	Exchange difference	78.852	-
Enel S.P.A.	Exchange difference	46.965	-
Enel S.P.A.	Other services	42.989	100.375
Enel Generación Chile S.A.	Exchange difference	44.267	46.059
Cesi SPA	Exchange difference	26.199	5.960
Enel Iberoamérica SRL	Other services	21.732	-
Enel Global Trading SPA	Exchange difference	17.775	-
Enel Italia Srl	Exchange difference	-	135.537
Enel Chile	Exchange difference	-	22.718
		$ 1.199.861.169	**$ 1.086.647.997**

(In thousands of pesos)

Costs and expenses / Group	Transaction Type	As of 31 December 2020	As of 31 December 2019
Codensa S.A. E.S.P.	Transporte de energía	$ 163.718.343	$ 147.804.789
Enel Green Power Colombia S.A.S.	Other services	31.330.975	23.857.317
Enel Gl Th Generation SRL	Other services	3.475.002	952.385
Enel Gl Th Generation SRL	Exchange difference	80.950	2.964
Fundación Enel	Donations	2.618.000	842.195
Enel Global Trading SPA	Other services	2.065.131	679.997
Enel Global Trading SPA	Exchange difference	11.464	1.023
Enel Global Services	Other services	1.940.152	-
Enel Global Services	Exchange difference	5.803	-
Enel S.P.A.	Other services	1.424.615	1.668.630
Enel S.P.A.	Exchange difference	74.342	11.386
Enel Iberoamérica SRL	Other services	490.800	818.356
Grupo Energía Bogota	Other services	474.810	9.365
Enel Italia SRL	Other services	391.746	5.021.572
Enel Italia SRL	Exchange difference	60.167	25.864
Enel Produzione S.P.A.	Exchange difference	206.254	137.140
Enel Produzione S.P.A.	Other services	43.497	-
Enel Generación Chile S.A.	Exchange difference	192.173	41.920
Enel Generación Chile S.A.	Other services	-	2.253
Cesi SPA	Other services	45.922	223.931
Cesi SPA	Exchange difference	14.732	10.063
Enel Fortuna	Other services	-	200.314
Enel Fortuna	Exchange difference	-	2.713
C.G. Term. Fortaleza	Other services	-	160.929
Enel Chile	Other services	-	1.720
		$ 208.664.878	**$ 182.476.826**

Board of Directors and Key Management Personnel

Board of Directors

The Group 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. While the Group 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.

The Board of Directors current as of 31 December 2020 was elected by the General Shareholders' Meeting in ordinary session held on 25 March 2020, with a modification approved by the General Shareholders' Meeting in an extraordinary session held on 29 July 2020. The Group 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 appointment of the Secretary was approved in a meeting held on 15 July 2020.

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 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 25 March 2020. This remuneration was not modified in the extraordinary session of the Shareholders' Meeting held on 29 July 2020.

(*) Figure in dollars.

(In thousands of pesos)

According to minutes of the General Shareholders' Meeting numbers 103 held on 25 March 2020 and 104 held on 29 July 2020, the following Board of Directors were approved under the terms set out below.

Row	Principal	Alternate
First	Andrés Caldas Rico	Diana Marcela Jiménez
Second	Lucio Rubio Díaz	Fernando Gutiérrez Medina
Third	José Antonio Vargas Lleras	Michelle Di Murro
Fourth	Luisa Fernanda Lafaurie	Oscar Sanchez Arévalo*
Fifth	Juan Ricardo Ortega López*	Andrés Baracaldo Sarmiento
Sixth	Álvaro Villasante Losada	Felipe Castilla Canales
Seventh	Martha Veleño Quintero	Luis Javier Castro Lachner

* Appointments approved by the General Shareholders' Meeting in an extraordinary session held on July 29, 2020.

The composition of the Board of Directors is duly registered with the Bogota Chamber of Commerce.

The fees paid to the Board of Directors:

Third		As of 31 December 2020		As of 31 December 2019
Lafaurie Luisa Fernanda	$	50.430	$	44.792
Rubio Diaz Lucio		50.430		40.989
Vargas Lleras José Antonio		50.430		40.906
Villasante Losada Alvaro		50.430		37.705
Caldas Rico Andrés		46.627		44.792
Veleño Quintero Martha Yaneth		38.173		–
Ortega López Juan Ricardo		20.851		–
Moreno Restrepo Ernesto		17.322		–
Alvarez Hernández Gloria Astrid		12.257		22.095
Alarcón Mantilla Luis Fernando		8.454		29.502
Jimenez Rodriguez Diana Marcela		3.810		–
Baracaldo Sarmiento Andres		–		15.382
Galarza Naranjo Rodrigo		3.803		15.290
Merizalde Arico Camila		–		10.603
Total general	**$**	**353.017**	**$**	**302.056**

Sociedad Portuaria Central Cartagena S.A. has a Board of Directors composed of three (3) principal members, each of them with a personal alternate, elected by the General Assembly of Shareholders.

The principal and alternate members of the Board of Directors shall be elected for periods of two (2) years and may be reelected indefinitely or freely removed before the expiration of their term. If the General Shareholders' Meeting does not elect new directors, it shall be understood that their term of office has been extended until a new appointment is made. The Board of Directors in effect as of December 31, 2020 was elected by the General Shareholders' Meeting at its meeting No. 16 held on March 24, 2020.

The Shareholders' Meeting has not fixed allocations to the members of the Board of Directors.

The composition of the Board of Directors as of December 31, 2020 is as follows:

Line	Principal	Alternate
First	Marco Fragale	Gustavo Gómez Cerón
Second	Lorena del Rosario Rojas Donado	Francesco Cirillo
Third	Fernando Javier Gutierrez Medina	Jose Arturo López Rodríguez

(In thousands of pesos)

Key Management Personnel

Below is the list of Key Management personnel:

Name	Position
Lucio Rubio Díaz	General Director Colombia
Marco Fragale	General Manager Emgesa
Michele Di Murro	Administrative and Financial Manager

The remuneration earned by the Key Management personnel from 1 January to 31 December 2020 is listed below. These remunerations include salaries and benefits in the short and long term (annual bonus for meeting objectives and LTI bonus)

	As of 31 December 2020	As of 31 December 2019
Remunerations	$ 2.347.934	$ 2.505.015
Long-term benefits	1.223.991	1.096.305
Short-term benefits	599.882	440.456
	$ 4.171.807	**$ 4.041.776**

Incentive plans for key management personnel

The Group has an annual bonus for its executives for fulfilling objectives. This bonus corresponds to a certain number of gross monthly payments

As of 31 December 2020, the Group does not have any share-based payment benefits for the Key Management personnel or any guarantees in their favour.

As of 31 December 2020, there are no indemnity payments for contract termination.

9. Net inventories

	As of 31 December 2020	As of 31 December 2019
Coal (1)	$ 34.217.151	$ 33.220.870
Power elements and accessories, net (2)	26.963.349	17.899.936
Fuel Oil (3)	22.321.322	31.098.817
Carbon credits (4)	18.698.015	-
Total Inventories	**$ 102.199.837**	**$ 82.219.623**

(1) Coal (Termozipa Power Plant): In 2020 the operation of the Termozipa Power Plant recorded an increase in purchase volumes of 4% compared to 2019, due to the fact that during most of the year there was a deficit in hydrological contributions towards the reservoirs of the SIN (National Interconnected System). This energy condition caused the SIN (National Interconnected System) to increase the dispatch of coal-fired power plants, mainly in the first half of 2020 and, consequently, an increase in fuel consumption and purchases at the Termozipa Power Plant.

(2) Elements and accessories consist of:

	As of 31 December 2020	As of 31 December 2019
Spare parts and materials (a)	$ 26.981.628	$ 18.091.252
Provision of Materials (b)	(18.279)	(191.316)
Total power elements and accessories, net	**$ 26.963.349**	**$ 17.899.936**

(a) Spare parts and materials correspond to elements that will be used in the repairs and/or maintenance of the plants, according to the maintenance plan defined by the Group.

(b) As of December 31, 2020, the use of the obsolescence provision corresponding to materials from the Termozipa and Cartagena plants is presented for $ 184,105 and $ 6,564 respectively.

(In thousands of pesos)

Additionally, a provision for $ 17,632 is made for the Termozipa power plant, the value of the provision for obsolescence is recognized in other fixed operating expenses.

(3) Fuel Oil (Central Cartagena): As of December 31, 2020, the inventory reduction is due to the fact that consumption and purchases of fuel oil for the Central Cartagena showed a decrease of 55% and 89% respectively compared to 2019, which It is explained by lower security generation requirements in the Caribbean area, originated by topological changes in the electrical network to reduce said requirements. Additionally, in some periods, the Cartagena Power Plant operated with natural gas purchased on the spot market.

(4) As of December 31, CO2 carbon credits are recognized, whose fair value is $ 18,755,788 corresponding to 2,961,628 certificates for the reduction of CO2 emissions for the years 2015 - 2018 of the Quimbo, Guavio Menor, Dario Valencia Samper plants , Salto II and Tequendama, as well as the sale of 8,291 CO2 certificates to Primax Colombia with an impact on inventory for ($ 57,773).

The value of inventories recognized as an expense during the period corresponds to consumption for power generation (See Note 22).

As of December 31, 2020, the Group does not present inventories pledged to guarantee the fulfilment of debts.

10. Net intangible assets other than capital gains

		As of 31 December 2020		As of 31 December 2019
Rights (1)	$	42.875.958	$	44.561.706
Development costs		1.495.917		1.596.805
Licences		3.121.800		4.330.182
Software (2)		25.799.348		36.454.551
Other identifiable intangible assets		37.766.241		27.524.307
Constructions and work in progress		29.672.371		25.688.809
Other intangible resources		8.093.870		1.835.498
Net intangible assets	**$**	**111.059.264**	**$**	**114.467.551**
Cost				
Rights (1)	$	87.751.243	$	86.547.141
Development costs		5.335.542		5.335.542
Licences		20.965.096		20.829.112
Software (2)		65.281.842		59.591.292
Other identifiable intangible assets		43.055.991		32.002.353
Constructions and work in progress		29.672.371		25.688.809
Other intangible resources		13.383.620		6.313.544
Gross intangible assets	**$**	**222.389.714**	**$**	**204.305.440**
Amortisation				
Rights (1)	$	(44.875.285)	$	(41.985.435)
Development costs		(3.839.625)		(3.738.737)
Licences		(17.843.296)		(16.498.930)
Software (2)		(39.482.494)		(23.136.741)
Other identifiable intangible assets		(5.289.750)		(4.478.046)
Intangible assets accumulated amortisation	**$**	**(111.330.450)**	**$**	**(89.837.889)**

(1) The intangibles in rights include the disbursements to obtain the usufruct of the greater flow of useful water, coming from the Chingaza and Rio Blanco projects for production of the Pagua Power Plant, the amortisation is recognised by the straight-line method in a period of 50 years. The amortisation of the period corresponds to $2,484,120.

Amortisation as of 31 December 2020 and 2019 corresponds to $2,889,850 and $2,484,120, respectively.

In addition, this item classifies the legal stability premium for the El Quimbo. This premium has a useful life of 20 years according to the validity of the tax benefits. In 2020 it showed an increase for $1,204,102.

(In thousands of pesos)

(2) The variation in 2020 corresponds mainly to:

(a) Additions for software associated with the projects: Local system Colombia (development of new solutions) $ 963,264; EM Control Room analysis (energy and gas monitoring center) $ 894,072; Plant Control System (Hydro plant control systems $ 521,872; electronic billing project $ 379,938; Hidrology repository (hydrological information management system) for $ 302,970; market management project $ 251,069; Ludycommerce project (gas nomination module) $ 249,566; Global CKS project (technical document management system) $ 245,019; Plant Information project (improvement of data quality and availability) $ 222,304; INGEN and Local system Colombia (development of new solutions) $ 193,062; Digital Waste project (digitization of waste digitization processes) $ 181,576; new developments in the commercial information system $ 136,293; Global Tam project (master materials Web data platform) $ 103,805; Legal management developments $ 85,052; P-Way project (plant inspection control) $ 78,593; Volopt project (operations development software) $ 51,802; Mape project (development for conversion and analysis of variables) $ 51,563; other corporate software and commercial projects of ICT, renewables and trading $ 914,715.

(b) Amortisation as of 31 December 2020 for $16,345,753..

The composition and movements of the intangible asset are as follows:

	Development costs	Rights	Licenses	Software	Other identifiable intangible assets: Constructions and Works in progress	Other identifiable intangible assets: Other intangible resources	Intangible assets
Initial balanc31/Dic/19	$ 2.412.498	$ 43.820.713	$ 6.641.500	$ 20.945.478	$ 5.215.185	$ 755.818	$ 79.791.192
Movements in intangible assets 2019							
Additions (*)	-	-	-	-	40.734.492	-	40.734.492
Transfers	-	3.225.114	129.229	23.168.000	(26.522.343)	-	-
Other increases (decreases)	-	-	-	-	6.261.475	1.560.017	7.821.492
Amortisation	(815.693)	(2.484.121)	(2.440.547)	(7.658.927)	-	(480.337)	(13.879.625)
Total movements in identifiable intangible assets	**(815.693)**	**740.993**	**(2.311.318)**	**15.509.073**	**20.473624**	**1.079.680**	**34.676.359**
Final balance 31/Dic/19	**$ 1.596.805**	**$ 44.561.706**	**$ 4.330.182**	**$ 36.454.551**	**$ 25.688.809**	**$ 1.835.498**	**$ 114.467.551**
Movements in intangible assets 2020							
Additions (*)	-	-	-	-	18.084.275	-	18.084.275
Transfers		1.204.103	135.984	5.690.550	(14.100.713)	7.070.076	-
Amortisation	(100.888)	(2.889.851)	(1.344.366)	(16.345.753)	-	(811.704)	(21.492.562)
Total movements in identifiable intangible assets	**(100.888)**	**(1.685.748)**	**(1.208.382)**	**(10.655.203)**	**3.983.562**	**6.258.372**	**(3.408.287)**
Final balance 31/12/2020	**$ 1.495.917**	**$ 42.875.958**	**$ 3.121.800**	**$ 25.799.348**	**$ 29.672.371**	**$ 8.093.870**	**$ 111.059.264**

As of December 2020, additions were registered corresponding to:

Main projects	**1 January to 31 December 2020**
Other corporate and commercial software for ICT projects, renewables and trading	$ 2.553.089
Global Energy Assets (Bidding Platform)	1.829.149
DWT (central stops management portal)	1.722.666
Governance (centralization of SAP platforms)	1.537.977
Cybersecurity (central operating security)	1.431.793
Quimbo Legal Stability Premium	1.204.102
Energy management	1.012.886
People Global Travel	960.761
Control Room Analisys (development of commercial management of generation and gas assets)	894.072
Plan information, measurement, robotic and drones and digital report (improvement in data quality)	861.039
Legalization of provision year 2019; reclassification of VAT real productive fixed assets Fixed pier Port Company	808.602
Mape (development for conversion and analysis of variables)	626.301
New Emgesa WEB portal	615.676

(In thousands of pesos)

Main projects		1 January to 31 December 2020
Global Operational (global homogenization of processes)		577.108
VELIQ (system for market billing validations)		516.645
HSEQ (digital tool for the integrated management of sustainability activities, continuous improvement and operational excellence)		393.452
Hydrology repository		302.970
Electronic billing project		235.987
Total	**$**	**18.084.275**

As of 31 December 2020, the Group has no intangible assets with ownership restrictions or loan guarantees.

As of 31 December 2020, there are no acquisition commitments in intangible assets through official subsidy.

As of 31 December 2020 and in accordance with the provisions of the accounting policy, the useful lives of intangible assets were evaluated, which present changes for licenses and computer programs, according to the study contract by the parent Group, at At the end of the year, no signs of impairment were identified.

11. Net Property, Plant and Equipment

		As of 31 December 2020		As of 31 December 2019
Plants and equipment	$	7.587.205.160	$	7.499.647.231
Hydroelectric power plants		6.872.796.819		6.906.067.769
Thermoelectric power plants		714.408.341		593.579.462
Construction in progress (1)		199.527.543		285.060.839
Land		268.935.086		268.948.319
Buildings		50.792.808		50.586.126
Fixed installations and others		14.689.071		14.837.229
Fixed installations and accessories		6.994.672		6.820.626
Other installations		7.694.399		8.016.603
Finance leases		7.309.997		11.910.825
Fixed installations and others		208.668		1.119.863
Assets for use IFRS 16		7.101.329		10.790.962
Buildings		935.088		4.841.529
Fixed installations and others (Transportation)		6.166.241		5.949.433
Net property, plant and equipment	**$**	**8.128.459.665**	**$**	**8.130.990.569**
Cost				
Plants and equipment	$	11.217.694.725	$	10.920.730.048
Hydroelectric power plants		10.061.067.886		9.933.277.555
Thermoelectric power plants		1.156.626.839		987.452.493
Construction in progress		199.527.543		285.060.839
Land		268.935.086		268.948.319
Buildings		96.646.751		94.681.947
Fixed installations and others		79.623.055		77.042.272
Fixed installations and accessories		32.967.329		32.260.879
Other installations		46.655.726		44.781.393
Finance leases		20.292.827		19.301.956
Fixed installations and others		2.381.818		3.788.344
Assets for use IFRS 16		17.911.009		15.513.612
Buildings		4.215.077		6.307.350
Fixed installations and others (Transportation)		13.695.932		9.206.262
Gross property, plant and equipment	**$**	**11.882.719.987**	**$**	**11.665.765.381**

(In thousands of pesos)

	As of 31 December 2020	As of 31 December 2019
Depreciation		
Plants and equipment (*)	$ (3.630.489.565)	$ (3.421.082.817)
Hydroelectric power plants	(3.188.271.067)	(3.027.209.786)
Thermoelectric power plants	(442.218.498)	(393.873.031)
Fixed installations and others	(64.933.984)	(62.205.043)
Fixed installations and accessories	(25.972.657)	(25.440.253)
Other installations	(38.961.327)	(36.764.790)
Buildings	(45.853.943)	(44.095.821)
Finance leases	(12.982.830)	(7.391.131)
Fixed installations and others	(2.173.150)	(2.668.481)
Assets for use IFRS 16	(10.809.680)	(4.722.650)
Buildings	(3.279.989)	(1.465.821)
Fixed installations and others (Transportation)	(7.529.691)	(3.256.829)
Accumulated depreciation	**$ (3.754.260.322)**	**$ (3.534.774.812)**

(*) The depreciation of flooded land is included in the depreciation of plants and equipment

(1) Corresponds to the investments made by the Group as of 31 December 2020, in the different plants. The main assets under construction correspond to improvements, replacements and modernisations in the thermal and hydroelectric power plants. The main projects underway in 2020 are: Life extension project and Beep Others of Termozipa; recovery of civil structures and additional works Vía Gigante Quimbo; environmental provisions for the Bogotá river (Muña); Batatas tunnel works and recovery of stators, Guavio unit 5; automation and remote control system Guaca, Paraíso and Pagua.

Plant	As of 31 December 2020	As of 31 December 2019
CC-Termozipa	$ 83.474.871	$ 202.815.021
CH-Quimbo	49.751.450	41.391.074
CH-Muña	23.497.719	–
CH-Guavio	17.334.983	14.091.185
CF-Cartagena	12.034.454	3.468.897
CH-Pagua (Guaca –Paraíso)	9.655.964	10.980.394
Otras Inversiones	3.719.905	2.563.219
CH-Centrales menores Rio Bogotá	58.197	8.430.387
CH-Betania	–	1.320.662
Total Construcciones en Curso	**$ 199.527.543**	**$ 285.060.839**

CH- Hydroelectric Power Plant CC- Coal Power Plant CF- Fuel Oil Power Plant

The composition and movements of the item property, plant and equipment is:

Movement in property, plant and equipment as of 31 December 2020	Construction in progress	Land	Buildings	Plants and Equipment: Hydroelectric Power Plants	Plants and Equipment: Thermoelectric Power Plants	Fixed Installations and accessories: Fixed Installations and accessories	Fixed Installations and accessories: Other Installations	Finance leases	Property, Plant and Equipment
Initial balance 31/Dec/2018	**$ 306.625.962**	**$ 268.904.705**	**$ 48.635.465**	**$ 6.864.184.366**	**$ 537.242.911**	**$ 5.687.807**	**$ 8.123.794**	**$ 4.085.524**	**$ 8.043.490.534**
M Movement in property, plant and equipment 2019									
Additions	313.050.187	–	–	–	–	–	–	–	313.050.187
Transfers	(328.353.835)	281.046	11.142.330	202.621.006	108.920.938	2.030.401	3.358.114	–	–
Withdrawals	–	(237.432)	–	(1.564.009)	(1.495.373)	(47.772)	–	(1.546.435)	(4.891.021)
Depreciation expense	–	–	(9.191.669)	(159.173.594)	(51.089.014)	(849.810)	(1.905.288)	(6.141.876)	(228.351.251)
Other increases (decreases)	6.261.475	–	–	–	–	–	(1.560.017)	15.513.612	7.692.120
Total movements	**(21.565.123)**	**43.614**	**1.950.661**	**41.883.403**	**56.336.551**	**1.132.819**	**(107.191)**	**7.825.301**	**87.500.035**
Final Balance 31/Dec/19	**$ 285.060.839**	**$ 268.948.319**	**$ 50.586.126**	**$ 6.906.067.769**	**$ 593.579.462**	**$ 6.820.626**	**$ 8.016.603**	**$ 11.910.825**	**$ 8.130.990.569**
Movement in property, plant and equipment 2020									
Additions (a)	218.998.949	–	–	–	–	–	–	–	218.998.949
Transfers (b)	(305.172.169)	–	1.964.803	128.683.631	171.102.515	1.198.299	2.222.921	–	–

(In thousands of pesos)

Movement in property, plant and equipment as of 31 December 2020	Construction in progress	Land	Buildings	Plants and Equipment		Fixed Installations and accessories		Finance leases	Property, Plant and Equipment
				Hydroelectric Power Plants	Thermoelectric Power Plants	Fixed Installations and accessories	Other Installations		
Withdrawals (c)	-	(13.233)	-	(355.004)	(792.708)	(48.277)	-	(375.073)	(1.584.295)
Depreciation expense	-	-	(1.758.121)	(162.629.499)	(49.480.928)	(975.976)	(2.545.125)	(6.623.152)	(224.012.801)
Other increases (decreases) (d)	639.924	-	-	1.029.922	-	-	-	2.397.397	4.067.243
Total movements	**(85.533.296)**	**(13.233)**	**206.682**	**(33.270.950)**	**120.828.879**	**174.046**	**(322.204)**	**(4.600.828)**	**(2.530.904)**
Final Balance 31/12/2020	**$ 199.527.543**	**$ 268.935.086**	**$ 50.792.808**	**$ 6.872.796.819**	**$ 714.408.341**	**$ 6.994.672**	**$ 7.694.399**	**$ 7.309.997**	**$ 8.128.459.665**

(a) As of December 31, additions to property, plant and equipment correspond to investments made in the adaptation, modernisation, expansion, improvements in efficiency and service quality in the different plants. The most important of the period are the following:

Plant	Projects	1 January to 31 December 2020
CH-Quimbo	Recovery of civil structures. Necessary works were executed to improve the performance of the civil works of the reservoir, works associated with perimeter road, as well as to meet additional works and commitments derived from environmental obligations generated during the construction of the plant.	$ 61.464.261
CC-Termozipa	Acquisition of electromechanical equipment, Life Extension Project and BEEP environmental improvement, Enel Transaction agreement - AFW DNOX	46.656.412
CH-Muña	Constitution of environmental provisions of the Muña reservoir, Environmental Management Plan (PMA); Construction of three wastewater treatment plants (PTAR Sibaté) and Plan to Reduce the Impact of offensive odors; payment of 50% of the properties of the Sibaté wastewater treatment plant; Bocatoma recovery; plant turbine system	28.270.783
CH-Guavio	Chivor-Batatas Guavio Tunnel Works; tension regulator; recovery of runners and turbine from the plant	27.559.575
Otras inversiones	Civil works and furniture Hydroelectric and thermal power plants; Civil works due to landslide Vía Gigante Garzón	17.756.384
CF-Cartagena	Chimney system U3 and recovery of central boilers units 2 and 3	11.922.084
CH-Centrales menores	Modernization of equipment in the Tequendama central patio; Bocatoma discharge structure and Laguneta central turbine system; auxiliary and central turbine systems Tequendama; Battery chargers and cooling system Darío Valencia; Central auxiliary services; recovery of the Betania turbine system	10.196.359
CH-Pagua	Central automation and remote control; modernization of central Paraíso battery chargers; Guaca and Paraíso turbine systems; Paraíso slope stabilization.	9.534.361
CH-Guaca	Automation and remote control; turbine system	5.638.730
Total Variación		**$ 218.998.949**

CH- Hydroelectric Power Plant CC- Coal Power Plant CF- Fuel Oil Power Plant

(b) As of 31 December 2020, the transfers of assets from course to operation were carried out at the following plants, corresponding to improvements in equipment, overhaul and upgrades to improve plant performance, reliability and efficiency:

1 January to 31 December 2020	
Plant	**Total activation**
CC-Termozipa	$ 167.889.676
CH-Quimbo	63.232.694
CH-Guavio	24.474.751
CH- Guaca y Paraíso	18.046.075
CH-Muña	9.373.388
CH-Centrales menores (Rio Bogotá)	8.680.719
CH-Tequendama	4.617.369
CH-Betania	3.460.614
CF-Cartagena	3.368.211
Otras inversiones	2.028.672
Total	**$ 305.172.169**

(In thousands of pesos)

(c) As of 31 December 2020, disposals for $1,584,295 corresponding to: Thermoelectric plants $ 840,985; renting vehicles $ 375,074; hydroelectric plants $ 355,004; and hydroelectric power plants $ 13,223.

