Annual Report 2018

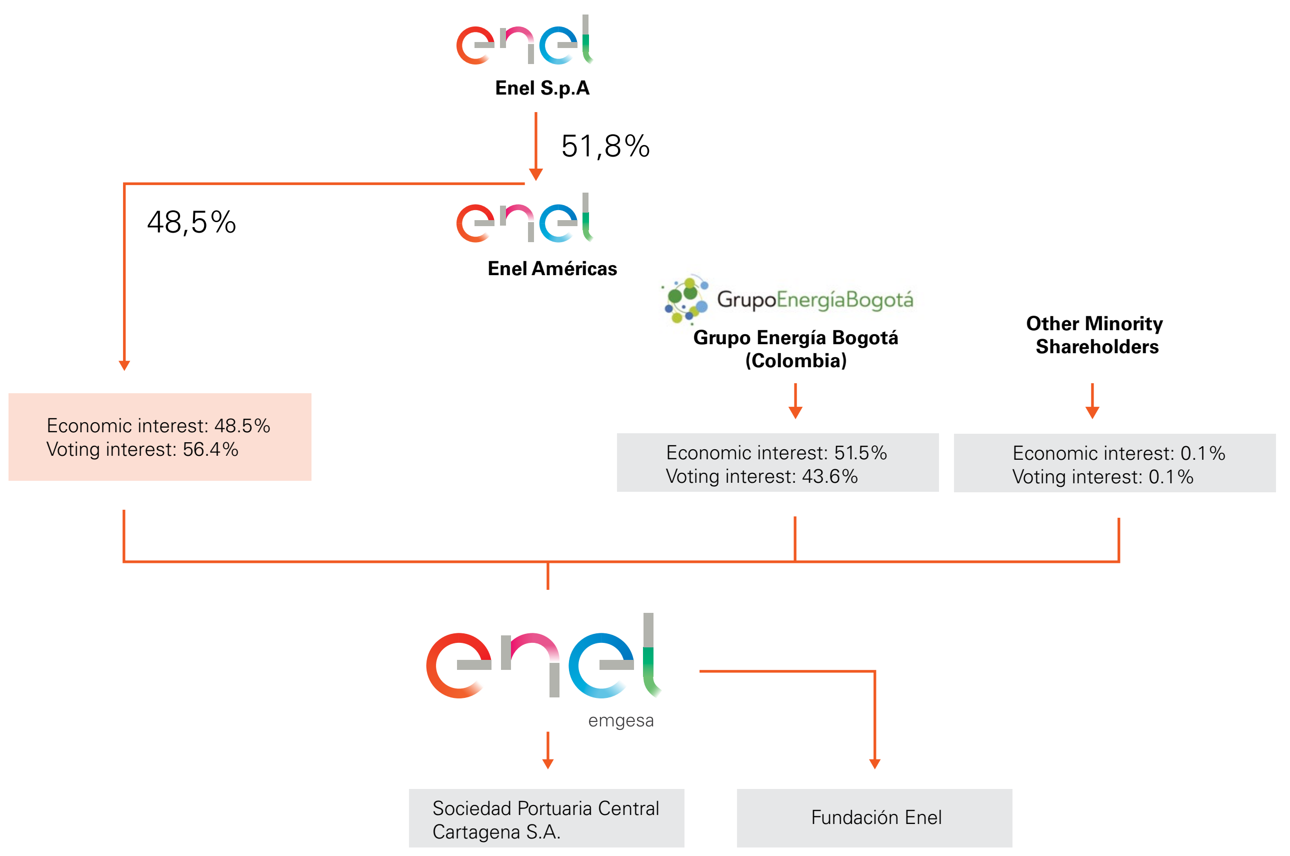
enel
emgesa

CONTENT

01

THE COMPANY, ITS CONTEXT AND ITS MAIN RESULTS

OWNERSHIP STRUCTURE



SHAREHOLDING STRUCTURE

Shareholders	Common shares with voting rights		Preference shares without voting rights		Total shareholding structure	
	(%) Interest	Number of shares	(%) Interest	Number of shares	(%) Total interest	Total number of shares
Grupo Energía Bogotá S. A. E.S.P.	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

CORPORATE GOVERNANCE

Board of Directors

Chairman of the Board of Directors: José Antonio Vargas Lleras

General Manager: Bruno Riga

First Alternate of the General Manager: Lucio Rubio Díaz

Second Alternate of the General Manager: Fernando Javier Gutiérrez Medina

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

In the ordinary session No. 99 of the General Shareholders' Meeting held on 20 March 2018, the election of the following Board of Directors members was approved:

SEAT	PRINCIPAL	ALTERNATE
FIRST	ANDRÉS CALDAS RICO	DIANA MARCELA JIMÉNEZ RODRÍGUEZ
SECOND	LUCIO RUBIO DÍAZ	FERNANDO GUTIÉRREZ MEDINA
THIRD	JOSÉ ANTONIO VARGAS LLERAS	MICHELE DI MURRO
FOURTH	ASTRID ÁLVAREZ HERNÁNDEZ	ÁLVARO VILLASANTE LOSADA
FIFTH	DIANA MARGARITA VIVAS MUNAR	CAMILA MERIZALDE ARICO
SIXTH (Independent)	LUIS FERNANDO ALARCÓN MANTILLA	RODRIGO GALARZA NARANJO
SEVENTH (Independent)	LUISA FERNANDA LAFAURIE RIVERA	MARIA PAULA CAMACHO ROZO

On 26 December 2018, Mrs. Diana Margarita Vivas Munar submitted her resignation as a principal member of the fifth line of the Board of Directors of the Company. This being the case and since no proposal has been received for the appointment of the new principal member and, therefore, no extraordinary session of the General Shareholders' Meeting has been held for these purposes, the position will remain vacant until it is carried out. the new appointment by the Shareholders' Meeting. Therefore, the composition of the Board of Directors on 31 December is as follows:

SEAT	PRINCIPAL	ALTERNATE
FIRST	ANDRÉS CALDAS RICO	DIANA MARCELA JIMÉNEZ RODRÍGUEZ
SECOND	LUCIO RUBIO DÍAZ	FERNANDO GUTIÉRREZ MEDINA
THIRD	JOSÉ ANTONIO VARGAS LLERAS	MICHELE DI MURRO
FOURTH	ASTRID ÁLVAREZ HERNÁNDEZ	ÁLVARO VILLASANTE LOSADA
FIFTH	VACANTE	CAMILA MERIZALDE ARICO
SIXTH (Independent)	LUIS FERNANDO ALARCÓN MANTILLA	RODRIGO GALARZA NARANJO
SEVENTH (Independent)	LUISA FERNANDA LAFAURIE RIVERA	MARÍA PAULA CAMACHO ROZO

Attendance to meetings by members of the Board of Directors

The Board of Directors met on thirteen (13) occasions during the year 2018, of which twelve (12) were ordinary sessions and one (1) was in extraordinary session. At all meetings there was a quorum to hold a session and decide validly, taking into account that the members of the Board participated as indicated below:

SEAT	No. of sessions attended Principal Members	No. of sessions attended Alternate Members *
FIRST	12	1
SECOND	13	0
THIRD	12	1
FOURTH	6	7
FIFTH	12	1
SIXTH (Independent)	11	2
SEVENTH (Independent)	12	0

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

Audit Committee

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

The Board of Directors in its session No. 455 of 24 April 2018 approved the composition of the Audit Committee, which was formed as follows:

PRINCIPAL	ALTERNATE
LUCIO RUBIO DÍAZ	FERNANDO GUTIÉRREZ MEDINA
ASTRID ÁLVAREZ HERNÁNDEZ	ÁLVARO VILLASANTE LOSADA
LUIS FERNANDO ALARCÓN MANTILLA	RODRIGO GALARZA NARANJO
LUISA FERNANDA LAFAURIE RIVERA	MARÍA PAULA CAMACHO ROZO

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

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

Attendance to meetings by members of the Audit Committee

The Audit Committee during 2018 met in 6 (six) opportunities, four (4) sessions were ordinary, and two (2) were extraordinary. The members of the Committee participated in these sessions as indicated below:

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

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

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

Good Governance and Evaluation Committee

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

The Board of Directors, in its session No. 455 of 24 April 2018 approved the composition of the Good Governance and Evaluation Committee, which was conformed as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	MICHELE DI MURRO
LUCIO RUBIO DÍAZ	FERNANDO GUTIÉRREZ MEDINA
ASTRID ÁLVAREZ HERNÁNDEZ	ÁLVARO VILLASANTE LOSADA

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

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

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

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

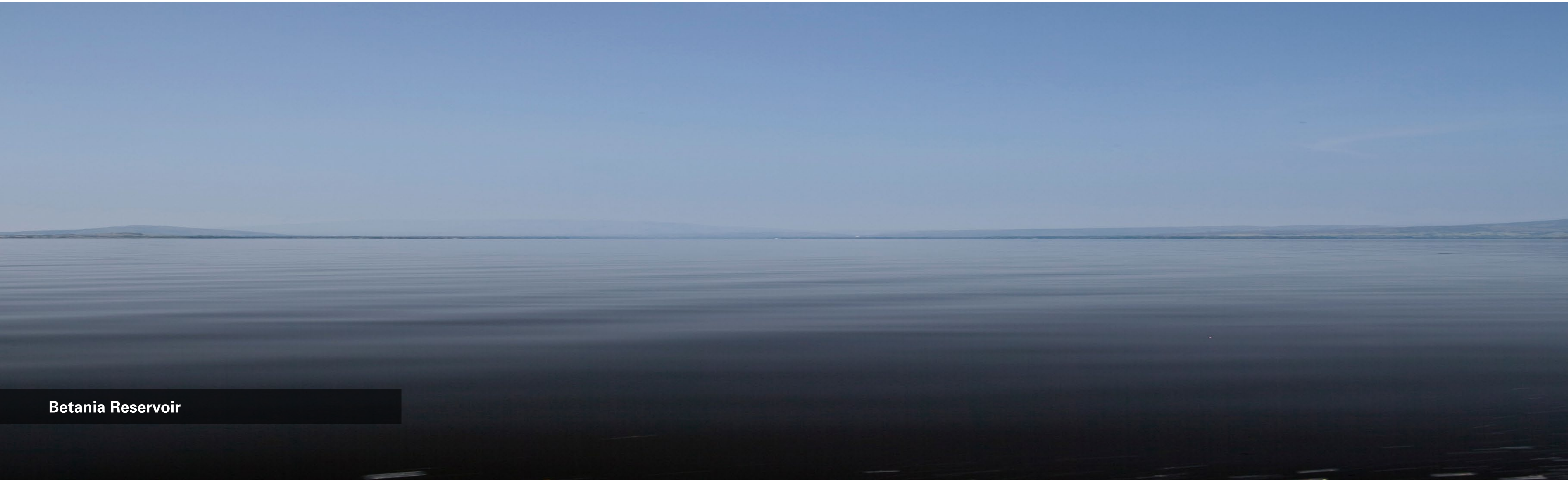
SEAT	No. of sessions attended Principal Members	No. of sessions attended Alternate Members *
FIRST	3	0
SECOND	3	0
THIRD	2	0

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

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

CORPORATE PURPOSE

The corporate purpose of the company Emgesa is the generation and trade of electric power in the terms of Act 142 and 143 of 1994, as amended, modified or repealed, and all types of activities related directly, indirectly, complementary or auxiliary with the business of gas fuel trade, advancing the necessary actions to preserve the environment and good relations with the community in the area of influence of their projects; and perform works, designs and consulting in electrical engineering and market products for the benefit of its customers. In addition, the company may develop its corporate purpose, perform all activities related to exploration, development, research, exploitation, marketing, storage, marketing, transportation and distribution of minerals and stone material, as well as administrative, operational management and technical 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 petroleum for the generation of energy, as well as the importation of natural gas for the generation of energy and/or its trade and participate in markets for financial derivatives of energy commodities. Likewise, the company may promote and establish establishments or agencies in Colombia and abroad; Acquire any kind of real or personal property, lease them, transfer them, encumber them and give them as security; exploit trademarks, trade names, patents, inventions or any other intangible property; participate in public and private tenders; celebrate and execute all kinds of contracts and acts, whether civil, labour, commercial or financial or of any nature that are 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, parents, subsidiary, and third parties money in mutual; rotate, 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 social purpose; assume any form of association or business collaboration with natural and legal persons, national or foreign, to carry out related, related or completed activities with its corporate purpose.



Betania Reservoir

LETTER TO THE SHAREHOLDERS

Dear Shareholders

We are pleased to share the results achieved by Emgesa S.A. ESP (hereinafter the "Company" or "Emgesa") in 2018, which respond to the approach of a renewed strategy based on an inspiring concept to solve the greatest challenges, as well as to the reflection of teamwork, the passion for the best results and the great commitment to bring our customers a quality product that leverages the development, sustainability and growth of the communities where we operate.

It is worth mentioning that the economy's growth at a global level for the last three years has been at rates close to 3.0% per year, maintaining similar averages according to their scale: developed economies grow at rates close to 2%, Asian economies at rates over 6% and Latin America with rates slightly above 2%.

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

- One-digit unemployment rate: 9.7%
- GDP growth of 2.8%
- Inflation of 3.18%
- PPI of 2.31%.
- A current account deficit of around 3.6% of the national GDP.
- Increase in direct foreign oil and non-oil investment.

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

Within this stable macroeconomic and regulatory framework, during 2018 we continued to achieve successes and progress on our path as part of the Enel Group, world class corporate group.

Colombia had a national demand for electric power during the year 2018 of 69.1 TWh, 3.3% higher than the previous year. In particular, the demand of the unregulated market corresponded to 32% of the total demand for electric power, that is, 21.79 TWh. The remaining demand (68%) corresponded to the demand of the regulated market, with 47.32 TWh. The maximum power demand was presented on December 13, reaching 10,190 MW. This figure increased by 1.9% with respect to the 2017 maximum (9,996 MW).

During the first three quarters of 2018, the contributions in the National Interconnected System (SIN) were surpluses and in the last quarter, deficits; this last quarter with records held below the historical average. In the last period of the year, there was a warning about the probability of forming an ENSO / EL Niño 2018-2019 phenomenon.

In 2018 Emgesa's generation of net energy reached 14,043 GWh*[1], with a decrease of 4.9% compared to 2017, mainly due to lower hydraulic generation, given lower contributions compared to the historical average and differences in the context of market by low prices of stock market in the months of May to July.

The above could be compensated with an optimal management of the portfolio that contributed to the achievement of an annual variable margin (Gross Margin) of $ 2,306,428 million (2.3% higher than in 2017)

In 2018 we carried out futures transactions with Derivex for 42.15 GWh. These operations are backed by financial guarantees, requested by Derivex and the counterparty's Risk Chamber.

Total energy sales in 2018 were 18,544 GWh, higher than those presented in 2017 by 2.1%. Of the sales registered in 2018, 15,717 GWh corresponded to sales in contracts (11,330 GWh in contracts with customers of the Wholesale Market and 4,387 GWh in contracts with customers of the Non-Regulated Market) and 2,827 GWh corresponded to sales in the Spot market (Bolsa de Energy, Reconciliation and AGC Service), which grew by 15.11% in 2018 with respect to the previous year.

In 2018 Emgesa continued to consolidate its position in the natural gas trade market in Colombia, achieving the entry of new industrial customers with contracts of up to five years. The variable margin of this market in 2018 presented an increase of 23% compared to 2017, due to the increase in the margin of sales on the stock market (Spot) by 312%.

1 *Does not include Río Negro (9.2GWh)

For the same year, preventive collection management programmes and application of strategies focused on improving customer collection management were carried out, achieving a manageable portfolio index as of December 31, 2018 of 1.1%. Notwithstanding the foregoing, the average consolidated loan portfolio ratio for the year reached 32.8%, being affected mainly by the portfolio of the agent Electricaribe S.A. ESP, which amounts to $ 99,000 million and is frozen by the inauguration of the Superintendency of Public Services as of November 14, 2016.

In 2018, Emgesa was consolidated in the first place among the generating agents of Colombia with an installed net power of 3,501 MW, 20% of the country's capacity (of 17,313 MW).

As of year-end 2018 the availability of the Emgesa generator park was 91.2%, with a decrease of 1.3 percentage points compared to 2017 due to the increase in maintenance in unit 3 of the Central Cartagena and the Central Termozipa for the Life Extension project and for improving environmental performance.

During 2018, the Thermal Generation management focused on the execution of works associated with the Extension of Useful Life project and improvement in the environmental performance of the Termozipa Power Plant and in complying with the dispatches by security generation, mainly with the Cartagena Power Plant to address the contingency of the Caribbean area.

Among the main interventions advanced in the plants, the main maintenance of the Guavio Plant is highlighted, where the works related to the general maintenance (carried out every 10 years) of the spherical valves of the five units were carried out; Parallel inspection activities of civil works, maintenance in the loading and unloading tunnels and annual maintenance of the associated systems were carried out. It was also carried out the modernisation of the speed regulators in some units of the Betania, Paraíso and Guaca power plants, among other works.

The Tequendama Central Power Recovery project was closed, as a result of which the plant's installed capacity increased by +37.4 MW, which allowed Emgesa to become the first generator with installed capacity in the country.

Furthermore, the development of the Remote Control Project (Control Room), Automation and Centralised Control Centre for the smaller power stations of the Bogotá River began, which will allow to improve the operation of the hydraulic power plants.

In Quimbo, during 2018 the investments associated with the fulfilment of the commitments contemplated in the Environmental License continued. Within the framework of the Fish and Magician Programme of the Alto Magdalena that has been developed for 5 years, between Emgesa and the Surcolombiana University (USCO), the health certification was obtained by the ICA, being the first station in the country that has this certification and that guarantees that the fingerlings (breeding of fish) have the characteristics for the repopulation of the Magdalena River, and thus guarantee the fishermen's food security and the conservation of the native species.

From the environmental point of view, the installation of the MAGALDI system stands out, in all the units of the Termozipa plant, as part of the life extension project and improves environmental performance, which eliminates the use of water for the extraction of ash and dumping. that generated this activity.

In 2018, the training and training activities in the priority business risks were continued, expanding the competence of the personnel for the development of the tasks of each position, minimizing the possibility of occurrence of work accidents. Unfortunately, on August 29, a fatal accident occurred at the Central Cartagena generated by an electric arc to a boiler operator. From this event, the company developed an action plan to prevent these situations from happening again in its facilities, in accordance with our policy of zero accidents, the main axis in everything related to Occupational Health and Safety.

In the financial area, Emgesa's operating income in 2018 reached $ 3,718,449 million, showing an increase of 8.57% with respect to 2017, explained above mainly by demand and prices especially in the unregulated market, as well as growth moderate in demand.

In turn, cost of sales amounted to $ 1,412,021 million, 20.65% higher than the previous year, mainly explained by higher energy purchases in contracts and stock market. Additionally, there was an increase in fuel consumption derived from the security generation presented during the first half of 2018.

Regarding the fixed operating expenses, these showed an increase of 1.15% reaching the amount of $ 211,858 million, mainly due to higher personnel costs due to the increase in the workforce. Thus, accumulated to December 2018, Emgesa generated an EBITDA of $ 2,094,570 million, 2.41% higher than that generated during the year 2017.

The Company's net income during the year 2018 was $1,020,338 million, an increase of 15.03% over the previous year, mainly explained by a 14.5% reduction in the net financial expense with respect to the previous year, when from $ 351,997 million in 2017 to $ 301,088 million in 2018. The decrease in financial expenses was due to a) a lower average debt balance compared to the same period of 2017 and ii) a lower Consumer Price Index (CPI), which are indexed 68% of the debt. Additionally, a lower effective tax rate after the tax reform of 2016 boosted the net result of the Company.

As of December 31, 2018, the Company's total assets totaled $ 9,249,963 million, of which property, plant and equipment net accounted for 87% of $ 8,041,391 million pesos, and cash and equivalents. of cash amounted to $ 634,767 million pesos, which represents 6.9% of total assets.

Before the cut of December 31, 2017, the total assets increased by 2.45%, mainly due to the general maintenance at the Guavio Plant, additional works at Quimbo, the extension of useful life and environmental improvement at Termozipa and a greater cash balance.

Regarding the level of indebtedness, at the cutoff date of December 31, 2018, Emgesa recorded a financial debt of $ 3,803,823 million, 9.1% lower than the debt registered as of year-end 2017.

During 2018, $ 412,200 million corresponding to maturities of local bonds were amortised, $ 218,000 million, international loans of $ 100,000 million and local credits of $ 94,000 million, among which is the prepayment of an obligation for $ 58,667 million.

Thus, the significant capital of the financial debt as of 31 December 2018 was divided between bonds issued in the local capital market for $ 2,785,140 million, bonds indexed to Colombian pesos issued in the international market for $ 736,760 million and bank loans for value of $ 150,000 million.

As of 2018, Emgesa maintained 100% of its debt in pesos. In turn, 91% of the financial debt was long term (it had a remaining term of more than one year). 68% of the debt had interest indexed to the CPI, 4% to IBR, and the remaining 28% to a fixed rate.

In 2018 Emgesa received the IR (Investor Relations) recognition by the Colombian Stock Exchange (BVC) for the sixth consecutive year, for voluntarily raising its information disclosure and investor relations management models above the requirements of local regulations, and by making quarterly and annual information available to investors in English and Spanish on its website.

On April 25, 2018 Fitch Ratings Colombia affirmed in 'AAA (col)' and 'F1 + (col)' the National Long-Term and Short-Term Ratings, respectively, of Emgesa S.A. ESP. Likewise, he affirmed in 'AAA (col)' the rating of the Bonds and Commercial Papers Programme for $ 3.715 billion of Emgesa with a stable outlook. Likewise, Emgesa's international rating as issuer of long-term corporate debt in local and foreign currency was ratified in BBB by Standard & Poor's on August 24, 2018 and by Fitch Ratings on April 25, 2018.

As a relevant milestone to be highlighted in 2018 and reinforcing the commitment of the Enel Group to the fight against corruption and bribery, Emgesa certified the Anti-bribery Management System (SGAS) in compliance with the international standard ISO 37001.

As of year-end 2018, the staff of our Company was completed by 605 employees. The umbrella "for your happiness, all our power" remains the engine to continue working for the wellbeing of people, through diversity, change management, strengthening leadership, the evolution of our talent and the leverage of the digital culture

During 2018 we continue working to maintain our certification as a Family Responsible Company (EFR), granted by the Más Familia Foundation, in recognition of our work in the implementation of a new socio-labour and business culture based on flexibility, respect and commitment. with our workers, in order to manage the reconciliation between personal, family and work life. The continuous work and commitment to identify and reduce inequalities, barriers and gender gaps in the dimensions of work such as recruitment and selection, promotion and professional development, training, work environment and health, reconciliation of work, personal and family life, remuneration and wages, labour and sexual harassment in the labour market and non-sexist communication and inclusive language, grants the Company the Gold Seal of Equity in the Workplace - Equipares in 2018.

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

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

In relation to sustainability, the Plan was updated based on future trends, social, environmental, economic and Corporate Governance management. This new integrated model captures the main opportunities for the energy transition, including the following topics: decarbonisation, urbanisation, electrification, digitalisation.

Likewise, after identifying the needs of the communities where we operate and crossing them with the principles of the Group's global sustainability plan, Emgesa focused its initiatives and sustainability projects on three of the SDGs that the Enel Group has committed to support: i) Economic and social development of the communities, ii) Education, iii) Access to electricity.

For the El Quimbo Hydroelectric Plant, in the development of the social and economic strengthening activities that Emgesa advances with the collectively and individually resettled communities of the Direct Influence Area (AID), 89 productive projects were consolidated, which have left the families income exceeding $ 2,179 million, improving the quality of life of the communities. Seventy-two beneficiary families restored their level of income in terms of State Indicator (IE), greater than or equal to 2 legal monthly minimum wages in force (SMMLV).

During 2018 we continued with our support for the integrated development of the country, generating actions for strengthening and building territorial peace, through the partnership with the Prodepaz Network. As a support entity, we contribute to the public advocacy process in the territories where the Development for Peace Programmes are executed.

Additionally, we declare that after the closing of the fiscal year no significant events in the Company occurred to mention.

We conclude this tour of the Company's management by expressing our conviction that the growth prospects of the Colombian economy, the high quality and commitment of our human resources, as well as the support provided by belonging to a multinational with global coverage such as the Enel Group, will allow us to face with optimism the challenges presented to us.

For the Enel Group, the main challenges for 2019 have been defined under the following fundamental focus points:

Digitalisation: Implement management systems for operation and maintenance variables in plants that allow technical and diagnostic analysis. Operational efficiency: Achieving defined savings efficiencies, based on the optimisation of investment planning and asset management, as well as ensuring savings in contracting processes, as well as in the implementation and implementation of new ones maintenance strategies. Modernisation: Bring the plants to technological standards and combat technical obsolescence, this means continuing with the development of the scheme for the remote operation of the plants and with the remote control project in the Cadena del Río Bogotá plants, in addition to the equipment update.

In order to comply with article 47 of Act 222 of 1995, in relation to the operations carried out with the shareholders and administrators, they reportedly observed the applicable legal provisions and are duly reflected in the financial statements. Furthermore, Emgesa complies with the rules on intellectual property and copyright and all software available for the management of the Company has the corresponding licenses and therefore complies with the rules on intellectual property and current copyright in Colombia.

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

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

In line with the Emgesa Corporate Bylaws, the following reports are submitted to the Shareholders:

- Management Report by the General Manager corresponding to the period 1 January to 31 December 2018, received by the Board of Directors.
- Report of the firm Ernst & Young Audit S.A.S., as Statutory Auditor, on Internal Control.
- Certified and audited year-end financial statements.
- Report of Article 446 of the Code of Commerce.
- Special Report of the Corporate Group pursuant to Article 29 of Act 222 of 1995.
- Corporate Governance Reports

Furthermore, in accordance with the provisions of numeral 12 of article 68 of the Bylaws, we inform the Shareholders that the Company has an internal control office that oversees compliance with the control and management programmes. In addition, the external audit of management and results is currently underway by the firm Ernst & Young Audit S.A.S. and its results will be reported in the Unified Information System (SUI) of the Superintendence of Domiciliary Public Services, in accordance with the terms established in the current regulations. Additionally, during the period covered by the report, the Company, as the issuer of securities, has controlled and disclosed the financial information in accordance with the applicable regulations.

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

Sincerely,

BRUNO RIGA
General Manager

JOSÉ ANTÓNIO VARGAS LLERAS
Chairman of the Board of Directors

02

OUR VALUE CHAIN

POWER GENERATION

The Company's management was aimed at improving processes and adopting best practices at the global level, which allowed the efficient development of projects, and the achievement of optimal operational and economic results.

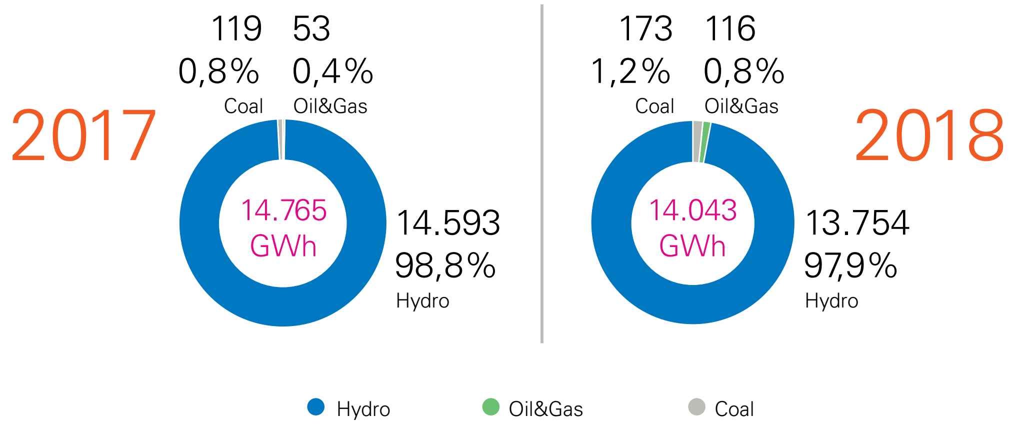
Below are the main actions in operational, technical, health, safety, environment and quality issues of 2018, as well as the main challenges for 2019.

Performance of the operation

In 2018 Emgesa's generation of net energy reached 14,043 GWh, with a decrease of 4.9% compared to 2017, mainly represented by lower hydraulic generation, given by lower contributions compared to the historical average and differences in the context of the market

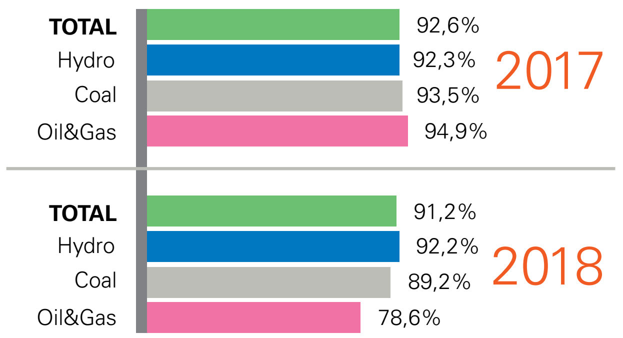
The following graph shows the detail of the net generation by technology:

Chart N°1. Net generation by technology



The availability of the Emgesa generator park in 2018 was 91.2%, with a decrease of 1.3 percentage points, compared to 2017, due to increased maintenance in unit 3 of the Central Cartagena and Central Termozipa for the Life Extension project and for environmental improvement. The following graph presents the detail of the availability by technology:

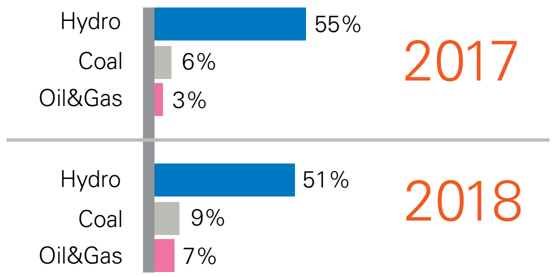
Chart N°2 – Availability by technology (2017-2018)



In total, 185,451 hours of service were recorded for Emgesa's generation units during 2018, 6,482 hours more than in 2017.

The utilisation factor ended at 46% compared to 49% in 2017. The following graph shows the technology detail of this variable, which shows less use of hydraulic technology in 2018 for reasons of commercial strategy.

Chart N°3 – Utilisation factor by technology (2017-2018)



Hydraulic technology

In order to obtain the operational results presented previously, in the hydroelectric power plants different investment and intervention actions were carried out, which are described below:

Guavio Hydroelectric Plant: The main maintenance of the plant was carried out, which had been carried out for the last time in 2007. This maintenance had more than 18 months of planning and work related to general maintenance was carried out (which is carried out every 10 years) of the spherical valves of the five units. Parallel activities of civil works inspection, maintenance in the loading and unloading tunnels and annual maintenance of the associated systems were also carried out and finalised as planned.

Betania Hydroelectric Plant: Modernisation of the speed and voltage regulator of unit 3 was carried out, as part of the plant modernisation project that will continue in 2019.

El Quimbo Hydroelectric Plant: The investments associated with the commitments included in the environmental license continued.

Pagua Chain (Paraíso – Guaca): The speed regulators of unit 2 of Guaca were modernised and maintenance was carried out on unit 1 and changes of the rotor poles of the same plant. Likewise, the investments and works that allowed the reliability and flexibility of the AGC of the six units of the Chain were made.

Río Bogotá Former Chain: The Tequendama Central Power Recovery project was closed, as a result, the plant's installed capacity increased by +37.4 MW, which allowed Emgesa to be the first generator with installed capacity in the country, with 3,504 MW. In addition, it initiated the development of the Remote Control Project (Control Room), Automation and Centralised Control Centre. In the Darío Valencia plant, the second phase of the recovery of the cargo pipeline and the recovery of the concretes of the unloading channel of unit 5 was carried out. The recovery works of the Inlet of the Salto II and Tequendama Centrals were carried out. , also in this Central, the modernisation of the speed regulator was performed, work that was also carried out in the Charquito Power Plant in conjunction with the modernisation of the voltage regulator and the power switch. To improve the efficiency of the Pumping Station, the overhaul of the pumping unit of Muña II was performed; In addition, the area adjacent to the Alicachín gate was cleaned at the Muña III pumping station and the Charquito catchment to improve its operation and the landscaping of the area.

Digitalisation of information systems: The Plant Information information system (PI) came into operation, which allows the analysis of plant variables in real time and the making of predictive decisions. Additionally, we worked on the development of software for the digitalisation of processes aligned with the Group's digital transformation.

Thermal technology

During 2018, due to the low generation, the Thermal Generation management focused on the execution of works associated with the Extension of Useful Life and Improvement project in the Environmental Performance of the Termozipa Power Plant and in complying with the dispatches by safety generation, mainly with the Central Cartagena to attend contingency of the Caribbean area.

The main actions carried out were:

Termozipa Thermal Power Plant: Scheduled shutdowns were made for the installation of new cooling water filter screens, new Automatic Voltage Regulators (AVR), the Bottom Ash Evacuation System (MAGALDI) and the maintenance of electrostatic precipitators (ESP, for its acronym in English).

Cartagena Thermal Power Plant: Generation was handled for safety in the Caribbean area due to overloading of transformers in the Córdoba - Sucre area and contingencies of 500 kV transmission lines. Some corrective maintenance was taken care of due to the high operation of the units in continuous start and stop cycles.

Challenges for 2019

As a response to continue developing the challenges set out in the strategic vision of the Enel Group, the main challenges have been defined under the following fundamental points:

Digitalisation: Implement management systems for operation and maintenance variables in plants that allow technical and diagnostic analysis.

Operational efficiency: Achieving defined savings efficiencies, based on the optimisation of investment planning and asset management, as well as ensuring savings in contracting processes, as well as in the implementation and start-up of new maintenance strategies.

Modernisation: Bring the plants to technological standards and combat technical obsolescence, this means continuing with the development of the scheme for the remote operation of the plants and with the Remote Control project in the Cadena del Río Bogotá plants, in addition to the equipment update.

Cartagena Thermal Power Plant

ASSET SALE AND MANAGEMENT

The sale of electricity is made through the sale of energy to unregulated customers, as well as purchases and sales of block energy to other market agents. In the gas sector, it makes sales to customers in the non-regulated market, delivering the product in the mouth of the market. well or directly on the customer's site of consumption. Asset management is aimed at the wholesale market.

Relevant events

The ENSO conditions (El Niño Southern Oscillation) were neutral in the Central Pacific most of the year 2018, without any incidence on the hydrological contributions of the main rivers in Colombia. During the first three quarters of 2018, contributions in the National Interconnected System (SIN) were surpluses and deficits in the last quarter, the latter with records held below the historical average. In the last period of the year, there was an alert on the likelihood of the formation of an ENSO/El Niño 2018-2019 phenomenon. Additionally, the average Stock price of the year was $ 116/kWh, up 9.9% compared to 2017.

In 2018, we contributed to the growth of the energy derivatives market, for which Emgesa's corporate purpose was changed, in order to be able to carry out operations in the derivatives markets for purposes other than the coverage of the contracting portfolio. Additionally, Emgesa encouraged in its negotiations to sell energy to the non-regulated market, the acquisition of I-REC's renewable energy certificates to present its customers with products or services developed with this type of energy.

Furthermore, Emgesa participated in the process of managed allocation of Firm Energy Obligations of the Reliability Charge convened by the Energy and Gas Regulation Commission (CREG) for the periods between December 2019 and November 2022.

In addition, the consolidation of the natural gas trade market in Colombia continued, achieving the entry of new industrial customers, with contracts of up to five years. The variable margin of this market in 2018 presented an increase of 23% compared to 2017, due to the increase in the margin of spot sales by 312%.

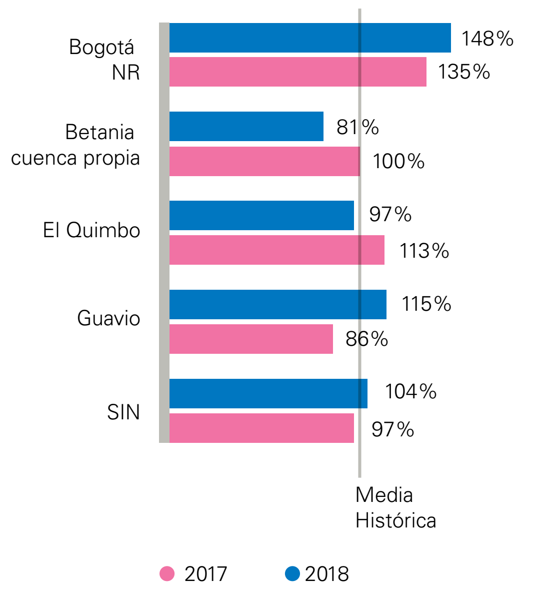
Hydrological contributions

The ENSO conditions were neutral in the Central Pacific most of the year 2018, without any incidence in the hydrological contributions of the main rivers in Colombia. As of year-end 2018, an alert was presented regarding the probability of forming an ENSO/El Niño 2018-2019 phenomenon, which implies a rainfall deficit in Colombia, according to the publications of the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) and international agencies. .

The hydrological deficit of the first three months of the year was presented by the low records of the second rainy season in the country, due to the incidence of atmospheric phenomena that inhibited rainfall as the subsidence phase of the intra-seasonal wave MJO (Madden Julian Oscillation) and the slow displacement of the Intertropical Confluence Zone (ITCZ) that regulates the rains.

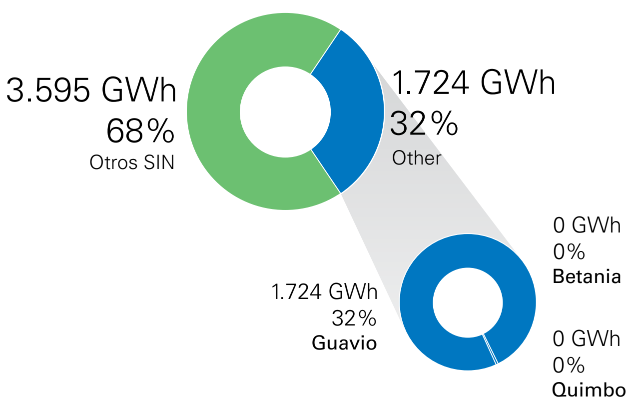
The accumulated hydrological contributions during the year 2018 of the basins flowing to the basins of the Bogotá and Guavio Rivers were above the historical average, El Quimbo normal and Betania Basin Own deficit.

Illustration 1. Cumulative annual average of the hydrological contributions



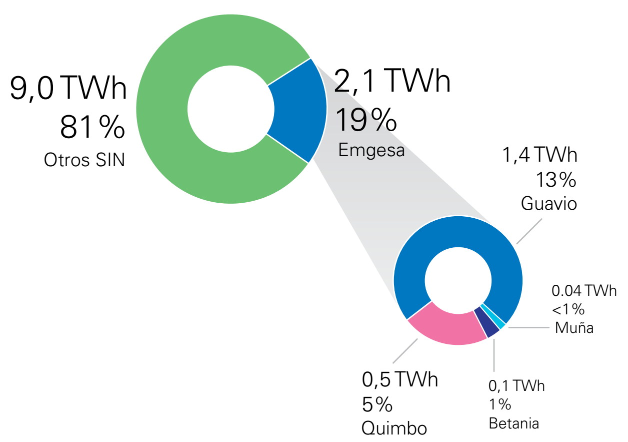
Below is Emgesa's discharge (32%) regarding the behaviour of the whole system in the year 2018.

Illustration 2. Discharges Emegesa 2018



Emgesa's reserves started with 2.1 TWh and ended with 2.5 TWh. The reserves at the country level (SIN) started with 11.1 TWh (65% of the useful volume) and ended with 12.2 TWh (72% of the useful volume):

Illustration 3. Reserves at the beginning of 2018

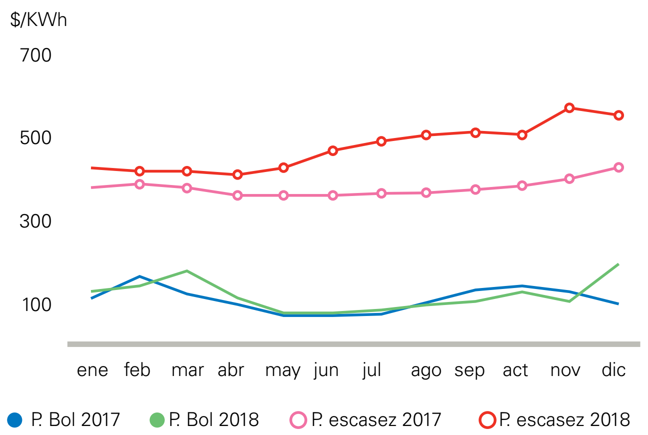


Spot market

The spot market or Energy Exchange allows the generators and marketers of the sector to transfer their surpluses and shortfalls in real time, taking into account that energy can not be stored.

The demand is not completely exposed to the variations in the spot price due to the existence of the scarcity price, which represents a ceiling price from which the requirement for the Firm Energy Obligations (OEF) assumed by the generators is materialised.

Illustration 4. Figures SPOT Market



The average price of Stock Exchange of the year was 116 $ / kWh, it grew 9.9% with respect to 2017.

Table 1. Comparative stock price

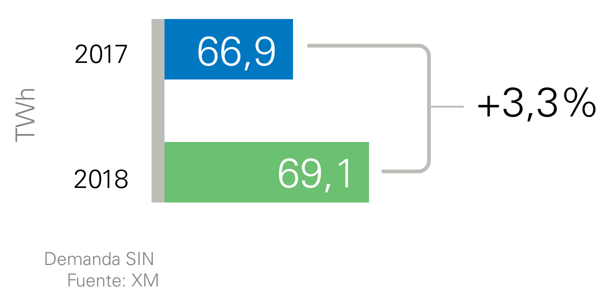
	2018	2017	Dif	
	$/kWh	$/kWh	$/kWh	%
Spot Price	116	106	+ 10	+9,9%
Scarcity Price	472	375	+97	+26%

In this context, the variable margin of the year 2018 of Emgesa was $ 2,306 billion, 2.3% higher than that presented in the same period of 2017.

Demand

The national demand for electric power during the year 2018 was 69.1 TWh, 3.3% higher than the previous year. In particular, the demand of the unregulated market corresponded to 32% of the total demand for electric power, that is, 21.79 TWh. The remaining demand (68%) corresponded to the demand of the regulated market, with 47.32 TWh. The maximum power demand was presented on December 13, reaching 10,190 MW. This figure increased by 1.9% with respect to the 2017 maximum (9,996 MW).

Illustration 5. Demand SIN. Source: XM



Management of the Reliability Charge and Secondary Market

The period of the Reliability Charge 2017-2018 required Emgesa to assume the Firm Energy Obligations (OEF) allocated by 13,458 GWh, complying 99.2%, both for the availability of generation resources and for the management of the safety rings defined in the regulations of the Energy and Gas Regulation Commission (CREG).

In addition to the allocated OEFs, Emgesa received under the OEF transfer scheme, regulated by the CREG, additional obligations for 384 GWh, which were backed by the availability of the generation plants and represented an additional income of 6 million dollars in the reliability market.

Table 2. Figures management of the Reliability Charge

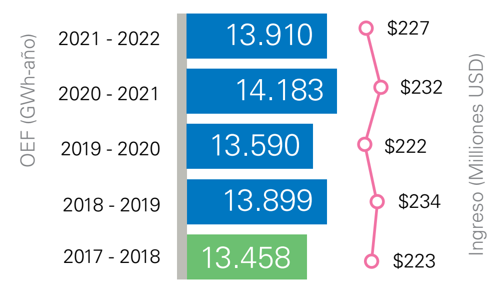
	TOTAL (GWh)	TOTAL (MUSD)
Allocated remuneration	13.458	223
Received by availability plants	12.676	210
Received by security rings management	666	11
Additional revenue for additional OEF	384	6

Allocation of Firm Energy Obligations (OEF) for Emgesa

On May 18, 2018, the Energy and Gas Regulatory Commission (CREG) issued resolution 065, allocating the Firm Energy Obligations of the Reliability Charge for the periods between December 2019 and November 2022; the Company participated in the process by starting with the declaration of parameters in August 2018 and continued with the calendar established in said resolution. This process culminated with the delivery of the OEF certificates on October 23, 2018.

The obligations acquired by Emgesa in this allocation period (December 2019-November 2022) and the periods previously allocated (December 2017-November 2019), together with their equivalent income from the Reliability Charge, are described below:

Illustration 6. Firm energy obligations



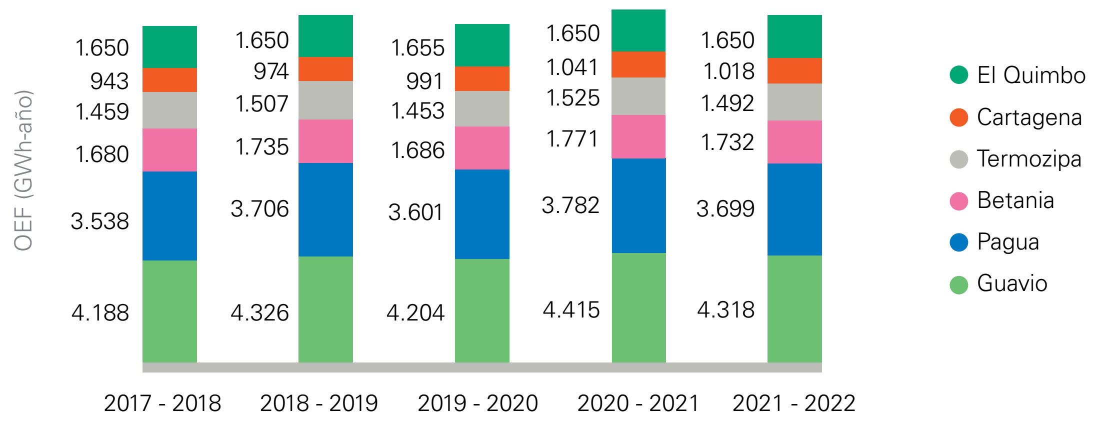
The rates to calculate the respective revenues for each charge period can be found in the following table, they are indexed with the American Producer Price Index (PPI).

Table 3. Rates to calculate revenues charge periods

Charge period	Indexed	Rate [USD/MWh] Gua+Pag+Bet+Zip	CTG	El Quimbo
17-18	nov-17	16,70	16,70	15,69
18-19	nov-18	17,04	16,09	16,01
19 al 22	nov-18	16,39	16,39	16,01

The OEF allocations for Emgesa in each plant are consolidated in the following graph:

Illustration 7. Emgesa OEF by plant



The allocations for the periods comprised between December 2017 and November 2022 were made under the allocation mechanism administered pro rata. The allocation percentages for the existing plants are shown in the following table:

Table 4. Allocation percentages for existing plants

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Prorrata	92%	95%	92%	97%	95%

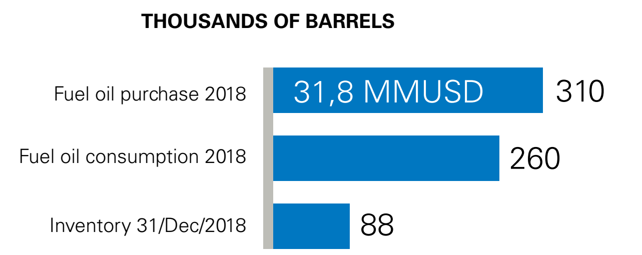
Fuel management

Special fuel oil

In 2018 fuel oil consumption and purchases for the Central Cartagena presented an increase of 134% and 190% respectively, with respect to 2017, due to the increase of security generations in the Bolivar area due to restrictions of the local network, scheduled maintenance of the system of transport to the coast (500 kV and 230 kV) and by the emergency situation by public order (February).

The Central Cartagena in 2018 was the largest consumer with 92% of the liquid fuels (diesel, fuel oil and kerosene) used for thermal generation in the National Interconnected System (SIN). Regarding the average unit price of the fuel purchased, an increase of 15.5% was registered compared to the year 2017 due to the recovery of prices in the international market. During 2018 the minimum purchase commitment (160 kbls) of the special fuel oil supply contract that supports the Reliability Charge of the Central Cartagena for the period from December 2017 to November 2019 was fulfilled.

Illustration 8. Fuel oil management 2018



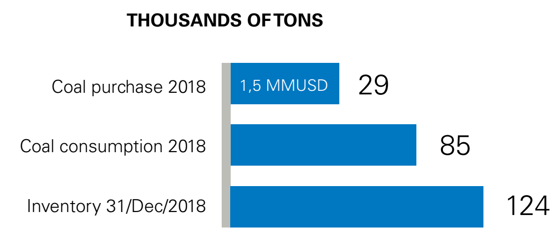
The volume of inventory as of 31 December 2018 was 148% higher than at the end of 2017, due to operating conditions in the presence of the El Niño phenomenon.

Coal

In 2018, for the operation of the Termozipa Power Plant, the volumes of purchases were reduced by 67% due to the favorability of the hydrological conditions and the low prices of the Energy Exchange, while the consumption of coal increased 47% compared to to that reported in 2017, attributed to the high generation in merit reported in the month of December. The volume consumed in the plant corresponded to 10% of the total used in the SIN for thermal generation with coal.

In terms of consumption of fuels for generation in the National Interconnected System, a slight increase was registered for 2018, in such a way that electricity demand was covered by 15% with generation of thermal plants, compared to 12% reported for 2017.

Illustration 9. Coal management 2018



In turn, there was a 29% reduction in the coal inventory level as of year-end 2018 compared to the one registered in 2017.

Wholesale market

In the wholesale market, energy purchase and sale operations were carried out in large blocks between generators and traders to execute long-term contracts subject to prices and defined amounts. During 2018, Emgesa sold energy in the wholesale market through contracts, as a result of public calls or private invitations.

Table 5. Wholesale energy market sales

Figures in GWh	2017	2018	Variation %	
Wholesale market	11.693	11.330	-363	-3,1%

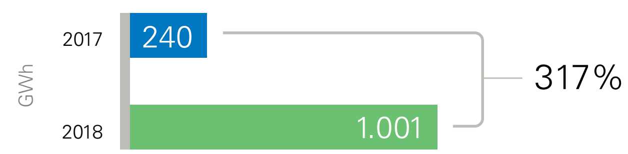
Emgesa participated in 52% of the public bidding processes in the Colombian market, as well as in other sales processes to serve the regulated market and / or support contracts of other generators, reaching sales of 8,717 GWh, distributed between 2018 and 2028.

In order to support the maintenance of the Guavio Power Plant, energy purchases were made for 152 GWh between the months of October and November, this includes a swap in which Emgesa had to deliver 68 GWh during the same period.

Power purchases

In order to support energy sales in contracts, Emgesa purchases energy through contracts from other agents in the wholesale market. The following graph shows the level of energy purchases at the close of 2018:

Illustration 10. Energy purchases year-end 2018



Source: Internal information Emgesa

Purchases in 2018 increased by 317% with respect to 2017 This was mainly due to the fact that total sales for 2018 grew compared to the previous year and in addition to the fact that own energy was lower in 2018 compared to 2017.

Non-regulated market

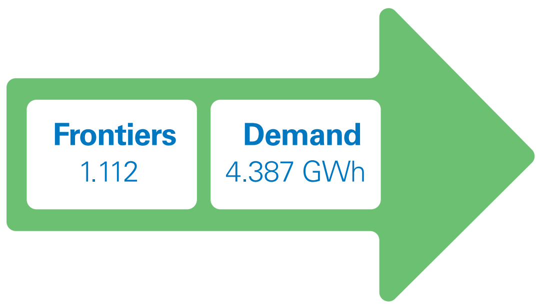
The non-regulated market consists of those end customers that consume more than 55 MWh per month or that have more than 0.1 MW of installed power. Emgesa serves customers in the industrial and commercial sector mainly in this market, for which it has specialised means of providing advice in the negotiation of energy and offering energy solutions geared towards efficiency.

The commercial demand of the unregulated market served by Emgesa in 2018 was 4,387 GWh, 9.4% higher than the previous year, and equivalent to 20% of the total national demand of this market, consolidating itself as the second energy supplier in the country. During this year, 1,112 frontiers (telemetering points) of 480 customers were served.