(d) As of 31 December 2020, the other increases / decreases correspond to: Provision for the dismantling of the Termozipa central water plant $ 639,925; Quimbo central dismantling NPV update due to rate effect, according to IFRIC1 $ 1,029,922; finance leases in accordance with IFRS 16 $ 2,397,397.

As of 31 December, the Group has no property, plant and equipment with any restrictions or loan guarantees.

As of 31 December, the Group presents the units available for generation in operation, in the hydraulic and thermal power plants.

As of 31 December 2020 and in accordance with the provisions of the accounting policy, the useful lives of property, plant and equipment were evaluated and did not show changes, and no signs of impairment were identified.

(1) Finance Lease

They correspond mainly to the lease agreements of vehicles established mainly with Transportes Especializados JR S.A.S. and ADL Automotive to support the Group's operation and management vehicles, as well as buildings for the Group offices with Free-Standing Trust Funds Fiduciaria Bogotá, Empresa Inmobiliaria de Cundinamarca y Real Estate management.

The average term of the agreements is between 16 and 49 months, during which period the recognised assets are amortised.

Regarding the fleet of vehicles, it is contracted mainly with Transportes Especiales FSG with 50.46%, ADL Automotive with 33.24%, Compañía Naviera del Guavio Ltda. With 14.57%, Avis Mareauto with 1.53% and Neandertal with a 0.41%, which will be repaid in a maximum period of 48 installments.

On the other hand, the balance of buildings corresponds 53.58% to the contract with Free-Standing Trust Funds Fiduciaria Bogotá, 38.35% with Caldwell Management S.A.S., and others with 8.07%, which will be amortised in a maximum term of 10 instalments.

Right-of-use assets were measured on 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 interest rate on the lease commencement date.

The present value of the future payments derived from these contracts are as follows:

Minimum Payments for leases, obligations for finance leases	As of 31 December 2020			As of 31 December 2019		
	Gross	Interest	Present value	Gross	Interest	Present value
Inferior a un año	$ 6.120.195	$ 364.387	$ 5.755.808	$ 5.495.137	$ 648.077	$ 4.847.060
Posterior a un año pero menor de cinco años	1.953.638	115.677	1.837.961	7.229.652	526.391	6.703.261
Total	**$ 8.073.833**	**$ 480.064**	**$ 7.593.769**	**$ 12.724.789**	**$ 1.174.468**	**$ 11.550.321**

Below is the movement of assets by use corresponding to 2020:

	Buildings	Fixed installations and others (Transportation)	Fixed installations and others	TOTAL
Initial balance as of January 2020	**$ 4.841.529**	**$ 5.949.433**	**$ 1.119.863**	**$ 11.910.825**
Additions	-	4.489.670	-	$ 4.489.670
Others	(2.092.273)	-	(1.406.526)	(3.498.799)
Depreciation	(1.814.168)	(4.272.862)	495.331	(5.591.699)
Total movements 2020	(3.906.441)	216.808	(911.195)	(4.600.828)
Balance as of 31 December 2020	**$ 935.088**	**$ 6.166.241**	**$ 208.668**	**$ 7.309.997**

Below is the movement of assets by use corresponding to 2019:

	Buildings	Fixed installations and others (Transportation)	Fixed installations and others	TOTAL
Initial balance as of January 2019	**$ -**	**$ -**	**$ 4.085.524**	**$ 4.085.524**
Additions	5.911.843	9.384.230	-	$ 15.296.073
Others	395.507	(177.968)	(297.180)	(79.641)
Depreciation	(1.465.821)	(3.256.829)	(2.668.481)	(7.391.131)
Total movements 2019	**4.841.529**	**5.949.433**	**(2.965.661)**	**7.825.301**
Balance as of 31 December 2019	**$ 4.841.529**	**$ 5.949.433**	**$ 1.119.863**	**$ 11.910.825**

The income statements as of 31 December 2020 and 2019, include $211,811 and $254.932, respectively, corresponding to the payment of the following contracts, including:

Administrative offices	Start date	End date	Purchase option
Premises cafeteria 82-Zona E	ene-19	abr-21	No
Cali office	abr-19	mar-22	No

These contracts are adjusted annually based on the Consumer Price Index (CPI), applying for Zona E a rate of CPI + 1.5 points.

As of 31 December 2020, future payments arising from these contracts are as follows:

Minimum future payments for non-payable leases, Lessees	As of 31 December 2019	As of 31 December 2018
Less than one year (*)	$ 103.740	$ 10.800
Over one year but less than five years (*)	11.086	-
	$ 114.826	**$ 10.800**

(*) VAT no included.

Insurance Policies

Below are the policies for the protection of Group property:

Insured property	Insured property	Insured value (Figures in thousands)	Maturity	Insurance Group
Group assets	Non-contractual civil liability (tier of USD 233 million in excess of EUR 200 million)	USD 233.960	01/11/2021	Mapfre Seguros Colombia
	Non-contractual civil liability (tier of USD 200 million in excess of USD 20 million)	USD 200.000	31/10/2021	Mapfre Seguros Colombia
	Non-contractual civil liability	USD 20.000	01/11/2021	Axa Colpatria
	Environmental civil liability	USD 20.000	31/10/2021	SBS
Civil works, equipment, contents, stores and loss of profit	All risk material damage, earthquake, seaquake HMACC – AMIT, loss of profit and machinery breakdown	USD 1.169.800 (Límite Indemnización)	1/11/2021	Mapfre Seguros Colombia
Vehicles	Non-contractual civil liability	$3.000.000 por vehículo	02/01/2021	Mapfre Seguros Colombia
Goods	Transport of goods	$5.000.000 por despacho	31/07/2021	HDI Seguros S.A.

(*) The Group's policy agreements are executed in dollars and pesos

(In thousands of pesos)

12. Financial liabilities

	As of 31 December 2020			As of 31 December 2019		
	Current		Non-current	Current		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	$ 826.340.000	$ 72.763.407	$ 1.856.720.301	$ 241.043.837	$ 78.740.276	$ 2.681.981.368
Lease obligations (2)	5.918.438	48.180	1.762.822	4.836.045	11.005	6.703.275
Derivatives (3)	1.712.125	-	29.344	4.560.865	-	-
Line of credit	168.249	-	-			
	$ 834.138.812	**$ 72.811.587**	**$ 1.858.512.467**	**$ 250.440.747**	**$ 78.751.281**	**$ 2.688.684.643**

(1) The variation of bonds as of December 2020 is mainly due to the repurchase of B6-14 bonds for ($ 51,050,000) in the month of April and the payment of B6-14 Quimbo bonds for ($ 131,070,000) and B6-14 ($ 58,950,000), whose maturity date for both tranches was May 16, 2020. In turn, the long-term to short-term reclassification of $ 826,340,000 is included in the variation with zero effect.

In financial debt, the Group has six (6) bond issues in the local market under the Group's bond issuance and placement programme and one (1) bond issue in the international market.

The main financial characteristics of the bonds issued since 2005 and in force as of 31 December 2020 are as follows:

Group Issue and Placement Programme for the Local Market

The Group has a bond issue and placement programme that allows it to issue successive issues of such securities under the global quota that is authorised and available, and during the period of validity thereof. As of December 31, 2018, the Group had offered and placed eight (8) bond issues (also referred to as "Tranches" in accordance with the terminology set forth in the programme prospectus) charged to the programme, which were in effect at the date mentioned, except for the first tranche for $170,000,000 which expired on 20 February 2017. All issues of bonds under the Group's Programme are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V., and are dematerialised under the management of Deceval S.A. There were no bond issues in 2020.

The following describes the general financial conditions of the Group's bond issue and placement programme in the local market:

Class of title	Regular bonds
Financial Superintendence initial approval	Resolution No. 1235 of 18 July 2006
Global amount initially approved	$700,000,000
Approval of 1st amount expansion and term extension:	Resolution No. 0833 of 16 June 2009
First increase to the authorised global amount:	In an additional $ 1,200,000,000
1st term extension	Until 26 June 2012
Approval of the 2nd term extension:	Resolution No. 1004 of 29 June 2012
2nd placement term extension	Until 18 July 2015
Second increase to the authorised global amount:	In an additional $ 850,000,000
Approval of the 3rd placement amount increase:	Resolution No. 1980 of 6 November 2014
Third increase to the authorised global amount:	In an additional $ 315,000,000
Approval of 4th amount expansion and term extension:	Resolution No. 1235 of 8 September 2015.
Fourth increase to the authorised global amount:	In an additional $ 650,000,000
Third placement term extension:	Until 14 September 2018
Inclusion of commercial papers in the programme:	Resolution No. 0173 of 13 February 2018
Approval of extension of the quota and extension of the term of placement:	Resolution No. 1193 of 13 September 2018
Fifth increase to the Authorised Global Quota: In additional $685,000,000	At an additional $685,000,000
Fourth extension to the term of placement: Until 1 October 2021	Until 1 October 2021
Total authorised global amount as of 31 Dec 2019	$4,400,000,000
Amount issued under the programme as of 31 Dec 2019	$3,315,000,000
Global amount available as of 31 Dec 2019:	$1,085,000,000
Management	Deceval S.A.

(In thousands of pesos)

The Group has issued 8 tranches under the above programme, as follows:

First Tranche:

Total value placed:	$170,000,000
Balance as of 31 December 2020:	Sub-series B10: $0
Nominal value per bond:	$10,000
Issue term:	10 years
Issue date:	20 February 2007
Maturity date:	20 February 2017
Coupon rate:	CPI + 5.15% E.A.

On 20 February 2017, the payment for maturity of the bonds of the B10 Sub-series for $170,000,000 was made.

Second Tranche:

Total value placed:	$265,000,000, as follows:	
	Sub-serie A5:	$ 49.440.000
	Sub serie B10:	$160.060.000
	Sub serie B15:	$ 55.500.000
Balance as of 31 December 2020:	$55,500,000	
Nominal value per bond:	$10.000	
Issue term:	Sub-series A5: 5 years	
	Sub-series B10: 10 years	
	Sub-series B15: 15 years	
Issue date:	11 February 2009, for all sub-series	
Maturity date:	Sub-series A5: 11 February 2014	
	Sub-series B10: 11 February 2019	
	Sub-series B15: 11 February 2024	
Coupon rate:	Sub-series A5: DTF A.R. + 1.47%	
	Sub-series B10: CPI + 5.78% E.A.	
	Sub-series B15: CPI + 6.09% E.A.	

On 11 February 2014, $49,440,000 was paid upon maturity of the Subseries A5 bonds.

On 11 February 2019, $160,060,000 was paid upon maturity of the Sub-series B10 bonds.

Third Tranche:

Total value placed:	$400,000,000, as follows:	
	Sub-serie E5:	$ 92.220.000
	Sub-serie B9:	$218.200.000
	Sub-serie B12:	$ 89.580.000
Balance as of 31 December 2020:	$89,580,000	
Nominal value per bond:	$10,000	
Issue term:	Sub-series E5: 5 years	
	Sub-series B9: 9 years	
	Sub-series B12: 12 years	
Issue date:	2 July 2009 for all subseries	
Maturity date:	Subseries E5: 2 July 2014	
	Subseries B9: 2 July 2018	
	Subseries B12: 2 July 2021	
Coupon rate:	Subseries E5: Fixed-Rate 9,27% E.A.	
	Subseries B9: CPI + 5.90% E.A.	
	Subseries B12: CPI + 6.10% E.A.	

(In thousands of pesos)

On 2 July 2014, $92,220,000 was paid upon maturity of the subseries E5 bonds.

On 2 July 2018, $218,200,000 was paid upon maturity of the subseries B9 bonds.

Fourth Tranche:

Total value placed:	$500,000,000, as follows:	
	Sub-serie B10:	$ 300.000.000
	Sub-serie B15:	$ 200.000.000
Costs of transaction as of 31 December 2020:	$216.776	
Balance as of 31 December 2020:	$499,999.786	
Nominal value per bond:	$10,000	
Issue term:	Subseries B10: 10 years	
	Subseries B15: 15 years	
Issue date:	13 December 2012	
Maturity date:	Subseries B10: 13 December 2022	
	Subseries B15: 13 December 2027	
Coupon rate:	Subseries B10: CPI + 3.52% E.A.	
	Subseries B15: CPI + 3.64% E.A.	

Fifth Tranche:

Total value placed:	$565,000,000, as follows:	
	Sub-serie B6:	$201.970.000
	Sub-serie B12:	$363.030.000
Costs of transaction as of 31 December 2020:	$172.171	
Balance as of 31 December 2020:	$363.029.828	
Nominal value per bond:	$10.000	
Issue term:	Subseries B6: 6 years	
	Subseries B12: 12 years	
Issue date:	11 September 2013	
Maturity date:	Subseries B6: 11 September 2019	
	Subseries B12: 11 September 2025	
Coupon rate:	Subseries B6: CPI + 4.25% E.A.	
	Subseries B12: CPI + 5.00% E.A.	

On 24 April 2020, the extraordinary payment of Sub-series B6 bonds was made for $ 51,050,000, and on 16 May 2020, a payment upon maturity of Sub-series B6-14 bonds was made for $ 188,520,000.

Sixth Tranche:

Total value placed:	$590,000,000, as follows:	
	Sub-serie B6:	$241.070.000
	Sub-serie B10:	$186.430.000
	Sub-serie B16:	$162.500.000
Costs of transaction as of 31 December 2020:	$221.136	
Balance as of 31 December 2020:	$348.929.779	
Nominal value per bond:	$10.000	
Issue term:	Subseries B6: 6 years	
	Subseries B10: 10 years	
	Subseries B16: 16 years	
Issue date:	16 May 2014	
Maturity date:	Subseries B6: 16 May 2020	
	Subseries B10: 16 May 2024	
	Subseries B16: 16 May 2030	
Coupon rate:	Subseries B6: CPI + 3.42% E.A.	
	Subseries B10: CPI + 3.83% E.A.	
	Subseries B16: CPI + 4.15% E.A.	

(In thousands of pesos)

On 11 September 2019, $201,970,000 was paid upon maturity of the subseries B6 bonds.

Seventh Tranche:

Total value placed:	$525,000,000, as follows:	
	Sub-serie B3:	$234.870.000
	Sub-serie B7:	$290.130.000
Costs of transaction as of 31 December 2020:	$129.825	
Balance as of 31 December 2020:	$290.129.870	
Nominal value per bond:	$10.000	
Issue term:	Subseries B3: 3 years	
	Subseries B7: 7 years	
Issue date:	11 February 2016	
Maturity date:	Subseries B3: 11 February 2019	
	Subseries B7: 11 February 2023	
Coupon rate:	Subseries B3: CPI + 3.49% E.A.	
	Subseries B7: CPI + 4.69% E.A.	

On 11 February 2019, $234,870,000 was paid upon maturity of the Sub-series B3 bonds.

Eighth Tranche (*):

Total value placed:	$300,000,000 as follows:	
	Sub-serie E6:	$300.000.000
Costs of transaction as of 31 December 2020:	$132.812	
Balance as of 31 December 2020:	$299.999.867	
Nominal value per bond:	$10.000	
Issue term:	Subseries E6: 6 years	
Issue date:	27 September 2016	
Maturity date:	Subseries E6: 27 September 2022	
Coupon rate:	Sub-serie E6: 7,59% E.A.	

Global International Bonds in Pesos

On 20 January 2011, the Group placed its first bond issue in the international capital market for $ 736,760,000, within 10 years. The bonds issued by the Group are denominated in pesos and payable in dollars.

In accordance with to the Offering Memorandum, the Group paid the interest in 2019 at a final rate of 8.71%.

The operation is part of the financial structure of the El Quimbo hydroelectric project and allowed to obtain pre-financing resources from the project needs for 2011 and part of 2012 and to refinance other financial obligations.

Registration form	144 A/ Reg S
Total value of the issue in pesos	$736.760.000
Transaction costs as of 31 December 2020	$ 0
Balance as of 31 December 2020	$736.760.000
Use of funds	Financing of new projects such as The Quimbo and refinancing of other finances, in addition to other general uses of the Group.
Nominal value	$5,000 each bond
Term	10 years, with amortisation upon maturity.
Interest frequency	Annual
Day count	365/365
Issue Manager, payment agent, calculation and transfer agent	The Bank of New York Mellon
Yield	8.75% E.A.
International rating	BBB (stable) by Fitch Ratings and Standard & Poor's

(In thousands of pesos)

The detail of the debt bond obligations as of 31 December 2020 is as follows:

Description	Tasa EA	Current			1 a 2 years	2 a 3 years	3 a 4 years	4 a 5 years	5 a 10 years	Total non-current
		Less than 90 days	Over 90 days	Total current						
Second Tranche Programme B104-15	10%	$ 576.111	$ -	$ 576.111	$ -	$ -	$ 55.500.000	$ -	$ -	$ 55.500.000
Third Tranche Programme B105-12	10%	1.668.078	89.580.000	91.248.078	-	-	-	-	-	-
Outside bond Z47	9%	97.664.810	-	97.664.810	-	-	-	-	-	-
Outside bond Z58	9%	701.841.030	-	701.841.030	-	-	-	-	-	-
Fourth Tranche Programme B10	7%	772.202	-	772.202	299.913.284	-	-	-	-	299.913.284
Fourth Tranche Programme B15	7%	526.899	-	526.899	-	-	-	-	199.872.951	199.872.951
Fifth Tranche Programme B12	8%	1.330.417	-	1.330.417	-	-	-	362.857.839	-	362.857.839
Sixth Tranche Programme B16	8%	1.139.600	-	1.139.600	-	-	-	-	162.382.555	162.382.555
Sixth Tranche Programme B10	7%	1.234.630	-	1.234.630	-	-	186.326.309	-	-	186.326.309
Seventh Tranche Programme B-7	8%	2.468.808	-	2.468.808	-	290.000.175	-	-	-	290.000.175
Eighth Tranche Programme E6	8%	300.822	-	300.822	299.867.188	-	-	-	-	299.867.188
Total bonds		**$ 809.523.407**	**$ 89.580.000**	**$ 899.103.407**	**$ 599.780.472**	**$ 290.000.175**	**$ 241.826.309**	**$ 362.857.839**	**$ 362.255.506**	**$ 1.856.720.301**

The detail of the debt bond obligations as of 31 December 2019 is as follows:

Description	EA Rate	Current			Non-current						
		Less than 90 days	Over 90 days	Total current	1 a 2 years	2 a 3 years	3 a 4 years	4 a 5 years	5 a 10 years	Más de 10 years	Total non-current
Second Tranche Programme B104-15	10%	$ 759.897	$ -	$ 759.897	$ -	$ -	$ -	$ 55.500.000	$ -	$ -	$ 55.500.000
Third Tranche Programme B105-12	10%	2.190.614	-	2.190.614	89.580.000	-	-	-	-	-	89.580.000
Outside bond Z47	9%	7.663.755	-	7.663.755	89.187.236	-	-	-	-	-	89.187.236
Outside bond Z58	9%	55.073.450	-	55.073.450	646.760.000	-	-	-	-	-	646.760.000
Fourth Tranche Programme B10	7%	1.138.935	-	1.138.935	-	299.875.611	-	-	-	-	299.875.611
Fourth Tranche Programme B15	7%	771.567	-	771.567	-	-	-	-	199.858.346	-	199.858.346
Fifth Tranche Programme B12	8%	1.825.734	-	1.825.734	-	-	-	-	362.828.294	-	362.828.294
Sixth Tranche Programme B16	8%	1.620.369	-	1.620.369	-	-	-	-	-	162.372.823	162.372.823
Sixth Tranche Programme B10	7%	1.785.254	-	1.785.254	-	-	-	186.303.179	-	-	186.303.179
Sixth Tranche Programme B6-2	7%	1.188.543	131.052.879	132.241.422	-	-	-	-	-	-	-
Sixth Tranche Programme B6-14	7%	997.480	109.990.958	110.988.438	-	-	-	-	-	-	-
Seventh Tranche Programme B-7	8%	3.421.399	-	3.421.399	-	-	289.935.966	-	-	-	289.935.966
Eighth Tranche Programme E6	8%	303.279	-	303.279	-	299.779.913	-	-	-	-	299.779.913
Total bonds		**$ 78.740.276**	**$ 241.043.837**	**$ 319.784.113**	**$ 825.527.236**	**$ 599.655.524**	**$ 289.935.966**	**$ 241.803.179**	**$ 562.686.640**	**$ 162.372.823**	**$ 2.681.981.368**

(2) The lease movement as of December 2020 is presented below:

	Buildings	Fixed installations and others (Transportation)	Before IFRS16	TOTAL
Final balance as of December 2019	**$ 4.978.349**	**$ 6.258.803**	**$ 313.173**	**$ 11.550.325**
New contracts (a)	-	2.421.917	-	2.421.917
Early termination of contracts (b)	(2.354.577)	-	-	(2.354.577)
Amortizations and Reclassifications	(1.134.785)	(2.488.665)	(264.775)	(3.888.225)
Total movements 2020	(3.489.362)	(66.748)	(264.775)	(3.820.885)
Total lease liabilities IFRS 16	**$ 1.488.987**	**$ 6.192.055**	**$ 48.398**	**$ 7.729.440**

The annual effective rates of the contracts for 2020 range from 5.72% to 14.08% and for 2019 they range from 6.74% to 13.25%.

(a) The increase in transportation contracts corresponds to the new contract with ADL AUTOMOVILE for managerial vehicles for the sum of $ 2,421,917.

(b) The decrease in Building contracts in 2020 corresponds to the early termination of 3 contracts for the delivery of offices due to COVID-19. These are:

(In thousands of pesos)

Third Party	Office		Valor
Ree-Standing Trust Funds	LEASE OF Q93	$	2.159.471
Empresa Inmobiliaria de Cundinamarca	LEASE CAFETERIA 82 PREMISES		113.797
Jairo Alberto Baquero Prada	LEASE OFFICE CGM		81.309
		$	**2.354.577**

In 2020, the most significant building contract is with Free-Standing Trust Funds Fiduciaria Bogotá for $ 3,545,393 and for transportation with Transportes Especiales FSG for $ 5,773,469 under leases.