Table 6. Non-regulated market demand served by Emgesa

Figures in GWh	2017	2018
Non-regulated market	4.009	4.387

Illustration 11. Summary of customers' non-regulated market



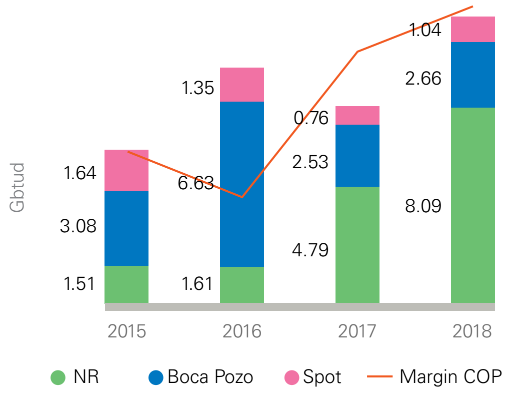
The main regions in which the growth of energy sales to customers in the unregulated market was evidenced, with respect to 2017, were: Tolima-Huila-Caldas (+ 35%), Atlantic Coast (+ 31%) and Valle (+ 24%).

Additionally, in the year, 7,479 GWh were sold to customers in the non-regulated market in contracts with validity for the years 2018 and 2033.

Gas sales

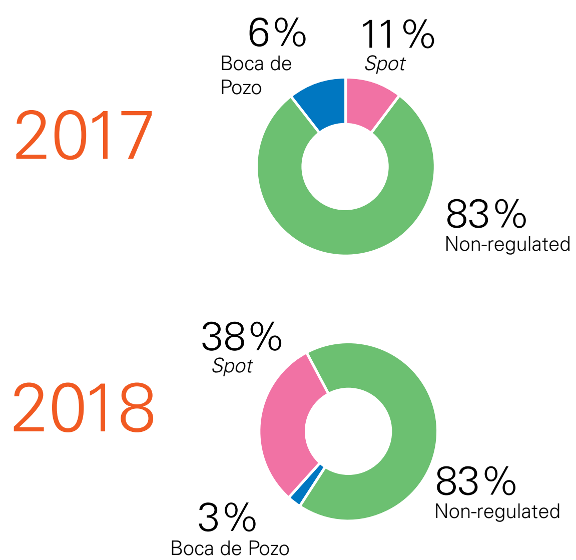
The variable margin in 2018 ($ 4,220 million) presented an increase of 23% with respect to 2017 ($ 3,421 million), due to the increase in the spot sales margin by 312%, going from $ 470 million to $ 1,937 million. 14 industrial customers (unregulated) were attended in Bogotá, Manizales and Cartagena and 3 customers at wellhead (secondary market). The signing of new sales contracts with final customers was achieved for 2019 with periods of 1, 3 and 5 years, as shown below:

Illustration 12. Gas sales 2018



The share during 2017 and 2018 in the variable margin for each of the markets was:

Illustration 13. Market share 2018



Structuring new products - Green Energy Certification

Emgesa has decidedly entered into the market for green energy certificates, always in the search for innovation and the diversification of its range of services associated with electricity, and in favor of the integral satisfaction of increasingly demanding customers.

During 2018, the Company encouraged in its negotiations to sell energy to the non-regulated market, to acquire renewable energy certificates to present products or services developed with renewable energy to its customers, adding an element of preponderant and differentiating value to the intrinsic qualities of their products. In 2014, 57.6 GWh were negotiated for the years 2019 to 2021 in customers of the non-regulated market that include IRECS certification.

Energy Derivatives Market

In July 2016, Emgesa entered the energy derivatives market with the objective of entering into energy futures contracts to mitigate the risk associated with the volatility of energy prices in the spot market. With the foregoing, the Company manages its contract portfolio.

As of December 31, 2018, there are contracts to purchase energy futures for 5.28 GWh and 10.92 GWh of sale contracts and 7.2 GWh of energy futures were settled. During 2018, coverage of transactions in Derivex totalled $ (105.2 million), which allowed securing wholesale market revenues of $ 887 million, representing a variable margin of $ 782 million.

In May 2018, the statutory reform was registered in the chamber of commerce with the change of Emgesa's corporate purpose in order to be able to carry out operations in the derivatives markets for purposes other than the coverage of the contracting portfolio. As of December 31, 2018, 0.75 GWh were liquidated, which were not considered within the hedging strategy. In turn, as of December 31, 2018 there were contracts for the sale of energy futures for 18 GWh, with a different purpose than the coverage of the contracting portfolio.

During 2018, the margin of transactions with a purpose other than the coverage of the contracting portfolio was $ 62Million.

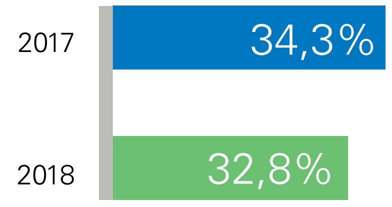
In 2018 we carried out futures transactions with Derivex for 42.15 GWh. These operations are backed by financial guarantees, requested by Derivex and the counterparty's Risk Chamber.

Portfolio

In 2018, programmes for preventive collection management and application of strategies focused on improving customer collection management were carried out, so it was possible to obtain a manageable portfolio index as of 31 December 2018 of 1.1. %.

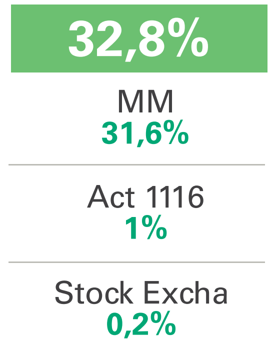
However, the average consolidated loan portfolio ratio for the year reached 32.8%, mainly due to the portfolio of agent Electricaribe S.A. ESP, which amounts to $ 99,000 million and is frozen by the inauguration of the Superintendence of Public Services as of 14 November 2016.

Illustration 14. Consolidated annual portfolio index



Source: Internal information of Emgesa

Illustration 15. Internal disaggregation of Emgesa's portfolio



Meters

During the year 2018, the first cycle of five-year audits of Code of Measurement was initiated, for which Emgesa attended a total of 69 visits for the non-regulated and generation market. As a result of this process, several regulatory clarifications were generated that led to a second review of frontier compliance on issues such as data encryption, compensation charges, characteristics of backup equipment, calibrations and routine tests. In this new phase there is compliance in metrological issues of 91% of the cases, advance that guarantees that the measurements used for operational, commercial, regulatory and monitoring and control purposes, are accurate and reliable, developing in accordance with the technological capabilities current

In 2017, the CNO published Agreement 1004, which establishes the minimum conditions of safety and integrity for the transmission of readings from the meters to the Metering Management Centre (CGM) and between the latter and the ASIC. With the publication of this document, the corresponding actions have been taken to ensure the encrypted operation of the consumption information, and procedures have been developed to ensure that the Emgesa Metering Management Centre complies fully with the technical and regulatory requirements. for its correct operation.

In the second semester of 2018, the process was implemented to perform automatic hourly adjustment by means of software for marketing frontiers, guaranteeing a constant monitoring and compliance with regulatory lags allowed between the main and backup meter. It has integrated 85% of the total marketing frontiers. Additionally, the infrastructure was purchased to internalise Emgesa's CGM architecture.


Charquito Hydroelectric Power Plant

Main figures

The following table summarises the results of the main processes:

Item	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
ENERGY (GWh)																			
Energy Demand from the SIN	41,479	43,150	44,841	45,816	47,011	48,829	50,815	52,853	53,871	54,679	56,148	56,739	59,370	60,890	63,571	66,175	66,318	66,893	69,122
Generation of SIN	41,278	43,048	44,735	46,734	48,562	50,430	52,340	53,626	54,395	55,966	56,888	58,620	59,989	62,197	64,328	66,548	65,942	66,667	68,943
Energy Exports	-	24	81	1,129	1,681	1,758	1,609	877	599	1,358	798	1,955	714	1,377	849	460	45	19	106
Energy Imports	77	40	8	69	48	37	28	40	26	21	10	8	7	29	47	45	378	194	233
Unattended Demand	124	86	180	142	82	120	55	64	49	51	48	65	89	43	46	41	43	51	52
Hydroelectric Generation	31,074	32,439	34,670	37,197	39,849	40,979	42,558	44,242	46,161	40,837	40,557	48,432	47,582	44,363	44,742	44,682	46,798	57,343	57,648
Thermoelectric Generation	10,204	10,609	10,065	9,538	8,662	9,401	9,719	9,334	8,180	15,071	16,292	10,147	12,293	17,776	19,516	21,798	19,093	9,316	11,509
ACPM Generation	-	-	-	-	-	-	1	1	0	276	478	5	85	145	180	1,043	1,348	12	14
Carbon Generation	1,880	2,032	1,983	2,632	1,634	2,086	2,591	2,904	2,487	3,697	3,578	1,636	2,865	5,527	5,659	6,256	5,400	2,398	3,687
Fuel Oil	408	73	8	7	13	8	15	18	14	92	98	105	147	127	113	491	534	50	115
Gas	7,811	8,404	7,971	6,793	6,900	7,198	7,025	6,341	5,631	10,894	11,928	8,090	8,849	11,625	13,009	13,451	11,005	6,195	6,961
Imported Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33	28	735
Others (Mezla Gas-JetA1, JetA1, Querosene)	105	99	103	105	116	109	88	69	48	111	210	311	347	352	555	559	772	633	-
Wind Generation	-	-	-	-	51	50	63	50	54	58	39	41	55	58	70	68	51	3	43
Solar Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	8
Generation (GBTU)																			
Thermal SIN Gas	-	-	-	-	-	26,951	68,400	56,854	48,899	86,822	102,053	71,262	75,766	98,225	110,297	108,554	90,780	54,154	53,859
Thermal Gas Imported SIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	438	404	10,366
Thermal Gas EMGESA	-	-	-	-	-	60	159	418	242	2,653	2,144	1,524	1,002	7	-	171	227	39	42
POWER SIN (MW)	12,734	13,160	13,425	13,229	13,427	13,355	13,280	13,414	13,479	13,509	13,303	14,427	14,362	14,559	15,481	16,420	16,594	16,779	17,322
Hydraulic	8,265	8,682	9,042	8,862	8,926	8,948	8,947	8,991	8,997	8,997	9,044	9,718	9,777	9,875	10,900	11,501	11,611	11,726	11,837
Thermal	4,455	4,464	4,369	4,348	4,459	4,377	4,289	4,379	4,439	4,458	4,185	4,634	4,509	4,598	4,485	4,814	4,865	4,902	5,309
Others (Solar wind generator)	14	14	14	20	43	31	44	44	43	53	73	75	76	85	96	105	118	151	177
Maximum Demand of Power of the SIN	7,617	7,783	8,018	8,050	8,332	8,639	8,762	9,093	9,079	9,290	9,100	9,295	9,504	9,383	9,551	10,095	9,904	9,996	10,190
EMGESA POWER (MW)	2,496	2,496	2,199	2,055	2,075	2,104	2,214	2,804	2,861	2,861	2,880	2,881	2,881	2,896	3,030	3,420	3,489	3,493	3,528
Hydraulic	2,274	2,274	1,978	1,832	1,852	1,879	1,860	2,450	2,450	2,450	2,469	2,469	2,469	2,484	2,618	3,008	3,078	3,082	3,120
Thermal	222	222	221	223	223	225	354	354	411	411	411	412	412	412	412	412	411	411	408
Generation Portfolio EMGESA (GWh)	10,116	10,252	10,705	10,801	11,881	11,875	12,562	11,929	12,917	12,659	11,306	12,100	13,037	12,755	13,630	13,691	14,954	14,767	14,020
Guavio	4,509	5,775	5,868	5,403	6,138	5,723	6,111	5,340	5,409	5,529	4,306	4,522	6,241	5,405	5,603	6,603	5,949	5,081	4,937
Betania	2,375	1,788	1,829	1,589	1,853	2,100	2,205	2,013	2,360	2,038	1,726	2,603	2,197	1,938	2,286	1,550	1,907	2,621	2,128
Pagua	1,963	2,253	2,384	3,466	3,324	3,313	3,307	3,565	4,089	3,786	3,724	3,783	3,674	4,222	4,339	3,476	3,963	3,062	3,223
El Quimbo	-	-	-	-	-	-	-	-	-	-	-	-				159	1,448	2,190	1,892
Cartagena	408	73	8	7	13	8	10	36	31	224	241	206	203	91	74	332	330	53	116
Termozipa	8	62	243	180	68	228	321	478	472	747	791	264	394	934	914	1,150	592	119	173
Run-of-River	-	-	-	-	-	-	-	-	-	-	-	-	-	46	322	327	554	1,086	841
Minor	853	302	373	156	484	502	608	496	556	335	517	721	328	118	92	95	211	555	709
Energy Marketed EMGESA (GWh)	6,384	7,860	7,158	8,638	8,501	8,358	11,189	10,519	10,917	11,460	10,946	10,544	11,719	11,570	10,969	12,488	13,328	15,703	15,698
Wholesale Market	6,384	6,233	4,770	6,145	5,576	5,284	8,170	8,310	8,734	8,979	8,335	7,639	8,682	8,425	7,669	8,497	8,696	10,837	10,612
Unregulated Market	-	1,627	2,388	2,493	2,925	3,074	3,019	2,209	2,183	2,481	2,611	2,905	3,037	3,145	3,300	3,991	4,632	4,866	5,086
OBLIGATIONS FIRM ENERGY (GWh)																			
OEF System	**-**	**-**	**-**	**-**	**-**	**-**	**4,324**	**52,780**	**55,326**	**54,732**	**56,535**	**64,914**	**68,224**	**69,866**	**64,264**	**67,952**	**72,207**	**72,326**	**75,778**
Hydraulics	-	-	-	-	-	-	2,096	25,529	26,158	25,887	26,566	29,493	32,722	33,939	31,048	34,010	36,274	36,424	38,316
Thermal	-	-	-	-	-	-	2,222	27,178	29,116	28,739	29,746	35,104	35,156	35,575	32,744	33,415	35,365	35,267	36,682
Co-generator	-	-	-	-	-	-	6	73	52	106	223	317	347	352	472	526	567	633	734
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	46
OEF Emgesa	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,814**	**11,209**	**11,187**	**11,835**	**13,301**	**13,311**	**13,529**	**12,095**	**12,462**	**14,093**	**13,204**	**13,850**
Hydraulic	-	-	-	-	-	-	-	3,103	9,068	8,835	9,063	10,143	10,150	10,316	9,252	9,858	11,122	10,804	11,441
Thermal	-	-	-	-	-	-	-	711	2,141	2,351	2,772	3,159	3,161	3,213	2,843	2,604	2,971	2,400	2,409
TRANSACTIONS - SIN ($ Billions)																			
CxC remuneration	965	1,055	1,233	1,438	1,324	1,198	1,260	1,412	1,453	1,619	1,451	1,607	1,559	1,640	1,906	2,751	3,403	3,504	3,591
Cost of Restrictions	-	-	-	176	200	155	260	120	347	277	499	705	622	296	282	433	998	1,455	1,997
Transactions on the Stock Exchange	711	935	813	1,138	1,104	1,320	1,275	1,392	1,478	2,547	2,445	1,407	1,870	2,670	3,447	3,909	4,109	2,032	2,292
AGC Service	56	203	157	243	222	273	268	183	367	526	504	294	444	709	882	1,628	1,199	526	554
TRANSACTIONS - EMGESA ($ Billions)																			
CxC remuneration	173	211	250	290	271	230	247	283	350	377	291	333	347	357	424	593	807	808	763
National Stock Sales	129	94	185	202	234	234	243	198	244	344	268	226	317	385	658	615	534	216	268
National Stock Purchases	16	110	16	53	27	30	26	62	69	161	206	50	109	197	170	153	192	158	138
AGC Service	16	51	26	15	35	61	43	45	90	154	135	91	121	268	189	554	440	77	88
HYDROLOGY- RESERVOIR																			
Contributions SIN regarding M.H. (%)	106	84	88	88	101	94	108	105	119	89	107	135	104	91	91	80	83	97	103
Energy Contributions - SIN (GWh)	41,013	34,652	40,684	41,909	48,662	44,934	51,124	49,147	57,389	43,139	52,305	73,699	56,447	49,619	50,242	48,017	53,118	63,001	66,123
Useful Volume -SIN (%)	71	83	75	79	81	78	84	79	82	65	78	89	73	69	75	61	74	65	72
Useful Volume -SIN (GWh)	11,131	12,620	11,154	12,178	12,395	11,837	12,612	12,090	12,500	10,000	11,957	13,968	11,181	10,495	12,132	10,563	12,586	11,091	12,161
Discharge - SIN (GWh)	9,465	1,991	2,526	309	3,245	928	3,030	1,488	4,173	441	3,457	5,911	2,434	151	776	883	376	3,445	5,318
Discharges Emgesa (GWh)	1,926	293	1,745	111	1,812	813	2,527	242	1,538	296	2,177	1,131	897	5	680	504	157	382	1,724
PRICES AND INDICATORS																			
National Stock Price ($ / kWh)	45	52	49	67	64	74	74	84	88	139	129	75	116	177	225	378	300	106	116
CERE Rate Average Year ($ / kWh)	24	25	28	32	28	25	25	28	28	30	27	29	30	33	31	43	55	57	58
MC ($ / kWh)	45	56	65	76	79	76	76	82	93	114	121	132	134	140	144	156	167	178	190
PPI	59	63	69	73	76	78	82	83	90	88	92	97	95	94	100	110	111	111	117
CPI	61	66	70	75	79	83	87	91	98	102	104	108	111	113	117	122	132	137	143
Exchange Rate Average Year ($ / USD)	2,105	2,302	2,534	2,875	2,615	2,319	2,364	2,077	1,979	2,180	1,902	1,854	1,799	1,880	2,018	2,743	3,051	2,951	2,956

Huila Region Overview

Regulatory management of the market

The regulatory management associated with the electric power market and the trade of natural gas during the year 2018 was impacted by some institutional and market events, such as the delay in the entry of the Hidroituango Project, the evolution of the Electricaribe process, the legislative agenda and even the change of government, which led the regulator, the Ministry of Mines and Energy and other institutions, to carry out actions in order to address these events mainly and in general to move forward with the agendas proposed at the beginning of 2018, in this sense then we highlight the progress of the following topics.

With the publication of CREG resolutions 083 and 084 of 2018, the Energy and Gas Regulation Commission (CREG) set the opportunity to assign the Firm Energy Obligations (OEF) of the Reliability Charge for the periods 2019-2020, 2020- 2021 and 2021-2022, and called for a power sale reconfiguration auction for the period 2018-2019. Both regulatory measures sought to ensure the availability of an efficient energy supply for the country in the medium and long term in the face of the system's reliability due to the delay of Hidroituango.

In addition, the Commission, through CREG Resolutions 103, 104 and 142 of 2018, modified some aspects of the Charge for Reliability scheme and defined the conditions for the call for an expansion auction of the Reliability Charge for the period beginning in December. of 2022. As a novelty, the resolution establishes, among other aspects, that the auction to be carried out will be done through the closed envelope mechanism (before auction of descending clock), likewise the information published on the process is limited and economic incentives for the anticipated entry of projects.

In relation to the incorporation of Non-Conventional Renewable Energy Sources - FRNCE during 2018, the Ministry of Mines and Energy (MME), through Decree 0570 of March 2018, defined the public policy guidelines for contracting Long Term Energy The objectives of the Decree are: to strengthen the resilience of the generation matrix through the diversification of risk, promote competition and efficiency in the formation of prices through new and existing projects, mitigate the effects of climate variability and change , through the use of available renewable resources, strengthen national energy security and reduce GHG emissions, in accordance with COP 21 commitments. The Ministry issued Resolutions 40791 and 40795 of August 2018, through which the methodology was defined of auctions of long-term contracts and the launching of the first auction of long-term electric power in the country respectively.

Through resolutions 41307 and 41314 of 2018 of December 2018, the Ministry established all the details of the awarding mechanism and officially convened the first long-term electric power auction, which will be held on February 26 2019. This process seeks to award 1,183,000 megawatt hours per year, through long-term annual energy contracts with a term of 12 years. The start date of the obligations of the generation projects that will be assigned will be December 1, 2021. The auction will only take into account energy generation projects whose initial date of operation is after December 31, 2017, which they will be evaluated based on four criteria: resilience, complementarity of resources, regional energy security and reduction of CO2 emissions.

On other complementary regulatory aspects, rules were defined so that users can produce energy and sell it to the National Interconnected System. This is CREG Resolution 030 of 2018 on small-scale self-generation (up to one megawatt) and distributed generation, which defines an easy and simple mechanism for residential users of all strata, as well as commercial and small industrial, to produce energy mainly to meet their own needs and can sell the surplus to the interconnected system.

As of year-end 2018, with the coordination of the CREG, several consultants presented a series of studies contracted by the regulator, which are aimed at modifying the market architecture, taking into account the imminent entry of NCRE into the generation matrix. In particular, the following topics were analysed: i) the implementation of a binding dispatch and intraday markets, ii) the implementation of complementary services and the introduction of new technologies (storage systems) and iii) update of the Network Code. These studies are still under analysis by the Commission and more specific proposals are expected for 2019.

Regarding issues related to the natural gas regulatory framework, the CREG complemented aspects that had been revoked in CREG Resolution 202 of 2013 related to the general criteria to remunerate the distribution activities of this energy. One of the components that make up the tariff paid by the users of the fuel gas service has to do with the cost incurred by companies for carrying the gas through pipe networks, from the stations located at the entrances of the cities to the connections of the users.

With the issuance of CREG Resolution N ° 090 of 2018, all the elements of the methodology for calculating the gas distribution rates for pipe networks were integrated, in such a way that the distribution activity of this energy is adequately remunerated.

The Commission, continuing with its analyses and adjustments to the natural gas market, presented for comment the CREG Resolution 072 of 2018, by means of which provisions of the wholesale natural gas market contained in CREG Resolution 114 of 2017 were adjusted.

Customer relations and service plan

Customer relations

To communicate effectively with its customers, Emgesa has designed a plan through different communication channels:

Illustration 17. Customer relations plan

Sales force

As part of the value proposition to customers, we have a team of commercial area coordinators, experts in energy market, energy management, quality of supply and sector regulation, who provide personalised advice and follow-up. Emgesa serves customers nationwide, its sales force is located in the cities of Bogotá, Cali and Barranquilla.

The commercial management of the Barranquilla commercial office contributed to a growth in the Atlantic Coast of 31% compared to the year 2017.

In the last quarter of 2018, a project was initiated to boost customer service through virtual means, thus achieving greater coverage in the consultancy.

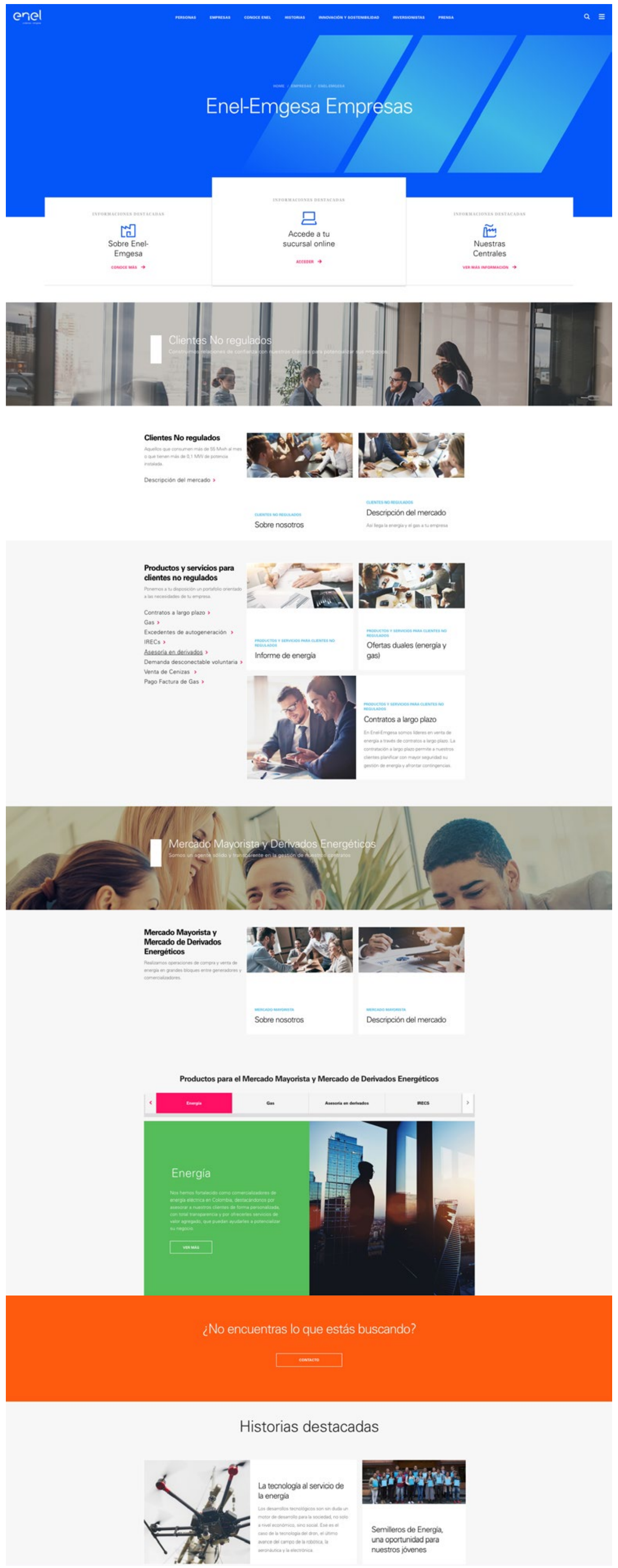
Call Center

Customers have at their disposal national service lines available 24 hours a day, 365 days a year, through which all doubts and requirements are addressed, as well as claims for quality of supply with the corresponding Network Operator.

Website

Through the website http://customeres.emgesa.com.co, the Company's customers can access personalised content.

Illustration 18. Emgesa website



Events and training

In order to share relevant information of the trade business with customers, Emgesa has developed a training plan related to:

- Energy market
- Regulations and standards in force
- Efficient use of energy
- Economic prospects
- Other current issues

As of year-end 2018, about 394 customers attended the events that are part of the relationship plan.

Customer satisfaction

Emgesa's customer satisfaction survey model has been designed to measure the perception of the market against the offer of products and services, and seeks to focus efforts and resources on the inducers of customer satisfaction and that which adds value to the product.

The Quality Satisfaction Index (ISCAL) of 2018 was 86.2% maintaining itself in levels of excellence in the last years, thanks to the development of the relationship plan with customers. The customer satisfaction model evaluates aspects of the commercial relationship as attention by its commercial coordinator, media, invoice, image, among others.