The amounts recognized in the separate income statement as of 31 December 2019 and 2020 are as follows:

		As of 31 December 2020		As of 31 December 2019
Lease payments	$	(6.232.357)	$	(7.655.019)
Interest on lease liabilities		(863.287)		(948.950)
Amounts recognized in cash flow		(7.095.644)		(8.603.969)
Total cash flows from leases	**$**	**(7.095.644)**	**$**	**(8.603.969)**

The detail of the commercial lease obligations as of 31 December 2020 other than IFRS 16 is as follows:

Description	Rate	Type of rate	Current						Non-current			
				Less than 90 days		Over 90 days		Total current		1 a 2 years		Total non-current
Mareauto Colombia S.A.S	12%	Fija	$	26.963	$	21.434	$	48.397	$	-	$	-
Equirent S.A	8%	Fija		1.328		-		1.328		-		-
Total leases			**$**	**28.291**	**$**	**21.434**	**$**	**49.725**	**$**	**-**	**$**	**-**

El detalle de las Obligaciones por leasing comerciales a 31 de diciembre de 2019 es el siguiente:

Description	Rate	Type of rate	Current						Non-current			
				Less than 90 days		Over 90 days		Total current		1 a 2 years		Total non-current
Mareauto Colombia S.A.S	12%	Fija	$	74.105	$	143.967	$	218.072	$	48.398	$	48.398
Equirent S.A	8%	Fija		15.256		31.447		46.703		-		-
Total leases			**$**	**89.361**	**$**	**175.414**	**$**	**264.775**	**$**	**48.398**	**$**	**48.398**

(3) (3) As of 31 December 2020, the main variation corresponds to the constitution of 16 derivatives of cash flow hedging with passive valuation for $ 1,741,469 corresponding to CERE hedging. The breakdown is as follows:

Derivative	Underlying	Bank	Risk factor	Notional Asset	Currency	Fixed Rate		MTM
Forward	FX hedging Payment CERE October 2020	ITAU BANK	Exchange rate	1.100.000	USD	3.721,29	$	(249.818)
Forward	FX hedging Payment CERE July 2021	ITAU BANK	Exchange rate	1.000.000	USD	3.699,34		(229.121)
Forward	FX hedging Payment CERE August 2020	ITAU BANK	Exchange rate	1.000.000	USD	3.706,35		(228.032)
Forward	FX hedging Payment CERE September 2020	ITAU BANK	Exchange rate	900.000	USD	3.713,49		(203.491)
Forward	FX hedging Payment CERE November 2020	ITAU BANK	Exchange rate	700.000	USD	3.729,10		(160.398)
Forward	FX hedging Payment CERE May 2021	ITAU BANK	Exchange rate	600.000	USD	3.686,03		(139.005)
Forward	FX hedging Payment CERE June 2021	ITAU BANK	Exchange rate	600.000	USD	3.688,56		(136.230)
Forward	FX hedging Payment CERE October 2020	ITAU BANK	Exchange rate	1.100.000	USD	3.549,38		(66.376)
Forward	FX hedging Payment CERE July 2021	ITAU BANK	Exchange rate	1.000.000	USD	3.529,79		(62.645)
Forward	FX hedging Payment CERE August 2020	ITAU BANK	Exchange rate	1.000.000	USD	3.535,65		(61.535)
Forward	FX hedging Payment CERE September 2020	ITAU BANK	Exchange rate	900.000	USD	3.542,21		(54.332)
Forward	FX hedging Payment CERE November 2020	ITAU BANK	Exchange rate	700.000	USD	3.556,76		(42.992)
Forward	FX hedging Payment CERE May 2021	ITAU BANK	Exchange rate	600.000	USD	3.518,28		(39.425)
Forward	FX hedging Payment CERE June 2021	ITAU BANK	Exchange rate	600.000	USD	3.524,08		(38.725)
Forward	FX hedging Payment CERE December 2020	ITAU BANK	Exchange rate	100.000	USD	3.737,62		(23.137)
Forward	FX hedging Payment CERE December 2020	ITAU BANK	Exchange rate	100.000	USD	3.564,44		(6.206)
	Total valuation						**$**	**(1.741.469)**

(In thousands of pesos)

As of 31 December 2019, the main variation corresponds to the constitution of the MTM Climate Swap for $(4,287,967) with Munich RE to cover the draught scenario that may arise in the generation of the El Guavio plant. On the other hand, the liquidation of the Swap derivative for $145,622 of the cash flow hedging on the interest rate debt in CPI of the Fourth Tranche Programme B10 bond and 3 forward derivatives with a liability valuation of $272,897 corresponding to coverage for payment of insurance bills worth $206,937, coverage for the automation of Rio power Plant for $35,705 and technical bills for $30,254.

As of 31 December 2020, the Group has no hedges of net investments abroad.

As of 31 December 2019, the Group has no obligations corresponding to bank loans, the Club Deal loan was repaid according to the prepayment on 12 December 2019 for the total value of the $135,000,000 loan that had been acquired with Banco BBVA. It was repaid with own resources since there was cash availability and a decrease in financial expenses was achieved.

As of 31 December 2020, the Group has $2.750.524.500 in unused authorised credit lines, jointly with Codensa 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. In addition, and as part of its financing strategy, the Group subscribed on 26 March 2020, a committed credit line for US $ 65,000 with Bank of Nova Scotia, with (1) year of availability of the resources for its disbursement.

As of 31 December 2020, there are no guarantees in financial obligations.

13. Commercial accounts payable and other payables

		As of 31 December 2020		As of 31 December 2019
Accounts payable for goods and services (1)	$	183.285.905	$	171.174.036
Suppliers for purchase of energy and gas (2)		86.017.010		77.584.390
Other accounts payable (3)		45.734.395		71.424.755
Total commercial accounts payable and other payables	**$**	**315.037.310**	**$**	**320.183.181**

(1) The variation on 31 December 2020 corresponds mainly to the accrual of obligations for the acquisition of energy, goods and services with the following suppliers: Voith Hydro Ltda. For $ 13,287,604, GE Energías Renovables for $ 12,799,441, Hidroeléctrica Del Alto Porce SAS for $ 7,955,123, Mexican Generators for $ 7,749,914, Bureau Veritas for $ 5,980,486, Security Atlas for $ 5,176,201, Mapfre Seguros for $ 4,747,656, Voith Hydro Ltda. Colombia Branch for $ 4,720,060, New Reinsurance for $ 4,341,980, Schneider Electric de Colombia for $ 2,788,899, Amec Foster Wheeler for $ 2,871,074 and Crusher Engineering for $ 1,005,632.

Citibank factoring transfer for ($ 31,096,990), other payments and transfers for ($ 6,256,422).

Likewise, there was a decrease due to the payment with the following suppliers in the provision of goods and services: XM S.A. ESP for ($ 4,183,889), Accenture for ($ 3,319,930), Energy Processes and Designs for ($ 2,925,064), Andritz Hydro for ($ 2,619,598), SK-HL Term Consortium for ($ 2,218,930), Equipment and Terratest for ($ 1,890,589), Integral SA for ($ 1,390,593), All Robotics for ($ 1,268,466), Agencia de Aduanas Suppla S.A. for ($ 1,091,712), SDIC SAS for ($ 1,076,945), Ingenierías Shredders for ($ 1,039,993) and Singel SAS for ($ 937,091).

(2) The variation as of 31 December 2020 corresponds to the increase in the estimate for variable margin liabilities associated with the costs of power generation for $ 10,538,876 and gas commercialization for ($ 2,106,256).

(3) The variation as of 31 December 2020 corresponds to the payment of Confirming operations as payment agent to Citibank Colombia S.A for ($ 30,905,433) and recognition of other accounts payable with various creditors for $ 6,498,277 and accounts payable of Sociedad Portuaria derived mainly from the construction and maintenance of the pier for ($1,283,204).

(In thousands of pesos)

14. Provisions

	As of 31 December 2020		As of 31 December 2019	
	Current	Non-current	Current	Non-current
Other provisions	**$ 98.514.451**	**$ 201.247.740**	**$ 99.825.117**	**$ 139.413.713**
Quimbo Restoration Plan (1)	47.455.220	93.610.265	19.185.321	63.329.404
Environmental and works Quimbo (1)	21.744.622	60.646.317	80.203.836	60.353.887
Provision for tax uncertainty (2)	24.637.308	-	-	-
CAR Compensation Plan (3)	2.331.292	15.617.810	435.960	15.730.422
Transition Fund Provision (4)	2.107.734	5.467.892	-	-
Environmental Provision Río Bogotá (5)	238.275	25.905.456	-	-
Provision for legal claims (6)	**353.789**	**9.065.950**	**2.708.700**	**6.823.789**
Civil and others	213.789	8.273.403	2.509.278	5.674.243
Labour	140.000	792.547	199.422	1.149.546
Dismantling (7)	**663.618**	**1.738.406**	**-**	**1.021.877**
Others	**36.128**	**-**	**-**	**-**
Total Provisions	**$ 99.567.986**	**$ 212.052.096**	**$ 102.533.817**	**$ 147.259.379**

(1) The provision of El Quimbo Hydroelectric Power Plant is constituted by: i) Environmental and works Quimbo, which corresponds mainly to obligations for replacement of infrastructure, settlement of contracts associated with executed works and minor works necessary for the operation of the plant, executed within the work schedule proposed by the project from 2017 to 2021; ii) Restoration Plan, includes the works necessary to mitigate the environmental impact at the time of filling the reservoir and that involves estimated execution flows in 30 years. The main activities of this obligation include the restoration of forests, maintenance of the protection strip and the reservoir, development of the fish and fishery programme and wildlife, flora, climate and landscape monitoring programs.

The rate used to discount the flows of the environmental and Quimbo works provision and the Quimbo restoration plan as of December 2020 is 6.08% and 3.80% EA and as of December 2019 it is 6.76% and 6.48% EA, respectively.

Impregilo Consortium Claim

During 2015, the Impregilo OHL Consortium submitted to the Emgesa a series of claims and exchange order notes (Noc's) due to the works carried out under agreement CEQ-21 civil works main Hydroelectric project El Quimbo.

In ordinary board meeting No. 436 held on 19 October 2016, technical and legal analyses of the agreement entered into between the Group and Impregilo Consortium were carried out as a result of the previous negotiation tables held between September 2015 and March 2016. The Group, in order to avoid a future arbitration process, decided to close the negotiation with the contractor during the last quarter of 2016. The contractor's initial claim amounted to $224,560,000 pesos between claims and exchange order notes as a result of the agreement reached for $57,459,000 pesos plus $2,800,000 for the contract closing act, and a readjustment to claims for $14,541,000 pesos, for a total of $74,800,000 pesos, these values were authorised by the Group to be included in agreement CEQ 021 through addendum 17 signed in January 2017.

In November 2016, the Group, as part of the analysis of the activities included in the provision constituted to ensure the fulfilment of the obligations derived from the construction of the Plant, made recoveries for activities that were considered unnecessary and including the readjustments to the contract prices agreed by the board of directors and formalised in addendum 17, which was signed and paid during the first quarter of 2017.

This contract is currently in the settlement stage, once the term of protection, quality and stability of the works is fulfilled.

The Group filed a claim against the contractor and to the Group AXA Colpatria Seguros S.A., because it considers that some events that affect the quality of the works of the dam are the responsibility of the Group. AXA Colpatria rejected the claim for quality assurance and stability of the works.

The Group filed a reply to the Insurer, the notice was filed on Friday, 4 May 2018. On 8 June 2018, a response was received from AXA Colpatria stating that the claim was challenged, but that, nevertheless, once the liability of the insured and the damage are proved it would proceed to review the claim. As of 31 December 2019, there are no additional changes in the claim.

The lawsuit was filed on 29 May 2020, before the Arbitration Centre of the Bogotá Chamber of Commerce (Centro de Arbitraje de la Cámara de Comercio de Bogotá), against the Impregilo-OHL Consortium (CIO) and Axa Colpatria Seguros S.A. The claims in the lawsuit total $99,201,254. Once the claim was filed, the Arbitration Centre notified the parties on 2 June 2020.

Currently the process is in the stage called integration of the litigation. In turn, the Impregilo-OHL Consortium filed a Counterclaim for $ 3,712,037.

The arbitration process has continued in the terms indicated above, we are still in the stage of integration of the litigation. The counterclaim filed by the Impregilo-OHL Consortium was answered by the Group on 4 December 2020, rejecting the collection of the monies indicated therein.

Provision Environmental Investment Programme 1%

In accordance with Resolution 0899 of May 15, 2009, whereby the National Authority of Environmental Licenses (ANLA) granted an environmental license for the Hydroelectric Project El Quimbo, the Group as of 31 December 2018 has registered as part of the total provisioned $21.709.078 corresponding to the 1% investment programme presented under the license, for the use of the surface water resource of the Magdalena River source, in accordance with the provisions of the paragraph of article 43 of the Act 99/1993, as regulated by Decree 1900 of 12 September 2006.

On 31 August 2016, a partial liquidation for $ 9,702,000 was made and presented to ANLA for its review and approval with a cut-off as of 30 September 2016, which will be reliquidated once the final cost of the project is determined in accordance with paragraph 2 of article 4 of Decree 1900 of 2006. As of 31 March 2019, no statements had been received from the National Environmental Licensing Authority-ANLA.

On 25 November 2019, the 1% liquidation of the Investment Plan as of 30 June 2019 was submitted for review and approval of ANLA. Through communication No. 2020054654-2-000 of 8 April 2020, ANLA requested additional information related to the acceptance of the incremental percentage contemplated in Art. 321 of the National Development Plan.

In response to the requirement, we proposed to ANLA that the resources pending execution be distributed in two programs specifically:

1. Acquisition of land and/or improvements in paramo areas, cloud forests and areas of influence of springs, groundwater recharges, river springs and water rounds.
2. Interceptors and wastewater treatment systems

On the other hand, on 18 December 2020, at an oral hearing, the ANLA promptly required:

"Present the base investments for the liquidation of the forced investment of no less than 1% executed in the year 2019, including the activities of Resolution 938 of 16 June 2018, whereby Resolution 899 of 19 May 2009 was amended, in accordance with the provisions of article 321 of Act 1955 of 25 May 2019."

This requires the Group to know the value of the settlement of the CEQ-21 contract, because from this figure additional values will be obtained that must be reported as the basis for the settlement of the 1% investment plan.

In turn, the Office of the Comptroller General of the Republic, in an audit carried out, determined 2 administrative findings on the 1% Investment Plan, indicating that there is "uncertainty in the amounts to be executed to comply with the forced investment obligation of no less than 1%." In addition, it determined that "not incorporating real values into the investment plan and the investment schedule of this obligation, with substantive declarations by the environmental authority, causes the executions to be extended over time, postponing the perceived well-being."

(In thousands of pesos)

Given the above, Emgesa continues with the review of the technical opinion issued by the environmental authority and the control entity (ANLA), to issue an official response on the base settlement amount and the status of implementation of the projects already approved by the national authority.

(2) As of 1 January 2020, EMGESA S.A. ESP applies IFRIC 23, "Uncertainty over Income Tax Treatments", which is taken into account for the determination of both current income tax and deferred income tax. This interpretation defines "uncertainty over income tax treatment" as the position adopted by an entity regarding the determination of income tax, with respect to which it is probable that the Tax Authority will not accept said position, whether or not the Tax Authority had validated in the past.

In applying this interpretation, Emgesa has been reviewing the contracts signed with foreign entities and the fulfilment of requirements that must be taken into consideration, therefore management has decided to constitute a provision of $24,637,308, to cover the risk of eventual differences in criteria, due to the following values:

	Impuesto		Sanción		Intereses		Total
Renta 2016	$ 895.733	$	179.147	$	884.696	$	1.959.576
Renta 2017	7.285.616		1.452.956		4.993.575		13.732.147
Renta 2018	2.544.637		254.464		1.042.767		3.841.868
Renta 2019	4.243.371		424.337		436.009		5.103.717
Total	**$ 14.969.357**	**$**	**2.310.904**	**$**	**7.357.047**	**$**	**24.637.308**

(3) CAR Compensation Plan: As of 31 December 2020, the value recognized as a provision for the compensation plan imposed by the Regional Autonomous Corporation of Cundinamarca (CAR), corresponds to the environmental obligation established by the Group in the Resolution 2984 of 9 October 2017, executed on 10 April 2018. The obligation consists in the preparation and presentation of a Compensation Plan associated with the Bogotá River water concession, which should be prepared in accordance with the alternatives defined in jointly with the Corporation.

On 13 July 2020, the Group was notified via email of DGEN Resolution No. 20207100872 of 10 July 2020, issued by the Regional Autonomous Corporation of Cundinamarca "Whereby an Environmental Compensation Plan is established and other determinations are made." This resolution establishes a Compensation Plan for a value of $ 96,680,772.

On 28 July 2020, the Group filed an appeal for reversal of Resolution DGEN No. 20207100872 of 10 July 2020 issued by the Regional Autonomous Corporation of Cundinamarca, to date a declaration by the CAR is expected.

(4) Recognition of the Transition Fund provision, which is aimed at staff efficiency in line with the Enel Group's investment plan in digitization and automation worldwide in the different areas and lines of business of the Group. This involves identifying efficiencies to change profiles and having the necessary financial resources as part of the aforementioned strategy, which leverages the achievement of the objectives defined by the Group. The value of the provision established was $ 7,575,625 distributed between the years 2021 and 2023, with a discount rate on long-term flows of 4.10%.

(5) As of 31 December 2020, a provision was established derived from the environmental obligations associated with the construction of waste treatment plants, a plan to reduce offensive odours and an environmental management plan for the operation of the Muña reservoir, in order to mitigate the environmental impacts generated for the municipality of Sibaté and at its expense. The Group plans to carry out the works established in the obligation by 2038, so long-term flows were discounted at a rate of 6.10% EA.

(6) As of 31 December 2020, the value of the claims in the claims to the Group for administrative, civil, labour and constitutional litigation amounts to $ 4,220,061,079. Based on the evaluation of the probability of success in the defence of these cases, $ 5,584,882 has been provisioned, including the financial update to cover the probable losses due to these contingencies. Management believes that the outcome of the lawsuits corresponding to the non-provisioned part

(In thousands of pesos)

will be favourable to the Group's interests and would not cause significant liabilities that should be accounted for or that, if they arise, would not significantly affect the Group's financial position. Additionally, penalties are provisioned for the El Quimbo Hydroelectric Power Plant for $ 3,119,114, which are detailed in Note 31 Penalties.

On the other hand, the success bonuses for $ 3,834,857 will be effective when the lawyer has a ruling in favour of the Group under the agreed processes.

As of 31 December 2020, the value of claims for administrative, civil, labour and contractor litigation is detailed as follows:

Processes	Classification	No. of Processes	No. of processes (undetermined amount)	Contingency Value	Provision value
Inundaciones A97 (*)	Probable	4		885.715	$ 903.292
	Possible	1		1.600.893	–
Total Inundaciones A97		**5**		**2.486.608**	**903.292**
Inundaciones D97	Probable	2		42.223	36.874
	Possible	1		4.297.203	–
Total Inundaciones D97		**3**		**4.339.426**	**36.874**
Laboral	Probable	6		1.875.003	1.510.103
	Possible	25	5	1.290.000	–
	Remote	3		7.041.000	–
Total Laboral		**34**	**5**	**10.206.003**	**1.510.103**
Otros	Probable	2	2	15.500	15.500
	Possible	37	25	8.084.983	–
	Remote	25	16	120.290.603	–
Total Otros		**64**	**43**	**128.391.086**	**15.500**
Quimbo	Possible	177	13	432.994.740	–
	Remote	2	1	5.377.741	–
Total Quimbo		**179**	**14**	**438.372.481**	**–**
Civil	Posible	21	15	417.232.038	–
Total civil		**21**	**15**	**417.232.038**	**–**
Total general		**306**	**77**	**1.001.027.642**	**$ 2.465.769**

El detalle de las provisiones de litigios en el año 2020 corresponde a:

Item	Provision value as of 2020
Success bonuses	$ 3.834.857
Sanctions	3.119.113
Litigation provision	2.465.769
	$ 9.419.739

(a) The value of the contingency corresponds to the amount by which, according to the experience of lawyers, it is the best estimate to pay if the judgment were against the Group. The provision is determined by lawyers as the amount of loss in the event that the judgment may be probable; The processes classified as probable are provisioned at one hundred per cent of the actual value of the contingency.

(*) The processes corresponding to floods before 1997 are recognised to the Group by the Ministry of Finance and Public Credit. (See Note 6).

(7) As of 31 December 2020, the provision for the dismantling of electromechanical equipment in El Quimbo originates from the variation in the interest rate used to discount future cash flows, NPV for $ 134,083, the rate used as of December 2020 is 7.33% EA and December 2019 is 8.39% EA.

The provision for the dismantling of the Termozipa Water Plant is proposed to be dismantled in May 2021, therefore, as of

(In thousands of pesos)

December 2020, the calculation of the NPV is not carried out because it is a short-term liability.

The movement of provisions as of 31 December 2020 and 2019 is as follows:

	Provision of legal claims	Dismantling, restoration and reactivation costs	Provision for tax uncertainty	Total
Initial balance 1 January 2019	**$ 10.946.869**	**$ 193.412.289**	**-**	**$ 204.359.158**
Increase in existing provisions	1.270.904	64.010.356	-	65.281.260
Provision used	(115.376)	(28.864.797)	-	(28.980.173)
Financial effect update	6.611	11.702.859	-	11.709.470
Recoveries	(2.576.519)	–	-	(2.576.519)
Total movements in provisions	**(1.414.380)**	**46.848.418**	**-**	**45.434.038**
Final balance as of 31 December 2019	**$ 9.532.489**	**$ 240.260.707**	**-**	**$ 249.793.196**
Increase in existing provisions	1.518.319	29.542.425	48.498.997	79.559.741
Provision used	(566.189)	(17.312.781)	(23.861.689)	(41.740.659)
Financial effect update	(25.690)	15.827.211	-	15.801.521
Recoveries	(1.039.190)	–	-	(1.039.190)
Other increase	-	1.669.847	-	1.669.847
Total movements in provisions	**(112.750)**	**29.726.702**	**24.637.308**	**54.251.260**
Final balance as of 31 December 2020	**$ 9.419.739**	**$ 269.987.409**	**$ 24.637.308**	**$ 304.044.456**

Detail of the Group's main legal processes classified as probable of 31 December 2020:

PLAINTIFF	YEAR FILED	CLAIM VALUE (According to Lawsuit)	PURPOSE OF THE CLAIM	CURRENT STATUS OF THE PROCESS
Yohana Farley Rodríguez Berrio	2014	$ 300.000	Compensation for damages for employee death	He has been at the Office since 17 July 2017 pending a second Hearing in the Superior Court of the Civil Chamber of Neiva
Superintendencia de servicios públicos	2015	Indeterminada	Demand for Nullity and Restoration of the right by sanction to Emgesa S.A. E.S.P.	The process is completed, pending derecognition of the provision
Rafael Bernate (89)	2004	6.136	Ordinary Non-contractual Civil Liability for events of 1989	Pending recognition when the Court delivers the copy of the ruling
Pastor Aroca Ibarra	2013	88.000	Ordinary Non-contractual Civil Liability for events of 2011	Pending recognition when the Court delivers the copy of the ruling
Orlando Rojas Cleves	2017	445.222	Ineffectiveness of the dismissal, for a worker in a situation of manifest weakness, compensation law 361 of 1997; Employer liability.	Article 80 hearing was set for 30 January 2020, La Plata Huila
Luz Nelly Olarte y Otros (94)	2002	2.953.180	Ordinary Non-contractual Civil Liability for events of 1994	Pending cassation appeal
Acumulado con: 2004-00057 Luis Ernesto Trujillo Portela (94) 2004-00056 Luís Alberto Ibarra (94) 2005-00065 Edgar Zambrano (94) 2005-00081 Juan Aroca (94) 2005-00014 Álvaro Vega Cedeño y otros (94) 2005-00088 Alfonso Rodríguez (94) 2006-00091 Ángel Antonio Díaz Leyton y Otros (94) 2005-00027 Ana Myriam Rodríguez y otros (94) 2005-00059 Alirio Trilleras (94)				
Luís Ferney Yara (94)	2009	18.720	Ordinary Non-contractual Civil Liability for events of 1994	Pending recognition when the Court delivers the copy of the ruling

(In thousands of pesos)

PLAINTIFF	YEAR FILED	CLAIM VALUE (According to Lawsuit)	PURPOSE OF THE CLAIM	CURRENT STATUS OF THE PROCESS
Libardo Chico	2008	30.650	Ordinary Non-contractual Civil Liability for events of 1994	Pending recognition when the Court delivers the copy of the ruling
Héctor Vanegas Vanegas	2013	6.066	Ordinary Non-contractual Civil Liability for events of 2007	The process is completed, pending derecognition of the provision
German Claros Valenzuela	2016	44.370	Declaration of ineffectiveness of dismissal and employer's liability in work accident - solidarity	pending setting hearing date art 77 and 80
Edwin Fernando Vivas	2014	100.000	Reinstatement	On 9 December 2016, the cassation lawsuit was filed. On 17 February 2020, notified by status dated 24 February 2020, the Supreme Court decided NOT to Revert the ruling, condemning costs. The process was sent to the Superior Court on 2 March 2020.
Dionel Narváez Castillo	2013	110.000	Solidarity	Pending return to the court of origin for record
Carlos Alberto Amador y Otros	2017	1.800.000	Solidarity	An extraordinary appeal for cassation was filed against the judgment of the court. Pending admission to Court
CAR	2010	Indeterminada	Lawsuit against CAR resolutions for environmental management of the El Muña Reservoir and the Bogotá River.	At the Office for second instance ruling

The Group faces litigations classified as likely or eventual, for which Management, with the support of its external and internal legal counsel, has estimated that the outcome of the lawsuits corresponding to the non-provisioned part will be favourable to the Group and will cause no significant liabilities that must be accounted for or that, if materialised, will not significantly affect their financial position.