Customer relations event

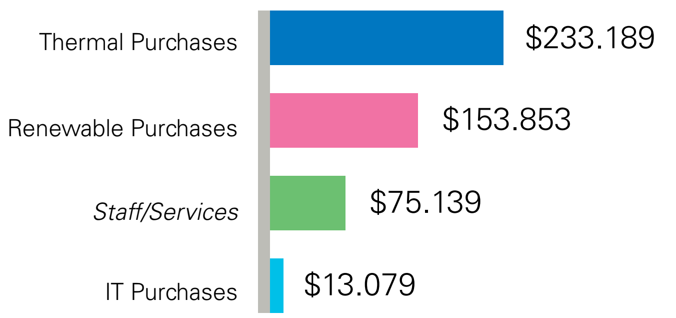
PURCHASING AND PROCUREMENT MANAGEMENT

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

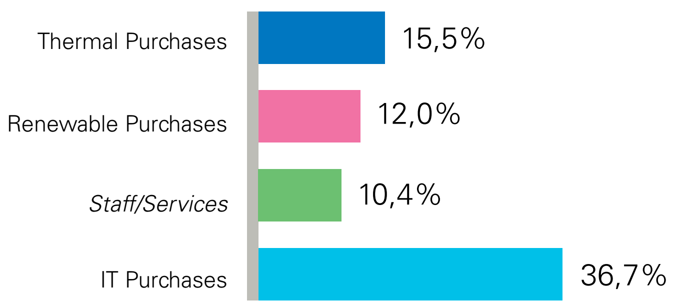
It includes the activities that start when the Company needs a material, work and / or service, until the legal relationship is formalised by signing a contract, or signing a purchase order on the occasion of the acceptance of a commercial offer.

Key indicators

During 2018, there were awards for a value of $475.260 million, between purchases of renewable generation, purchases of thermal generation, staff and purchases associated with technology and information technology.



With these purchases, savings of 14.4% were obtained, as a result of negotiations with suppliers to obtain better market prices. The savings obtained are distributed by purchase portfolios, as indicated below:



Some achievements in 2018

- During 2018, the implementation of the Procurement Transformation project was continued with the main objective of creating value in the business units and significantly improving the experience of the stakeholders with an End to End perspective. The objective of increasing buyers' skills was continued, as well as improving integration and communication with customers to define solutions that meet the needs of the business. Suppliers were involved from the moment the need arose, listening to their proposals, to jointly develop an innovative approach in the operation of the businesses.
- The Company made efforts in having qualified, experienced and high performing suppliers, which is why during 2018 the Transformation forum was held in the procurement process, attended by approximately 100 companies that already provide services or are potential suppliers in the business. In this forum the Company strategy was presented for the transformation project and the main challenges in each of the business lines as well as in the areas of Procurement, HSEQ, Audit and Sustainability. The next investment plans and purchasing plan for the next three years were also made known to suppliers.
- The first Innovation by Vendors workshop called PRO-VEERNOS was held. Space created to share difficulties, problems and solutions, relevant information, concerns and priorities with suppliers, seeking greater integration, facilitating work and thus achieving better results. During these activities problems were encountered to find solutions jointly, clarifications were made and information was provided on the transformation of the purchasing process
- For the thermal generation business, a new system for the Vendor Rating evaluation called Track & Rate was implemented. This tool aims to replace all types of questionnaires that were available and allows all users of the business units to issue real-time warnings during the performance of suppliers, from any type of device (smart phones, tablets, PC).
- During 2018 the supplier rating model continued through the rating system that includes the concept of sustainability (human rights, environment and safety) as a pillar in all supplier evaluations.

Purchase management

The following were some relevant processes contracted during 2018:

Purchase of services for thermal generation

- Supply system for reduction of sulphur oxide (SOx) of Termozipa Thermal Power Plant, for a total value of $ 61,900 million before VAT, valid until October 15, 2022. The scope of the contract includes design, engineering, supply of materials, manufacturing and pre-manufacturing, testing, shipping, delivery, assembly and commissioning supervision, efficiency tests for two (2) lime mixers, in addition to a semi-drying system and a gas desulfurisation system with its auxiliary equipment.
- Supply of the system for the reduction of nitrogen oxide (NOx) of the Thermal Power Plant Termozipa, for a total value of $ 42,523 million before VAT, valid until January 14, 2020. The scope of the contract includes the development and implementation of four complete systems of primary measures for the reduction of nitrogen oxide including electrical and civil works and system start-up.

Purchase of materials and contracting of works and services for renewable generation

- The social operator service of the El Quimbo Hydroelectric Project, with a term of 30 months from July of the same year, with a cost of $ 11,227 million.
- The civil works service for the stop of the Guavio Plant, for a value of $ 6,243 million and whose saving was $ 985 million, which is equivalent to 13.6%.
- Hydro-meteorological monitoring for all Emgesa hydroelectric plants, with a term of 3 years from June of the same year, for a value of $ 5,231 million.

Purchase for services and staff

- Integrated cleaning service, cafeteria and maintenance of buildings for a value of $ 17,685 million and a period of 3 years. In this process the maintenance service of the critical systems was included (UPS maintenance, air conditioning systems and equipment, firefighting system and equipment, maintenance of electric backup plants, elevator maintenance), in order to optimise costs and delegate the management of the facilities to a single expert. Management of administrative buildings was also implemented with the


Guavio Reservoir

Facility Management model, which allows for greater cost efficiencies because the provider is responsible for the integral management of the headquarters.

- Food service in power plants for a value of $ 10,765 million and a period of 3 years.

Purchases of information systems and technologies

- Contracting of the supply of Cisco equipment for Codensa, which included the purchase of hardware, licenses, support and professional services from the Cisco infrastructure to cover the needs of projects and support of both Global Digital Solution Colombia and the business lines. The purpose of the contract is to support the connectivity of data networks, security and telephony, and thus ensure the continuity in the operation of the architectures in the data networks. The value of the contract was $5,413 million including VAT.
- Contracting for the implementation of the electronic billing platform, which included the analysis, design, implementation, start-up and support both for the issuance and receipt of invoices, in order to comply with the provisions of Decree 2242 of 2015 that determines the conditions for the massification of electronic invoicing in Colombia; with a validity of three years and a value of $162 million including VAT.

Management of counterparty risks

In the development of the principle of transparency and as a preliminary step to the contracting processes and / or the signing of commercial agreements by the Company, 325 analyses of counterparts were carried out, aimed at identifying and dealing with the reputational and legal risks in a timely manner. they can be derived from commercial or contractual relationships established with third parties.

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

Contractor Control

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

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

- For the most relevant contracts, 23 audits and labour inspections were carried out with the purpose of validating compliance with legal labour obligations, occupational health and safety, information security and contractual requirements. Faced with the findings, action plans were established by the contractors and at the end of the year 65% of them were already implemented and the risks determined were minimised.
- The Vendor Rating performance evaluation was carried out quarterly for 110 contracts in relation to compliance with labour legal obligations, which seeks that these companies have a continuous improvement in the provision of their services.
- Participated in 52 materialisations, to validate compliance with legal labour obligations of the new contracts.

03

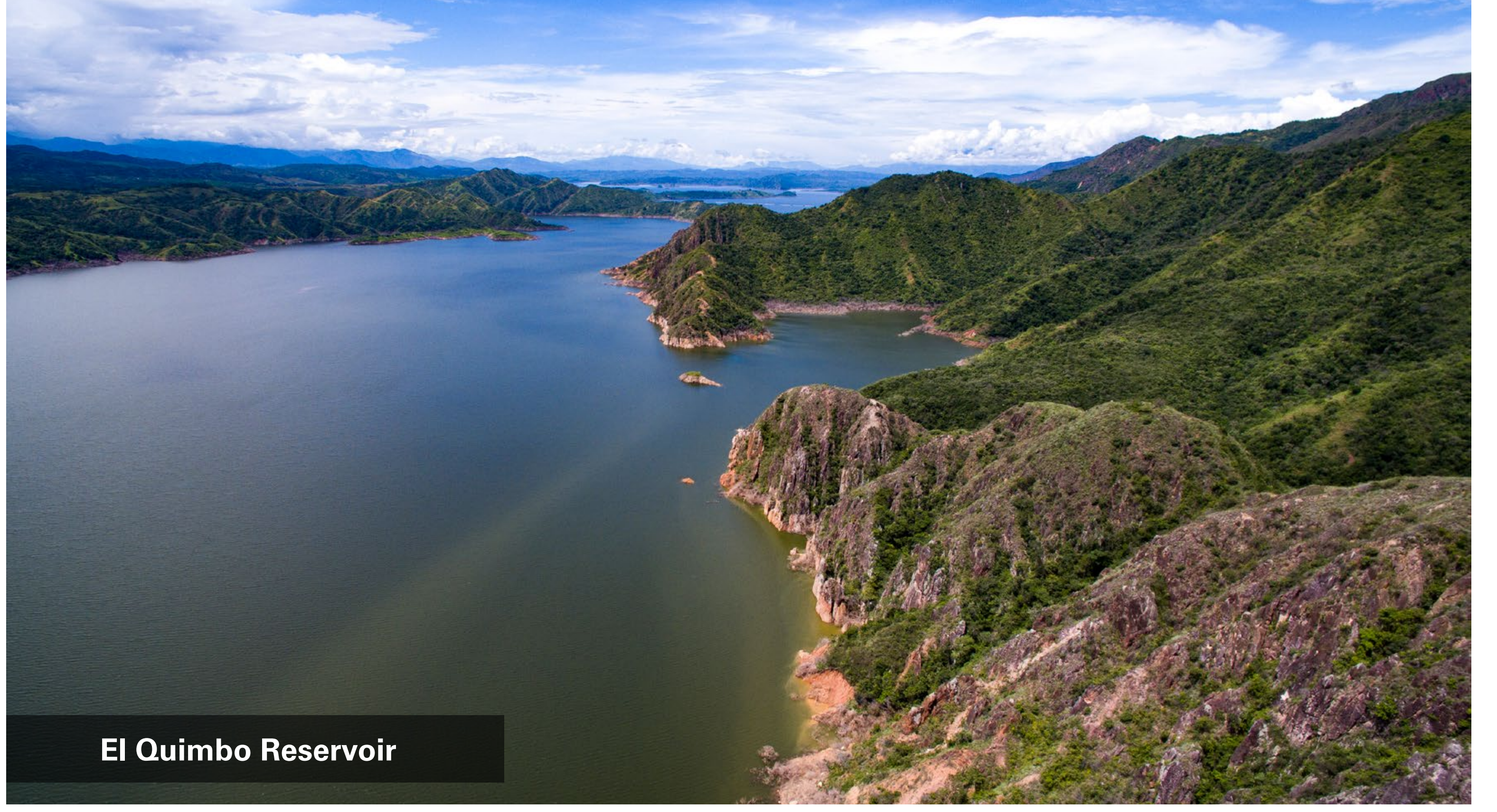
SO WE PROJECT OURSELVES TOWARDS THE ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

Environmental management in generation

The environmental management was focused on the execution of the following lines of action:

- The activities defined in the environmental license of El Quimbo Plant were executed, as well as the environmental management plans of the Cagua Pagua, Cadena Antigua, Cartagena, Betania and El Quimbo plants, approved by the National Environmental Licenses Authority (ANLA) and the management before the regional environmental authorities, for the renewal and achievement of permits that will guarantee the operation within the framework of sustainable development.
- As part of the execution of the life extension project and improvement of environmental performance at the Termozipa Power Plant, the installation of the MAGALDI system was completed in all the units, which eliminates the use of water for the extraction of ash and the dumping that generated this activity.
- The elimination of environmental liabilities continued. The replacement of contaminated oils with Polychlorinated Biphenyls (PCB) was carried out at the Termozipa Power Plant, through the change of an auxiliary transformer and a power transformer through a dechlorination process.
- At the Termozipa Power Plant the installation of noise silencers for the steam venting of the boilers of units 2, 3, 4 and 5 was carried out, which resulted in a reduction in noise emission during the periods of start.
- The activities defined in the agreement with the Jaime Duque Park Foundation for the recovery of wetlands in the municipality of Tocancipá, area of influence of the Termozipa Power Plant, were executed. 70 hectares were restored, and 9,000 trees were planted.
- Progress was made in the presentation of a new area of 2,364 additional hectares as a reserve for the Cerro Matambo I civil society, which is part of El Quimbo, considered one of the conservation categories and which ensures the continuity of the ecological processes for the preservation and conservation of biological diversity. The Centre for Research and Biological Station was developed, which became an academic benchmark and has allowed the development of undergraduate and master's degrees.
- In the framework of the Fish Programme of the Upper Magdalena that has been developed in El Quimbo for five years, between Emgesa and the Surcolombiana University (USCO), the sanitary certification was obtained by the Colombian Agricultural Institute (ICA) for the fish station "Surcolombian Experimental Station of Hydrobiological Resources" where the research and reproduction of native fry of the Magdalena River is carried out to carry out the first repopulation of fish in El Quimbo. In this way, it became the first station in the country that has this certification and that guarantees that the reproduced fingerlings have the appropriate characteristics to be implanted in the environment.
- Two international events were held to raise awareness of the application of Emgesa's biodiversity protection policy. In the first instance, the Seminar on Ecological Management of Dams, held in Neiva, with the participation of two Brazilian experts and more than 120 participants, on the issue of repopulation of fish in dams for hydroelectric generation. The symposium The Ecological Restoration was also held as a Fundamental Piece for Sustainability, with the presence of the Minister of Environment and the directors of the entities referring to this topic.
- The Environmental Management Plan document for the Muña reservoir was built, which included the recognition of the area of influence and the proposed management measures to address the different conditions that occur in the environment.



El Quimbo Reservoir

Waste Management Improvement Project

The project for the Improvement of Solid Waste Management that takes place in the offices was initiated. The phases of generation, classification, use and final disposal were addressed, and the support of workers, cleaning staff, cleaning company of the city and associations of recyclers was sought.

10 new waste sorting stations were installed, a communication campaign was designed that in its first phase seeks to reinforce the correct classification of waste, and a work plan was defined for 2019 with the main objectives of increasing the percentage of material useable of the total waste generated, define a plan for the integral management of waste in administrative processes and create awareness of the impact that each person has on the environment, not only from work, but from homes.

Regulatory environmental management

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

An analysis was made of the most critical aspects of the environmental regulations issued during 2018 and related to Emgesa's own activities, associated with: environmental licensing of projects, environmental compensation, conservation incentives, environmental benefits, reservoir management, quality of air, archeology, Land Management Plans, Management Plans and Watershed Management, Water Resources Management Plan, guidelines for the development of prior consultation processes, waste management (ordinary, electronic and dangerous), Transfers of the sector electrical, and climate change; of which the following administrative acts stand out:

Regarding environmental compensation, Resolutions 256 and 1428 were issued, related to the updating of the Manual of Environmental Compensation for the Biotic Component and Resolution 1479, related to the Minimum Rate of the Compensatory Rate for Timber Forest Utilisation in natural forests.

Regarding the management of water resources, Resolutions 957, 958 and 959 stand out, which adopt the Technical Guide of criteria for the delimitation of the water rounds in Colombia, the Technical Guide for the formulation of Plans of Water Resource Management continental surface (PORH) and the National Guide of Modeling of the hydric resource for continental superficial waters. Likewise, Decrees 1090 and 1091 were issued, in relation to the Efficient Use and Water Savings Programme that must be fulfilled by holders of continental water concessions in the Colombian territory.

Licensing and environmental impact processes were issued, Resolution 1084 related to the methodologies of assessing the economic costs of deterioration and conservation of the environment and renewable natural resources; and Resolution 1402, through which a new General Methodology for the Preparation and Presentation of Environmental Studies is adopted.

In terms of FRNCE, Resolution 703 was issued, which establishes the procedure and requirements to obtain the UPME certification that endorses projects from non-conventional sources of energy (FNCE), with a view to obtaining the benefit of the exclusion of VAT and the exemption from tariff charges dealt with by Law 1715 of 2014, and Decree 2462, in relation to the requirement of the Environmental Diagnosis of Alternatives (EDA) for biomass projects for power generation with installed capacity greater than 10 MW, excluding those that come from sources of solar, wind, geothermal and tidal energy.

Regarding transfers from the electricity sector, Law 1930 was issued, in relation to the integral management of the páramos in Colombia, establishing that part of the destination of the transfers from the electricity sector will be for the conservation of the páramos in the jurisdiction of the Regional Autonomous Corporations and National Natural Parks of Colombia. The regulation of this law has been in public consultation processes.

One of the issues with the highest incidence during 2018 was related to the environmental flow, on which the Ministry of Environment sought to regulate the use of water resources in the basins, through the issuance of a national application methodology, even in structuring. By 2018, this methodology was modified to include the Bogotá River basin in its application, seeking compliance with order 4.30 "Environmental and Ecological Flow of the Bogotá River", issued by the Administrative Court of Cundinamarca, through which the Ministry of Environment and Sustainable Development must develop and adopt a specific methodology for estimating the environmental flow. As a result, the methodology for estimating the environmental flow in the Bogotá River was available for public consultation, which, due to the efforts made, came out firm and is again under review by the authority. In this sense we worked with the Ministries of Mines and Energy, Environment and Sustainable Development, CREG, CNO, XM, Andesco, Andi and companies in the sector, so that the methodology is not issued as it is embodied in the draft standard , since in joint modeling exercises it was established that it would have serious implications for the country's electricity and energy sector if it were applied to existing projects and water concession renewals.

In relation to climate change, the Government regulated Law 1931, which establishes the guidelines for the management of Climate Change in Colombia. This creates the National Council on Climate Change, establishes the scope of management instruments at the national, regional, local and sectoral levels. In addition, it creates the National Information System on Climate Change and opens the opportunity in terms of economic and financial instruments for the National Programme of tradable quotas for the emission of greenhouse gases. Additionally, Resolution 1447 regulates MRV (monitoring, reporting and verification) systems of mitigation actions at the national level, an act that represents a first step to clarify the progress of the country's goals in complying with the Nationally Determined Contribution. Finally, the Comprehensive Climate Change Management Plan for the Energy Mining Sector (PIGCC ME) was adopted by the Ministry of Mines and Energy.

Legal environmental management

From the legal point of view, the substitution of the lack certificates of the Termozipa and Termocartagena plants was also carried out, which were extended for two years by the Ministry of Justice; With this certificate, the thermal power plants can continue their normal operation.

In the same order, two disciplinary proceedings were closed before the Autonomous Regional Corporation of the Alto Magdalena (CAM), (Cases No. 55492 and 1065/2014), which resulted in the exoneration of any type of responsibility on the part of Emgesa in environmental matter

Within the framework of Resolution 2984 of 2017, by means of which the term of the water concession of the Bogotá River was extended, and it granted a concession for the rivers Bogotá, Tominé and Muña and the Quebradas El Rodeo, Obasas, Vitelma, Santa Marta and La Junca, the proposed Compensations Plan was established, and technical meetings were held in December 2018 and January 2019 to detail it.

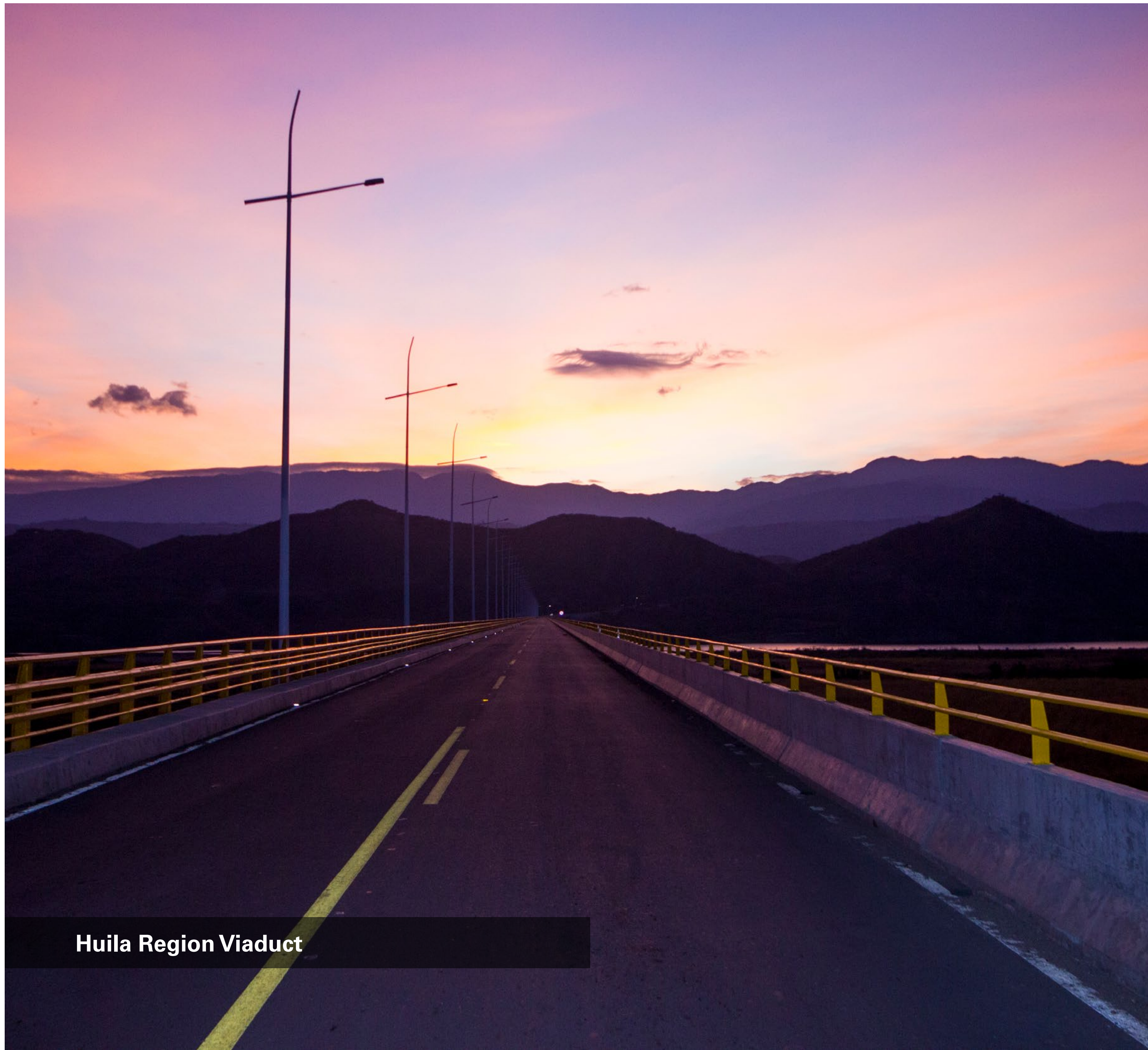
Legal management was carried out to address the popular action being carried out by the fish farmers in the area of influence of the Betania plant (COMEPEZ and others) against Emgesa assisted by the Government of Huila, within which a defence was advanced to prevent the suspension of the operation of El Quimbo Hydroelectric Plant. In 2018 it was possible to obtain from the National Environmental Licensing Authority (ANLA) and the Autonomous Regional Corporation of the Alto Magdalena (CAM), the final report of the implementation of the water quality monitoring campaign, downstream from the site of dam of El Quimbo Hydroelectric Plant, which is positive for the Company and can influence the final judgment of first instance.

As of year-end 2018, more than 1,500 guardianship actions were received for violation of fundamental rights, which have been failing favourably for Emgesa by 96%, as of year-end 2018 there was 1% without notification.

Within the expropriation processes advanced by the Company to acquire the ownership of the properties required for the construction and operation of the El Quimbo Hydroelectric Power Plant, expert opinions have been presented whose economic conclusions with which the final compensation is intended to be established have resulted disproportionate and unreal. During the year 2018, different situations were defined whose irregularity violated the rights of defence and due process of the Company, however, through new rulings made by the Supreme Court of Justice, they have been able to re-establish the use of the constitutional action for the protection of fundamental rights.

Property management

- **Guavio Power Plant:** 26 activities were carried out to normalise the Company's properties, such as the correction of titles before administrative entities, deed and unbundling. A social characterisation visit was made to 55 occupations in the Mámbita area.
- **El Quimbo Power Plant:** The deed of 30 properties in favour of the Company was executed, of which 10 were formalised under the collective resettlement deed programme and the rest by direct negotiation. As a result of the Project of Land Management and Sanitation, the sanitation of the title of six properties that are part of the collective resettlement "La Galda" was achieved; 42 unbalances were made due to affectation, tending to the correct liquidation of the property tax and compensations; 193 requests for cadastral updating and registration were filed. Additionally, it was possible to close the deed on behalf of INVÍAS of two properties that are part of the "Puente El Colegio" bridge.


Huila Region Viaduct

SUSTAINABILITY MANAGEMENT

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

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

Chart 1. Commitment of the Enel Group to the SDGs

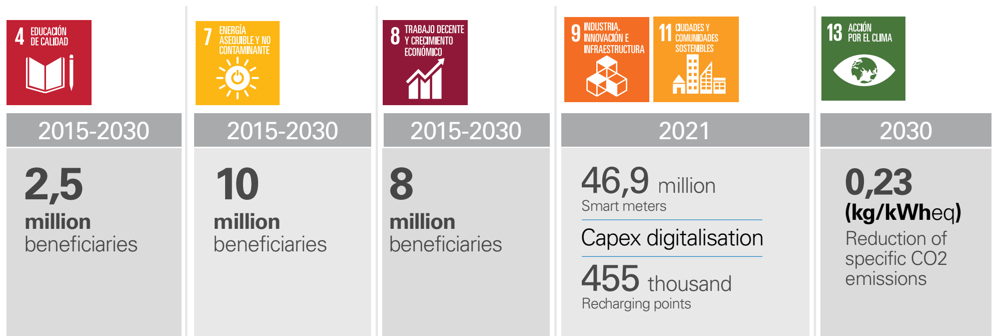
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
PILLARS	Growth through low carbon technologies and services							●		●		●		●				●
PILLARS	Operational improvements for a better service							●		●		●						●
PILLARS	Involve local communities	●	●	●	●	●		●	●	●	●							●
PILLARS	Involve the people we work with			●	●	●												●
	Occupational Health and Safety			●														
	Good Corporate Governance																●	●
	Environmental Sustainability						●						●	●	●	●		
	Sustainability of the supply chain												●					
	Creation of economic and financial value								●	●								
	Digitalisation and Innovation							●		●		●	●					●

● Public or ongoing commitment with the United Nations.

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

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

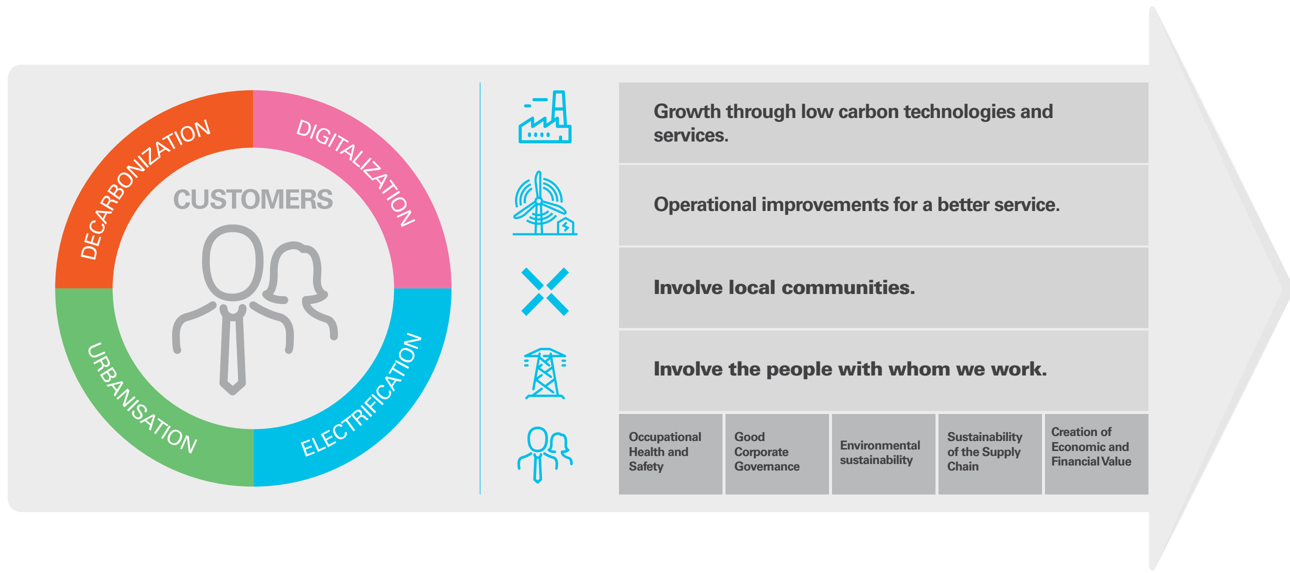
Chart 2. Targets of the Enel Group within SDGs



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

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

Chart 3. Sustainability Plan 2019-2021



Sustainable strategy with our stakeholders

Sustainability management focused on the implementation of relationship strategies with the different actors located in the areas of influence, where opportunities for the creation of shared value were identified.

Furthermore, after identifying the needs of the communities where we operate and crossing them with the principles of the Enel Group's global sustainability plan, Emgesa focused its sustainability initiatives and projects on three of the SDGs that the Enel Group has committed to support: i) Economic and social development of the communities, ii) Education, iii) Access to Electricity. The most relevant results are presented below.

Line of economic and social development of the communities

Coffee production chain

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

a. aAdministrative and commercial strengthening of the 4 producer organisations linked to the project. (Asocafega de Gachala, Asofincas de Gacheta, Ascamecol of El Colegio and Asopalmares de Viota).

b. Empowerment of women producers through the methodology of equality between men and women.

Coffee Production Chain Programme

c. Improvement of infrastructure for homogenisation and increase in the quality of dry parchment coffee through the construction and provision of 3 mini coffee centres located in the municipalities of Gachala, Gacheta and El Colegio.

d. Repowering of the medium voltage energy circuits adjacent to the mini coffee benefit centres, which allows guaranteeing power supply for the plant and improving the service quality of the sector.

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

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

Cocoa Production Chain

Processes were carried out to strengthen cocoa postharvest activities that benefited 52 producers, who have their own farm cultivation, sell cocoa directly through their association of producers, and manufacture some cocoa-based products for local marketing. . During 2018 the producers established parabolic drying systems and canopies to improve the quality of the final product.

Together for the Boards

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

Prodepaz Network

The Company continued supporting the country's integrated development, generating actions to strengthen and build territorial peace, through the partnership with the Prodepaz Network. As a support entity, Emgesa contributed to the process of public advocacy in the territories where the Development for Peace Programmes are executed. In 2018, it supported the monitoring, monitoring and evaluation strategy of the Network, created a space for the presentation and structuring of community proposals of the Pobladores Network and promoted the creation of a Peace Development Programme in the department of La Guajira.

Scholarship bank for teenage mothers

The Company contributed to the quality of life of adolescent mothers and their children, through the Bank of Scholarships for Teenage Mothers in the District of Cartagena programme. Through this programme, a group of young people can carry out their technical studies. They also have comprehensive accompaniment, by monitoring psychosocial and health conditions, to ensure completion of their studies and entry into the world of work, providing new opportunities for them and their children

In 2018, five young people began their cycle of comprehensive intervention and technical studies in hotel services and 365 more young people held income generation workshops and short courses to strengthen their skills to access the world of work.

Line of education support

Good Energy for your School

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

In 2018, 3,835 children and young people benefited from 9 educational institutions in the department of Cundinamarca and Bolivar:

- Educational Institution La Esmeralda - Tocancipa
- Chacua Educational Institution - Sibate
- Educational Institution Gustavo Uribe Ramirez, Vereda Sabaneta - Granada
- San Antonio Child Development Centre and Santandercito Community Home - San Antonio del Tequendama
- María Auxiliadora Educational Institution Headquarters I and Headquarters II - El Colegio
- Departmental Rural Educational Institution Kennedy - Ubalá
- San Francisco de Asís Educational Institution - Cartagena

Contribution to the construction of the Tequendama Departmental Educational Institution

Thanks to the economic contribution made by the Company, the municipality of El Colegio was able to meet the requirements and necessary contributions for the construction of the megacolegio of El Tequendama, as contemplated in the National Infrastructure Plan of the Ministry of National Education, which defines that the Municipalities that manage to contribute a percentage of the resources for the works will be benefited with the economic contribution of the State. The Company was linked to the project with $ 350 million, and the Municipality of El Colegio with $ 150 million, to access the state contribution and complete the $ 6,600 million that the construction will cost. This mega project will guarantee quality education to more than 1,200 students in the municipality of rural and urban areas.

The work, which as of year-end 2018 presented an advance of 95%, will have a built area of 2,853 m2, 16 classrooms, 2 multi-purpose rooms, 1 technology room, 2 integrated laboratories, 1 multi-room dining room and 2 recreational areas.

Delivery of Works Good Energy for your School

Power Incubators Meeting

Donation of the Brasilia property to the Municipality of El Colegio

With the objective of supporting the access of the communities to decent housing, the Company made the donation of the Brasilia property, located in an area of urban expansion of the Vereda Francia from the municipality of El Colegio to the Municipal City Hall for the construction of a thousand units of housing that will benefit more than 1,500 inhabitants. The property has an area of 6.3 hectares and has a commercial value of approximately $ 830 million. This project will be built with contributions from the municipality and the Ministry of Housing and Sustainable Development.

Power Incubators

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

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

Fundación Universitaria Salesiana Agreement

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

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

Educating through dance

Desde 2012 la Fundación Enel Colombia apoya el programa Educando con la danza, dirigido por la Corporación Colegio del Cuerpo en Cartagena, que tiene como objetivo la formación en danza contemporánea para promover los valores y buen uso de su tiempo libre, mitigando de riesgos sicosociales en esta población vulnerable.

En 2018, 30 niños, niñas y jóvenes de los barrios Arroz Barato, Puerta de Hierro, Albornoz y Policarpa, realizaron un proceso de formación integral y participaron de muestras e intercambios artísticos dentro y fuera del país.

Line of access to electricity

Lighting of community spaces

In partnership with the Fundación Un Litro de Luz Colombia, community spaces were recovered through the installation of luminaires with solar technology, such as bus stops, courts, parks and trails in the municipalities of San Antonio del Tequendama, El Colegio, and Ubalá (Mambita) that did not have lighting. In the development of this initiative, there was the active participation of the communities at the head of the Community Action Boards, who identified the points to intervene and participated in the assembly, installation and training as Light Ambassadors for the maintenance of this infrastructure, what contributes to its appropriation and conservation.

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

A Litre of Light Project Ambassador

El Quimbo Hydroelectric Power Plant

In the development of social and economic strengthening activities carried out by Emgesa with the collectively and individually resettled communities of the area of direct influence (AID) of the El Quimbo Hydroelectric Power Plant, 89 productive projects were consolidated, which have left the families income over $ 2,179 million, improving the quality of life of the communities. 72 beneficiary families restored their level of income in terms of State Indicator (IE), greater than or equal to 2 legal monthly minimum wages in force (SMMLV).

Faced with the responses of petitions, complaints and claims, 1,126 communications were answered, equivalent to 98% of the total accumulated tickets. A satisfactory response of 79% was obtained in the satisfaction survey completed to the people who visit the offices of Garzón and Gigante.

Participatory communication was guaranteed with 35 pieces of dissemination of the implementation of the Environmental Management Plan, 14 outreach meetings in the six municipalities of the AID, 11 actions to strengthen the manual of coexistence of the resettled communities, 49 workshops or workshops with communities resettled and recipients in the theme of citizen coexistence and 9 on land use, and 20 trips to the area of works and restoration with leaders of the communities that make up the AID.

Currently the irrigation districts of the collective resettlements of Nuevo Veracruz (Montea), Nuevo Balseadero (Santiago & Palacio) and San José de Belén (La Galda), are operating and have allowed the economic reactivation of 56 beneficiary families. The Irrigation District of Llanos de La Virgen is under construction for the resettlement community of Nueva Escalereta, which is projected to end in the first semester of 2019.

In order to create shared value, Emgesa and the community receiving the San José de Belén collective resettlement from the villages of La Galga and Yaguilga, from El Agrado Huila, articulated actions to meet the water demand during the summer, with the subscription of a cooperation agreement in which the Company contributes the sum of $ 500 million and the community $ 58 million for the construction of 21 shallow wells, with which the manifest need will be met.

E-Bike to Work Programme

Moreover, Emgesa made progress in the process of signing a cooperation agreement with the company Casa Luker, which is in line with the cocoa cultivation promotion programme, for the implementation of an inclusive cocoa business productive project. sustainable, to be developed in the six municipalities of the AID of El Quimbo Plant initially, and to be executed in three phases; Phase I starts from year 1 to 7 and plans to establish the planting of the 700 hectares, generate 210 jobs and obtain a production of 700 tons of cocoa per year; phase II, from year 4 to 20, consists of expanding the number of hectares, increasing employment to 410 occupations and production to 1,400 tons per year, likewise, expanding the programme to other municipalities in Huila, and phase III, from year 20 to 30, consolidate phase II and tend to expand the programme to other departments.

In addition to the commitments of the Environmental License, Emgesa continued with the Sirolli Institute facilitation process, a successful methodology throughout the world through which people are helped to identify their true passions and create their company.

The main objective of Emgesa with this strategy is to generate economic growth in the AID area of El Quimbo, in search of development in the territory and employment generation for own and foreign, for which in 2018 it was possible to promote a total of 120 ventures.

The strategy has made it possible to advise more than 444 entrepreneurs, generating more than 65 direct and 500 indirect jobs in the municipalities. Of the companies set up through this strategy, 32 have achieved their economic sustainability, achieving sales growth in excess of 250%.

Other sustainability initiatives

Volunteering

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

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

Sustainable mobility

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

E-Bike to Work Programme

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

Sustainability in the supply chain

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

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

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

Forests of Peace Mocoa

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

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

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

Sustainability Report 2017

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

Renace Forest (Codensa-Emgesa Natural Reserve)

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

RELATIONSHIP AND COMMUNICATION

Institutional relations

Through the strengthening of the relationship with its stakeholders, the Institutional Relations Division continued its dynamic management by supporting all the processes, projects and initiatives of the Enel Group, leveraging, through its strategy, actions that were aimed at towards the maintenance of the reputation and positioning of the Company, within the framework of transparency and non-tolerance of corruption.

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

Thus, the institutional relationship was aimed at the adequate and effective management of the strategic issues resulting from the interaction with the institutional stakeholders, highlighting the following milestones during the period:

- Characterisation, planning and development management of the relationship strategy with the new National Government, in order to position Emgesa in front of national, territorial and local institutions.
- Exploration and follow-up of 40 high-impact legislative initiatives for the Company, by redefining the evaluation criteria and with the support of the ANDI, ACOLGEN and ANDESCO trade unions.
- Strengthening the relationship with the Governorate of Huila through its own institutional interactions and activities programmed by the National Government.
- Follow-up and articulation of the interactions with institutional stakeholders regarding the incorporation of non-conventional renewable sources into the energy matrix.
- Management of the institutional agenda for the management of short-term situations in the areas of influence of the Company's operation.

Brand Evolution media relations

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

Personal data protection programme

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

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

Industrial relations

ILO

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

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

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

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

CESLA

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

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

Communication management

Media relations

During 2018 the work with the media was focused on strengthening the reputation as an environmentally responsible, innovative and sustainable company in its operation. Through work with national and regional journalists, with activities such as guided visits and content disclosure, the Company was positioned as a serious company, which fulfills its commitments and which is a strategic ally for its areas of influence.

An important part of the management was focused on the dissemination in the media of the Company's sustainable initiatives such as the certification of the Surcolombian Experimental Station for Hydrobiological Resources (ESRH), by the Colombian Agricultural Institute (ICA), which highlighted it as the first and only fish station in Colombia to comply with all the sanitary norms and the highest health standards for repopulation of fish.

In addition, the First International Seminar for the Ecological Management of Dams was held, in which El Quimbo was a scientific reference in research on the repopulation and transfer of native fish from the Magdalena River. An event was also developed with journalists, National Natural Parks, the ANLA, the Ministry of Environment, among others, in which the main results of the pilot plan of ecological restoration in Tropical Dry Forest developed within the framework of the construction of the Central El Quimbo in Huila.

Other topics of great relevance were also disclosed. Through storytelling (life stories) some of the Company's issues were presented to the media, such as the technical maintenance carried out at the Guavio Hydroelectric Power Plant, considered the largest generation plant in Colombia. With the publications achieved on this topic, Emgesa was positioned as a leader in innovation, sustainable and responsible with the areas of influence in which it operates.

During the year, other issues were handled by means of communication, such as the construction of the perimeter road of El Quimbo that will connect the municipalities of Paicol and El Agrado, the project to train leaders in public management for development, the programme to promote entrepreneurship and the creation of a company in Huila, and the maintenance works that were executed in the dam of El Quimbo Hydroelectric Power Plant.

It should be noted that one of the milestones that marked the year was the evolution of the brand from Emgesa to Enel-Emgesa. For the dissemination of this news, a press conference was held attended by 18 of the main media of national and local scope. The communication strategy executed for this topic generated an investment return of more than $ 600 million.

Digital

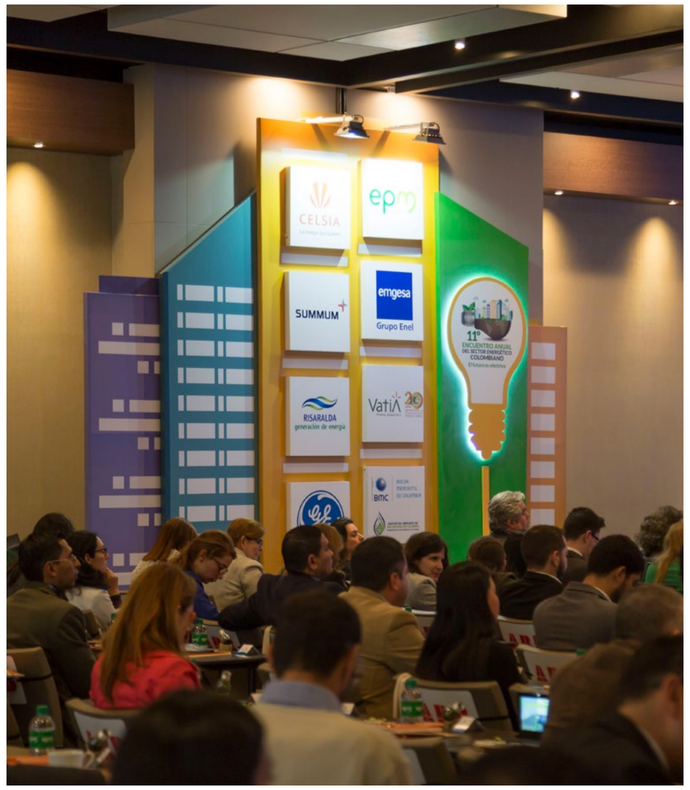
During 2018, the Company's social networks continued with a communication strategy focused on disseminating the main projects and initiatives being developed, with the purpose of contributing to the progress of the communities and contributing to the environmental sustainability of the areas of influence where it operates The main results of this strategy during the year were:

- More than 1,000 publications were generated on Facebook, Twitter and Linkedin.
- The publications were viewed more than 4 million times.
- Users were able to interact with the contents published in the different channels, doing 108.104 "likes" and comments, and sharing the publications in more than 6,000 opportunities.
- Growth of 16% of the community on Facebook compared to 2017, closing the year with 9,895 fans.
- Community growth on Twitter of 10% with 1,659 followers.
- Increase of the community on LinkedIn of 45% compared to the previous year. LinkedIn continues to be Emgesa's social network with the largest number of followers and the highest growth in the year, with 30,495 professionals.
- The Company began to have presence in channels like Instagram through the account @EnelColombia.

In addition, the real-time coverage of events through the Twitter account @EmgesaEnergía was strengthened, for the purpose of being able to provide users with timely and valuable content. Among the coverage of events held during the year are:

- Symposium 'The Ecological Restoration, a fundamental piece for the environmental sustainability of Colombia'.
- Ranking Par 2018 'Gender Equality in organisations'.
- Fourth Industrial Revolution Forum: How far are we from the future?
- The XIX International Conference Walk21 Bogotá, with the participation of Lucio Rubio, General Director of Enel Colombia, who spoke about smart and sustainable cities, and the generation of energy through unconventional generation sources.

Brand Launch Event



In the second half of 2018, as part of the digital transformation strategy, the departure of the new corporate website www.enel.com.co took place, a communication channel that offers greater dynamism and a better experience.

With this new portal, it was possible to incorporate the website of the El Quimbo Hydroelectric Project, centralise the corporate content of the Enel Group companies in Colombia, and expose the initiatives and projects that are carried out to contribute to growth, continue to innovate and contribute to the country's progress.

Brand identity management

In September, the Emgesa brand evolved into Enel-Emgesa as part of the strategic direction of the Enel Group, which seeks to consolidate its impact in terms of innovation and contribution to the country's progress. For this, the Company leveraged on the experience, technology and good practices of the Group, a global leader in the energy market, with a presence in 35 countries around the world.

For this brand evolution, three relevant events were developed for different stakeholders: launch event for 260 Company leaders; press conference for media and a launch event for B2B customers, local government and strategic partners, with more than 200 attendees.

Furthermore, with the aim of continuing to position the Company as the best benchmark in energy generation and trade, throughout the year participation in the most relevant scenarios of the sector was promoted to share experiences, good practices and project achievements. that expose their leadership in innovation, electric mobility and sustainability. The communication actions during this year were aimed at reflecting a more humane company, open to people and to the maintenance of plants in favor of quality and efficiency in the generation of energy.

The Company had presence with more than 40 sponsorships and presentations at public events of the sector, among which the following stand out:

Sponsorships:

- World Business Forum Bogotá
- XX Congress ANDESCO Public Services, ICT and TV
- 24th MEM Congress
- XXI NATURGAS Congress
- XI Annual meeting of the Colombian energy sector ACOLGEN

Public acts:

- WEPS UN women
- XV Electric Power Distribution Conference
- 7th edition Colombia Genera - ANDI
- 1st Forum DER: Distributed Energy Resources: "Transformation towards the utility of the future"
- XXXV Annual meeting of the Colombian energy sector ENERCOL

About 35 additional events were developed that generated value for the Company and allowed to maintain the stakeholders informed, aligned and inspired with the strategies, plans, projects and challenges.

Advertising

In advertising, communication actions were developed, related to the evolution of the brand from Emgesa to Enel-Emgesa, under the global platform of What's Your Power?

The campaign had two moments of communication. In the first one, the brand evolution and belonging of the Enel Group was announced, with presence in 35 countries of the world. The second was focused on the Company's value offer, in which attributes such as knowledge, support and experience were highlighted.

There was a communication directed towards the target public of the operation area of El Quimbo and Betania in the department of Huila. This communication included notices in the local press and capsules on regional TV, with stories of successful projects that highlighted the energy of the people of the region and that were developed within the programmes supported by the Company.

The communication actions for Emgesa were concentrated in a media plan in the press and national coverage economic magazines, regional press, specialised magazines, local and regional TV, regional radio, digital and own media. The scope of these actions was 35.6%, equivalent to 2,947,000 people of the target, who were impacted with any of the advertisements advertised.

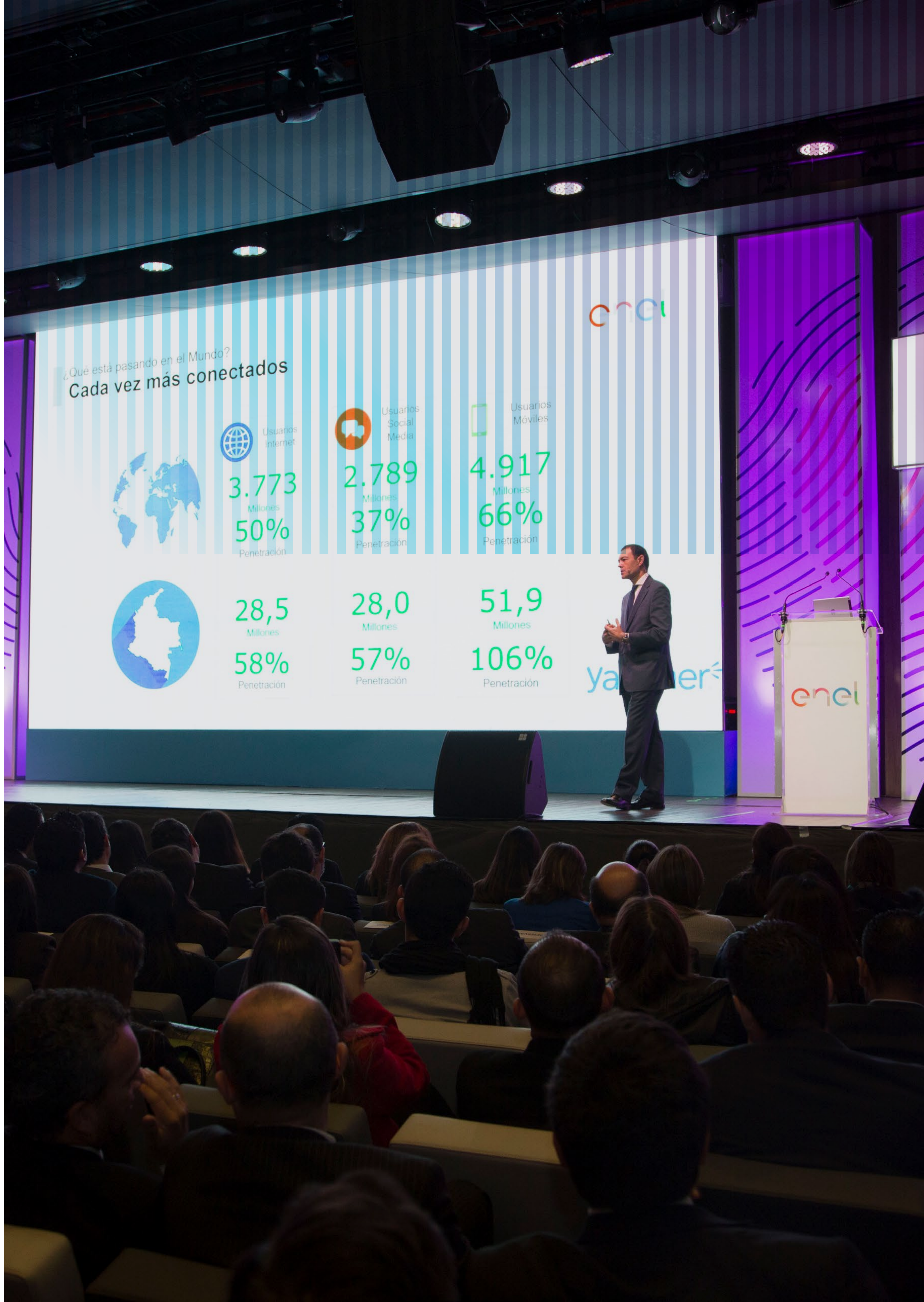
Internal communication

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

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

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

During 2018, we held campaigns to promote a culture of safety, care for the environment and protection of biodiversity. We also supported the disclosure of the preventive maintenance of the Guavio Plant, after 10 years. Finally, we worked on the evolution process of the Enel-Emgesa brand, so that employees could be ambassadors of this transformation.



04

AN INTERNAL MANAGEMENT THAT LEVERAGES RESULTS

QUALITY, INNOVATION AND DIGITALISATION

Quality and management systems

- **Update of the Integrated Management System (IMS):** The necessary adjustments were made to comply with the 2015 versions of the ISO 9001 and ISO 14001 standards for generation plants and administrative areas, the general result was the awarding of certificates.
- **Certification of the Energy Efficiency Management System – ISO 50001:** Certification was obtained for the Termozipa plant and the implementation of the system in the Central Cartagena was initiated. The planned activities were developed, ending with the completion of the internal audit.
- **Certification ISO 37001:** The implementation and certification of the Anti-bribery Management System for Emgesa's central and administrative areas was carried out, which certifies it as a company that develops a culture of transparency, integrity and compliance.
- **Quality Assurance (QA) and Quality Control (QC) Scheme:** The contract materialisation stage was strengthened, ensuring that the contractors have the resources and methodologies necessary to comply with the provisions of the Technical Specifications in relation to with QA / QC activities. The areas of QA / QC were structured for projects such as the extension of the useful life and environmental improvement of the Termozipa plant.

Innovation

This value lever of the Enel Group seeks, through an open innovation system, to integrate solutions with internal and external actors to generate sustainable projects whether they are new businesses, some segment of the market or an internal process that generates value for both the customer as for the Organisation.