From 31 December 2019 to 31 December 2020, eventual processes varied by $ 89,802,727 mainly due to:

Type of process	Plaintiff	Purpose of the Claim	Value	Action	Month
Others	Comepez	Direct repair adm	2.044.652	Modification of ruling	ago-20
Others	Luis Alfonso Marín	Lawsuit for flooding of the Magdalena river in April 2011.	280.000	Modification of ruling	nov-20
Others	Ever Andrés Useche Ayerbe	Ordinary and civil liability	149.000	Modification of ruling	nov-20
Civil Oral	Audenago Rodríguez Cardozo	Lawsuit for flooding of the Magdalena river in April 2011	143.783	Modification of ruling	nov-20
Labour	Hernando Gonzalez Rodriguez	Recognition and payment of overtime	50.000	New process	ago-20
Floods A97	Maria Gladys Guzman y otros	Ordinary Non-contractual Civil Liability for events of 1994	-	Favourable termination	nov-20
Labour	Dagnober Loaiza Echeverry	Job reinstatement	(3.900)	Favourable termination	nov-20
Labour	Edwin Fernando Vivas	Reinstatement	(80.000)	Modification of ruling ia	jun-20
Labour	UGP	The full nullity of the official settlement No RDO-2016-775	(396.796)	Duplicate termination	oct-20

(In thousands of pesos)

Type of process	Plaintiff	Purpose of the Claim	Value	Action	Month
Civil Oral	Alirio Reyes Callejas	Severe injury	(1.401.729)	Ended process	ene-20
Administrative_ Contractual_Adm	Diego Hernan Sandoval Castro	Declare the nullity of the contract signed between the VIG consortium and Emgesa as a result of the CEQ519 tender	(2.260.008)	Ended process	ene-20
Fiscal	DIAN	Rejection of tax benefit of "Páez Law"	(88.327.729)	Unfavourable ruling	sep-20

The Group does not have any provisioned tax litigations classified as probable as of 31 December 2020.

The movement of the provision of legal claims in 2020 corresponds mainly to:

(a) Endowment:

Type of Process	Plaintiff	Purpose of the Claim	Value	Date
Labour_Ordinary	Edwin Fernando Vivas	Job reinstatement	352.016	sep-20
Labor_Ordinary	Carlos Alberto Amador y Otros	Solidarity	350.000	dic-20
Civil_Ordinary	Juan Eloy Mendez	Ordinary Non-contractual Civil Liability for events of 1994	90.000	mar-20
Civil_Ordinary	Rafael Bernate (89)	Ordinary Non-contractual Civil Liability for events of 1989	14.473	nov-20
Civil_Oral	Audenago Rodriguez	Lawsuit for flooding of the Magdalena river in April 2011	9.000	jul-20
Const_Collective Action	José Edgar Bejarano	Collective action due to flooding in the Upía River (Villanueva) downstream of the Guavio reservoir.	3.200	may-19

(b) Payments:

Type of Process	Plaintiff	Purpose of the Claim	Value	Date
Labour ordinary	Edwin Fernando Vivas	Job reinstatement	(271.095)	dic-20
Labour ordinary	Hernando Rivera Espinosa	Severance compensation without just cause	(199.299)	feb-20
Labour_Ordinary	Juan Eloy Mendez	Ordinary Non-contractual Civil Liability for events of 1994	(83.888)	mar-20
Civil Oral	Audendango Rodriguez Cardozo	Lawsuit for flooding of the Magdalena river in April 2011	(8.925)	oct-20
Const_Collective Action	José Edgar Bejarano	Collective action due to flooding in the Upía River (Villanueva) downstream of the Guavio reservoir.	(2.982)	oct-20

(c) Recoveries:

Type of Process	Plaintiff	Purpose of the Claim	Value	Date
Civil oral	Luis Alfonso Marin	Lawsuit for flooding of the Magdalena river in April 2011	(276.000)	dic-20
Civil_Ordinary	Quintero Trujillo	Ordinary Non-contractual Civil Liability for events of 1994	(124.104)	abr-20
Labour ordinary	Edwin Fernando Vivas	Job reinstatement	(80.922)	dic-20
Civil_Ordinary	Juan Eloy Mendez	Ordinary Non-contractual Civil Liability for events of 1994	(6.112)	nov-20
Const_Collective Action	José Edgar Bejarano	Collective action due to flooding in the Upía River (Villanueva) downstream of the Guavio reservoir.	(218)	nov-20
Labour ordinary	Hernando Rivera Espinosa	Severance compensation without just cause	(123)	sep-20
Civil Oral	Audendango Rodriguez Cardozo	Lawsuit for flooding of the Magdalena river in April 2011	(75)	Nov-20

(In thousands of pesos)

15. Current tax assets and liabilities

Income tax assets

Tax assets are shown below:

	As of 31 December 2020	As of 31 December 2019
Income tax and complementary taxes (1)	$ -	$ 7.986
Industry and commerce tax	-	2.020
Total tax assets	**$ -**	**$ 10.006**

(1) El activo por impuesto sobre la renta y complementario está compuesto por:

	As of 31 December 2020	As of 31 December 2019
Current income and supplementary taxes	$ -	$ 57.943
Prior year credit balance	-	(22.097)
Withholdings, self- withholdings and advance payments	-	(43.832)
Balance in favor for income and supplementary taxes	**$ -**	**$ (7.986)**

The current tax asset for 2019 was composed of the corresponding value of Sociedad Portuaria, in 2020 Sociedad Portuaria presented current liabilities.

Income tax liabilities

The current tax liability as of December 31, 2020, is composed of:

	As of 31 December 2020	As of 31 December 2019
Current income tax (1)	$ 604.199.791	$ 525.577.620
Year income tax prepayment (2)	5.386.562	5.636.246
Tax deductions and withholdings	(13.439.004)	(2.563.348)
Self-withholding other items	(60.251.375)	(60.281.977)
Self-withholding	(94.904.864)	(96.338.013)
Prepayment next income tax	(199.746.761)	(164.842.483)
Current tax liabilities	**$ 241.244.349**	**$ 207.188.045**

(1) As of 31 December 2020, the current income tax liability consists of:

	As of 31 December 2020	As of 31 December 2019
Income taxes related to net income	$ 603.730.482	$ 525.249.795
Income taxes related to components of other comprehensive income	469.309	327.825
	$ 604.199.791	**$ 525.577.620**

(2) Corresponds to the benefit granted by the National Government that gives the possibility to companies to pay their income tax through direct investment projects, viable and priority social interest in the areas most affected by the armed conflict (ZOMAC).

The tax returns for the 2016, 2017, 2018, and 2019 taxable years are open for review by the tax authorities. However, in Management's opinion, an examination process occurs with the tax authorities, no significant differences are expected.

The provision for income tax is calculated at the current rate. For the taxable year 2020, the rate is 32% using the accrual method and is determined based on the net income adjusted in accordance with current tax regulations.

The effective rate as of December 31, 2020 was 35.22% and as of December 31, 2019 was 32.43%. The change in the effective rate was mainly caused by the second instance ruling and correction of income tax returns.

The main reconciling items between earnings before tax and the net taxable income that explain the difference between the rate for companies of 32% corresponding to the income tax are the following:

(In thousands of pesos)

Item		As of 31 December 2020 Value	Rate (%)		As of 31 December 2019 Value	Rate (%)
Accounting earnings before income tax	**$**	**1.981.635.768**		**$**	**1.823.539.819**	
Items that increase net income						
Non-deductible expenses		82.095.205	1.33		5.324.318	0.10
Deductible provisions		8.300.523	0.13		(37.979.147)	(0.69)
Contribution to financial transactions		5.139.353	0.08		5.867.131	0.11
Presumptive interests		2.013	0.00		8.464	0.00
Total items that increase net income		**95.537.094**	**1.54**		**(26.779.234)**	**(0.48)**
Items that reduce net income						
Deductions for productive real fixed assets		(5.288.563)	(0.09)		(8.279.062)	(0.15)
Tax depreciation and amortisation		(183.505.436)	(2.96)		(195.413.714)	(3.54)
Total items that reduce net income		**(188.793.999)**	**(3.05)**		**(203.692.776)**	**(3.69)**
Taxable net income		**1.888.008.655**			**1.592.506.694**	
Tax rate		32%			33%	
Income tax		**604.162.770**	**30.48**		**525.527.209**	**28.82**
Occasional earnings		370.209			504.111	
Occasional earning tax rate		10%			10%	
Occasional earning tax		**37.021**			**50.411**	
Total income tax and complementary	**$**	**604.199.791**	**30.49**	**$**	**525.577.620**	

Equity Reconciliation

		As of 31 December 2020		As of 31 December 2019
Accounting equity	$	5.155.436.685	$	4.743.218.242
Estimated liabilities		340.444.719		297.491.197
Deferred tax (See Note 19)		217.924.275		168.255.638
Payroll contributions and pensions and other employee benefits		41.875.458		39.615.159
Tax adjustment on assets		20.398.843		13.169.046
Tax adjustment on investments		7.064.961		5.672.530
Debtors provision		1.842.754		3.079.362
Tax adjustment on assets (*)		(1.092.393.397)		(751.067.102)
Tax equity	**$**	**4.692.594.298**	**$**	**4.519.434.072**

(*) Corresponds to the difference of the net cost of these between the book value and fiscal value, given that the fiscal depreciation is greater than the accounting.

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 verify the correct application of the market prices in each one. The advisors prepared the supporting and informative documentation for sending to the DIAN corresponding to the transactions of the year 2019, which was submitted on 14 July 2020, without any income adjustment.

Transactions made in 2020 will also be validated. The supporting and informative documentation for the taxable year 2020 will be presented in 2021 in the terms established by the National Government.

Legal Stability Agreement

The main aspects of the legal stability agreement entered into by and between the Nation (Ministry of Mines and Energy) and the Group, executed on 20 December 2010, are described below:

Purpose: Emgesa undertakes to build the hydroelectric station "El Quimbo".

Investment Amount and Deadlines: The Group's investments relative to the El Quimbo project were $1,922,578 million. In the first half of 2014, an increase in the budget of $ 583,184,000 was approved, which, together with the financial expense incurred and projected to be incurred to finance the project ($450,712,000), represents a higher investment value. In accordance with paragraph 2 of clause 2 of the legal stability agreement, the highest value of the investment meant the payment in December 2014 of $6,299,000 by means of adjustment of the premium established in the legal stability agreement. In March 2016, a second adjustment was paid in the amount of $ 4,657,000 on account of the increase in the amount of the investment. To date, the Ministry is being asked how to proceed with the settlement and payment of the premium, based on the last approval of an additional capex for the completion of the El Quimbo works.

Key standards subject to Legal Stability (with favourability):

a. Income tax rate (33%), exclusion of calculation of presumptive rent and special deductions for investments in scientific development and for investments in the environment, among others.

b. Ensures the stability of the special deduction for investment in productive real fixed assets (30%), which were dismantled since 1 January 2011.

Obligations of the Parties

a. Obligations of Emgesa S.A. E.S.P.:

- Comply with the amount of investment planned for the construction and start-up of the El Quimbo hydroelectric project.
- Pay the legal stability premium of $ 9,617 million (recorded on 23 December 2010) and adjust it if any increases were made in the amount of the investment, as was done according to previous explanations. In December 2014, the Group paid $6,299,000 for premium adjustment on account of the largest approved investment. In March 2016, the Group paid $ 4,657,000 for a second premium adjustment for the higher investment.

  In 2017, a greater investment was made to the one established in the agreement, which is why the exact amount of increase in said investment is currently being established in order to proceed with the application for approval of re-settlement and payment of the premium with the Legal Stability Committee.
- Pay taxes in a timely manner.
- Hire an independent audit to review and certify the fulfilment of the commitments acquired under the agreement. For this purpose, the Group hired a third-party specialist to review the commitment acquired.

b. Obligations of the Nation:

- Ensure for 20 years the stability of the standards included in the agreement (with favourability) for the Quimbo project.

The audit of the 2019 legal stability agreement was filed with the Ministry of Mines and Energy within the term provided, on 31 March 2020. The audit of the execution of the year 2020 will be based on the opportunities granted for it.

As of 31 December 2020, it recalculated an additional amount for the additional Capex, therefore, an additional premium will be paid in the first days of January 2021.

Economic Growth Law - (Tax Reform)

In December 2018, the tax law in Colombia was modified through Act 1943, gradually reducing the income tax rate and also reducing the rate for the liquidation of presumptive income until its elimination starting in 2021.

Considering that Act 1943 was declared unenforceable in Judgment of the Constitutional Court, C481 of 2019, it gave rise to the National Government presenting a tax reform initiative, which was approved by the Congress of the Republic and issued by Act 2010 of 27 December 2019, or the Economic Growth Law, which included the provisions in favour contained in Act 1943 of 2018 and which were considered essential for economic growth and competitiveness in the country. It also introduced some modifications of which we highlight:

> For taxable year 2020, the applicable income tax rate is 32%. The tax rates determined in Act 1943 of 2018 are maintained for the year 2021, 31% rate, and as of 2022 a 30% rate.

> The Economic Growth Law for the purposes of calculating income tax under the presumptive income system continues to gradually dismount the rate of 0.5% for the year 2020, and 0% as of the year 2021 and subsequent years.

> 100% of the taxes, fees and contributions actually paid in the taxable year, which are causally related to the generation of income (except income tax) remain deductible; 50% of the tax on financial transactions (GMF) will be deductible, regardless of whether or not it has a causal relationship with the income-generating activity.

> 50% of the industry and trade tax may be treated as a tax discount on income tax in the taxable year in which it is actually paid and insofar as it is causally related to its economic activity. From the year 2022 it can be discounted at 100%.

> These continue as tax discounts: (i) The VAT paid on the import, formation, construction or acquisition of real productive fixed assets including the services necessary for their construction and start-up; (ii) The industry and trade tax in the terms indicated above.

> In relation to the tax on dividends, the following amendments were made:

– The withholding tax was increased to 10% on untaxed dividends, declared for the benefit of foreign companies and entities, non-resident individuals and permanent establishments.

– The table applicable to non-taxed dividends declared for the benefit of natural persons residing in the country and illiquid successions of taxpayers resident in the country was modified, providing a marginal rate of 10% for dividends that exceed 300 UVT.

– It was established that the tax on taxed dividends will be determined: (i) applying the income rate corresponding to the year in which they are decreed (32% year 2020; 31% year 2021; and 30% year 2022 onwards) and (ii) on the remainder, the rate corresponding to the non-taxed dividend will be applied, depending on the beneficiary (if it is a resident natural person or an illiquid succession of resident deceased, the table will be applied and for other cases the 7.5% rate will be applied).

– The withholding regime on dividends declared for the first time to national companies continues, which will be transferable to the final beneficiary, a resident natural person or resident investor abroad with the rate of 7.5%

– Dividends declared for net income 2016 and prior years will retain the current treatment for that time; and those corresponding to net income for the years 2017 and 2018 and 2019 that are declared as of 2020 will be governed by the rates provided in Act 2010

> The Economic Growth Law specifies that taxpayers may choose the mechanism of works for taxes, as a way to extinguish the tax obligation, provided for in article 238 of Act 1819 of 2016 or through the mechanism of the direct investment agreement established in article 800-1 of the Tax Code.

> The Growth Law provides that the final term for taxpayers' income tax returns that determine or offset tax losses or that are subject to the transfer pricing regime will be five (5) years from the date of the presentation of the income statement.

> The correction term for taxpayers who present corrections that increase the tax or decrease the balance in favour is modified. The term that the taxpayer had to voluntarily correct their tax returns was two (2) years, with the Growth Law this term is modified and unified with the general term of the firmness of the returns, setting it at three (3) years.

The audit benefit is extended for the income tax returns corresponding to the taxable years 2020 and 2021, for which the increase in the net income tax with respect to the previous year is required so that the return is final in six months (30%) or twelve months (20%), as provided by Act 1943 of 2018 for the returns of taxable years 2019 and 2020. The provisions contained in Act 1943 of 2018, regarding the audit benefit, will have the effects provided therein for taxpayers who have applied to the audit benefit for the taxable year 2019.

(In thousands of pesos)

16. Provisions for Employee Benefits

	As of 31 December 2020		As of 31 December 2019	
	Current	**Non-current**	**Current**	**Non-current**
Social benefits and legal contributions	$ 29.719.128	$ 2.614.659	$ 28.955.314	$ 2.099.298
Obligations for defined post-employment and long-term benefits (1)	6.818.598	87.824.144	7.668.688	86.457.073
Retirement plan benefits	951.999	-		
Other obligations (2)	725.898	-		
	38.215.623	**$ 90.438.803**	**$ 36.624.002**	**$ 88.556.371**

(1) The Group 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.

Retirement Pensions

The Group 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 separate 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 separate 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 obligation of retirement pensions includes the effects of the application corresponding to the new mortality rates authorised by the Financial Superintendence through Resolution 1555 of 30 July 2010.

To date, the employee base for the recognition of this benefit corresponds to 311 pensioners with an average age of 68.10 years.

Other post-employment benefits

Pensioner benefits

The Group provides the following aids to pension-retired employees: (i) education aid (26 beneficiaries, Average age of beneficiaries 20.50); (ii) Energy assistance 283 beneficiaries, Average age of beneficiaries 68.30 (iii) Health 87 beneficiaries, Average age of beneficiaries 58.5 in accordance with the provisions of the collective labor 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.

(In thousands of pesos)

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.

To date, the employee base for the recognition of this benefit corresponds to 86 employees with an average age and seniority of 55.30 and 27 years, respectively.

Long-term benefits

The Group 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 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.

To date, the employee base for the recognition of this benefit corresponds to 141 employees with an average age and seniority of 54.30 and 25.20 years, respectively.

As of 31 December 2020, 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 2020	As of 31 December 2019
Discount rate	5,74%	5,81%
Salary increase rate (active personnel)	4,85%	4,90%
Pension increment rate	3,80%	3,85%
Estimated inflation	3,80%	3,85%
Health service inflation	8,00%	8,00%

Demographic Hypotheses:

	Biometric base
Mortality rate	2008 Colombian mortality rate (valid annuitant) (men and women)
Disabled mortality rate	Enel internal table
Total and permanent disability	EISS
Turnover	Enel internal table
Retirement	Men: 62
	Women: 57

Contributions of Law

The Group makes periodic contributions for severance pay and comprehensive social security: health, professional risks and pensions, to the respective private funds and to Colpensiones, which assume these obligations in full.

(In thousands of pesos)

The movement of obligations for benefits defined as of 31 December 2020 and 2019 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
Initial balance as of 31 December 2019	**$ 75.970.223**	**$ 8.565.050**	**$ 6.331.661**	**$ 3.258.827**	**$ 94.125.761**
Cost of Current Service	-	-	247.739	123.721	371.460
Financial cost	4.267.594	479.443	360.698	175.274	5.283.009
Paid Contributions	(6.146.828)	(548.043)	(588.927)	(780.386)	(8.064.184)
Actuarial (gains) losses arising from changes in financial assumptions	617.794	809.690	34.254	2.444	1.464.182
Actuarial (gains) losses arising from changes in adjustments by experience	-	-	250.745	1.211.769	1.462.514
Initial balance as of 31 December 2020	**$ 74.708.783**	**$ 9.306.140**	**$ 6.636.170**	**$ 3.991.649**	**$ 94.642.742**
Initial balance as of 31 December 2020	**$ 70.427.968**	**$ 8.239.688**	**$ 5.774.731**	**$ 3.198.664**	**$ 87.641.051**
Cost of Current Service	-	-	243.623	113.508	357.131
Financial cost	4.713.825	539.008	389.436	193.196	5.835.465
Paid Contributions	(6.051.866)	(558.915)	(982.415)	(657.716)	(8.250.912)
Actuarial (gains) losses arising from changes in financial assumptions	7.482.755	549.738	457.211	88.108	8.577.812
Actuarial (gains) losses arising from changes in adjustments by experience	(602.459)	(204.469)	449.075	323.067	(34.786)
FInal balance as of 31 December 2020	**$ 75.970.223**	**$ 8.565.050**	**$ 6.331.661**	**$ 3.258.827**	**$ 94.125.761**

(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. As of 31 December 2020 and 2019, that the post-employment benefits liability for future retirement pensions amounts to $ 54,057,158 and $ 54,810,964, respectively. The sensitivity of the actuarial hypotheses was carried out by the firm AON Hewitt Mexico, using the following variables.

Type of rate	As of 31 December 2020	As of 31 December 2019
Discount rate	8.62%	8.89%
Technical interest	4,80%	4,80%
Estimated inflation	3.64%	3.91%

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 2020:

Change in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	84.565.951	10.277.915	7.138.255	4.113.098	106.095.219
+ 100 basic points	66.574.455	8.473.751	6.182.271	3.876.664	85.107.141

As of 31 December 2019:

Change in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	89.069.475	9.471.797	6.845.887	3.363.689	105.750.849
+ 100 basic points	67.709.913	7.793.861	5.870.076	3.159.965	84.533.815

(In thousands of pesos)

(2) Variation corresponding to the benefit granted by the Group covering income tax on labor income of impatriate and expatriate personnel.

Collective Bargaining Agreements

Collective Agreement - SINTRAELECOL 2015-2018 – Extension to 2020

The Collective Bargaining Agreement signed with SINTRAELECOL ended on 30 June 2018, however, the union did not file the complaint and respective list of petitions, so the bargaining text has been automictically extended as provided by the law for a term of six (6) successive months, with the new end date on 30 June 2020. In accordance with the applicable regulations, the complaint must be made by the union at the latest 60 days prior to the end of the new extension term. The complaint and the presentation of the list of petitions activate the beginning of the direct negotiation stage, a stage that ends with the signing of a new agreement or with the referral to an arbitration tribunal if an agreement is not reached. To date, no complaint has been received from the union.

Collective Agreement - ASIEB 2016-2019

On 1 June 2016, the Collective Bargaining Agreement with the ASIEB Trade Union Organisation was signed. This Collective Agreement applies to all the Group's employee engineers affiliated to the Trade Union of Engineers Serving the Energy Companies – ASIEB who do not benefit from another collective agreement. The term of the Agreement was from 1 June 2016 to 31 December 2019. The union filed the complaint within the term of the law and the list of petitions on 30 December 2019, which is why the direct settlement stage began on 19 February 2020.

However, once the negotiation meetings had been advanced according to the agreed schedule, on 16 September 2020, the parties considered the direct settlement stage completed as the interests and needs of each are different and, as such, their positions are different; therefore, the call of the respective Arbitration Tribunal was requested before the Ministry of Labour, the body that must define the collective conflict with this union.

Structure of Charges - Article 65 SINTRAELECOL Collective Labour Agreement

The Collective Agreement signed with the major union SINTRAELECOL, in article 65, provides the obligation to create a particular commission composed of Group and union representatives, in order to prepare a new position structure for the Group and which should take into account the following considerations:

1. Revision of the appointment of positions of the Collective Bargaining Agreement.
2. Review job descriptions.
3. Transfer of requirements.
4. Assessment of work positions HAY methodology (external consulting support hired by the Group).
5. Structure of positions, salaries and mobility.

This obligation was closed by means of an non-bargaining act signed by the parties on 8 June 2020, in full compliance with the provisions of the collective bargaining standard and thus favouring all the workers benefiting from the Collective Bargaining Agreement as of 1 July 2020.

17. Other non-financial liabilities

	As of 31 December 2020	As of 31 December 2019
Prepayments for energy sales (1)	$ 64.063.042	$ 26.396.175
Taxes other than income tax (2)	25.537.583	30.673.087
Deferred income	3.818.047	3.862.765
Total	**$ 93.418.672**	**$ 60.932.027**

(In thousands of pesos)

(1) The variation for the period corresponds to the increase in the advance payment for energy purchases for $ 37,666,867, mainly with CARIBE MAR DE LA COSTA S.A.S E.S.P and AIR-E S.A.S E.S.P. See note 20.

(2) As of 31 December 2020, taxes other than income tax correspond to:

	As of 31 December 2020		As of 31 December 2019	
Provision for payment of taxes (i)	$	16.909.524	$	22.329.524
Land taxes, municipal and related contributions (ii)		8.628.059		8.343.563
	$	**25.537.583**	**$**	**30.673.087**

(*) The variation of the period corresponds to a decrease in withholdings and self-withholdings practiced by ($ 5,419,999) and for land taxes, municipal and related contributions, an increase of $ 284,495

18. Net deferred taxes

The detail of deferred tax assets, as of Deceber 31, 2020 is as follows:

	Inicial Balance as of December 31, 2019		Increase (Decrease) for deferred taxes in Income Statement	Final balance as of 31 December 2020
Depreciation of property, plant and equipment	2.727		(1.772)	955
Deferred tax assets	**2.727**		**(1.772)**	**955**
Difference in exchange	(7.572)		7.572	-
Deferred tax liabilities	**(7.572)**		**7.572**	**-**
Net deferred tax assets	**$ (4.845)**	**$**	**5.800**	**955**

The recovery of deferred tax asset balances is dependent on the realization of sufficient taxable income in the future. Management believes that future earnings projections cover what is necessary to recover these assets.

The detail of deferred tax liabilities, net (Emgesa S.A. E.S.P.) as of December 31, 2020 is as follows:

		Initial Balance as of 1 January 2020		Increase (Decrease) due to deferred taxes through profit or loss		Increase (Decrease) due to deferred taxes through other comprehensive income		Final balance as of 31 December 2020
Other provisions (1)	$	13.469.424	$	(2.840.092)	$	–	$	10.629.332
Defined contribution obligations		9.836.972		199.692		(11.732)		10.024.932
Deferred tax assets	**$**	**23.306.396**	**$**	**(2.640.400)**	**$**	**(11.732)**	**$**	**20.654.264**
Excess of tax depreciation on book value (2)		(189.102.507)		(50.015.887)		–		(239.118.394)
Forward and swap		(2.459.527)		–		2.999.382		539.855
Deferred tax liabilities		**(191.562.034)**		**(50.015.887)**		**2.999.382**		**(238.578.539)**
Net tax deferred liabilities	**$**	**(168.255.638)**	**$**	**(52.656.287)**	**$**	**2.987.650**	**$**	**(217.924.275)**

(1) of 31 December 2020, the detail of deferred tax assets for other provisions corresponds to:

		Initial Balance as of 1 January 2020		Increase (Decrease) due to deferred taxes through profit or loss		Final balance as of 31 December 2020
Provisions of works and services	$	9.089.573	$	(2.042.045)	$	7.047.528
Provision labour obligations		2.173.952		(618.833)		1.555.119
Provision quality compensation		762.914		77.370		840.284
Others		472.986		(472.986)		-
Provision for uncollectible accounts		969.999		(417.172)		552.827
Provision for industry and trade		–		633.574		633.574
	$	**13.469.424**	**$**	**(2.840.092)**	**$**	**10.629.332**

(In thousands of pesos)

(2) The excess of fiscal depreciation over the book value arises because:

- Assets classified or belonging to the Quimbo project have special treatment: Assets in 2016 were depreciated based on the useful life classified according to the type of asset following the regulations effective until that year. For 2017, despite that the reform (Act 1819 of 2016) established new rates for depreciation, the assets that belong to Quimbo will continue using the previous rates, as this project has legal stability.
- Assets on which accelerated depreciation was applied with the reducing balance method.
- Other assets are depreciated by straight-line depreciation.
- As of 2017, for assets acquired as new or that are activated, their accounting useful life will be taken into account, unless it is not greater than the useful life set out in Act 1819 of 2016.

The deferred tax as of 31 December 2020 by rate is presented below:

	2021 Income	2022 Income onwards
Fixed assets	–	(1.069.931.210)
Provisions and estimated liabilities	19.358.237	283.259.861
Defined contribution obligations	–	33.416.436
Portfolio	–	1.842.754
	19.358.237	(751.412.159)
Income tax rate	31%	30%
Income tax	6.001.053	(225.423.648)
Occasional earnings	8.647.463	
Rate	10%	
Tax	864.746	
Fixed assets	1.267.148	
Provisions and estimated liabilities	50%	
Defined contribution obligations	633.574	
Total deferred tax credit	**(217.924.275)**	

The recovery of the balances of deferred tax assets depends on obtaining sufficient taxable earnings in the future. Management considers that the projections of future earnings cover what is necessary to recover these assets.

The breakdown for deferred tax liabilities as of 31 December 2019 is provided below:

	Initial Balance as of 1 January 2019	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income	Final balance as of 31 December 2019
Other provisions (1)	$ 24.278.572	$ (10.809.148)	$ –	$ 13.469.424
Defined contribution obligations	7.803.697	(181.135)	2.214.410	9.836.972
Deferred tax assets	**$ 32.082.269**	$ (10.990.283)	$ 2.214.410	**$ 23.306.396**
Excess of tax depreciation on book value (2)	(130.478.393)	(58.624.114)	–	(189.102.507)
Forward and swap	(2.037.561)	–	(421.966)	(2.459.527)
Deferred tax liabilities	**(132.515.954)**	(58.624.114)	(421.966)	**(191.562.034)**
Net tax deferred liabilities	**$ (100.433.685)**	$ (69.614.397)	$ 1.792.444	**$ (168.255.638)**

(In thousands of pesos)

Net tax as of December 31, 2019:

	Inicial Balance as of 31 January 2019	Increase (Decrease) for deferred taxes in Income Statement	Increase (Decrease) for deferred income taxes in other comprehensive income	Ending balance as of December 31, 2019
Depreciation and inflation adjustments of property, plant and equipment	$ 4.554	$ (1.827)	$ –	$ 2.727
Other provisions (1)	24.278.871	(10.817.019)	–	13.461.852
Defined contribution obligations	7.803.697	(181.135)	2.214.410	9.836.972
Deferred tax assets	**$ 32.087.122**	**$ (10.999.981)**	**$ 2.214.410**	**$ 23.301.551**
Excess of tax depreciation over book value (2)	(130.478.393)	(58.624.114)	–	(189.102.507)
Forward and swap	(2.037.561)	–	(421.966)	(2.459.527)
Deferred tax liabilities	**(132.515.954)**	**(58.624.114)**	**(421.966)**	**(191.562.034)**
Deferred tax liabilities, net	**$ (100.428.832)**	**$ (69.624.095)**	**$ 1.792.444**	**$ (168.260.483)**

(1) As of 31 December 2019, the detail of deferred tax assets for other provisions corresponds to:

	Initial Balance as of 31 December 2018	Increase (Decrease) due to deferred taxes through profit or loss	Final balance as of 31 December 2019
Provisions of works and services			
Provision labour obligations	7.604.375	1.485.198	9.089.573
Provision quality compensation	1.189.091	984.861	2.173.952
Others	1.953.648	(1.190.734)	762.914
Provision for uncollectible accounts	487.767	(22.353)	465.414
	$ 24.278.871	**$ (10.817.019)**	**$ 13.461.852**

(2) The excess of fiscal depreciation over the book value arises because:

- Assets classified or belonging to the Quimbo project have special treatment: Assets in 2016 were depreciated based on the useful life classified according to the type of asset following the regulations effective until that year. For 2017, despite that the reform (Act 1819 of 2016) established new rates for depreciation, the assets that belong to Quimbo will continue using the previous rates, as this project has legal stability.
- Assets on which accelerated depreciation was applied with the reducing balance method.
- Other assets are depreciated by straight-line depreciation.
- As of 2017, for assets acquired as new or that are activated, their accounting useful life will be taken into account, unless it is not greater than the useful life set out in Act 1819 of 2016.

The deferred tax as of 31 December 2019 by rate is presented below:

	2020 Income	2021 Income	2022 Income
Fixed assets	$ 5.536	$ 3.082	$ (639.073.538)
Provisions and estimated liabilities	23.034.835	(161.455)	14.886.803
Defined contribution obligations	-	-	32.789.898
Portfolio	1.539.681	1.539.681	-
	$ 24.580.052	**$ 1.381.308**	**$ (591.396.837)**
Income tax rate	32%	31%	30%
Income tax	**$ 7.865.617**	**$ 428.205**	**$ (177.419.051)**
Occasional earnings	8.647.463		
Rate	10%		
Tax	864.746		
Total deferred tax liabilities	**$ (168.260.483)**		

(In thousands of pesos)

The recovery of the balances of deferred tax assets depends on obtaining sufficient taxable earnings in the future. Management considers that the projections of future earnings cover what is necessary to recover these assets.

19. Equity

Capital

The authorised capital is comprised of 286,762,927 shares with a par value of $4,400 each. The subscribed and paid-in capital is represented by 127,961,561 common shares and 20,952,601 shares with preferred dividends, for a total of 148,914,162 shares with a par value of $4,400, distributed as follows:

Shareholding structure as of 31 December 2020 and 2019:

Shareholders	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
	(%) Interes	Number of shares	(%) Interest	Number of shares	(%) Interest	Number of shares
Grupo Energía Bogotá S. A. E.S.P. (1)	43,57%	55.758.250	100%	20.952.601	51,51%	76.710.851
Enel Américas S.A.	56,42%	72.195.996	-%	-	48,48%	72.195.996
Other minority shareholders	0,01%	7.315	-%	-	0,01%	7.315
	100%	**127.961.561**	**100%**	**20.952.601**	**100%**	**148.914.162**

(1) Of the total shares of Grupo Energía de Bogotá S.A. E.S.P., 20,952,601 shares correspond to non-voting shares with a preferred dividend of US $0.1107 (*) per share.

Preferred shares do not grant a right to receive a guaranteed total fixed dividend, just as they have no date set for their redemption.

(*) Full figure expressed in USD

Distribution of dividends

The General Shareholders' Meeting of 25 March 2020 according to Minutes No. 103, ordered the distribution of profits and payment of dividends based on the 2019 net income for $871,166,400, which will be paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend, on 20 May 2020; 37% on 15 October 2020 and 25% on 20 January 2021.

The General Shareholders' Meeting of 26 March 2019, according to Minutes No. 102, ordered the distribution of dividends for $720,633,737, paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend on 22 May 2019; 37% on 17 October 2019; and 25% on 15 January 2020.

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 that 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 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 Group.

On December 12, 2017, a public draw for arbitrators was held for the arbitration court; however the parties wish to choose their own arbitrators as indicated in the Investment Framework Agreement (AMI).

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.

Along with the development of the Tribunal and specifically in the last quarter of 2020, negotiation tables were held between shareholders in order to resolve their differences. As a result, on 29 January 2020, Enel Américas signed a new framework agreement of investment with Grupo Energía Bogotá. The main agreements reached include the integration of the renewable business to their joint investments, the definition of new corporate governance rules more in line with the new objectives and opportunities of this stage and the parties would propose conciliation agreements to terminate the existing arbitration claims. between them.

In the evidentiary phase that occurred between October 2019 and November 2020, testimonies were received, a judicial inspection was carried out on Enel Américas, there was an exhibition of documents from CODENSA, EMGESA, EGP COLOMBIA, ENEL AMERICAS, more than 10 expert opinions and their response hearings, among other evidence.

On 4 December 2020, the evidentiary stage was closed, establishing a term to present the final arguments of the parties, set for 10 February 2021.

This process is attended directly by the lawyers of Enel Américas. Taking into account the final allegations stage of the process currently in progress, preceded by a settlement to end this litigation, the contingency is qualified as remote. Management considers that this situation does not affect the financial statements as of 31 December 2020.

Arbitration Tribunals of Grupo Energía Bogotá SA ESP versus Emgesa S.A. E.S.P.

There are 20 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá S.A. E.S.P. against the Group, 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, these involve the decisions taken regarding operations with related economic companies of high impact for the business.

By order dated 21 June 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, only one arbitration will be carried out by Emgesa S.A. E.S.P. On 18 March 2020, Emgesa S.A. was notified E.S.P. about the admission of the reform to the lawsuit filed by GEB, which implies that we must answer within a period of no more than ten days.

After giving response to the reform of the demand, the parties by common agreement requested the suspension of the process until 3 May 2021, since the shareholders are holding working groups to resolve their differences. If the result is favourable, this will allow the termination of these arbitration procedures.

The minutes challenged by Grupo Energía de Bogotá to date are the following:

(In thousands of pesos)

- Minutes No. 451 of 14 December 2017
- Minutes No. 452 of 23 January 2018
- Minutes No. 453 of 21 February 2018
- Minutes No. 454 of 20 March 2018
- Minutes No. 455 of 24 April 2018
- Minutes No. 456 of 22 May 2018
- Minutes No. 457 of 20 June 2018
- Minutes No. 458 of 17 July 2018
- Minutes No. 459 of 21 August 2018
- Minutes No. 460 of 25 September 2018
- Minutes No. 462 of 23 October 2018
- Minutes No. 463 of 22 November 2018
- Minutes No. 464 of 19 December 2018
- Minutes No. 465 of 22 January 2019
- Minutes No. 466 of 20 February 2019
- Minutes No. 467 of 20 March 2019

Reserves

	As of 31 December 2020		As of December 2019	
Legal Reserve (1)	$	327.611.157	$	327.611.157
Reserve (Art. 130 Tax Code) (2)		223.904.394		232.564.241
Other Reserves		178.127		178.127
	$	**551.693.678**	**$**	**560.353.525**

(1) In accordance with the Colombian Law, the Group must transfer at least 10% of the year's profit to a legal reserve, until it equals 50% of the subscribed capital. This reserve is not available for distribution, however, it can be used to absorb losses.

(2) The General Shareholders' Meeting of 25 March 2020, according to Minutes No. 103, ordered the reversal of the tax reserve for $8,659,847, as a result of a higher accounting than fiscal depreciation of the assets as of 31 December 2019. In the years 2014 to 2016 the reserve was created, which was established in Article 130 of the Tax Code, which was then repealed by Act 1819 of 2016.

Earnings per share

Basic earnings per share are calculated as the quotient between the net income for the period attributable to the Group's shareholders and the weighted average number of ordinary shares outstanding during said period, once the preferred dividends have been distributed corresponding to 20,952,601 shares of Grupo Energía Bogotá SA E.S.P. as of 31 December 2020. Preferred dividends are worth US $ 0.1107 per share (*).

(*) Full figure expressed in USD.

(In thousands of pesos)

20. Revenues from Ordinary Activities and Other Revenues

Revenue from contracts with customers

		For the year ended 31 December 2020		For the year ended 31 December 2019
Sale of Energy (1)	$	4.166.550.763	$	3.982.801.268
Sale of Gas (2)		81.045.223		86.875.080
Certificate sales		132.267		-
Total income from ordinary activities		**4.247.728.253**		**4.069.676.348**
Other revenue (3)		33.574.315		21.890.628
Total revenue from ordinary activities and other revenue	**$**	**4.281.302.568**	**$**	**4.091.566.976**

(1) The variation in energy sales as of 31 December 2020 for $ 183,749,495 is presented by the increase in the unit price (238 COP / kWh in 2020 vs. 217 COP / kWh in 2019), price effect of $ 365,209,097 , mainly in contracts at a fixed price for arrears of Hidroeléctrica Ituango; partially offset by a lower selling effect of (-837GWh) of ($ 181,459,602) due to lower demand from the Unregulated Market (COVID19) and lower hydraulic generation.

(2) Gas sales show a decrease compared to 2019 by $ 5,829,857, mainly due to lower supply sales of 1,049,849 Mbtus; due to the fact that the clients of the unregulated market did not present consumption in periods of mandatory quarantine.

(3) Other revenue increased by $ 11,374,173, mainly represented by a penalty associated with compensation for damages associated with equipment at the El Quimbo hydroelectric plant for $ 12,506,434 and the estimate of the expected margin for the sale of carbon credit certificates taking as reference the validity of the issue and the trading options for $ 15,127,302; compensated with the settlement corresponding to the insurance compensation for the El Quimbo hydroelectric power plant for ($ 16,010,050) received in June 2019.

Negative Reconciliations CREG Resolution 176 of 2015

On 26 February 2016 the Group filed a pre-judicial reconciliation application before the Attorney General's Office in order for the Commission for the Regulation of Energy and Gas (CREG) to review negative reconciliations issued in October 2015, taking into account that the Group considers that such reconciliation should be made in accordance with the conditions in CREG Resolutions 034/2001, 159 and 168/2015, so that they are not issued with retroactive effects, as the methodology under the new CREG Resolution 176/2015 can only have effects to the future, i.e., from 28 October 2015, when they were published. The amount of claims related to the restoration of the violated right and compensation for damages is $100,410,738.

The XM market manager, through a letter filed on 22 February of 2016, declared that the Group's disagreement regarding article 1 of CREG Resolution 176/2015 was well-founded; however, it failed to indicate manners, dates, or amounts according to which the adjustments would be applied to the 2016 billing. Before making any adjustment, the CREG issued Resolution 043/2016, which clarifies that the settlements that Resolution 176/2015 corrects are those made from 20 September to 28 October 2015, closing any possibility of XM to make adjustments and reaffirm the retroactive effect of the aforementioned resolution.

The Group files a nullity claim with reinstatement of the right against CREG and XM S.A. E.S.P. on 24 May 2016, properly admitted on 2 September, requesting annulment of CREG Resolution 176 of 2015 and 043 of 2016 and as restoration, payment of $100,410,738 that corresponds to the value the Group had to assume as a result of negative reconciliations. The claim was admitted, notified and answered by the Commission for the Regulation of Energy and Gas on 17 April 2017.

On 9 June 2017, the reform of the lawsuit filed by the Group was admitted, in which XM S.A. E.S.P. is excluded as defendant since it was deemed that the error came from the CREG, addressing only against this entity. This will allow obtaining a decision in less time, approximately 5 years for first and second instance. On 5 July 2017, the reform of the demand was answered by the CREG. The Administrative Court of Cundinamarca fixed the hearing date on 6 December 2017, where the evidence requested by the parties was ordered.

(In thousands of pesos)

On 18 April 2018, an evidentiary hearing was held where the testimonies requested by the parties were heard. On 4 May 2018, the final arguments were presented and the process entered the Magistrate's Office for judgment.

As of 31 December 2020, there is no additional update.

Disaggregated revenue from contracts with customers

The Group obtains its revenue from contracts with customers, for the transfer of goods and/or services which are satisfied over time or on a point in time and are disaggregated by market based on where these goods and/or services are supplied.

These revenues are generated in Colombia.

			For the year ended 31 December 2020		For the year ended 31 December 2019
Categories	***Fulfilment of performance obligations***				
Sale of Energy Wholesale Market	*- Over time*	$	2.352.226.486	$	2.193.763.445
Sale of Energy Non-regulated Customers	*- Over time*		1.301.972.653		1.369.108.743
Sale on Energy Exchange	*- Over time*		512.351.624		419.929.080
Total Sale of Energy			**4.166.550.763**		**3.982.801.268**
Sale of Gas	*- Over time*		81.045.223		86.875.080
Total Sale of Gas			**81.045.223**		**86.875.080**
Certificate sales			132.267		-
Total Sales of renewable energy certificates			**132.267**		**-**
Other revenues	*- Over time/on a point in time*		33.574.315		21.890.628
Total other revenue				**$**	**21.890.628**
Total revenues and other operating revenues		**$**	**4.281.302.568**	**$**	**4.091.566.976**

Contract assets and liabilities

Contract assets: The Group has no contract assets, since the goods and/or services provided to customers that have not yet been invoiced generate an unconditional right to the consideration by customers, since only the passage of time is required in the enforceability of payments by customers, and the Group has fulfilled all performance obligations.

Contract liabilities: The Group presents the contract liabilities in the statement of financial position, in the item of other current non-financial liabilities (see Note 17). Contract liabilities reflect the Group's obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.

The contract liabilities by Category are shown below:

		As of 31 December 2020		As of 31 December 2019
-Wholesale customers	$	48.621.352	$	13.513.912
-Non-regulated customers		15.441.690		12.882.263
	$	**64.063.042**	**$**	**26.396.175**

Fulfilment of performance obligations

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.

> **Sale of Energy Non-regulated Customers, Wholesalers and Stock Market.**

The fulfilment of performance obligations is carried out over time, since customers simultaneously receive and consume the benefits from the provision of energy supplied by the Group.

> **Sale of Gas**

As in the sale of energy, the fulfilment of performance obligations is carried out over time since the Group is entitled to payment in the event that the contract is terminated for the supply of gas.

> **Other revenues**

Other revenues present performance obligations fulfilled over time, as customers receive and consume simultaneously the goods and/or services undertaken with customers. Some examples of revenues recognised over time are mainly deviations from trading and energy backup in the secondary market and sale of carbon credits.

Performance obligations fulfilled on a point in time are those that do not meet the requirements to be fulfilled over time. Some performance obligations satisfied on a point in time presented in this category correspond to the supply of goods.

Performance Obligations

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.

The performance obligations associated with the categories are the following:

Category	Performance obligations	Description
Sale of Energy Wholesale Market	- Sale of electrical energy	- Corresponds to the supply of energy to customers in the wholesale market
Sale of Energy Non-regulated Market	- Sale of electrical energy	- Corresponds to the supply of energy to customers in the non-regulated market
Sale in Energy Exchange	- Sale of energy - Other complementary services - Security dispatch	- Corresponds to the supply of energy through the XM system manager
Sale of Gas	- Supply of gas and/or transportation	- Corresponds to the supply of gas at wellhead, interruptible industrial NRM, to customers of this market
Other Revenues	- Commissions and sale of other goods Carbon Credits	- Corresponds to sales, management and maintenance operations of other items outside the core of the business. - Corresponds to the reduction of CO_2 emissions made by the Group that can be certified.
	- Reliability charge	- Corresponds to revenues received for excess of firm energy, to support the unavailability of third-party power plants.

Significant judgments in the application of the standard

> **Sale of Energy and Gas**

The Group supplies energy and gas to customers in the wholesale, non-regulated, exchange and gas markets. Revenue is recognised when the control of the committed goods and/or services is transferred to customers. There is no obligation of unfulfilled performance of the goods and/or services transferred to the customers, since the Group is certain that it has fulfilled all the criteria of acceptance by the customers, insofar as they have the capacity to redirect the use of the goods and/or services obtained and obtain substantially the benefits associated to them.

> **Significant financial component**

The Group does not have a significant financial component in the supply of its goods and/or services, given that the consideration received with customers is fixed, without there being any change in it due to future events. In addition, the entity has no instalment sales of goods and/or services to customers.

> **Calendar of fulfilment of performance obligations**

For performance obligations fulfilled over time, the method of measuring the progress of fulfilment of performance obligations is performed by the product method, because the Group is entitled to receive as consideration from customers the value of the goods and/or services provided to customers, up to the date of their provision.

(In thousands of pesos)

> **Revenues recognised as contract liabilities**

The Group recognises contract liabilities as revenues, to the extent that they fulfil the performance obligations.

> **Assets recognised for obtaining or fulfilling contracts with clients**

The Group does not present costs for obtaining or fulfilling contracts, so it does not have assets associated with this item.

21. Provisioning and Services

		For the year ended 31 December 2020		For the year ended 31 December 2019
Energy purchases (1)	$	664.455.006	$	686.479.986
Energy transport costs (2)		467.953.997		456.232.074
Other variable provisioning and services (3)		132.922.170		131.986.172
Taxes associated with the business (4)		110.066.221		94.087.117
Fuel consumption (5)		81.534.567		93.427.675
Purchase and use of gas		65.411.750		65.540.178
	$	**1.522.343.711**	**$**	**1.527.753.202**

(1) The variation as of 31 December 2020 of ($ 22,024,980) corresponds to higher purchases (+ 320GWh) for $ 65,164,855; offset by a lower price of ($ 87,189,835).

(2) The variation as of 31 December 2020 for $ 11,721,923 corresponds to regulated charges derived from the increase in the rates of STR (regional transmission system), SDL (local network system), ADD (distribution areas) and CPROG (cost efficient loss reduction program).

(3) Taxes associated with the business:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Contribuciones y Regalías Ley 99 de 1993 (a)	93.199.756	94.593.829
Fondo Solidaridad Reforma Ley 633 (b)	29.357.535	30.094.529
Otros impuestos locales asociados al negocio	7.168.788	4.449.419
Impuesto de Industria y Comercio	3.196.091	2.848.395
	132.922.170	**131.986.172**

(a) In accordance with Act 99 of 1993, the Group is obligated to make transfers for basic sanitation and environmental improvement projects to the municipalities and autonomous regional corporations, equivalent to 6% of the gross sales of energy by own generation in the hydraulic power plants, and 4% in thermal power plants, according to the rate set out by the The Commission for the Regulation of Energy and Gas (CREG) for block sales.

(b) According to Act 633 of 2000, the Financial Support Fund for the Energisation of Non-Interconnected Areas - FAZNI is a fund whose resources are allocated in accordance with the law and with the energisation policies for non-interconnected areas, as determined by the Ministry of Mines and Energy, to finance plans, programs and/or prioritised investment projects for the construction and installation of the new electrical infrastructure and for the replacement or rehabilitation of the existing one, for the purpose of expanding the coverage and seeking the satisfaction of energy demand in the non-interconnected areas.