Enel companies in Colombia have different tools and actors that allow a decentralised innovation process for the incubation of projects for each line of business, leveraged in the exploration and creation of value with the services or tools provided by the Idea Hub Unit dedicated to promote and develop the culture of innovation in the companies of the Enel group in Colombia.

Below is the impact of innovation on culture, the number of projects closed and implemented in each of the business lines, the generation of value through tax benefits, savings or efficiencies, and the positioning of the Company in the innovation ecosystem of the country.

Culture of innovation

Idea Hub Colombia seeks to make innovation part of employees' day-to-day activities through culture, training, competitions and others that change people's belief systems and create a new way of working.

This way, during 2018 the following results were achieved:

Indicators

Culture indicators
192 People participating
219 Hours of creativity and innovation
14 Ideas generated
10 Ideas being executed
4 Brainstorming sessions

Shared value workshop

A shared value workshop was held in Cartagena, where new initiatives were explored that allowed generating value for the community and the Company. There he joined the internal staff with people from invited companies such as: Eulen, Manpower, Petromil s.a.s., Sintra and Tambo creative way.

Patents

During 2018 the application was filed and filed with the Superintendence of Industry and Commerce of the System of the micro injection and oxygen dosage for a hydroelectric water discharge.

Acknowledgments

The Company was a finalist in the Accenture 2018 Awards with the Oxygenation System project of the El Quimbo Hydroelectric Plant.

Projects developed in the line of renewable energies

Work permit board

Software development that allows to quickly and clearly identify open work permits in all generation units and equipment through a graphical interface on interactive screens. The above facilitates effective management of interference and the reduction of Occupational Health and Safety risks.

Automatic PPE Dispenser

Autonomous device for the supply of Personal Protection Elements in the generation plants, which works by means of identification chips, allows the control of the quantity of EPPs, the individualised delivery record, as well as the 24/7 availability of the same.

Topo-Bathymetric Execution

Execution of bathymetries and topographic surveys of reservoirs using boats and aircraft designed with laser devices that allow a greater coverage of the areas to be lifted, greater precision and make the models required for a better interpretation.

3D survey of tunnels and dams

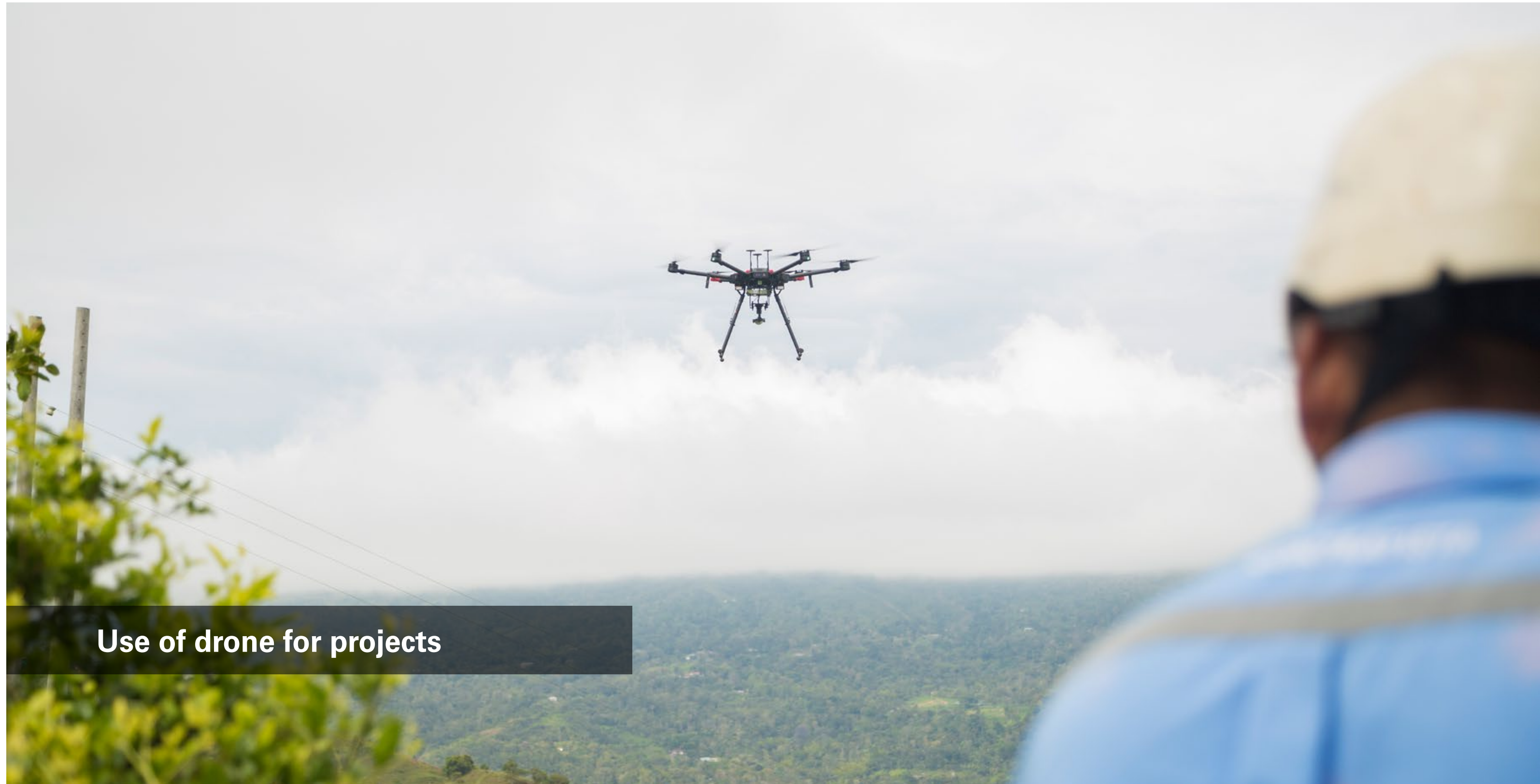
Surveys of civil structures such as tunnels and dams, with a laser device that allows obtaining a current x-ray of the civil structure so that a later inspection can determine more accurately if it has had any wear or modification.

Underwater inspections with Remoted Operated Vehicle (ROV)

Device that when being submerged determines an upheaval of the structures that are submerged such as bars, tunnels, structures of concrete, etc, which allows to demonstrate the state of these structures.

Topographic surveys with drones

Execution of topographic surveys with the use of drones, which facilitates data collection as well as times.



Use of drone for projects

Aerial shot of Cartagena Thermal Power Plant

Projects developed in the Cartagena Power Plant

Design, manufacture and installation of poles with retractable mechanism of the lighting crown

The use of these lighting poles allows the group of luminaires to go down to the floor surface for cleaning, preventive and/or corrective maintenance, where access is difficult for work at height due to climatic conditions or terrain allowing less use of resources and time.

Safety Spray Shield

Devices designed with materials resistant to dangerous substances with the aim of driving the leak to low parts, dykes or floors. Designed for easy viewing in case of spray.

Digitalization

The Company has evolved to integrate technology as a strategic business driver to create tangible value by contributing to the definition of new models and solutions. Emgesa's digital transformation is based on three pillars: customers, assets and people.

CUSTOMERS

Emgesa has set out to be a digital leader in the energy sector with a differential value offering focused on the customer, improving its experience, creating value to build loyalty, developing and incorporating new digital capabilities that represent a differential competitive advantage. In this strategic pillar, the following projects were developed:

Portal One Hub

An external portal was implemented for customers, investors, press and other external stakeholders, in order to have a single digital presence of the Enel brand. This new platform has the highest standards of security, availability, accessibility and consistent experience, which leverages the goal of being a customer-focused company and strengthens the relationship with all stakeholders.

Electronic Invoice

The technological solution was implemented to comply with the regulations of the National Tax and Customs Authority DIAN, which indicates that transactions for the sale of goods or services must be supported electronically, integrating the different markets defined in the billing system of the Company (SAP ISU). The above has the benefit of eliminating the physical storage of documents and optimal communication between the tax authority and Emgesa as a large taxpayer.

SAP ISU-CRM

During 2018, work was carried out on troubleshooting and implementation of new functionalities in the information system that allows for invoicing, collection and portfolio management for Emgesa's Wholesale and Unregulated Markets, as well as providing the option to manage the customers and their respective invoicing in a specific accounting period.

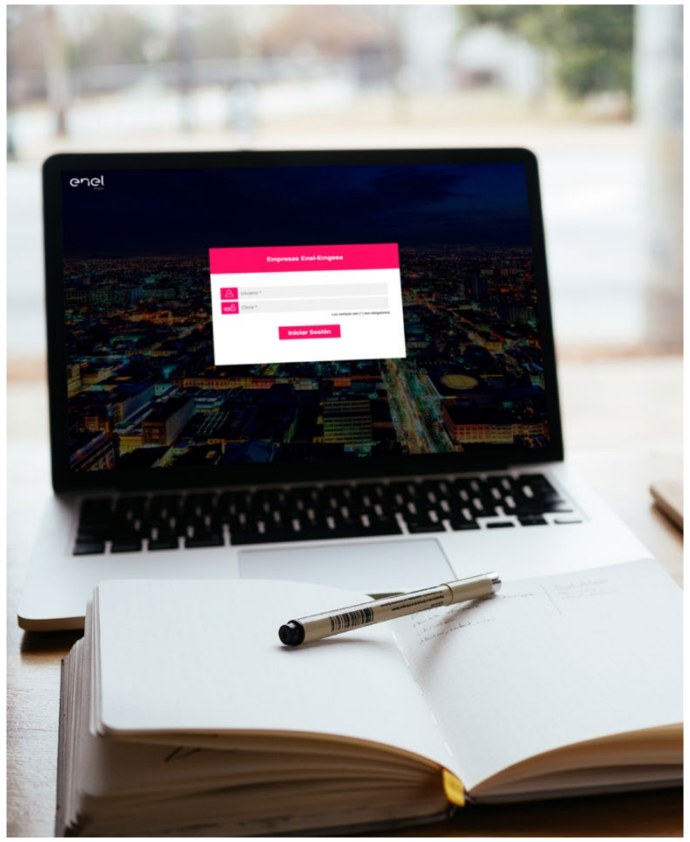
ASSETS

The Company seeks the efficient management of the assets installed in its networks through the use of digital technology for remote connection and management, thereby automating business processes and improving the operational performance of assets. In the strategic pillar, the following projects were developed:

Allegro

It consists of the implementation of a global application for the management of coal and liquid fuel contracts and will have an automatic integration with the financial systems (SAP E4E) and Fuel Management (GESCOMBUS).

The main objective of the project is to reduce the execution time of the commercial process of energy sales with the implementation of automatic information flows between generation systems, energy management and accounting.



Hydrological and geographic repository

Through this project, a technological solution was developed to manage hydrological and cartographic information of the river basins and integrate this information with other systems (own and external) for analysis and exploitation.

The expected benefits of this project are:

- Creation of the geographic database (Geodatabase) with the cartographic information of Emgesa's Hydrology, including the design of the hydrology map presentation formats according to the guidelines of the Environmental Management System (SIGEAM).
- Creation of data to store hydroclimatic variables from the information gathered from hydrometeorological stations.
- Map visualisation of hydroclimatic information received and stored.

MAPE project phase II

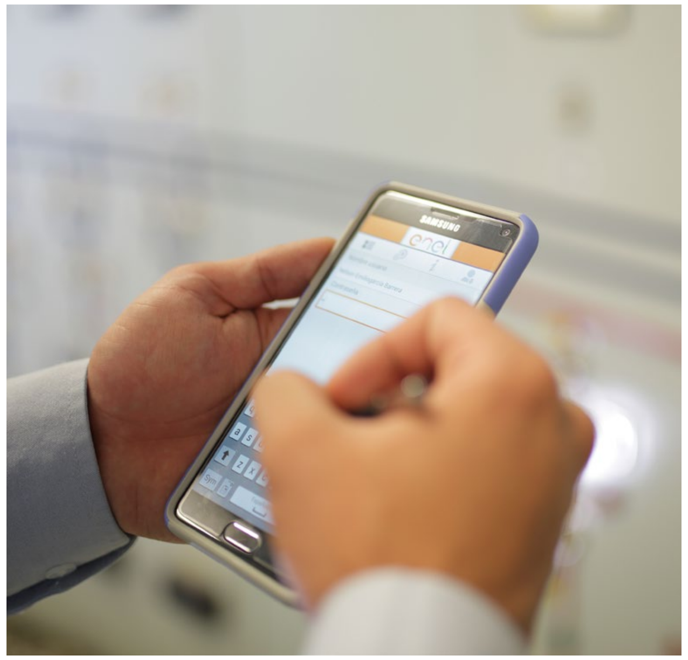
We continued with the implementation of improvements on the MHT models (Hydrothermal Model of the Group) and MPODE (Dual Stochastic Programming Model, commercial model used by all agents) for the management of dynamic reports, in which the information is displayed in form of trend graphs and data tables.

Galileo Project

The implementation of improvements on the Galileo Markets Management System was continued, allowing the Energy markets to be projected, in order to improve profitability and business risk, through the analysis of information and market monitoring, the optimisation of wholesale market transactions, prospective analysis of hiring levels and strategies to maximise the remuneration of the Reliability Charge and the possible action scenarios in the face of the situations presented by the market.

Bidding Strategy Project

The system that allows executing the results of the operation of the energy market, estimating the stock price and transactions of the market agents was implemented, which seeks to increase business precision, accelerate the waiting time of the bidding process and support the process of pricing in Day Ahead Market in Colombia.



Metering Management Centre Project (CGM)

The infrastructure of this system was incorporated into the corporate, in order to ensure compliance with minimum security conditions, and the transmission of readings from the meters to the CGM and the administrator of the commercial exchange system. This facilitates the management of the information of the current telemetry systems to converge to more recent technologies, which ensures the transmission of the readings from the meters.

The solution is aimed at reducing operating resources and increasing control and timeliness in measuring reports to the market.

Plant Information (PI)

In this project, the implementation of the storage and data collection infrastructure of the power generation plants, based on Osisoft's PI technology, was carried out. This tool, created to receive, organise and archive plant data in real time, provides users with a graphical interface that allows data analysis, historical behavior and real time, consolidating the company's digitalisation strategy.

InGEN implementation

As part of the digitalisation strategy, the implementation of the global InGEN solution was implemented, this being an integrated, modular and complete product that covers the management processes of the power plants and standardises the operation processes of the plants between the cities where the Group It has management.

COAL Management Solution for Termozipa

The first phase of the GESCOMBUS fuel management tool was implemented at the Termozipa plant. The system allows registering movements and efficiency in the use of coal and later, with the automation of laboratory processes and sampling, will strengthen the management of the End to End process.

Corporate telephony renewal

The migration of the telephony service to IP technology was carried out at the El Quimbo, Darío Valencia, Salto 2, Tequendama, Limonar, Canoas and Muña power plants. This service is now supported in a solution based on state-of-the-art equipment called call manager. This migration adds to that of the Betania, Guaca, Paraíso, Cartagena, and Termozipa plants, and completes 100% of plants migrated to IP telephony.

OUR PEOPLE AND INTERNAL PROCESSES

The aim is to adopt a service-oriented logic of work, making the workflows automatic, in order to improve quality, transparency and control with a consequent increase in productivity. In this pillar, the following projects were developed:

Cybersecurity

New technologies were implemented with a perimeter architecture and security standards in the automation systems, which allows to protect the power generation plants and the alignment with the policies established in agreement 788 of the National Operation Council (CNO).

Ufficio Legale-SUITE

In 2018 the Suite Ufficio Legale application in Colombia (re-launch of Suite 5.6) went live for the redesign and digitalisation of all the legal processes of corporate litigation and the availability of legal data analysis. This system will allow to define and update legal KPIs and monitor the quality, deadlines and costs of these processes.

Prepayments and legalisation of travel expenses

A solution was implemented on One Click, a platform of services for employees, in order to digitalise the process of requesting advances or per diem and legalisation originated by work trips, which applies to all direct personnel of Enel Colombia. This solution eliminates the printing of formats, allows the traceability of the process and of annexed documents and improves the approval processes.

Facility Management

This project was developed as part of the technological renewal strategy defined by the Enel Group at the regional level and with the aim of optimizing the management of the services offered by the Services and Security Management. The Administrative Services Service Centre (CASA) was mobilised to the One Click Global Corporate Technology platform, which is the new and modern technological tool that the Corporation has defined for internal customer services at a global level.

Web Contractors Colombia (Gestor.com)

This system provides a computer tool that allows the control and historical record of the management of the contracts from the beginning until their liquidation; which guarantees the integrity, reliability and timeliness of the information, facilitates contractual management and mitigates the materialisation of risks. The project covers the management of contracts, the management of contractor companies-subcontractors (collaborating companies), the registration of employees and hours worked in the contracts and the management of authorisations and access.

Migration to the new Track & Rate tool

An implementation plan for this new tool was developed, which allows for greater interaction and opportunity in evaluating the performance of suppliers.

Termozipa Thermal Power Plant

Muña Pump Station Staff

PERSONNEL MANAGEMENT

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

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

We bet on happiness among people, leaders and teams

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

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

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

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

Most significant management figures

Meeting No. 38 with the F Community

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

Benefits for personal fulfilment

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

2.359 in **32** — Participations of workers / Events	**+800** Family members participating in events
100% of workers participated at least in 1 event.	1. Ecological walk 2. Bowling tournament 3. Recreational holidays were the events with the greatest participation outside the corporate celebrations

Figures of participation in events held in 2018

1.019 Records of use of flexibility measures	**67%** of the population has used some flexibility benefit

Use of some measure of flexibility by gender and generation over the total target population.

Women	78%
Men	64%
Baby Boomers	67%
Generation X	70%
Millennials	64%

Figures of use of labour flexibility measures in 2018

Emgesa was present during the special moments that people experienced in 2018, when their children were born, when they lost a loved one or had to go through a difficult health situation.

21% of the total service requests in special moments

Birth	44%
Condolences	39%
Incapacity	17%

Figures of service requests in special moments in 2018

Personal and work balance

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

4 university semesters were paid
to
2 children of company workers

Figures of scholarships for excellence awarded in 2018

Family-Responsible Company Recertification (EFR)

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

Being a mom and being a dad parent programme

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

Flexible remote work programme

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

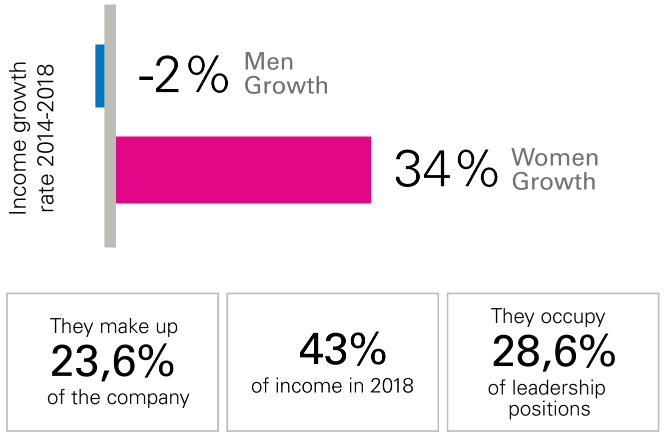
We are Enel Diverse

In line with the philosophy of the Enel Group of respect and promotion of the principles of diversity and inclusion, since 2013 Enel Colombia has developed several actions that address the four points defined by the holding: gender, age, nationality and disability. The management of 2018 shows a great deal of work in the gender focus.

Gender Focus: Gold Seal of Labour Equality - Equivalents

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

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



Significant figures gender focus management 2018

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

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

Aequales Conference

Enel Diversity Week

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

Benefit Selection platform design

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

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

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

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

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

Acknowledgments

Sello de oro *Equidad Laboral Equipares* (Marzo 2018).

Certificación *Empresa Familiarmente Responsable* (2013-2018).

Top 10 Ranking Aequales *Equidad de Género* (4 puesto año 2018).

Premio ANDESCO de Sostenibilidad (2018): Categoría: Empresas con *Mejor Entorno de Trabajo*.

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

Training and development of our workers

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

Leadership School

In order to provide knowledge and tools in accordance with the latest trends, the Corporate University included an exclusive faculty for the leaders of the Enel Group in Colombia. This year, a group of fixed courses was designed to which all leaders should attend to learn about relevant issues that drive the Company's strategy, such as digitalisation and happiness. In addition, a group of elective courses was included in which leaders could register according to their particular training needs with content such as emotional intelligence, monitoring and control of activities, management skills and more.

96.4% of the leaders of Emgesa participated in at least one course of the leadership faculty in 2018, of the six courses between fixed and elective. There were 161 leaders, the Agile Way To Work course was the one with the highest participation.

Digitalisation Leader's Guide

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

Workshop SHE 365 Thermal Power Plants

Open Feedback Evaluation (OFE)

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

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

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

Climate and safety survey

During 2018, the labour climate survey was launched for the entire Company, with a 91% participation of Emgesa's employees. For this year the questionnaire is composed of 20 questions, which are grouped into three main categories: happiness, commitment and safety. At the end of the survey, two open questions were included on their opinion regarding the Company's climate and its proposals for improvement.

Coaching

This methodology seeks that workers can strengthen Open Power behaviours to establish the best goals, objectively assess the resources they have and take action based on their strengths as a lever to improve their aspects to develop. In 2018, 16 coaching processes were carried out with Emgesa workers, which is equivalent to 192 hours of development processes.

Mentoring

This methodology is aimed primarily at the leaders of the Company and seeks to strengthen the leadership and team management skills through a mentor or guide. In Enel-Emgesa, 12 processes were carried out throughout 2018. In total, 168 hours of mentoring were carried out.

Outdoor

An outdoor product was designed in order to strengthen skills such as: coordination, alignment, planning, teamwork, among others. The participation of 186 people from the different business lines and areas of Emgesa was achieved, with an average rating of 4.78 out of 5 and significant savings for the different areas due to the fact that outdoor activities were previously managed with external suppliers.

Performance Appraisal

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

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

Performance objectives 2018

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

Feedback

Feedback is the process by which leaders give and receive feedback with each person in their team. The Local Performance Management tool was used. 55% of workers included their comments, perception and opinion of the information provided by the boss in the feedback. 86% of leaders included feedback comments provided to each worker.

Job Shadowing Project

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

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

In total, five persons participated, for a total of 80 hours of activity.

Professionalisation Programme

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

Educational loans and sponsorships

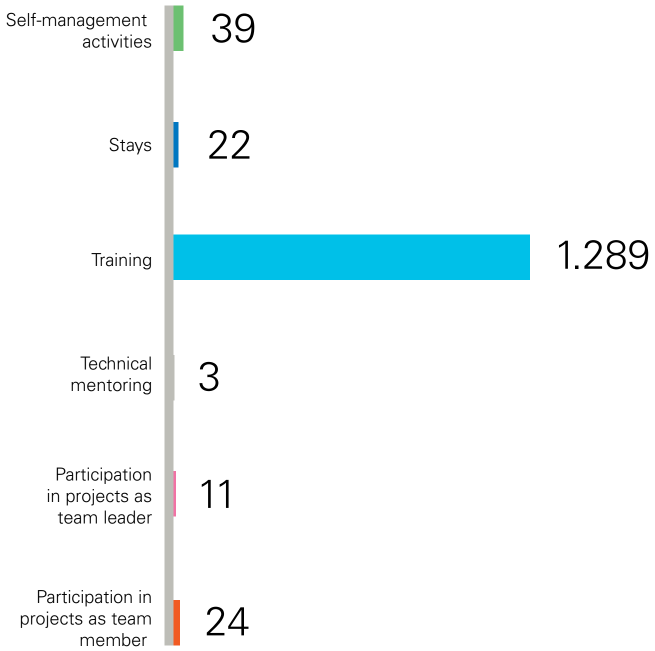
For 2018, the benefit of loans and sponsorships was granted to 14 professional workers in different national (11) and international (3) universities, with sponsorship approvals between 20% and 60%. This benefit seeks to contribute to the development of workers and their professional and personal growth.

Individual Development Plan

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

A total of 1,388 actions were registered in the IDP by 531 workers, as follows:

Amount of IDP actions



For 2018, the entire management of the Individual Development Plan (PDI) was included as one of the functionalities of the Performance Management tool, in order to contribute to the digital transformation strategy of the Enel Group, by accessing information in a reliable and safe.

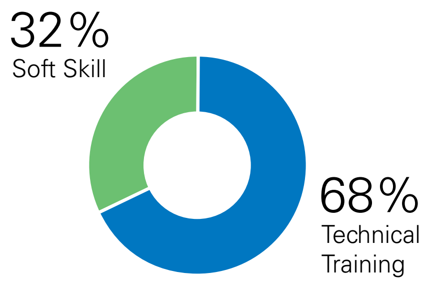
Corporate University

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

Soft skills and technical training

In total 29,424 hours were executed corresponding to training in soft skills and technical subjects. The percentage distribution of hours is as follows:

Percentage of hours by type of training

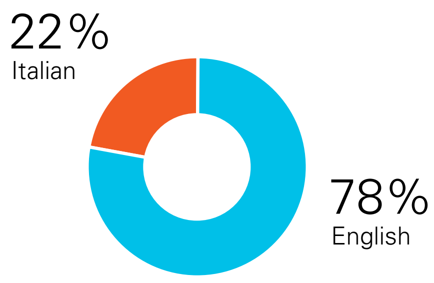


In 2018, 683 workers participated in a total of 198 different courses during the year. For each training, an assessment of the satisfaction of the participants was made and an average score of 4.5.

Language

English and Italian were taught in 3,497 hours of training, with the participation of 43 workers.

Percentage of hours in languages



HSEQ training

Training was conducted on safety, quality and environmental issues, focused mainly on workers of the generation plants, for a total of 8.950 hours and with the participation of 548 workers.

HSEQ week activities

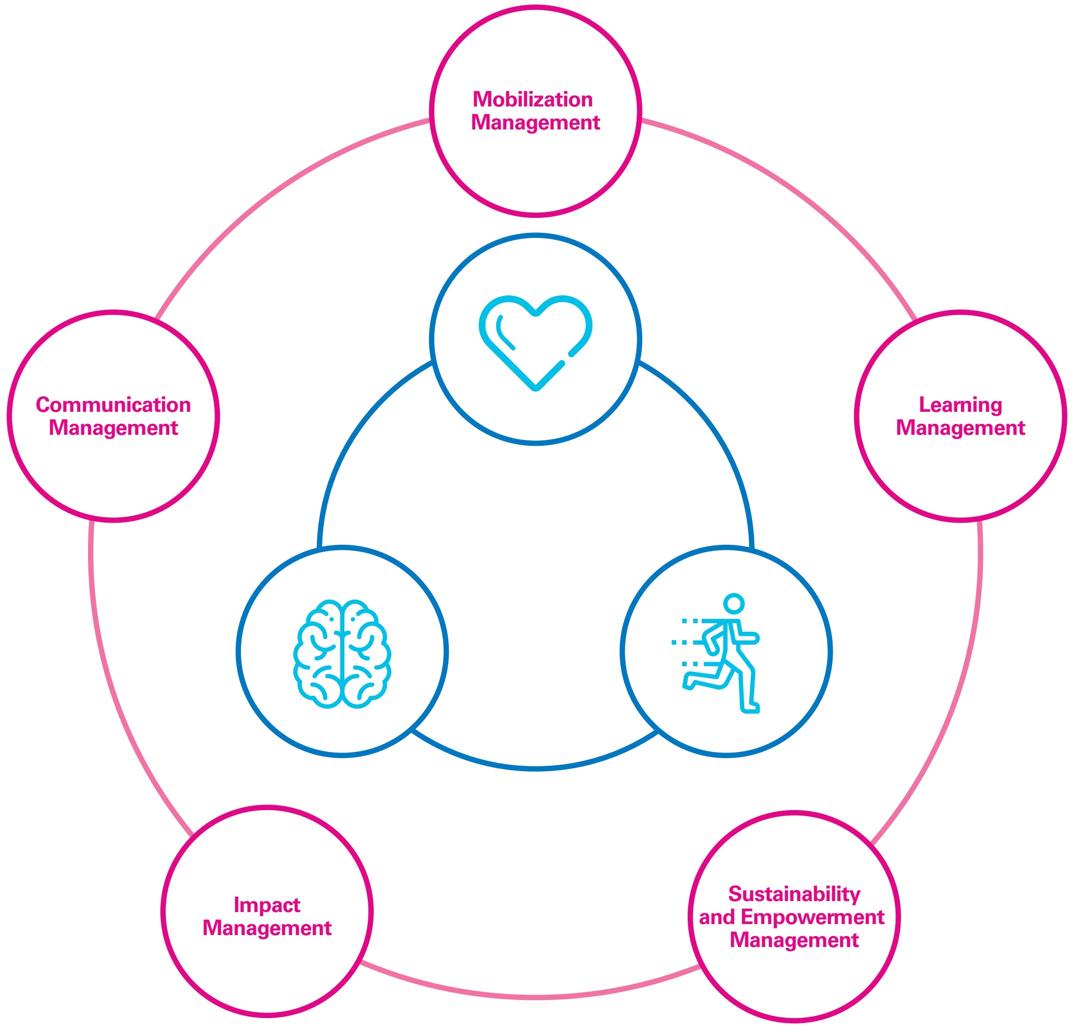
Change Management Office

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

The methodology designed has the following aspects:

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

Graph - Management change methodology



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

Change management office projects

PROJECT NAME	OBJECTIVE
Dex (Digital Customer Experience)	Implement a change management strategy within the framework of Digital Transformation, oriented towards a new culture based on technology and information.
RHO online	It joins this new digital transformation challenge and seeks to put at the service a multi-channel platform that will allow all workers to make their Human Resources applications more agile, efficient and easy to access.
Security	To ensure that the workers and stakeholders of Emgesa in Colombia internalise, through the management of the change, the purpose of Security, the services under their charge and their service channels.
RB 2021 Connection	Integrate people of all levels to the strategy and process changes involved in the RB 2021 Connection project. Facilitate and contribute to the successful implementation of the automation and modernisation process of renewable power plants.
People Analytics	Promote the analysis of information for decision making through the use of the tools offered by the People Analytics project, impacting the Human Resources management team.

E4E Project

E4E is a global project of business transformation and innovative technology that has the ultimate goal of improving the administrative and management capacity of the Company, through the convergence of business and global processes, and the standardisation of information worldwide.

By 2018, nine trainings were carried out in the Permit to Work module for renewable energy plants, which aims to complement the competence in the management of work permits and goes hand in hand with the management of maintenance orders, and the different operations of the generation centres, equipment and technical locations established from operation and maintenance. 96 people from the different central and main offices participated, for a total of 768 hours of training.

Digital transformation

Several changes were made by 2018 in the corporate induction process through the application of different technological tools such as: interactive screens developed for the transfer of knowledge, Labyrinth of Knowledge designed with virtual reality, Goldberg Machine.

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

In 2018, 4,991 hours of training in digital subjects were carried out, with a total participation of 637 workers, for a total of 34 courses.

Organisational structure

During 2018, the application of the organisational model of the Enel Group in Colombia continued, in the different areas of staff, services and business lines. The main changes in the different organisational levels at the country level, which were supported by the respective organisational directives, were the following:

Business Line Energy Management Colombia

The Energy Management structure was deployed throughout local organisational levels, emphasizing the creation of organisational management units by customer segment and products, and in the support processes, including the risk management operation.

Business Line Renewable Energies Colombia

In the organisational structure of the Renewable Energy Management, the Alto and Medio Río Bogotá power plants were integrated with the Bajo Río Bogotá power plants, highlighting the creation of plant units in Darío Valencia and Muña to handle the operation and maintenance. This new structure facilitates the management and mobility of people and resources, and improves processes and results.

Business Line Thermal Generation

In the Thermal Generation Management, two organisational units were created that will support the operation and maintenance functions of each plant, seeking to centralise processes and improve operational efficiency.

Staff & services areas

In Communications Management, an organisational unit called Communications Planning, Real-time Response and Performance Support was created, in order to intensify the planning process, KPIs and, in general, follow-ups on the process management.

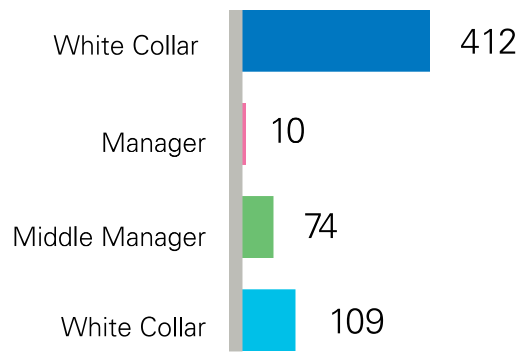
The Human Resources and Organisation Management updated its name to People and Organisation, reflecting the strategy and emphasis on organisational management and development, and positioning people as the most important focus of the Organisation.

The ICT Management updated its name to Digital Solutions, as part of the deployment of the new corporate model of the Enel Group, focused on offering solutions framed in the digital transformation strategy. In addition, work teams were implemented at the Colombian level by operational area, in order to adopt the different global initiatives in the country.

Personnel management

As of year-end 2018, the total number of workers in Emgesa was 605, 2% higher than the previous year, and 95.37% of which were under indefinite term contracts and 4.63% under fixed term contracts. The classification according to the type of contract is detailed below:

Direct Personnel Template as of 31 December 2018



Additionally, Emgesa had a total of 29 apprentices (regulated by Sena quota) and 22 university interns (agreements with universities) as of year-end 2018.

Furthermore, in accordance with the equality and equity strategy, the total number of women in the Company as of year-end 2018 was 125, higher by 18% at the end of the previous year.

Compensation

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

- Talks on wage policy: Wage policy talks were held, with the objective of informing workers of the purposes, factors and different guidelines that make up the Compensation policy, and this way to improve the perception and knowledge on compensation issues and contribute to the improvement of the work environment.
- Salary levels: In application of the Company's compensation policy and seeking to improve salary competitiveness, internal equality, development and retention of personnel, 80 salary levels were made to direct personnel: 42 for personnel under agreement collective and 38 for personnel outside the agreement (managers, middle managers and professionals).

Payroll

During 2018, the indicator of quality and timeliness of the workers' payroll process closed at 115%, which demonstrates the efficiency and effectiveness of the payroll liquidation processes and compliance with legal and conventional tax obligations and social security for 907 people, including active and pensioned workers.

Loans and portfolio

During 2018, the Company contributed financial resources for loans for a total amount of $ 6,108,679,574, which were awarded to 190 Emgesa employees in the following lines of credit:

Type of Loan	Value Deposited	No. of Loans Deposited
Conventional Housing	3.136.001.090	33
Integrated housing	1.298.218.001	8
Guaranteed University	30.000.000	1
Dentist	19.114.676	5
Calamity	4.200.000	2
Vehicle	722.737.004	17
Higher education	502.617.684	61
Training	127.472.289	14
Free-use Investment	268.318.830	49
Total	**6.108.679.574**	**190**

The portfolio for loans of active and retired personnel of the Company and the balance as of 31 December 2018 amounts to $22.630.922.467.

Start-up RHO online system

During 2018, the RHO online system was launched for all workers. This tool constitutes a channel for communication and management of new developments associated with payroll processes. Additionally, through the Power BI and HR Dashboard modules, the indicators of quality and service opportunity are monitored.

TM (Time Management)

During 2018, change management was consolidated in the news report associated with presences and absences using the TM tool.

The exchange controls were managed with direct effect on the function, an action that gives free rein to continue on the fingering path for the year 2019, through the integration of the overtime report for 100% of the Company.

Personnel Selection

An efficacy rate of 99% and an effectiveness in the process of 94% were achieved, with a total vacancy coverage of 200.

History of selection processes

EMGESA	Type of contract		
	Direct	Students/ Trainees	Temporary
2017	88	72	73
2018	58	84	54

By 2018, 58 direct vacancies were filled (including internal competitions), 84 vacancies for university student interns and SENA apprentices; and finally, 54 processes of temporary personnel were managed.

Internal competitions

In the course of the year 2018, 24% of the vacancies were covered by internal competitions, in accordance with the purpose of giving priority to the competencies of the internal personnel to complement the different areas.

History of internal competitions

EMGESA	Covered vacancies	
	Internal level	External level
2012	4	51
2013	26	78
2014	21	50
2015	14	20
2016	35	55
2017	14	74
2018	15	47

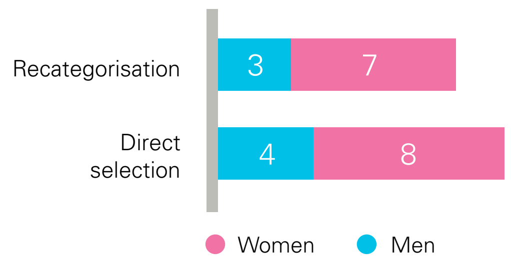
The personalised feedback process was continued on 100% of the internal candidates, in order to communicate the strengths and aspects to be improved by each candidate, and to strengthen the transparency of the competitions.

Direct selections and recategorisations

During 2018, 12 direct selections and 10 recategorisations were made, for a total of 22 workers promoted or transferred to a higher position.

31.82% of the promotions made correspond to women, a strategy that allows to strengthen gender equality in the Company. 28.7% of leadership positions are covered by women.

Direct selections and recategorisations by gender



Employer Brand

In 2018, considering the global objective, the brand was strengthened through the optimisation of the process through the following digital platforms:

- **Taleo:** A total of 25 vacancies were managed through the platform as of year-end 2018. It was possible to include internal and external vacancies in order to control the complete traceability of the selection process from the recruitment stage to the filling of the vacancy and also to offer the possibility for all workers to participate in positions throughout the world.
- **Magneto:** In 2018, the entire evaluation process was integrated from this platform. From the phase of attraction of candidates, a call is made and a promotional video of the Company is shared with the participants. Video interviews are also carried out, as well as psycho-technical and intelligence tests that are focused on the evaluation of Enel behaviours, attitudes and competences.
- **University fairs nationwide:** The Company participated in 30 university fairs in order to make known to students the careers of interest, the business objective, and the learning and growth possibilities it offers. Likewise, the brand workshop was given to strengthen in the students the appropriate competences to belong to the Enel Group.
- **WIB (Woman In Business):** Emgesa attended the first Woman In Business conference held at the Universidad de los Andes. There, information was shared on the initiatives it has in place to ensure gender diversity and equality.

Strengthening Employer Brand

Other actions in personnel management

Vacation liability

In 2018, a programme was launched to ensure the departure of employees on vacation, taking care of the operational impact, the decrease in vacation liabilities and awareness in all areas of the feasibility of reconciling vacations with work needs, which in the end had a positive impact on costs of almost 7 billion pesos and a real reduction in the vacation provision of about 3 billion pesos.

Workplace and/or sexual harassment

In order to promote a good work environment for each and every one of the workers and to reject any behaviour that generates eventual situations of workplace and/or sexual harassment, in 2018 communication campaigns were carried out that seek to strengthen trust and knowledge in workers facing the treatment of these issues.

In addition, elections were held for the Coexistence Committees of the Enel Group Companies in Colombia, which will be in force during 2019 and 2020. These groups will be focused on preventing situations of harassment and will additionally seek to implement actions in order to generate better spaces of coexistence.

Pension campaigns

Taking into account the relevance of having information to clarify doubts and advance the necessary steps to obtain the legal old-age pension, spaces were created in which experts in the field provided information and clarified the procedures to be followed. The particularity of each of the regimes contemplated by Colombian labour regulations was also explained. It was attended by approximately 74 direct employees of the Companies, with a rating higher than 4 by the attendees.

Management of assigned personnel

For the management of the contract for the provision of services with assigned personnel, the companies of the Enel Group in Colombia have developed a series of activities aimed at guaranteeing the efficiency and quality of said service, including:

- Unification of internal schedules for billing of payments: an advance compliance schedule was developed based on the experience and the development of the last contract, in order to ensure the correct billing.
- Centralisation of information in the One Drive digital platform: a tool was developed to access information in real time, avoid data loss and improve control. The tool allowed to improve the billing processes and was rated with 88.2% favourability by users.
- Year-end billing monitoring at 0% of pending: thanks to the controls, improvements and changes adopted, for the end of the year the contract for workers on mission, important indicator for the Contract management in future years.

Challenges 2019

The year 2019 brings new important challenges for the Company focused on people linked to the corporate strategy. The following stand out:

Training and development

- Consolidate the new Open Feedback Evaluation model.
- Disclose the 2018 climate results and define action plans to strengthen the work climate during 2019.
- Continue working to train leaders.
- In the Leadership School, develop the 4.0 leader and situational leadership workshops.
- Make the change management methodology and its benefits known to all the units that implement strategic projects of high impact in the Company.
- Train in digital transformation in order to raise awareness and bring all workers closer to the Company's strategy.
- Implement the new e-education platform in face-to-face and online training.
- Create partnerships with new universities, unions, associations, nurseries, state institutions in order to contribute to the adequate transfer of knowledge in the different business lines.

Quality of life

- Implement the on-demand benefits platform as a tool and strategy that reinforces total compensation.
- Strengthen the culture of happiness from the employee's experience.
- Develop strategies focused on the 4 points of diversity: gender, age, culture, and disability.

Compensation

- Understand and communicate compensation in full and annualised pay.
- Develop compensation schemes for the sales force.
- Integrate the concept of emotional salary as part of total compensation.
- Contribute based on compensation to maintain gender equality within the Organisation.

SAFETY AND HEALTH AT WORK

Occupational health and safety management covers all Company employees and contractors. For 2018, there was a result of zero accidents at work of employees and contractors for the third consecutive year, reaffirming the commitment to health and life of people.

Power generation

In 2018, an approximate total of 1,435,539 man-hours worked by its own personnel and contractor of the thermal generation line was reached. In hydroelectric power plants the year ended with a total of approximately 5,203,729 man-hours worked by its own personnel and contractor.

The training and training activities in the priority risks of the business were continued, to expand the competence of the personnel for the development of the tasks of each position and to minimise the possibility of occurrence of work accidents.

During the year, the occupational health and safety management developed activities aimed at improving safe behaviours and conditions in the workplaces, which are described below:

- **Promotion of self-care and mutual care and generation of preventive culture:** Permanent training was carried out for direct personnel and contractors, on their exposure to the risks, the states of consciousness that can induce accidents and especially, on the way they can prevent its occurrence through constant evaluation of the consequences of unsafe acts.
- **Safe work centres and Fatality Prevention Programme:** Safety conditions were constantly evaluated in order to improve operational controls on priority risks (electrical, work at heights and lifting loads); Work procedures were also consolidated to ensure these controls. Control tools were improved, such as the work permit system, through its digitalisation and the blocking and labelling of dangerous energies in electromechanical equipment.
- **Process safety:** The Plan for the Improvement of the Fire Systems of the power plants was developed, which seeks to guide actions to improve the protection of assets against situations vulnerable to fires.
- **Elimination of structures with asbestos:** In line with the Group's global initiative, the elimination of structures with asbestos continued, reaching 86% in the Termozipa Power Plant. The availability of contracts to ensure control and maintenance of equipment and / or structures with asbestos in the machine house that could be intervened or that at any time could generate exposure risk was confirmed. For the hydroelectric plants, the Integral Asbestos Management Programme began, with the evaluation of the potential exposure to asbestos material in all the plants, and the removal programme was initiated, which removed 100% of the asbestos. friable of the roof of the Pumping Station - Muña III.
- **Emergency response:** There was a group of specialists for emergency response in critical maintenance activities, with support for helicopter medical transfer in cases of work accidents and common diseases.
- **Prevention of mechanical risk:** The Safety Moving Parts and Intrinsic Safety programmes were intensified. The evaluations and evaluations of equipment and machinery with moving parts that required preventive intrinsic safety were continued, establishing improvement plans as well as access restrictions and / or permanent safety recommendations.
- **Promotion of road safety:** The Strategic Road Safety Plan was consolidated, which guarantees training and preventive activities in order to prevent accidents on roads inside and outside the generation plants.
- **Ensure the promotion of occupational health:** Significant improvements were achieved in the consolidation of procedures that guarantee controls to avoid occupational diseases and the adequate follow-up of workers with diseases of common and occupational origin. These improvement actions were recognised by the staff in the internal customer evaluation.

Energy management

In the management of Health and Safety at Work, actions were focused on the prevention and control of the materialisation of risks that affect its employees and collaborating companies, reflecting this in the fulfilment of the local goal of Frequency Rate (FR) , Indicator of Severity (IS) and Work Accidents (WA), which remained at zero throughout the year.

Regarding the operational control of the collaborating companies, monitoring and monitoring indicators were established to measure and control their performance, in compliance with Resolution 1111 of 2017 of the Ministry of Labour and internal standards of the Company. Planned and unplanned inspection visits were carried out in order to ensure that procedures and requirements in health, safety and quality management were complied with according to the established schedules.

A total of thirty inspections were carried out on the telemetry processes, visits at commercial borders, hydrometeorological monitoring in generation plants, contact centre, transport, among others. In addition, Occupational Safety and Health plans were managed and implemented, and quality in the processes developed with collaborating companies, in order to measure and control compliance with the objectives, goals and defined programmes. Second part audits were carried out, as a method for evaluating the performance of the Management System, from which action plans were generated to address identified risks and deviations.

As part of the reinforcement of the competences of the personnel, training was carried out in continuous improvement, anti-bribery, general prevention, among others, and the evacuation and first aid brigades were made specific, in order to prepare the Management in case to present events and emergencies. During 2018, prevention campaigns and best practices for the development of tasks were also disseminated.

Other activities for the management of safety and health at work

Management of security risks

The document Security Conditions for Suppliers and Contractors was developed, which Emgesa will include as of 2019 in all its contracts for goods, works and services. This clause includes guidelines that will allow its contractors and suppliers to guarantee during the provision of their services, the implementation of Security Plans, which ensure compliance with the requirements that Security Risk Management establishes in the Company and / or the regulations in force. issued on this subject.

Fire detection systems

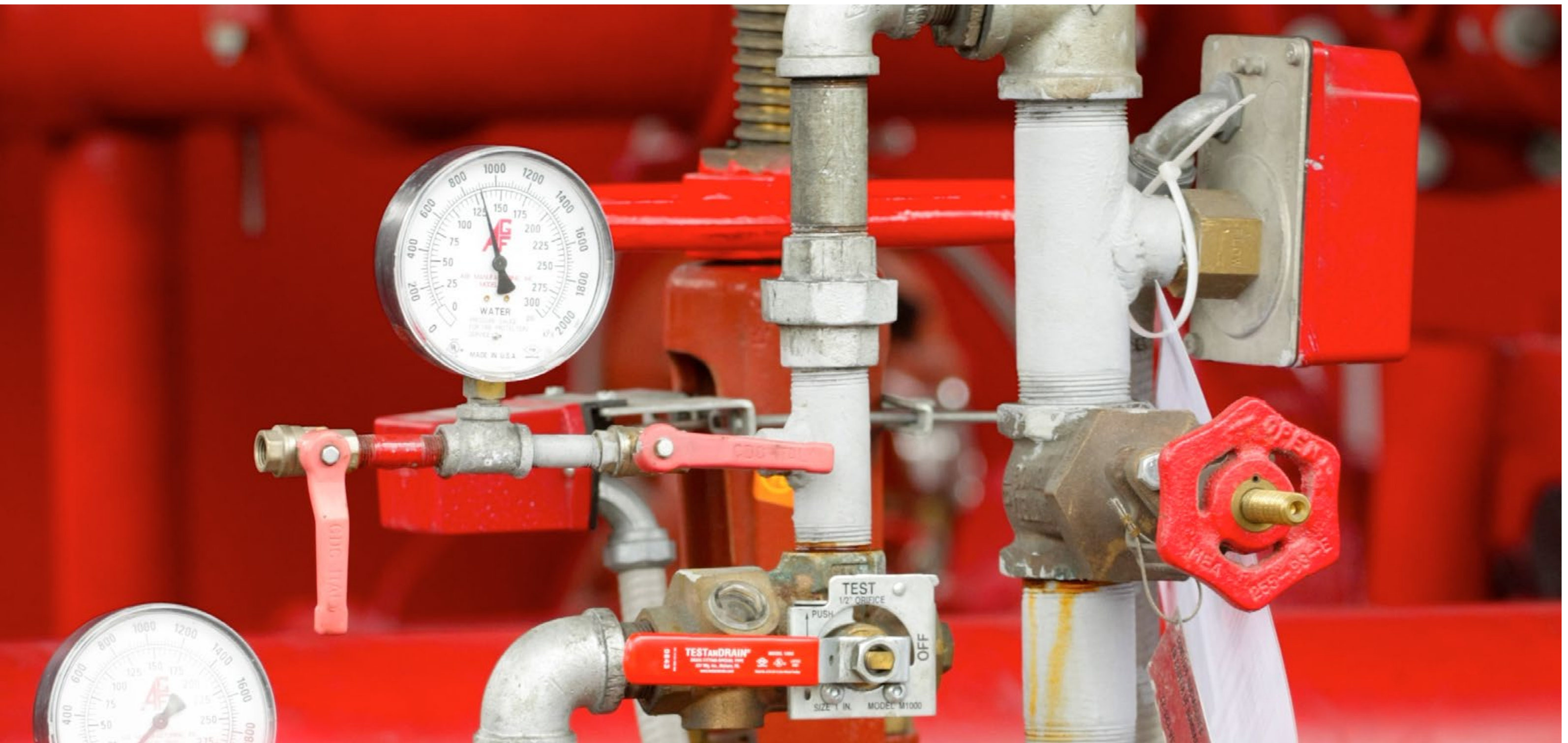
In order to comply with the Standard of the National Fire Protection Association (NFPA), the fire detection systems were updated and put in place at different locations of the Company, which makes it possible to identify events and events in a timely manner. prevent damage caused by a fire.

In works and locative improvements, adjustments were made in all the plants in diversity of administrative and operational spaces, in order to minimise environmental risks and occupational health and safety in the operation of the plants; as main milestones, designs were defined to start the remodelling of the administrative offices of the Central Guaca. Additionally, at the Torre 93 headquarters, the energy and gas management centre was adapted and remodelling and improvement of the collaborative spaces were carried out, thus optimising management.

Protection of infrastructure and local security operation

In 2018, the Security Command Centre was put into operation, which provides a remote and centralised management to strengthen the surveillance and protection measures for people and the physical and electrical infrastructure of the Company, which facilitates the attendance of events, timely response to incidents and risk management.

This initiative was accompanied by the security technological renovation project, which during 2018 managed to change 100% of the access control systems and began the renewal of video surveillance and anti-intrusion alarm management systems, which will continue in 2019, as well as the expansion of electronic security coverage for all of the Company's strategic assets and facilities.



INTERNAL AUDIT MANAGEMENT

During 2018 the internal audit management was mainly aimed at strengthening and updating practices and methodologies of Corporate Governance, compliance and risk insurance in the Company. Thus, the internal control system was strengthened in order to improve quality, transparency, service, competence and leadership in the sector and in the country.

Among the main actions that were developed in 2018 are:

Corporate behaviour

Programme, different activities were carried out in order to strengthen the commitment of workers to transparency and the fight against corruption and bribery. Updates and issuance of relevant documents were made (management of contracts and agreements, personnel selection, flow of approval of personnel needs, guidelines for the approval and reporting of operations with subsidiaries and economic related parties), and the Matrix of the Criminal Risk Prevention Model (testing of controls and monitoring of criminal risks present in the Company's processes) was reviewed.

As a relevant milestone to be highlighted in 2018 and reinforcing the commitment of the Enel Group in Colombia to the fight against corruption and bribery, Emgesa certified the Anti-bribery Management System (SGAS) in compliance with the international standard ISO 37001.

The System allows preventing, detecting and responding to the risk of bribery, strengthening the anti-bribery organisational culture of the Company. The foregoing establishes a series of conducts that give assurance to the administration, investors, partners, personnel and other stakeholders that the organisation is taking the necessary and appropriate measures with the objective of preventing, detecting and responding to the risk of bribery. the most appropriate way

The conformity assessment process of the standard for the SGAS was performed during the last quarter of the year 2018 and the compliance of the requirements with an independent certifier was satisfactorily accredited. Obtaining this certificate represents the commitment and application of the highest international standards in bribery risk management in the Organisation's processes.

The System allows strengthening among other aspects:

- The culture of transparency and ethics of the Companies, as well as the implementation of good practices in the processes with suppliers, subcontractors and related third parties.
- The effectiveness of the policies, rules and procedures of the corporate compliance programme.
- Alignment with the regulation in force in the country.