The generators pay the FAZNI according to the monthly generation of its plants dispatched centrally and run-of-the-river, at the applicable annual rate. The corresponding values are collected by the wholesale energy market and sent to the Ministry of Finance and Public Credit.

(In thousands of pesos)

(4) Other variable provisioning and services:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Restrictions (a)	$ 46.630.227	$ 51.097.203
Contributions Regulating Entities (b)	23.935.188	3.567.578
Cost CND, CRD, SIC	18.528.165	17.476.415
Other generation support services	10.737.183	12.881.362
Secondary Market Reliability Charge (b)	10.114.602	8.930.521
Reading services	120.856	134.038
	$ 110.066.221	**$ 94.087.117**

(a) As of 31 December 2020, there is a lower cost of restrictions for ($ 4,466,976); potentiated by higher stock price for 2020, given by hydrological conditions of the system.

(b) (The contribution to regulatory entities shows an increase as of 31 December, since article 85 of Act 142 of 1994, as amended by article 18 of Act 1955 of 2019 and article 23 paragraph 9 of Decree 990 of 2002, authorized the Superintendency of Household Public Utilities to settle and collect annually a special contribution from the entities subject to its inspection, surveillance and control to recover the costs incurred. Article 314 of Act 1955 of 2019 established a contribution additional to article 85 of Act 142 of 1994, intended to strengthen the Business Fund of the Superintendency of Household Public Utilities. This variation in the calculation of the special contribution and the collection of the additional contribution originates the variation in the cost of contributions to regulatory entities for $ 20,367,610.

(5) The variation as of 31 December 2020 for $ 11,893,108 corresponds to the decrease in consumption of liquid fuel for the generation of the Cartagena Power Plant for ($ 17,024,968) and the increase in coal consumption for the Termozipa Power Plant for $ 5,131,860.

22. Personnel Expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Wages and salaries (1)	$ 84.535.145	$ 84.039.762
Social security service and other social charges	21.765.351	20.335.651
Other personnel expenses (2)	7.575.625	19.400
Expenses for post-employment benefits obligation (3)	1.583.230	679.899
	$ 115.459.351	**$ 105.074.712**

(1) Wages and salaries for 2020 and 2019 are made up of the following items:

Description	For the year ended 31 December 2020	For the year ended 31 December 2019
Salary	$ 53.545.540	$ 51.121.439
Bonuses	12.128.684	17.089.101
Vacation leaves	6.152.508	5.753.564
Service bonus	4.851.796	4.899.238
Severance pay	3.969.917	2.849.499
Amortisation Employee Benefits	3.886.700	2.326.921
Total wages and salaries	**$ 84.535.145**	**$ 84.039.762**

(2) The variation corresponds mainly to the recognition of the Transition Fund provision, which consists of optimizing the workforce and processes through automation and digitization in the different areas and lines of business of the Group. The value of the provision established was $ 7,575,625 for three years, with a discount rate on long-term flows of 4.10%.

(In thousands of pesos)

(3) In 2020, the Group recorded by actuarial calculation, the financial cost of severance pay and five-year terms for $ 1,583,230 and in 2019 the Group recorded a post-employment benefit expense for $ 679,899 corresponding to special five-year premiums.

23. Other Fixed Operating Expenses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Independent professional services, outsourced and others (1)	$ 51.140.105	$ 43.743.763
Other supplies and services	38.117.277	39.431.393
Taxes and contributions (2)	27.822.601	3.547.689
Insurance premiums	26.091.763	23.810.152
Repairs and conservation	18.291.690	20.924.974
Leases and fees	1.343.676	782.533
Transportation and travel expenses	790.638	2.358.165
	$ 163.597.750	**$ 134.598.669**

(1) Below is the breakdown of independent professional services, outsourced and others:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Other management and operation contracts	$ 14.867.505	$ 13.609.274
Fees	14.617.213	9.417.777
Software development services and computer applications	14.470.693	10.659.351
Telemetry service	4.660.395	6.801.761
Expat expenses	2.524.299	3.255.600
	$ 51.140.105	**$ 43.743.763**

(2) Corresponds mainly to the recognition of the sanctions of the following items: correction income 2016 - 2019, ruling in second instance process income 2003 and contingency contracts abroad.

24. Depreciation, Amortisation and Impairment Losses

	For the year ended 31 December 2020	For the year ended 31 December 2019
Depreciations (See Note 12) (1)	$ 224.012.801	$ 228.590.051
Amortisations (See Note 11)	21.492.562	13.640.826
Depreciations and amortisations	**245.505.363**	**242.230.877**
Impairment of financial and non-financial assets (2)	1.215.957	455.677
	$ 246.721.320	**$ 242.686.554**

(1) As of 31 December 2020, there is a decrease in depreciation with respect to 2019, mainly due to the write-offs made in 2020 associated with different classes of assets; in which the depreciation and / or amortization expense is affected as follows: buildings, machinery and other goods ($ 6,540,158) and thermal power plants ($ 1,608,086). On the other hand, the hydroelectric plants presented an increase in depreciation for $ 3,089,718 and assets in renting for $ 481,276.

(2) As of 31 December 2020, corresponds to impairment of financial assets, mainly due to the calculation under IFRS 9 for the credit loss expected from the commercial portfolio determined by the simplified individual model, generating an impairment recovery of ($969,872), and the collective model applied to other non-financial assets, generating an impairment expense of $2,184,879.

(In thousands of pesos)

25. Net Financial Income

		For the year ended 31 December 2020		For the year ended 31 December 2019
Revenue from cash and cash equivalents (1)	$	14.030.756	$	15.468.945
Interest on accounts receivable		4.404.026		3.143.658
Interest for customer financing		874.073		1.068.330
Interest for associate financing		899.408		852.038
Financial revenues		**20.208.263**		**20.532.971**
Financial obligations (2)		(205.662.766)		(258.505.119)
Default interest taxes (3)		(41.634.282)		0
Other financial costs (4)		(25.873.262)		(22.539.474)
Tax on movement of funds		(10.278.707)		(11.454.481)
Obligation for post-employment benefits (5)		(5.285.453)		(5.923.573)
Financial expenses IFRS 16		(847.124)		(872.893)
Finance lease		(16.163)		(76.057)
Financial expenses		**(289.597.757)**		**(299.371.597)**
Capitalised financial expenses (6)		8.112.313		13.566.737
Net financial expenses		(281.485.444)		(285.804.860)
Revenues from realised exchange difference (7)		20.611.353		26.824.101
Expense for unrealised exchange difference (7)		(19.811.723)		(27.252.614)
Net exchange difference		799.630		(428.513)
Total net financial income	**$**	**(260.477.551)**	**$**	**(265.700.402)**

(1) Corresponds mainly to financial returns of national currency of deposits and investments in different financial entities supervised and controlled by the Colombian Financial Superintendence. The variation of 2019 corresponds mainly to:

The Colombian Central Bank began the year with an intervention rate of 4.25%, to mitigate the impact on the country's economy due to the effect of the pandemic, it made the decision to gradually lower it until October at 1.75% and thus maintained for the rest of 2020.

(2) Financial obligations as of 31 December 2020 correspond to interest on the bonds issued and generated under the Group's programme for the issuance and placement of bonds, as follows:

Operation		Value
Bonds issued	$	205.662.767
Total expenses of financial obligations	**$**	**205.662.767**

Financial obligations as of 31 December 2019 correspond to interest on the bonds issued and generated under the Group's programme for the issuance and placement of bonds, as follows:

Operation		Value
Bonds issued	$	250.230.991
Club Deal		8.274.128
Total expenses of financial obligations	**$**	**258.505.119**

(In thousands of pesos)

(3) The variation corresponds to the interest generated in the CREE corrections for the year 2019, income tax for the years 2003, 2016, 2017, 2018, 2019 and foreign contracts, as follows:

		Interest
Income tax 2003	$	28.907.685
Foreign contracts		7.357.048
Income tax 2017		3.748.355
Income tax 2016		2.728.801
CREE 2016		1.637.281
Income tax 2018		(187.834)
Income tax 2019		(2.557.054)
Total	**$**	**41.634.282**

(4) The variation corresponds to the financial expense of securitization operation for $ 3,701,098, environmental liability financial update ($ 4,124,352); impairment of accounts receivable ($ 2,580,722), financial expenses ($ 432,825) and NPV update ($ 179,376).

(5) Obligations for post-employment benefits varied with respect to the actuarial calculation in the following main items; financial cost pensions and severance payments $ 474,969, financial cost five years $ 103,186 and financial cost benefits $ 59,563.

(6) The capitalisable financial expenses in 2020 and 2019 correspond to the following projects:

The nominal annual rate for capitalisation of interest costs as of 31 December 2020 and 2019 is 6.71% and 8.21%, respectively.

As of 31 December 2020

Station	Project		Value
Thermal	Beep Others project (environmental improvement and Life Extension)	$	6.370.503
Hydroelectric	Additional works Quimbo station dam		1.741.810
	Total	**$**	**8.112.313**

As of 31 December 2019

Central	Proyecto	Valor
Thermal	Beep Others project (environmental improvement and Life Extension)	$ 8.009.090
Hydroelectric	Additional works Quimbo station dam	5.557.647
	Total	**$ 13.566.737**

(7) The origins of the effects on profit or loss due to exchange differences correspond to:

	As of 31 December 2020			
		Revenue from exchange transactions		Revenue from exchange transactions
Balances in banks	$	13.637.233	$	(15.742.948)
Other assets		434		-
Commercial accounts		(13.651)		(442.139)
Total assets	**$**	**13.624.016**	**$**	**(16.185.087)**
Accounts payable for goods and services		6.633.898		(3.450.985)
Current accounts payable to related entities		353.439		(175.651)
Total liabilities	**$**	**6.987.337**	**$**	**(3.626.636)**
Total exchange difference	**$**	**20.611.353**	**$**	**(19.811.723)**

(In thousands of pesos)

	As of 31 December 2019			
		Revenue from exchange transactions		Revenue from exchange transactions
Balances in banks	$	22.216.078	$	(24.419.915)
Commercial accounts		-		(40)
Other assets		3.112.028		(2.534.853)
Total assets	**$**	**25.328.106**	**$**	**(26.954.808)**
Accounts payable for goods and services		892.043		(255.724)
Current accounts payable to related entities		603.952		(42.082)
Total liabilities	**$**	**1.495.995**	**$**	**(297.806)**
Total exchange difference	**$**	**26.824.101**	**$**	**(27.252.614)**

26. Results in sales of assets

		For the year ended 31 December 2020		For the year ended 31 December 2019
Results in Sale of Assets	$	(1.191.079)	$	(3.359.067)
	$	**(1.191.079)**	**$**	**(3.359.067)**

As of 31 December 2020, the Group presents a net effect on the result on sale and disposal of assets for $1,191,079, corresponding to: i) write-offs with an effect on loss for ($ 1,571,063) between the Hydraulic Power Plants ($ 355,004), Thermal power plants ($ 840,985), and vehicles leased for termination of the contract for $ (375,074). ii) Disposals with an effect on profit for $ 379,984, which are due to properties of hydraulic power plants.

27. Income tax expense

The provision through profit or loss for income tax and income surcharge consists of the following:

		For the year ended 31 December 2020		For the year ended 31 December 2019
Current income tax	$	604.162.857	$	525.594.785
Tax on occasional earnings		37.021		50.411
Current income tax against equity		469.308		(327.825)
Industry and Trade tax discount and donations		(2.258.869)		(1.078.964)
Current income tax from previous years (1)		42.666.414		(2.465.355)
Total current tax	**$**	**645.076.731**	**$**	**521.773.052**
Deferred income tax from previous years (1)		(3.216.528)		246.321
Deferred tax movement		55.867.015		69.368.076
Total deferred tax		**52.650.487**		**69.614.397**
Income tax expense	**$**	**697.727.218**	**$**	**591.387.449**

Until 2016 a reserve was set up for accelerated depreciation through profit or loss of 31 December 2016, in compliance with the provisions of article 130 of the Tax Code in force up to that time, affecting each year's profits, up to a total amount of $241,806,481. Bearing in mind that for fiscal purposes, the reducing balance method for depreciation has been used as of 2014, and for accounting purpose the straight-line system will continue to be used. From 2017, taking into account that Article 130 of the Tax Code was repealed by the tax reform Act 1819 of 2016, each asset began to be analysed. The reserve is reversed for assets for which the accounting depreciation begins to match and/or becomes greater than the fiscal depreciation, releasing $8,659,848 for the Meeting of March 2020, leaving a reserve balance of $223,904,394.

(In thousands of pesos)

(1) The income tax of previous years consists of:

(a) 2019 income adjustment value of $42,666,414, which corresponds to the differences between:

- The provisioned value and the actual expense of the income statement for the taxable year 2019.
- Corrections income tax 2016 to 2019.
- Second instance ruling of income tax 2003.
- Contingency due to the non-registration of contracts with the DIAN.

(b) Value of deferred tax for difference in provisions and actuarial calculation of $3,216,528.

Below is the reconciliation between the income tax that would result from applying the current general tax rate to "earnings before taxes" and the expense recorded for the aforementioned tax in the consolidated income statement as of 31 December 2020:

Effective tax rate reconciliation		As of 31 December 2020		As of 31 December 2019
Profit for the period	$	1.283.908.550	$	1.232.152.218
Income tax expense (revenue)		697.727.218		591.387.449
Earnings (loss) before tax	**$**	**1.981.635.768**	**$**	**1.823.539.819**
Legal rate of current tax		32%		33%
Tax according to current legal rate	**$**	**(634.123.446)**	**$**	**(601.768.140)**
Permanent differences:				
Income tax adjustment previous year (1)		(42.666.414)		2.219.035
Other permanent differences (2)		(24.763.591)		(64.688)
Non-deductible taxes (3)		(1.644.593)		(2.884.133)
Net effect movement estimated liabilities and permanent provisions		(1.606.546)		2.182.967
Non-causal and other non-deductible expenses (4)		(967.863)		(793.572)
Presumptive interest		(644)		(2.793)
Profit from the sale of fixed assets taxed with occasional earnings		81.446		50.411
Deductions for productive real fixed assets		1.692.340		2.732.090
Industry and Trade Discount and 25% Donations		2.892.443		1.078.963
Accounting depreciation value depreciation tax		3.379.650		5.862.411
Total permanent differences	$	(63.603.772)	$	10.380.691
Income tax (expense) revenue	**$**	**(697.727.218)**	**$**	**(591.387.449)**

(1) Corresponds to the adjustment of the income tax return in 2018 for $ 2,219,010 in 2019; in 2020 corresponds to the higher expense recorded in the tax accounts for the correction of income from 2016 to 2019 and the ruling in the second instance for $ 32,359,946, income adjustment for (4,662,889) and for the contingency of contracts abroad without registration with DIAN for $ 14,969,357 for a total of $ 42,666,414.

(2) Corresponds mainly to the 32% rejection of the sanction and interest of the income corrections 2016 to 2019 and second instance ruling 2003 for $ 21,105,822, and rejection of non-deductible expenses from the 2020 contract records before the DIAN for $ 2,190 .299 and other non-deductible for $ 1,653,485.

(3) Corresponds to 32% in 2020 ($ 1,644,593) and 33% in 2019 ($ 1,936,153) for the non-deductible tax on movement of funds.

(4) Corresponds to 33% provisions for non-deductible expenses for $ 793,487 and rejection of Industry and Commerce expenses for $ 943,092 in 2019; in 2020 it corresponds to a 32% rejection of the expenditure of Industry and commerce for $ 967,863.

(In thousands of pesos)

28. Earnings per Share

The earnings per basic share are calculated dividing profit attributable to the Group shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2020, there are no common shares acquired by the Group.

		For the year ended 31 December 2020		For the year ended 31 December 2019
Profit attributable to owners	$	1.283.152.110	$	1.232.152.218
Preferred dividends (1)		7.961.522		7.601.172
Profit attributable to owners adjusted to preferred dividends		1.275.190.588		1.224.551.046
Weighted average of outstanding shares		148.914.162		148.914.162
Basic earnings per share (*)	**$**	**8.563,26**	**$**	**8.223,20**

(*) Amount expressed in Colombian pesos

(1) Out of total shares of Grupo Energía Bogotá S.A E.S.P., 20,952,601 shares correspond to shares without voting rights with an annual preferred dividend of US $0.11 per share.

29. Comprehensive Income

The breakdown of other comprehensive income is shown below:

		For the year ended 31 December 2020		For the year ended 31 December 2019
Components of other comprehensive income that will not be reclassified to net income:				
Losses on new measurements of financial instruments measured at fair value rough OCI (1)	$	(37.369)	$	(1.948.552)
Losses for new measurements of defined benefits plans (2)		(1.712.482)		(8.131.850)
Gains on cash flow hedges (4)		-		959
Other income that will not be reclassified to earnings before taxes	**$**	**(1.749.851)**	**$**	**(10.079.443)**
Components of other comprehensive income that will be reclassified to earnings before taxes:				
Losses for cash flow hedges		(1.474.375)		1.066.579
Other income that will be reclassified to earnings before taxes	**$**	**(1.474.375)**	**$**	**1.066.579**
Income tax related to components of other comprehensive income that will not be reclassified to earnings before taxes				
Gains from new measurements of defined benefit plans (3)		457.577		1.886.585
Total income taxes related to components of other comprehensive income that will not be reclassified to the period tax	**$**	**457.577**	**$**	**1.886.585**
Income tax related to components of other comprehensive income that will be reclassified to earnings before taxes				
Tax effect for cash flow hedges (5)		2.999.382		(421.966)
Total income taxes related to components of other comprehensive income that will be reclassified to the period tax	**$**	**2.999.382**	**$**	**(421.966)**
Total other comprehensive income	**$**	**232.733**	**$**	**(7.548.245)**

(1) As of 31 December 2020, corresponds to losses from the investment in Electricaribe S.A. E.S.P as a result of the valuation using the multiples method and the update of the investment in subsidiaries as a result of the implementation of the equity method.

(2) Corresponds to the effect of actuarial losses valued by the firm Aon Hewitt México. As of 31 December 2020 and 2019, actuarial losses with effect on equity are presented below:

(In thousands of pesos)

	As of 31 December 2020				As of 31 December 2019			
		Pensions and Benefits		Retroactive severance pay		Pensions and Benefits		Retroactive severance pay
Initial balance	**$**	**(27.867.394)**	**$**	**(1.624.100)**	**$**	**(22.528.415)**	**$**	**(717.814)**
Actuarial gain		(1.427.484)		(284.998)		(7.225.564)		(906.286)
Current and deferred tax		457.577		-		1.886.585		-
Final balance	**$**	**(28.837.301)**	**$**	**(1.909.098)**	**$**	**(27.867.394)**	**$**	**(1.624.100)**

The value of the losses is transferred directly to retained earnings and will not be reclassified to profit or loss.

(3) Corresponds to the effect on equity of the income tax and the deferred income tax generated by actuarial losses as of 31 December 2020 and 2019, respectively, as detailed below:

		As of 31 December 2020		As of 31 December 2019
Income tax	$	11.732	$	327.825
Deferred tax		(469.309)		(2.214.410)
Final balance	**$**	**(457.577)**	**$**	**(1.886.585)**

(4) As of 31 December 2020, it corresponds to market to market (MTM) as a result of the valuation of hedging derivatives for both forward and swap.

(5) As of 31 December 2020 and 2019, corresponds to the deferred tax related to the cash flow hedges, as detailed below:

		As of 31 December 2020		As of 31 December 2019
Deferred tax related to cash flow hedges	$	(2.999.382)	$	(421.966)
Final Balance	**$**	**(2.999.382)**	**$**	**(421.966)**

30. 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 requirements.

Summary of assets and liabilities expressed in foreign currency:

	As of 31 December 2020				
	(EUR)	(US Dollars)	(CHF Swiss Francs)		(thousands of pesos)
Cash and cash equivalents (Note 4)	-	396.368	-	$	1.360.533
Debtors	448.998	4.806.103	-		18.382.666
Accounts payable	(442.419)	(7.062.976)	-		(26.101.752)
Net (liability) position	**6.579**	**(1.860.505)**	**-**	**$**	**(6.358.553)**

	As of 31 December 2019				
	(EUR)	(US Dollars)	(CHF Swiss Francs)		(thousands of pesos)
Cash and cash equivalents (Note 4)	-	1.049.200	-	$	3.438.382
Debtors	143.686	59.491	-		723.521
Accounts payable	(7.601.402)	(8.213.119)	(1.521)		(54.883.128)
Net (liability) position	**(7.457.716)**	**(7.104.428)**	**(1.521)**	**$**	**(50.721.225)**

31. Penalties

As of 31 December 2020, the status of penalties is shown below:

There are no sanctions for regulatory breaches, specifically Act 142, Act 143 and the regulation issued by the Energy and Gas Regulation Commission, or open investigations on this issue.

Environmental penalties

a) The National Authority of Environmental Licenses (ANLA) confirmed the penalty against the Group for a value of $2,503.259, for the alleged breach of the Environmental License, in relation to the removal of the wood and biomass product of the forest use of the vessel of the reservoir of El Quimbo Hydroelectric Project. An claim for annulment and restoration of the right was filed, the claim has already been admitted.

   The allegations were presented and the process has been in office since 10 March 2020 for first instance ruling.

b) The Regional Autonomous Corporation of Upper Magdalena (CAR) decided in the appeal against Resolution No. 2239 of 29 July 2016, in which the Group was penalised for $758,864, for breach of environmental regulations, since activities were carried out without having the prior environmental permit as established by the regulation (opening of the road above the 720 level of the Quimbo Hydroelectric Project-PHEQ), the penalty was reduced to $ 492,700.

   The claim for nullity and restoration of the right was filed (judicial actions), the CAM answered the demand. After the suspension of the process declared by the Administrative Court of Huila on the account of the emergency measures due to COVID19, in the month of December 2020 the initial hearing was held and the technical testimony requested by Emgesa, the hearing Testing will continue on 20 January 2021.

c) On 12 January 2018, the Group was notified of the 4 December Resolutions No. 3567, 3568 and 3569 in which the penalties imposed by the CAM in November 2016 were confirmed in relation to resolutions 3590, 3653 and 3816 of November 2016 derived from the absence of dumping permits for the resettlements of the PHEQ project, in accordance with environmental regulations.

   As a result, the Regional Autonomous Corporation of Upper Magdalena (CAM) imposed three (3) penalties consisting of a fine of $50,670 each:

> Resolution No. 3590 of 10 November 2016, the CAM penalised the Group for not having the dumping permit of the Montea resettlement.

> A request for Nullity and Restoration of Right was filed, since 30 May 2019, the process is in court ending first instance ruling.

> Resolution No. 3653 of 10 November 2016, the CAM penalised the Group for not having the dumping permit of the Santiago and Palacios resettlement.

> A request for Nullity and Restoration of Right was filed on 21 May 2019, an unfavourable first instance ruling was issued against the Group by the Sixth Administrative Court of Neiva Huila, currently the process is being Appealed.

> Resolution No. 3816 of 10 November 2016, the CAM penalised the Group for not having the dumping permit of the La Galda resettlement.

> The claim for Nullity and Restoration of Law was filed against CAM. On 10 November 2020, the initial hearing was held and the evidence hearing was scheduled for next 27 January 2020.

(In thousands of pesos)

Tax penalties

a) Payment of interest for withholdings and self-withholdings in the municipality of Cali for $ 6 bimester VI 2019.

b) Payment of interest for withholdings in the municipality of San Antonio, for $ 166 bimester period VI 2019.

c) Penalty for ICA withholdings in the municipality of Apulo, for $ 356 taxable year 2018 plus late payment interest for $ 20.

d) Penalty for ICA withholdings in the municipality of Útica, for $ 356 taxable year 2018 plus default interest for $ 89.

e) Penalty for withholdings and self-withholdings in the municipality of Cali, for $ 178 bimester VI 2019.

f) Penalty for withholdings in the municipality of San Antonio, for $ 1,550 bimester VI 2019.

g) Penalty for late registration of the Tax Information Registry (RIT) in the municipality of Pitalito for $ 359 in 2020.

h) Penalty for ICA withholdings in the municipality of Subachoque for $ 214 bimester I 2020.

i) Payment of interest for withholdings in the municipality of Subachoque for $ 1 bimester I 2020.

j) Penalty for ICA self-withholdings of in the municipality of Santa Marta bimester I, II, III 2020 for $ 426.

k) Payment of interest for self-withholdings in the municipality of Santa Marta for bimester I, II, III 2020 for $ 6.

l) Penalty for ICA withholdings municipality of Barranquilla $ 199 July 2020.

m) Payment of default interest ICA withholdings municipality of Barranquilla $ 2 July 2020.

n) Sanction for ICA self-withholdings municipality of Cali $ 178 bimester IV 2020.

o) Payment of default interest ICA withholdings municipality of Cali $ 1 bimester IV 2020.

p) Penalty for ICA self-withholding municipality of Santa Marta $ 142 bimester IV 2020.

q) Penalty for income correction for the years 2016, 2017, 2018 and 2019 in the amount of $ 1,806,652 and default interest associated with the correction of $ 5,369,549.

r) Penalty and interest in a court ruling of second instance Income 2003 for $ 49,111,541

s) Sanction declaration of ICA withholdings municipality of Granada for $ 293,000 and default interest for $ 20

t) Penalty for late presentation of magnetic media information in the municipality of Mosquera for $ 214,000.

u) Penalty for late presentation of the ICA withholding statement of the municipality of Tunja for $ 356 and late payment of interest for $ 2.

v) Penalty for late presentation of the ICA withholding statement of the municipality of Granada month of May for $ 293 and default interest for $ 20.

32. Other Insurance

In addition to policies relative to property, plant, and equipment (see Note 11), the Group has the following policies:

Property/person insured	Risks covered	Insured amount	Expiry	Insurance Group
Employees having a direct contract with the Group	Death, total and permanent disability	Maximum individual insured amount: $1.800.000	31/01/2021	Seguros Bolívar
Advisors or directors	Civil liability of directors and managers	$ 18.580.362	10/11/2021	SBS Seguros

(In thousands of pesos)

33. Commitments and Contingencies

I. Purchase Commitments:

The Group as of 31 December 2020 has commitments to purchase electric energy (pay as contracted at current prices), natural gas, fuel oil and coal, as follows:

Period		Natural Gas		Fuel Oil		Coal		Energy		Total
2020-2023	$	130.381.030	$	70.780.605	$	50.537.577	$	167.006.952	$	418.706.164
2024-2029								91.792.739		91.792.739
Total	**$**	**130.381.030**	**$**	**70.780.605**	**$**	**50.537.577**	**$**	**258.799.691**	**$**	**510.498.903**

As of 31 December 2020, the Group has commitments to sell energy in long-term contracts for the period of 2020-2029 for $258.799.691.

The following is the summary of the commitments to purchase materials and services:

Period		Materials		Services		Total
2021	$	44.869.941	$	24.837.308	$	169.707.249
2022-2023		719.144.084		251.212.475		970.356.559
2024-2033		–		4.339.158		4.339.158
Total	**$**	**764.014.025**	**$**	**380.388.941**	**$**	**1.144.402.966**

II. Canoas Pumping Station Agreement

On 5 December 2011, the inter-institutional agreement between Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. (EAAB) and the Group, with the objective of joining forces to ensure the construction of the Canoas Pumping Station, through economic and operational contribution offered by the Group.

It is worth mentioning the importance of the aforementioned agreement for the inhabitants of the Bogota River Basin, as it contributes significantly to the financing of mega works necessary for the sanitation of the Bogota River and allows the use of water resources in the supply of electrical energy guaranteeing the reliability of the system for the electric generation; thus making compatible the process of power generation and the optimisation of water quality.

The economic contribution of the Group for this agreement amounts to $84,048,000, the value of the final disbursement will be the result of the simple indexation of the economic resources of the agreement and will be disbursed once the EAAB builds the pumping station and begins its operation.

The agreement is valid for 27 years from date of execution and until the Group retains the status of user of the waters of the Bogota River by virtue of the water concession granted by the CAR. This may be extended by agreement of the parties provided there are reasonable grounds.

In November 2018, the EAAB carried out the process of awarding the designs and construction of the pumping station, which according to the schedule will start in March 2019 with a duration of 44 months. The Group will participate in the technical tables starting from the beginning of the detail and construction engineering contract. Once the construction, installation and start-up of the pumping station are completed and the equipment tests are carried out, the Group will receive the Pumping Station to operate and maintain it.

In 2020, the following activities were carried out:

> The basic engineering review developed in previous studies carried out by EAB.

> The appropriation of the engineering by the Canoas Consortium and the beginning of the detailed engineering with the execution of soil studies and the development of hydraulic models for the operation of the screening and pumping wells.

> Completion of detailed engineering in the different specialties (geotechnical, structural, hydraulic, electrical, mechanical and control).

(In thousands of pesos)

> The start of mobilization of equipment for the adaptation of camp areas and roads and the start of initial civil works in the Tunjuelo - Canoas interceptor to continue with the construction of the screening and pumping wells.
> The approval of the purchase of main and control electromechanical equipment is pending.

In 2020, Enel Emgesa made no financial movement.

III. Contingencies and Arbitrations

The Group 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 correspond to the part not provisioned will be favourable to the Group and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position. The variation between 31 December 2019 and 31 December 2020, corresponds to the following processes:

TYPE OF PROCESS	PLAINTIFF	PURPOSE OF THE CLAIM	VALUE	ACTION	MONTH
Labour Ordinary	Ángel María Villalba Lara	Sundays, holidays and overtime pay	$ 44.390	New Process	feb-20
Labour Ordinary	Manuel Vicente Jiménez Castillo	Sundays, holidays and overtime pay	$ 44.390	New Process	feb-20
Acción popular	Efraín Montañez Contreras	The popular interest claim is outlined to seek the protection of the collective rights to safety and prevention of technically foreseeable disasters, on account of the poor condition of the road section known as "La Variante" of the Municipality of Santa María (Boyacá), which the plaintiff identifies as owned by EMGESA SA ESP.	Undetermined	New Process	mar-20
Labour Ordinary	Hernando González Rodríguez	Recognition and payment of overtime	$ 44.390	New Process	ago-20
Criminal	Isidro Martínez Acuña	Previous legal disputes with EMGESA	Undetermined	New Process	Agos-20
Labour Ordinary	Libardo Urrea Quigua	That the dismissal be declared ineffective, that the reinstatement be ordered and that EMGESA be ordered to pay compensation for dismissal without just cause and wages not received.	$ 47.843	New Process	Sep-20
Labour Ordinary	Rodolfo Castañeda	Sundays, holidays and overtime pay	$ 44.390	New Process	Oct-20
Labour Ordinary	Floriberto Peña Sierra	Sundays, holidays and overtime pay	$ 44.390	New Process	Oct-20
Labour Ordinary	Miguel Ángel Olmos Farfán	Sundays, holidays and overtime pay	$ 44.390	New Process	Oct-20
Criminal	Tala Ilegal-Embalse Muña // Emgesa-Victima	Damage to third-party property	Undetermined	New Process	Dic-20
Criminal	Fabio Augusto Martínez Lugo // Victima	Interception of computer data, violation of personal data and conspiracy to commit a crime	Undetermined	New Process	Dic-20
Adm_ Contractuales_ Administrativas	Diego Hernán Sandoval Castro	Declare the nullity of the contract signed between the VIG consortium with Emgesa as a result of the CEQ519 tender	$ 2.260.008	Process termination	ene-20
Civil Ordinary	Quiterio Trujillo	Ordinary Non-contractual Civil Liability for events of 1994	Undetermined	Process termination	mar-20
Possession	Flor Ángela Rodríguez	Possesion process promoted by occupant of real estate owned by the Group	Undetermined	Process termination	mar-20
Criminal	Incidente VITARA NCQ821-Javier Ricardo Sánchez	INCIDENT VITARA NCQ821 - JAVIER RICARDO SANCHEZ	Undetermined	Process termination	abr-20
Possession	Carlos Fernando Carranza Delgado	Possession process promoted by occupant of real estate owned by the Group.	Undetermined	Process termination	Jul-20

(In thousands of pesos)

TYPE OF PROCESS	PLAINTIFF	PURPOSE OF THE CLAIM	VALUE	ACTION	MONTH
Criminal	Indemnización irregular	Irregular compensation	Undetermined	Process termination	Ago-20
Criminal	Defensa Judicial – Carlos Antonio Lara	Manslaughter	Undetermined	Process termination	Dic-20
Criminal	Injuria y calumnia	GREYS SUAREZ MEJIA	Undetermined	Process termination	Dic-20
Criminal	Injuria y calumnia	RODNEY VILLAMIZAR CASTRO	Undetermined	Process termination	Dic-20
Criminal	Injuria y calumnia	GREYS SUAREZ MEJIA	Undetermined	Process termination	Dic-20
Criminal	Injuria y calumnia	GREYS SUAREZ MEJIA - ARLEDIS GONZALEZ SILGADO - DANELIS RODRIGUEZ CARMONA	Undetermined	Process termination	Dic-20

Below are the processes reported in December 2019, updated to December 2020.

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Policarpo Agudelo Y Otros	2014	$ 50.000.000	Compensation for Damages Puente Paso del colegio	Favourable first instance ruling for the Group 12-18-2019. On appeal in the Council of State.
Ruber Cufino Hernández Y Otros	2017	38.117.538	Compensation as a non-resident population	Initial hearing date for 04/13/2021 at 10:00 am
Tito Toledo Y Otros	2018	33.716.615	Damages and losses caused by the PHEQ to its work of artisanal miners of the A.I.D. property	On 29 September 2020, the date for the evidence hearing was set for 1-2-3 February 2021, to the office to hold the evidence hearing.
Jesús María Fernández Y Otros	2017	24.673.190	Compensation for damages in the form of loss of profits due to the permanent occupation of El Quimbo Dam in the area of a mining concession contract - La Mina Property.	To the office pending initial hearing.
Yina Paola Amaya Pimentel Y Otros	2018	20.706.898	Compensation for the damages caused by the PHEQ to their work as day laborers in tobacco cultivation and short-cycle crops of A.I.D. properties.	Initial hearing date for 3 March 2021 at 7:30 am- status setting.
Aura Lucia Díaz García Y Otros	2017	20.349.603	Compensation as a non-resident population	Pending date for presenting evidence
Antonio Jesús Moreno I	2017	15.831.622	Compensation Non-resident population	In the superior council of the judiciary solving a conflict of jurisdiction
Fanol Bermeo Bermeo Y Otros	2017	10.400.000	Damages caused to front men	In court pending first instance ruling
Carlos Arrigui Ramón	2015	10.000.000	Serious injury	Favourable second instance ruling for the Group. An executive order is issued for the collection of procedural costs.
Piscícola New York S.A. Procesadora Y Comercializadora De Alimentos S.A.-Proceal S.A. Piscícola Ríos S.A.	2017	7.792.000	Claim for the defendants to pay collective compensation for the material damages (consequential damages) and moral damages for the construction of the PHEQ.	Pending date of settlement hearing.
Maria Esther Rojas De Irrigui	2015	6.000.000	Serious injury	Second instance ruling favourable to the Group. Ordered to execute the collection of procedural costs.
Lucia Motta De Barrera	2017	5.596.309	Serious injury	First instance ruling favourable to the Group. Nullity of the ruling is ordered and the file is sent to the Circuit Courts in Bogotá (R) when the conflict of jurisdiction is resolved.
Yaneth Joven Suarez	2017	5.486.229	Serious injury	First instance ruling favourable to the Group. First instance ruling is confirmed when the appeal is declared void

(In thousands of pesos)

Processes	Start Date	**Claim**	**Subject of the Lawsuit**	**Current status and procedural situation**
Ricardo Rivera Chaux	2017	5.416.668	Serious injury	First instance ruling favourable to the Group. Nullity of the judgment is ordered and it is referred to the Superior Court of the Judiciary (R) as a conflict of jurisdiction is proposed.
Alba Myriam Chaux Montealegre Y Otros	2017	5.188.063	Fish traders	Collection of evidence: Scheduled hearings could not be held due to suspension of terms (COVID 19)
Rosario Florez Angarita Y Otros	2017	4.416.785	Non-contractual civil liability compensation	CSJ resolves conflict of jurisdiction and refers it accordingly.
José Ramiro Benavides Y Otros	2018	4.229.160	To compensate the damages caused by PHEQ to their economic activity with the construction chain - non-residents who derived their income in the A.I.D.	Notification process to impleaded by EMGESA
Méndez Arboleda Sas	2016	3.749.528	Serious injury	Second instance ruling pending
Luz Marina Ardila Silva	2018	2.561.088	To compensate the damages caused by the pheq to their economic activity in farms of the A.I.D.	Notification process to impleaded by EMGESA
William Javier Cedeño Medina	2017	1.500.732	Compensation for damages for being lessee of a property acquired by the PHEQ	In court pending first instance ruling
Roberto Aisama Nurinbia Y Otros 6	2019	1.226.291	Compensation for damages caused by PHEQ to their economic activity as non-residents - corn farmers and an employee of the service in aid properties	An initial hearing was held on 31 August 2020, they denied testimonial evidence and exception of expiration, an appeal was filed and granted.
Pedro Hernández Rojas	2017	1.088.705	Damages caused by the PHEQ requires compensation for being the owner of the parcel 18b folio 20223122 lot	In court pending first instance ruling
Roberto Campos Y Otros	2017	1.042.693	Compensation for damages caused by PHEQ to their economic activity, artisanal mining in farms located in aid - non-residents who derived their income in the A.I.D.	The initial hearing scheduled for 8 July 2020 was not held, as there are prior exceptions to be resolved by order before the said hearing is held, in accordance with article 12 of Decree 806 of 2020. On 24 July 2020 it enters the Court for resolution.
Yustina Esquivel Buesaquillo Y Otro	2017	887.248	Compensation for damages caused by PHEQ to your work on A.I.D. properties	11-11-2020 notification to impleaded for 25-day term.
Gustavo Adolfo Trujillo	2016	807.302	Serious injuries	In the superior council of the judiciary solving a conflict of jurisdiction
Alquileres Y Constructores Aderco Ltda	2013	195.490	Lawsuit for theft of machinery to the Group's subcontractor	In court with objection of expert opinion and with resignation of power of the attorney of the plaintiff.
Orlando Baena Rodríguez	2017	150.000	Full compensation for damages	On 5 September 2019, the reform of the claim by EMGESA was considered answered. Pending hearing of art. 77.
Leovigildo Antonio Rolong Montenegro	2012	40.000	solidarity wages and benefits	Without any movement. Has been suspended since 26 November 2014.
José Omar Cano Campos	2017	25.000	Invalidity of administrative acts - denies the inclusion in the census of the recipient population affected by (PHEQ) and its corresponding compensation	In the superior council of the judiciary solving a conflict of jurisdiction
Derly Andrea Lasso Torres Y Otros 19	2018	Indeterminada	compensation for damages to the receiving population	11/18/2020 resolves conflict and refers to competent jurisdiction with administrative 9, pending return to CSJ.
María Francy Bejarano Martínez Y Otros	2013	Indeterminada	the judicial action pursues the extinction of the real right of ownership of the Group over a real estate located in the Guavio area	Favourable first instance ruling dated 1 July 2020
Deyanira Fernández Cruz y Otros	2017	6.212.659	Compensation as a non-resident population	On October 15, 2020, an evidence hearing is held and a new date is set for 16 February 2021 at 8:00 a.m.

(In thousands of pesos)

Processes	Start Date	**Claim**	**Subject of the Lawsuit**	**Current status and procedural situation**
José Yimmy Aroca Rojas y Otros	2017	7.281.318	Compensation for damages and losses caused by the PHEQ to their work on the properties of the A.I.D.	In the superior council of the judiciary solving a conflict of jurisdiction
María Isabel Delgadillo García y Otros	2012	786.367.000	Compensation Bosa and Kennedy December 2011	The 30 Administrative Court of Bogotá, refers to the Administrative Court of Cundinamarca for consultation on how to carry out the accumulation of claims.
Otoniel Adames Trujillo y Otros	2017	25.036.414	Compensation for damages and losses caused to economic activity on the properties of the A.I.D.	30-11-2020 transfer of the exceptions proposed by the plaintiffs and impleaded.
José Rodrigo Alvarez Alonso	2008	33.000.000	Quimbo collective action Compensation for non-inclusion of people in the census	In the evidentiary stage, pending the complementation and challenge of the expert opinion.
José Edgar Bejarano	2004	32.000.000	Collective action due to flooding in the Upía River (Villanueva and Barranca de Upía in Casanare) downstream from the Guavio reservoir.	The complaint filed by the plaintiff's attorney against the order that denied the requested expert evidence was denied.
Jesús Hernán Ramírez Almario y Otros	2018	23.979.939	Compensation for damages due to PHEQ	27/10/2020 sending the CSJ to the Garzón court, indicating that the conflict has not been generated. Has not returned yet.
Gilberth Camacho y Otros	2017	16.857.708	Compensation for damages and losses caused by the PHEQ to its economic activity on the premises of the A.I.D.	9-12-2020 writ sets date of hearing and/or evidence proceedings for 12 April 2021 at 7:30 a.m.
Alberto Díaz Polania y Otros	2017	9.894.763	Compensation non-residents	23-10-2020 writ sets date of hearing and/or evidence proceedings for 12, 13 and 14 April 2021 at 8:30 a.m.
Alber Guillermo Cuellar Chavarro y Otros	2017	11.270.417	Compensation for damages and losses caused by the PHEQ to its economic activity	Continues to the CSJ to define jurisdiction.
Adolfo Trujillo Escarlante y Otros	2018	9.111.190	Compensation for damages for being Construction Masters	An answer to the claim is filed - pending impleader admission
GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	2018	79.887.500	The nullity of Minutes No. 451 and 452 of the Board of Directors that clarify the authorization given by Minutes No. 436, for the purchase of energy from Enel Green Power S.A.S. ESP.	Suspended until 28-12-20 with a request for an extension of the suspension until 03-05-21.
GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	2018	140.898.000	The nullity of Minutes No. 455 of the Board of Directors, by means of which the extension of the contract with Enel Italia is approved, regarding the "Cloud Service, licenses and Cybersecurity and Digital Enablement Services", and is subject to approval of the "Technical Services" proposal. Nullity is invoked for violation of imperative law, statutes and for the existence of an illegal object and cause, citing in relation to the latter article 104 of the Code of Commerce, which deals with the nullity of the social contract.	Suspended until 28-12-20 with a request for an extension of the suspension until 03-05-21.

(In thousands of pesos)

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	2018	19.571.000	The nullity of Minutes No. 460 of the Board of Directors . It is argued that in said minutes operations were approved for which the conflict of interest has not been adequately raised, since the lifting carried out by Minute No. 100 of the general shareholders' meeting does not observe the legal system or the bylaws. In addition, it is pointed out that the special reports submitted to the board of directors for consideration do not comply with the legal and statutory requirements. Nullity is invoked for violation of imperative law, statutes and for the existence of an illegal object and cause, citing in relation to the latter article 104 of the Code of Commerce, which deals with the nullity of the social contract.	Suspended until 28-12-20 with a request for an extension of the suspension until 03-05-21.
GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	2019	16.092.538	The nullity of Minutes No. 465 of 22 January 2019 of the Board of Directors (regarding the authorization for the sale of energy; Request for authorization to present a binding and unconditional offer for the purchase of energy in the Long-Term Auction; Approval is sought of the BESS Termozipa Project - First battery storage system in Colombia for primary frequency regulation and approval of the Termozipa Central Coal Management Optimization Project). It is stated that there is not enough information to authorize the sale of energy and conflict of interest.	Suspended until 28-12-20 with a request for an extension of the suspension until 03-05-21.
GRUPO ENERGÍA DE BOGOTÁ S.A. E.S.P.	2019	157.683.000	The nullity of the Minutes of the General Meeting (Minutes No. 102 of 26 March 2018 (By which the profit distribution project for the 2018 fiscal year was approved, it was considered a report of the Audit Committee, the operations with related parties were ratified economic benefits of Emgesa in 2018, a conflict of interest arose in transactions with related parties in 2019).	Suspended until 28-12-20 with a request for an extension of the suspension until 03-05-21.

2013 Income Tax

The DIAN initiated an audit on the income statement for taxable year 2013, alleging that there is no right to a deduction for real productive fixed assets for the investments in the El Quimbo Project on values above the CAPEX initially budgeted in the legal stability contract for 2013. Emgesa maintains that (i) the DIAN was based on a concept that was annulled, (ii) the investments were demonstrated with a certificate of an independent auditor, and (iii) the Law allowed greater investments than those budgeted in the contract.

On 23 November 2020, the Administrative Court of Cundinamarca delivered an unfavourable first instance ruling. It dismisses the DIAN's argument regarding the right to benefit, but considers that Emgesa did NOT demonstrate that it made the investments. This ruling was appealed on 1 December 2020.

The amount discussed (tax, indexed penalty and interest has a value of $ 51,674,000 as of 31 December 2020. The legal counsel has estimated a probability of loss of 40%, for which the litigation qualifies as a possible/eventual risk.

(In thousands of pesos)

34. Energy Derivatives Market

In May 2018, the Board of Directors approved the change Emgesa's corporate purpose, to be able to carry out operations in the derivatives markets for purposes other than the coverage of the contracting portfolio. As of 31 December 2020, there are also futures contracts in force for the sale of energy for 3.96 GWh, with a purpose other than the coverage of the contracting portfolio. In turn, as of 31 December 2020, 55.99 GWh were settled, which were not considered in the hedging strategy.

As of 31 December 2020, the Derivex valuation closes as follows:

Operation	MTM	No. Operations
Business	$ 19.080	11

Futures operations with Trading are backed by guarantees which as of December 2020 amount to $ 5,198,623 in cash and $ 1,108,527 in TES, which are considered restricted cash.

35. Risk Management

The Group is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by the Group to implement its risk management policy include the following:

a) Comply with good corporate governance standards.

b) Comply strictly with the entire corporate regulatory system.

c) Each management and corporate area define:

   I. Markets in which it can operate on the basis of sufficient knowledge and skills to ensure effective risk management.

   II. Criteria about counterparties.

   III. Authorised operators.

d) Managements, corporate areas and lines of business establish for each market where they operate their risk exposure consistent with the defined strategy.

e) All operations by managements, corporate areas and lines of business are performed within the limits approved in each case.

f) Managements, corporate areas and business lines establish risk management controls as necessary to ensure that market transactions are carried out in accordance with the Group's policies, standards and procedures.

Interest Rate Risk

The variations of interest rates change the fair value of those 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 separate income statement.

Depending on the estimates by the Group 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.

(In thousands of pesos)

Interest rate	As of 31 December 2020		As of 31 December 2019	
	Variation (basic points)*	Sensitivity in COP thousands	Variation (basic points)*	Sensitivity in COP thousands
IPC	+/- 1,91%	(+/-)$ 32.908.105	+/- 3,16%	(+/-)$ 62.289.485
IBR	+/- 2,00%	$ -	+/- 2,23%	$ -

(*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period 2018-2020 and 2017-2019 for the 2020 and 2019 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 Group 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 Group 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 Group currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency (maintenance capex) and reduction of the CREE (Actual equivalent energy cost of the reliability charge). Currently, the Group has contracted exchange rate hedges for a notional amount of USD 12,000,000 maturing in 2021.

Commodity Risks

The Group is exposed to the risk of the variation of the price of commodities (fuel market) and the spot price of energy (Colombian energy market).

The Group purchases fuels for generation without risk coverage due to changes in prices. Liquid fuels are purchased at international market prices. The prices of solid fuels such as coal result from open hiring processes in the local market not directly associated with international commodities; the indexation of these is given by the variation of the CPPI (Coal Producer Price Index) limited to a maximum of +/- 5% in order to maintain stability in the values of purchases.

The Group carries out most energy sales transactions through contracts in the wholesale energy market (MEM), in the non-regulated market (MNR) and in the financial derivatives market (Derivex), in which a price has been previously agreed upon with indexation to the PPI, thus mitigating the spot price risk of the generation portfolio.

Liquidity Risk

The Group 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 until expiry, undiscounted:

(In thousands of pesos)

Item	Current			Non-current				Total 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	
Issued bonds (principal + interest)	$ 736.863.404	$ 89.685.872	$ 826.549.276	$ 889.998.764	$ 604.798.775	$ 362.336.915	$ -	$ 1.857.134.454
Financial lease obligations (principal + interest)	1.724.613	4.542.193	6.266.806	1.765.508	104.489	-	-	1.869.997
Commercial accounts payable and other payables	314.751.725	-	314.751.725	-	-	-	-	-
Total	**$ 1.053.339.742**	**$ 94.228.065**	**$ 1.147.567.807**	**$ 891.764.272**	**$ 604.903.264**	**$362.336.915**	**$ -**	**$ 1.859.004.451**

Credit Risk

The Group performs a detailed follow-up of credit risk.

Commercial Accounts Receivable

The Group credit risk has historically been limited, considering the short payment terms it gives its clients, resulting in no significant values being individually accumulated. The regulation allows cutting the energy supply service, and almost all contracts signed with customers provide that non-payment constitutes grounds for termination. With this purpose, the credit risk is constantly monitored by evaluating general and individual portfolio indicators.

Financial Assets

Investment of the Group's available resources (treasury investments), originated in the operation and in other non-operating revenues and the operation of financial derivatives will be carried out with national and foreign first line entities that meet the minimum risk rating required by the Group.

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 to 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.

The following rules apply to determine the rating awarded to counterparties:

- If the counterparty has only one rating, this rating is chosen.
- If the counterparty has two ratings, the best rating of the two available is taken.
- If the counterparty has more than two ratings, the second best available rating is taken.

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 Group 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:

(In thousands of pesos)

(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 Group for risk management purposes and this ratio is adequate for hedge accounting purposes.

36. 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 2020 and 2019:

		Book value		Fair value
		As of 31 December 2020		
Financial assets (1)				
Conventional Housing		9.560.561		9.400.067
Integrated Housing		3.559.660		4.448.660
Other loans		1.903.198		2.566.613
PSJ Housing		278.234		311.792
Pensioner housing		34.877		48.075
Total assets	**$**	**15.336.530**	**$**	**16.775.207**

		Book value		Fair value
		As of 31 December 2020		
Financial liabilities (2)				
Bonds issued	$	2.755.823.708	$	3.002.697.526
Lease obligations	$	7.729.440		8.262.571
Total liabilities	**$**	**2.763.553.148**	**$**	**3.010.960.097**

		Book value		Fair value
		As of 31 December 2019		
Financial assets (1)				
Integrated Housing	$	6.543.136	$	7.226.337
Conventional Housing		4.350.011		4.350.012
Pensioner housing		2.640.811		2.924.986
Other loans		172.781		172.781
PSJ Housing		57.083		57.082
Total assets	**$**	**13.763.822**	**$**	**14.731.198**

		Book value		Fair value
		As of 31 December 2019		
Financial liabilities (2)				
Bonds issued	$	3.001.765.481	$	3.216.113.685
Lease obligations		11.550.325		12.098.773
Total liabilities	**$**	**3.013.315.806**	**$**	**3.228.212.458**

1) The Group evaluates accounts receivable and other receivables in the long term, classifying them under level 2 of the hierarchy taking into account that they are observable in similar markets. This measurement uses such base parameters

(In thousands of pesos)

as the lowest interest rates in the market for products with characteristics similar as of December 2020, the risk factors of each country in particular, the solvency of the customer and the risk characteristics of the financed portfolio. Based on this evaluation, provisions are recorded to account for the expected losses on these accounts receivable.

2) Financial obligations and finance leases are classified within level 2 of the hierarchy since they can be negotiated or traded in active markets at market prices on the measurement date. Fair value is estimated by deducting future cash flows using the rates available for debts with similar conditions, credit risk and maturities. The Group uses the discount rates of the zero-coupon curve according to the 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.

The fair value measurement for non-financial assets and liabilities is based on the consideration to be received or paid for the goods and/or services classified in these items. In the case of inventories, the fair value corresponds to the cost incurred by the Group in the acquisition of these assets. The fair value measurement for carbon credits was based on the validity of each one of them and on the sale options in the national and international market provided for these certificates.

As of 31 December 2020, the Group keeps in its Separate Financial Statement the following financial assets and liabilities, measured at their fair value and classified by levels.

As of 31 December 2020

Financial Assets		Level 3
Financial investments - unlisted or illiquid companies (See Note 5)	$	517.050

Financial liabilities		Level 2
Derivative instruments (See Note 12)	$	1.741.469

As of 31 December 2019

Financial Assets		Level 3
Financial investments - unlisted or illiquid companies (See Note 5)	$	554.417

Financial liabilities		Level 2
Derivative instruments (See Note 12)	$	4.560.865

To measure this equity instrument at fair value, the Group's interest in Derivex's equity was taken as basis, this being the most appropriate method to measure the investment due to the conditions of the counterparty, since there are no market comparables.

37. 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 2020		As of 31 December 2019	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Cash and cash equivalents	$ 821.190.708	$ –	$ 287.544.909	$ –
Commercial accounts receivable and other receivables	227.849.855	13.767.293	239.035.049	12.315.176
Accounts receivable from related entities	3.065.649	–	182.940.465	–
Other financial assets	14.934.264	–	13.471.927	–
Total financial assets at amortised cost	**1.067.040.476**	**13.767.293**	**722.992.350**	**12.315.176**
Other financial assets				

Financial Assets	As of 31 December 2020		As of 31 December 2019	
	Current	Non-Current	Current	Non-Current
Total financial assets at fair value through OCI	-	517.050	-	554.417
Total Activos Financieros a Valor Razonable con cambios en ORI	**$ -**	**$ 517.050**	**$ -**	**$ 554.417**

Financial liabilities	As of 31 December 2020		As of 31 December 2019	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Other financial liabilities	$ 905.238.274	$ 1.858.512.467	$ 324.631.163	$ 2.688.684.643
Commercial accounts payable and other payables	315.037.310	-	320.183.181	-
Accounts payable to related entities	265.504.246	-	227.557.833	-
Total financial liabilities at amortised cost	**1.485.779.830**	**1.858.512.467**	**872.372.177**	**2.688.684.643**
Fair value through profit or loss				
Other financial liabilities	1.712.125	29.344	4.560.865	-
Total financial liabilities at fair value through profit or loss	**$ 1.712.125**	**$ 29.344**	**$ 4.560.865**	**$ -**

38. Reclassification in the Financial Statements

1. Statement of Financial Position: As of 31 December 2019, the value of $ 30,438,703 from commercial accounts payable and other current accounts payable was reclassified to other current non-financial liabilities, corresponding to accounts payable for taxes other than income tax. Likewise, $7,467,844 were reclassified from property, plant and equipment to intangible assets other than goodwill corresponding to the infrastructure framed within the concession contract of Sociedad Portuaria.

2. Statement of Cash Flow: As of December 31, 2019, due to the effect of comparability in investment activities, $3,751,474 is reclassified from purchases of property, plant and equipment to acquisition of assets associated with the concession.

39. Approval of Financial Statements

The general purpose financial statements of the Group as of 31 December 2020 were approved by the Audit Committee according to Minutes No. 066 of 24 February 2021 and approved by the Board of Directors according to Minutes No. 491 of 24 February 2021, in order to be submitted to the General Shareholders' Meeting in accordance with the provisions of the Code of Commerce.

40. Concession Agreement

SPCC requested the modification of the dock design to the National Agency of Infrastructure - ANI; as well as the extension of the term for its construction, having obtained favourable technical and legal opinions, and the formalization Addendum No.001 to the concession agreement was determined.

On 22 December 2014, Addendum No. 001 was signed between SPCC and the National Agency of Infrastructure (ANI), agreeing on or amending the terms of the investment plan and the relevant execution schedule, reversal of the port infrastructure in favour of the Nation, confirmation of the cargo volume and annual growth of 3%, use obligation and priority access of 20% of the annual installed port capacity to load hydrocarbons from royalties and property of the National Hydrocarbons Agency (ANH) and modification of insurance policies according to a new legal provision on the subject.

On 11 March 2016, SPCC was notified of Cardique Resolution 1911 of 14 December 2015, whereby this entity approved the start of the construction works of the fixed dock agreed in the concession agreement.

On 1 November 2016, SPCC filed with the National Infrastructure Agency - ANI a request to transfer the contractual investment plan for the start of construction works in August 2019 and their completion in January 2020.

On 5 January 2018, SPCC received a response from the ANI, stating the non-acceptance of the request for reprogramming the investment plan; the Group will continue to carry out the necessary procedures and internal procedures to continue with the execution of the construction works and the investment plan for the port concession agreement, which began in 2018.

In line with the above and because the investment plan provided in the concession agreement will be executed, the possible regulatory changes provided in CREG Resolution 109 of 2016 will not affect the development of the port concession.

On 13 August 2018 SPCC was notified to attend the meeting to discuss possible contractual breaches related to Concession Agreement 006 of 2010 and Addendum No. 1 of 2014 thereto. On 23 August 2018, a Hearing was held before the ANI to raise charges for breach of concession agreement 006 of 2010 and addendum No. 1 of 2014 thereto. At said hearing, charges were raised to SPCC for the alleged breach of its contractual obligations and the administrative procedure was opened to evidence.

The Board of Directors of Emgesa in session of 25 September 2018 authorized to capitalize the Group for a total value of up to two point nine (2.9) million dollars, for the purpose of complying with Concession Agreement 006 of 2010 and Addendum No. 1 of 2014 thereto, signed between SPCC and the ANI.

On 1 October 2018, in extraordinary session, the General Shareholders' Meeting of SPCC met to approve the capitalisation of SPCC for a value of COP 8,391,460,000. This, given the needs expressed by the Board of Directors of the Group to comply with the obligations of Concession Agreement 006 of 2010 and Addendum No. 1 of 2014 thereto, and ensure the logistics of the fuel that guarantees the reliability charge of the Cartagena Power Plant for the period 2019-2022.

On 2 October 2018, the Board of Directors of SPCC in extraordinary session approved the construction of a fixed floating dock in accordance with Concession Agreement 006 of 2010 and Addendum No. 1 of 2014 thereto between the ANI and the Group, as well as the necessary agreements to execute the required works. To date, the management of the Group is complying with what was ordered by the Board of Directors.

On 16 October 2018, SPCC and Sociedad A&D Alvarado & During S.A.S. have signed Service Agreement No. SPCC-01-16102018 for the construction of the fixed dock subject of the opening of the sanctioning administrative process. The value of the agreement including AIU and VAT is $ COP 4,091,558, and is carried out at the Cartagena Thermal Power Plant and with a defined term that runs from 16 October 2018 to 14 September 2019. On 23 November 2018, the initial act was signed as provided in said agreement.

On 29 November 2018, service agreement No. SPCC-02-26112018 was signed for the technical inspection and quality control of the execution and construction engineering of the fixed dock agreement for the unloading of fuel in the power generation plant of Cartagena between the Group and SUMMUM PROJECTS S.A.S.

The National Infrastructure Agency through resolution No. 397 of 12 March 2019 approved the Regulation of Technical Conditions of Port Operation of Sociedad Portuaria Central Cartagena S.A., by virtue of Concession Agreement No. 006 of 30 July 2010, in compliance with ANI Resolution No. 850 of 6 April 2017, which establishes the content of the Regulation of Technical Conditions of Operation of Maritime ports.

On 3 May 2019, the delegate superintendence of ports submitted to Sociedad Portuaria Central Cartagena the good standing certificate for the financial information - IFCG1 - corresponding to the year 2018. The information delivered was the following: complementary disclosures, general information, financial statements, IFC compliance statement, statement of financial position, income statement, comprehensive income statement, direct cash flow, indirect cash flow, changes in equity, notes to the financial statements, accounting policies.

On 4 and 5 June 2019, an annual (unscheduled) supervisory visit from the Engineer Francisco Castro and Lawyer Javier Angulo, officials from the Delegate Superintendence of Ports, was received at Sociedad Portuaria Central Cartagena, with the inspection of 205 items, 98 of which applied to SPCC. In general terms and as stated by the officials, we have a good order in our facilities and complete documentation. They gave us the task to update the singposts of the new SuperPuertos logos once the dock construction project ends (August 2019), as a visual aid for users in the operational area of the port facilities.

On 15 July 2019, the National Infrastructure Agency issued an Order in the administrative sanction process against SPCC, resolving to incorporate the file and give it the evidentiary value that the Law grants to the technical and financial concept issued by the Supervision of Port Concession Agreement No. 006 of 2010, contained in an ANI memorandum filed with No. 2019-303-009629-3 by the Port Projects Manager together with the Manager of the Internal Financial Work Group.

This report states that, "at the date of the visit to the facilities, the physical progress of the Work is approximately at 60%, because the precast for the installation of the plate for the dock are already available, and, on the other hand, the pile driving is at 90%, the other activities are in progress and will be carried out according to the schedule for September year."

As a result, the VGC port project manager and the VGC financial manager inform that to date the fine corresponding to the non-execution of the investment plan would be USD 8,800.

With this report, a significant decrease is presented on the possible sanction from USD 14,606.90 to USD 8,800; the ANI transferred the decision issued in the Writ for a period of three (3) days.

On 9 August 2019, Mrs. Claudia Juliana Ferro, ANI official, read in a hearing the operative portion of Resolution 1186 of 2019, "whereby the breach of the contractual obligations assumed by Central Puerto Cartagena S.A. under port concession contract No. 006 is declared, and imposes a fine of US $ 8,800."

On 21 August 2019, the ANI resumed the hearing and, within the term granted, the lawyer Jairo Rivera supported the reasons for disagreement (factual and legal grounds) against administrative act Resolution 1186 of 2019. Upon closing this procedural stage, the ANI unofficially requested the Technical Supervision of the Concession Contract to submit a report on the current status "progress report" within ten (10) business days.

The sanctioning administrative process has not ended and therefore the administrative act is not final. To date, the appeal for reversal has not started.

In relation to the progress traceability in the construction of the fixed dock, the civil works for the construction of the platform and the mooring dolphins of the new fixed dock in Cartagena were completed on 28 November 2019. Some minor works pending for the definitive installation of the dock were developed in early December, in order to have the new fixed dock available safely.

According to addendum No. 2 of the construction agreement with the firm Alvarado & During, the date of completion and delivery of the fixed dock is 20 December 2019, with which the dock will be available for port operations from March 2020, as adaptation works are required for the complete deactivation of the floating dock and the transition of accessory infrastructure from the floating dock to the fixed dock.

In January 2020, the accounting records were filed of the Investment Plan executed as of 31 December 2019, on the construction of the fixed dock in relation to the progress schedule with completion date March 2020. Investments were presented in forms GCSP-F-011 " PRIVATE CAPITAL INVESTMENT PORT MODE" and form GCSP-F-044 "DETAILED REPORT PRIVATE CAPITAL INVESTMENT GOODS FOR PUBLIC USE" signed by the legal representative and current independent auditor. With these recorded book values, the entire contractual obligation of the investment plan is fulfilled.

On 31 January 2020, the ANI approved the Civil and Tort Liability policy No.NB-41960, whose policyholder is SOCIEDAD PORTUARIA CENTRAL DE CARTAGENA S.A. - SPCC and the insured is the NATIONAL INFRASTRUCTURE AGENCY - ANI; SOCIEDAD PORTUARIA CENTRAL DE CARTAGENA S.A. - SPCC and Third Parties, with the following details:

Policy RCE

Contract Value: USD 371,524

Insured value: USD 200,065

Premium value: USD 4,850.31

From: 1 July 2019

To: 1 August 2024

In March 2020, steps were taken to renew the policy UNIFIED BID BOND INSURANCE IN FAVOUR OF STATE ENTITIES, whose policyholder is the SPCC and the insured is the NATIONAL INFRASTRUCTURE AGENCY - ANI, and they are under approval process by the ANI.

BID BOND

Insured value: USD 60,019.00

Premium value: USD 3,598.31

From: 22 December 2019

To: 22 December 2024

PAYMENT OF SALARIES AND SOCIAL BENEFITS

Insured value: USD 18,576.20

Premium value: USD 891.68

From: December 22, 2019

To: 27 December 2027

Through RESOLUTION No. 20207070006105 of 28 May 2020, the National Infrastructure Agency - ANI revoked Resolution 1186 of 9 August 2019 and declared terminated the administrative sanctioning process initiated against SOCIEDAD PORTUARIA CENTRAL CARTAGENA S.A. on account of the alleged breach of the contractual obligation established in the Fifteenth Clause, numeral 15.33 of the Concession Contract No. 006 of 2010 and Sixth of Addendum No. 1 of 22 December 2014 on the execution of the investment plan with the construction of the fixed dock.

The accounting records of the Investment Plan executed as of June 30, 2020, on the construction investments of the fixed pier in relation to the advance schedule with an end date in March 2020, were structured and filed with the ANI. The investment records were presented in forms GCSP-F-011 " PRIVATE CAPITAL INVESTMENT PORT MODE" and form GCSP-F-044 "DETAILED REPORT PRIVATE CAPITAL INVESTMENT GOODS FOR PUBLIC USE" signed by the legal representative and current independent auditor. With these recorded book values, the entire contractual obligation of the investment plan is fulfilled.

The National Infrastructure Agency, through official letter No. 20203030302971 dated 9 October 2020, released Sociedad Portuaria Central Cartagena from the installation of an information billboard for infrastructure projects, according to Resolution 542 of 9 March 2018 of the Ministry of Transportation, which establishes requirements on the distribution, design and technical parameters of information notices to the public of concession projects.

Through official letter No. 20205320973042 dated 14 October 2020, SPCC issued a financial report on the investments and expenses of Works and Equipment for the third (III) Quarter of 2020, to the Superintendence of Ports and Transportation.

On 12 November 2020, the Final Settlement Act was signed on the construction process of the fixed dock with the collaborating Group ALVARADO Y DURING, where it was agreed to modify clause 7.1. "Value" of Contract No. SPCC-01-16102018, in the sense of increasing its value to the sum of $ 807,425, including AIU and 19% VAT on Net Income, for the economic recognition of additional works within the scope of the contract.

41. Relevant Issues

COVID 19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments are taking restrictive measures to contain the spread, which include: isolation, confinement, quarantine and restriction of the free movement of people, closure of public and private premises, except those of basic necessity and health, closure of borders and reduction drastic air, sea, rail and land transport. In Colombia, the Government has adopted various legislative measures to alleviate the adverse effects, both human and economic-financial, that could occur, where appropriate, caused by this health crisis caused by COVID-19.

To mitigate the economic-financial impacts of this crisis, the Colombian Government has adopted various measures at the business, financial and fiscal-tax level, aimed at ensuring the continuity of business activity; and, in particular, in certain sectors of activity in the country.

The Group informs that it has been adopting a set of measures in order to mitigate the impact of COVID-19 in the development of its activity, as well as compliance with the measures established by the National Government.

The Contingency Plan implemented by the Group is detailed below, which was structured in four main focal points:

1. **Protection of Personnel:** The Group has implemented a series of measures to protect the technical human resources that are located in the generation plants, as well as the administrative and support personnel located in the corporate buildings, thus minimizing the number of people present in plants and offices, in order to reduce the risk of infection.

   After the activation of the Business Continuity Plan on March 9, 2020, the first measures adopted by the Group were the cancellation of national and international trips, corporate events, internal group training, and made a strong call for individual self-care through campaigns that he activated through internal means.

   On 16 March, the Group implemented the measure of sending home 50% of the people who can carry out their work remotely. The decision was adopted before the Government issued the preventive quarantine order.

   By 19 March, 100% of the people who could do remote work were at home. Additionally, and as a special preventive measure, all employees over 60 years of age were also working from home.

   The balance to date is that 57% of the Group's operation personnel carry out work at home and 43% of the operation's personnel continue to carry out field operations, as well as 100% of the support areas or staff are at work at home. To the group of people who work in the field, the Group delivered the necessary protection elements to carry out their activities with all the security measures; Likewise, operating shifts were strategically optimized, operational flexibility is periodically evaluated, and permanent health monitoring and prevention campaigns led by the HSEQ Management are carried out. In addition to this, strict compliance has been given to all cleaning and disinfection protocols for common areas.

   It is worthwhile to mention that, under the remote work modality, the Group continues to provide the service to its customers with total normality.

2. **Financial soundness and access to financing:** Despite the possible impacts due to the lockdown measures imposed in the country, the Group maintains a stable financial position, which allows it to effectively face the challenges of the COVID-19 contingency. Additionally, as a preventive measure, the Group closed on March 2020 a committed line for USD 65 million for immediate use if necessary, with a validity of one year. In addition, the Group has ample access to financing to meet future cash needs in the local and international market, if required. Finally, in April 2020, Fitch Ratings confirmed the risk rating at "AAA" on the national scale.

   We highlight that to date there are no material impacts on income, net income, cash flow and equity. In the event of any significant impact, it will be promptly informed to the market.

3. **100% Virtual Customer Service and Solid Commercial Operations:** 100% customer service is performed virtually; additionally, information has been released through webinars to encourage payment through virtual channels, in addition to the payment button on the website and non-face-to-face assistance schemes. 100% of the billing is electronic and the response to the PQR's is made through an application, responding directly to the client by email.

4. **Sustained Supply:** The fulfilment of energy and gas supply contracts in the wholesale market and in the non-regulated market are being carried out without impacts. All the measures established by the Ministry of Mines and Energy and the Energy and Gas Regulation Commission have been adopted in the current situation.

   The supply of fuel for our thermal power plants is being carried out in a stable way according to the energy situation of the country.

   In conclusion, with the contingency plan activated, the Group has reacted positively both at an operational and financial level, therefore, at this time no substantial risks have been identified. The Group will continue to closely monitor the evolution of COVID 19, other measures that may be implemented by the National Government and the eventual impact on the business, which, if significant, will be promptly reported to the market.

5. **Impairment test:** As of 31 December 2020, the Group performed the impairment test, with which it was determined that there are no indications of impairment that could affect the recognition of its assets.

Income 2003 process

A second instance ruling issued by the Administrative Litigation Chamber of the Fourth Section of the Council of State on 8 October 2020 and notified to the Group on 23 October 2020 rejected the claims of nullity and reestablishment of Emgesa's right regarding the Official Review Settlement issued on 26 April 2007 and the Resolution by which a Reconsideration Appeal dated 29 April 2008 is resolved, both issued by the DIAN and related to the Settlement of income and complementary taxes for 2003 of the Group Central Hidroeléctrica Betania SA ESP (today Emgesa), in relation to the application of the exemptions provided for in the Paez Law (Act 218 of 1995).

Despite the defence arguments of the claims initiated by Emgesa, the Council of State determined that the Páez Law establishes exemptions only in relation to operating income and ordered to pay the Group for higher tax determined, sanction, indexation of the sanction and default interest the sum of $ 63,766,177 M. This sum was paid on 26 November 2020.

Income 2016 - 2019 process

Corrections were made to the income tax returns for the years 2016 to 2019. This situation originated in (1) the identification of the duplicate record of a tax asset, whose depreciation had been taken twice as a deduction; and (2) an imprecise understanding in financial update of a provision on the Quimbo Power Plant, which was treated as an asset versus liability, and did not pass through profit or loss. However, in the accounting adjustment this was taken as a deductible expense for tax purposes, which was not appropriate. These situations were identified and corrected in accordance with the fiscal transparency policy, to avoid a greater contingency in an eventual inspection. In total, $ 19,332,291 M were paid for the corrections (interest and penalty) in returns from 2016 to 2019. This impact corresponds to taxes from previous periods.

42. Subsequent Events

InterGroup loan repayment:

On 18 January 2021, Codensa granted a loan to the Group for $ 45,000,000 at a rate of 2.35% EA maturing on 1 March 2021.

Payment of Foreign Bonds

On 22 January 2021, the Group paid the foreign bonds for principal and interest for $ 736,760,000.

Acquired loans

On 19 January 2021, the Group received the disbursement of a short-term loan with the bank BBVA Colombia S.A. for an amount of $ 100,000,000 for a term of 9 months.

On 19 January 2021, the Group received the disbursement of a short-term loan with Banco de Bogotá S.A. for an amount of $ 200,000,000 with a term of 269 days.

Payment of dividends

On 20 January 2021, the surplus of the dividends declared corresponding to the 2019 net income was paid for $204,957,249.

Reconciliation of the investment framework agreement with GEB

On 29 January 2021, Enel Américas signed a new investment framework agreement with Grupo Energía Bogotá; Among the main agreements reached, this new framework agreement would allow the integration of the renewable business to their joint investments, the definition of new corporate governance rules more in line with the new objectives and opportunities of this new stage, and the parties would propose conciliation agreements to arbitration claims between them.

Tax benefits for taxable year 2020

On 25 January 2021, the Ministry of Science and Technology - Minciencias issued a Resolution for the approval of the investment project, which gives rise to a tax benefit for the income tax return for the taxable year 2020, which will review the corresponding execution and will be taken in said income tax return.

Amendment to the corporate purpose

On 28 January 2021, the Group registered with the Bogota Chamber of Commerce the public deed number 137 of 21 January 2021 of the 11 Notary Public of Bogota, by means of which the partial amendment to the bylaws was formalized, according to which the fifth article (5) of the bylaws related to the Group's corporate purpose was amended in the following terms: "sell any product or by-product derived from the operation of different power generation plants as well as any other product that has any of the above as component."

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