The Internal Compliance Committee of Emgesa is actively on duty, being responsible for monitoring the implementation and adaptation of compliance programmes framed in tools, protocols and control systems, to ensure transparent, honest, fair and ethical actions in the performance of the Company's activities.

During the year, the training programme on bribery, corruption, ethics and compliance was continued, aimed at the Company's employees, with the aim of reinforcing the values that are part of Emgesa's corporate profile, and encouraging transparency in all actions of those who have a relationship with the Company (employees, contractors, suppliers, customers, government).

As programmed, 35 training sessions were carried out with 316 people. Knowledge was strengthened in Contracts Management, Criminal Risk Prevention Model and in the Enel Global Compliance Programme, training on the Anti-bribery Management System was held for employees exposed to the risk of bribery and corruption, and the induction to personnel in the policies and protocols of the compliance programme, Code and Ethical Channel, Model of Prevention of Criminal Risks and conflicts of interest.

Additionally, the internal communication campaign #YoLoHagoBien continued in force during 2018. More than 30 pieces of communication were made public by internal means such as mails, video, intranet and billboards. As part of the digital strategy, the ethical channel was promoted to reinforce the commitment to report situations that go beyond the ethical framework.

Furthermore, mechanisms for consultation or reporting (ethical channel, emails, calls, among others) were monitored and managed, with the aim of protecting whistle-blowers against reprisals or discriminatory behaviour, ensuring the confidentiality of their identity and making an adequate analysis and closing of the events reported.

In 2018, Emgesa continued its active participation in the Collective Action for the Ethics and Transparency of the Electricity Sector, which seeks to promote healthy competition, confidence and sustainability of companies and the sector, considering best practices and global guidelines on matters of transparency, anti-corruption and regulatory compliance. During 2018, work was carried out to raise awareness and close gaps in the sector and the Company against the principles of international transparency and the map of risks of money laundering in the electricity sector. Emgesa participated in the working table of the anti-corruption committee, building the map of corruption risks and defining the minimum standards of an anti-corruption programme.

The challenges for the future include continuing with the updating and implementation of best practices and consolidation as standards in the country in matters of corporate governance, compliance, ethics, transparency, and the fight against corruption.

Audit and risk assurance

Throughout 2018, work continued on alignment with best practices, using as a tool the information system that supports the management of the audit and compliance function.

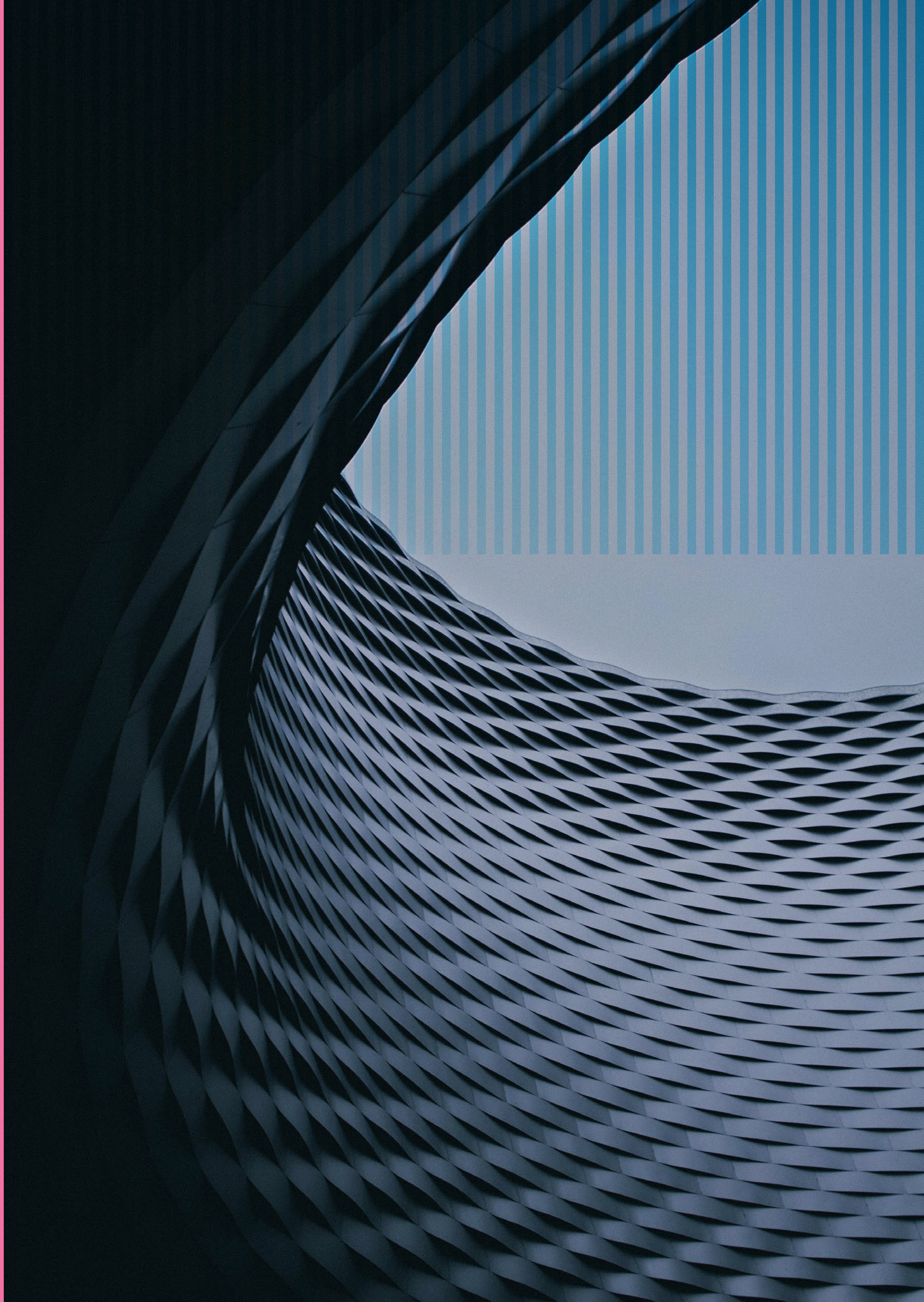
The annual audit plan was completed satisfactorily, which included the performance of seven audits, in which the management of contracts in large hydro was reviewed, contract management in thermal generation, environmental compliance in warehouses, treasury process management and payments, management of real estate assets, contracting and management of legal services, and the review of the Corporate Governance of Emgesa, among others.

Likewise, the progress and compliance of the action plans as a result of previous audits was monitored, with the aim of solving weaknesses and improving the internal processes of the Company.

Aerial View Betania Hydroelectric Plant

05

FINANCIAL RESULTS



FINANCIAL MANAGEMENT

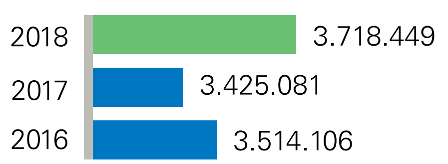
The following are the most relevant figures and indicators:

	2017	2018	Variation
Operating revenues	3.425,081	3.718.449	8,57%
Operating costs and expenses	1.170.360	1.412.021	20,65%
Contribution margin	2.254,721	2.306.428	2,29%
Administrative Expenses	209.445	211.858	1,15%
EBITDA	2.045.277	2.094.570	2,41%
Earnings before taxes	1.453.311	1.568.165	7,90%
Provision Income tax	566.256	547.827	-3,25%
Net income	887.056	1.020.338	15,03%

Figures in millions of pesos

Emgesa's operating revenues in 2018 reached $3,718,449 million, showing an increase of 8.57% with respect to 2017. The positive performance of revenues is explained by: i) better energy prices in the non-regulated market, as well as a rebound in prices in the spot market towards the end of the year due to the uncertainty of the impact that the El Niño phenomenon could cause, ii) a better performance of the PPI and iii) a growth in demand in the non-regulated market.

Operating Revenues



Figures in millions of pesos

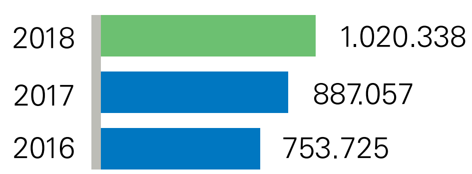
In turn, cost of sales amounted to $1,412,021 million, 20.65% higher than the previous year, mainly explained by: i) the increase in the cost of energy purchases (16.1%) in annual terms derived from the company's strategy aimed at reducing its own generation and offsetting this energy through purchases in contracts and avoiding a more pronounced decrease in the spot price, and ii) an increase of 147.5% in the cost of fuels derived from the increase in generation with thermal resources, due to system security at the beginning of the year and the activation of the thermal plant to save water in the face of the likelihood of the El Niño phenomenon at the end of the year.

Administrative expenses, amounting to $211,858 million, presented an increase of 1.15% over the previous year, mainly due to higher personnel costs due to an increase in the workforce and greater execution in operation, maintenance and environmental services at the plants, effect compensated by the elimination of the recognition of the wealth tax from this year.

Due to the above, EBITDA was consolidated at $2,094,570 million, evidencing an increase of 2.41% compared to the result of 2017 and an EBITDA margin of 56.33% over operating revenues.

Finally, the Company's net income during 2018 was $1,020,338 million, which represented an increase of 15.03% with respect to the previous year, mainly explained by a 14.5% reduction in net financial expense compared to the previous year, going from $351,997 million in 2017 to $301,088 million in 2018. The decrease in financial expenses was due to a) lower average debt balance compared to the same period of 2017 and ii) a lower Consumer Price Index (CPI), to which 68% of the debt is indexed. Additionally, a lower effective tax rate after the tax reform of 2016 boosted the Company's net income, in addition to the approval of the Financing Law at the end of 2018, which reduced the income tax rate for subsequent years, implying an update of the deferred tax in 2018.

Net Income



Figures in millions of pesos

As of 31 December 2018, the Company's total assets amounted to $9,249,963 million, of which net property, plant and equipment accounted for 87%, in an amount of $8,041,391 million, and cash and cash equivalents amounted to $634,767 million, equivalent to 6.9% of total assets.

Compared to 31 December 2017, total assets increased by 2.45%, mainly due to overhaul in the Guavio Plant, additional works in El Quimbo, the extension of useful life and environmental improvement in Termozipa, and a greater cash balance.

Assets	2017	2018	Variation
Current Assets	977,031	1,093,730	11.94%
Non-current assets	8,051,340	8,156,233	1.30%
Total Assets	**9,028,370**	**9,249,963**	**2.45%**

Figures in millions of pesos

Emgesa's total liabilities as of year-end 2018 were $5,010,715 million, decreasing by 3.27% compared to year-end 2017, mainly due to the amortisation of debt maturities with internal cash.

Liabilities and equity	2017	2018	Variation
Current liabilities	1,202,031	1.668.320	38.79%
Non-current liabilities	3,978,053	3.342.395	-15.98%
Total liabilities	5,180,084	5.010.715	-3.27%
Total equity	3.848.286	4.239.248	10.16%
Total liabilities and equity	9.028.370	9,249,963	2.45%

Figures in millions of pesos

Regarding the level of indebtedness, as of 31 December 2018, Emgesa recorded a financial debt of $3,803,823 million, 9.1% lower than the debt registered as of year-end 2017.

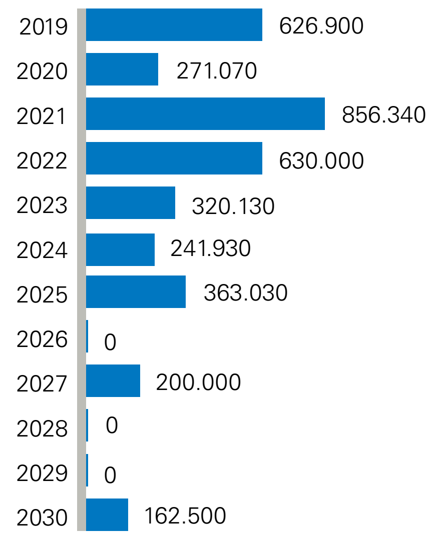
During 2018, $412,200 million were amortised corresponding to: local bond maturities, $218,000 million, international loans $100,000 million and local loans, $94,000 million, among which is the prepayment of an obligation for $58,667 million.

Thus, the significant capital of the financial debt as of 31 December 2018 was divided between bonds issued in the local capital market for $2,785,140 million, bonds indexed to Colombian pesos issued in the international market for $736,760 million and bank loans for a value of $150,000 million.

As of year-end 2018, Emgesa maintained 100% of its debt in pesos. Moreover, 91% of the financial debt was long term (it had a remaining term of more than one year). 68% of the debt had interest indexed to the CPI, 4% to IBR, and the remaining 28% to a fixed rate.

Below is Emgesa's maturity profile as of 31 December 2018:

Maturities Profile



Figures in millions of pesos

In turn, the Company's equity amounted to $4,239,248 million as of year-end 2018, which presented a positive variation of 10.16%, mainly explained by a higher profit for the year and an increase in retained earnings.

Dividends

On March 20, 2018, the General Shareholders' Meeting in ordinary session approved the distribution of profits for the period January to December 2017, for a total amount of $623,784 million, equivalent to a distribution of 70% of the available profits.

In 2018 Emgesa paid a total of $599,706 million in dividends to its shareholders, corresponding to the last instalment of the dividends declared on the 2016 net income and to the first two instalments of the dividends on the 2017 net income, equivalent 70% of the total dividend declared on net income.

Current ratings

On 25 April 2018, Fitch Ratings Colombia affirmed in 'AAA (col)' and 'F1 + (col)' the National Long-Term and Short-Term Ratings, respectively, of Emgesa S.A. ESP. In addition, it affirmed in 'AAA (col)' the rating of the Bonds and Commercial Papers Programme for COP 3,715 trillion of Emgesa with a stable outlook.

Furthermore, Emgesa's international rating as issuer of long-term corporate debt in local and foreign currency was ratified as BBB by Standard & Poor's on 24 August 2018 and by Fitch Ratings on 25 April 2018 with a stable outlook.

In the case of Fitch Ratings, the rating was based on the solid business profile, supported by the diversification of its generation assets and its strong competitive position. The firm indicated that the Company maintains a solid generation of operating cash flow that, together with the limited needs of capital investments, bases the expectation of a greater reduction in leverage in the medium term. It also stressed that the ratings incorporate the positive effect on cash generation, as well as the strategic importance of Emgesa for its shareholders.

In turn, Standard & Poor's stressed that Emgesa continues to benefit from healthy credit metrics, as a fundamental subsidiary of Enel, which allows it to be rated above Colombia's sovereign rating.

Investor Relations (IR) Recognition

On 4 October 2018 Emgesa received for the sixth consecutive year the Investor Relations recognition by the Colombian Stock Exchange (BVC) for voluntarily raising its management models for disclosure of information and investor relations, above the requirements of local regulations and by making quarterly and annual information available to investors in English and Spanish on its website.

Tax management

In 2018, Management focused on active participation in the Company's operations as described below:

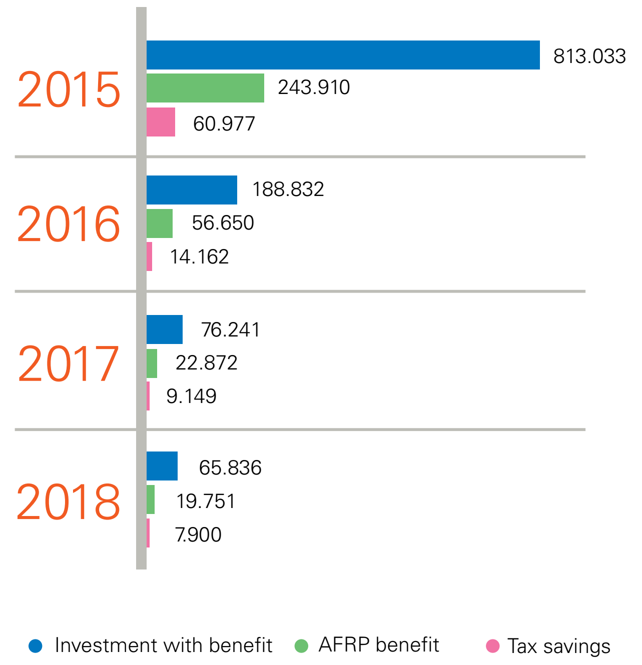
Tax litigation management showed positive results during the year 2018, especially the process that was carried by the Industry and Trade Tax against the Municipality of Yaguará (Cauca) for the year 2003 for an amount of $33,678,309,665, in which a favourable judgment was obtained in the second instance.

In addition, it was possible to close favourably the discussion that was held with the Family Compensation Fund COMPENSAR, regarding the origin of the exemption from the special solidarity contribution for the years 2009 to 2012 in the amount of $679,641,826, and that it had a probability of loss of 60%. This, considering that the Fourth Section of the Council of State declared the exception of irrelevant claim as proven, since the invoices that originated the obligation were not included in the claim.

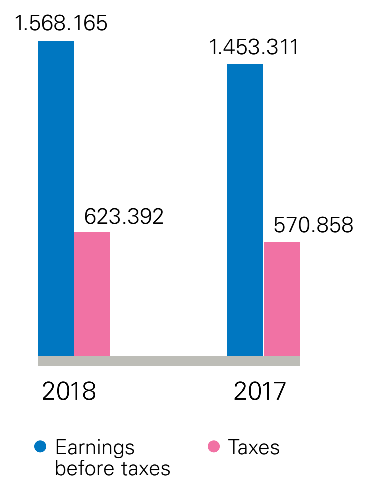
An independent opinion was obtained from the external auditor regarding the fulfilment of the obligations of the legal stability agreement, which allowed to maintain the benefit of special deduction in real fixed productive income assets for the El Quimbo Hydroelectric Project.

Moreover, given that said assets are covered by the benefit of the legal stability agreement, the Company's result was optimised with a greater deduction, as a result of being able to take the useful tax lives that the tax regulations allow, before the entry in force of the 2016 tax reform.

In the last four years the investment in the El Quimbo Hydroelectric Project has led to the special deduction in productive real fixed assets, generating tax savings as indicated below:



The tax burden paid by Emgesa, including all national and local taxes, for the last two years is as follows:



Figures in millions of pesos

Internal control

Emgesa has an internal control model focused on securing financial reporting in compliance with the United States Sarbanes-Oxley Act (SOX) of 2002 and Italian Act 262 of 2005 subject to the biannual self-assessment by those responsible for controls and different audits

The management personnel and other controllers carried out the biannual process of self-assessment and certification of the Internal Control Model, confirming their responsibility to establish, maintain and evaluate the effectiveness of the Internal Control Model of the Company's Financial Report.

In response to the internal monitoring responsibility for the Internal Control Model, Deloitte&Touche executed this process without identifying significant issues and concluded that his model operates effectively.

Additionally, the firm Ernst & Young as statutory auditor and external auditor during the year 2018 audited the relevant processes and controls and its results were communicated to the Company's Audit Committee without identifying significant design and operational deficiencies related to the internal control model of the Financial Report.

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

Access policies

In 2018 the certification of access to the relevant information systems was carried out under the scheme of the internal control model of financial reporting in compliance with Emgesa's internal control policies.

Electronic billing

Pursuant to Resolution 000010 of 6 February 2018, as of 1 December, Emgesa implemented the issuance and reception of electronic billing to customers and suppliers.

Effectiveness of new IFRS

As of 1 January 2019, IFRS 16 "Leases" will become effective in the accounting regulatory framework accepted in Colombia, which replaces four related standards, and establishes the principles for the recognition, measurement, presentation and disclosure of leases and includes a unique accounting model for the lessee.

For the transition of the standard, Emgesa began to expect an immaterial impact on the statement of financial position. The effects of the transition, if any, will be reflected in the accumulated earnings and profits at the beginning of the 2019 period.

06

SEPARATE FINANCIAL STATEMENTS

Separate Financial Statements

Emgesa S.A. E.S.P.

For the years ended 31 December 2018 and 2017 and for the twelve-month period ended 31 December 2018 and 2017, with Statutory Auditor's Report

enel

emgesa

Building a better working world

Statutory Auditor's Report

To the Shareholders of:
Emgesa S.A. E.S.P.

Report on the Financial Statements

I have audited the accompanying separate financial statements of Emgesa S.A. E.S.P., which comprise the separate statement of financial position as of 31 December 2018 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Standards accepted in Colombia (CFRS); for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; for selecting and implementing the appropriate accounting policies; and for establishing accounting estimates reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these separate financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require me to comply with ethical principles, plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by Management, as well as evaluating the overall presentation of the separate financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Building a better working world

Opinion

In my opinion, the separate financial statements referred to above, taken from books of accounts, present fairly, in all material respects, the financial position of the Company as of 31 December 2018, the results of its operations and cash flows for the year then ended in accordance with the Financial Reporting Standards accepted in Colombia.

Other Matters

The separate financial statements under accounting and financial reporting standards accepted in Colombia of Emgesa S.A. E.S.P. as of 31 December 2017, which are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with auditing standards generally accepted in Colombia, on which I expressed my unqualified opinion on 14 February 2018.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of any circumstance indicating failure to comply with the following Company obligations: 1) keeping Minutes, Shareholders and accounting books, according to legal norms and the accounting technique; 2) performing its activities according to the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, as well as the norms relative to integral social security; and 3) keeping correspondence and account vouchers. Additionally, there is consistency between the separate financial statements hereto and the accounting information included in the management report prepared by the Company's Management, which includes the Management's certification regarding the free circulation of endorsed invoices issued by vendors or suppliers. The report corresponding to the requirements of article 1.2.1.2 of Decree 2420 of 2015 was issued separately on 20 February 2019.

Angela María Guerrero Olmos
Statutory Auditor
Professional License 104291-T
Appointed by Ernst & Young Audit S.A.S. TR-530

Bogota D.C., Colombia
20 February 2019

Emgesa S.A. E.S.P.
Statement of Financial Position – Separate

(Thousands of pesos)

	Note	As of 31 December 2018	As of 31 December 2017
Assets			
Current Assets:			
Net cash and cash equivalents	4	$ 634.767.165	$ 563.551.759
Net other current financial assets	5	85.969.598	64.360.417
Net other current non-financial assets	6	19.027.599	20.978.092
Net commercial accounts receivable and other receivables	7	152.986.102	274.644.719
Current accounts receivable from related entities	8	135.427.801	2.733.906
Net inventories	9	65.551.826	50.761.757
Total current assets		**1.093.730.091**	**977.030.650**
Non-current assets:			
Net Other non-current financial assets	5	1.923.594	3.266.532
Net Other non-current non-financial assets	6	7.611.813	7.413.298
Net commercial accounts receivable and other receivables	7	16.979.005	17.663.575
Current accounts receivable from related entities	8	–	1.136.816
Investments in subsidiaries, joint ventures and associates	10	9.044.889	568.629
Net intangible assets other than capital gains	11	79.282.827	73.778.504
Net Property, plant and equipment	12	8.041.391.221	7.947.512.389
Total non-current assets		**8.156.233.349**	**8.051.339.743**
Total assets		**$ 9.249.963.440**	**$ 9.028.370.393**
Liabilities and equity			
Current liabilities:			
Other financial liabilities	13	$ 761.644.281	$ 462.582.103
Current commercial accounts payable and other payables	14	390.931.680	216.871.528
Current accounts payable to related entities	8	189.108.090	156.864.411
Other provisions	15	83.963.304	92.361.840
Income tax liabilities	16	169.973.468	161.314.896
Provisions for employee benefits	17	30.791.084	30.525.546
Other non-financial liabilities	19	41.908.207	81.510.422
Total current liabilities		**1.668.320.114**	**1.202.030.746**
Non-current liabilities:			
Other financial liabilities	13	3.042.178.911	3.723.182.711
Other provisions	15	120.395.854	143.695.710
Provisions for employee benefits	18	79.386.870	77.059.947
Deferred tax liabilities	18	100.433.685	34.114.979
Total non-current liabilities		**3.342.395.320**	**3.978.053.347**
Total liabilities		**$ 5.010.715.434**	**$ 5.180.084.093**

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

(Thousands of pesos)

	Note	As of 31 December 2018	As of 31 December 2017
Equity			
Issued capital	20	$ 655.222.313	$ 655.222.313
Issue premiums		113.255.816	113.255.816
Other reserves	20	566.750.629	569.595.764
Other comprehensive income (OCI)		-23.850.401	-20.716.160
Net income		1.020.338.048	887.055.685
Retained earnings		437.311.071	171.194.366
Earnings from IFRS conversion effect		1.470.220.530	1.472.678.516
Accumulated earnings and profits		2.927.869.649	2.530.928.567
Total equity		**4.239.248.006**	**3.848.286.300**
Total liabilities and equity		**$ 9.249.963.440**	**$ 9.028.370.393**

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

Bruno Riga

Bruno Riga
Legal Representative

Alba Lucia Salcedo Rueda
Public Accountant
Professional Card 40562–T

Ángela María Guerrero Olmos
Statutory Auditor
Professional Card 104291–T
Appointed by Ernst & Young Audit S.A.S. TR–530
(Refer to my report dated 20 February 2019)

Emgesa S.A. E.S.P.
Income Statement, by Nature – Separate

(Thousands of pesos, except earnings per share)

	Note	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Revenues from ordinary activities	21	$ 3.667.452.751	$ 3.400.005.643
Other operating revenues	21	50.996.157	25.075.258
Total revenues from ordinary activities and other operating revenues		**3.718.448.908**	**3.425.080.901**
Provisioning and services	22	(1.412.020.726)	(1.170.359.622)
Contribution margin		**$ 2.306.428.182**	**$ 2.254.721.279**
Works for fixed assets		7.773.531	2.688.671
Personnel expenses	23	(90.715.014)	(80.533.005)
Other fixed operating expenses	24	(128.916.425)	(131.600.438)
Gross operating profit		**2.094.570.274**	**2.045.276.507**
Depreciations and amortisations	25	(216.269.595)	(210.256.564)
Impairment losses	25	(2.426.192)	429.180
Operating profit		**1.875.874.487**	**1.835.449.123**
Financial revenues	26	24.685.196	27.050.275
Financial expenses	26	(332.963.582)	(384.347.545)
Capitalised financial expenses	26	7.977.253	5.745.998
Exchange difference	26	(786.833)	(445.537)
Financial earnings		**(301.087.966)**	**(351.996.809)**
Earnings from other investments			
Earnings from other investments		97.587	59.141
Earnings from sale of assets	27	(6.719.474)	(30.200.139)
Earnings before taxes		**1.568.164.634**	**1.453.311.316**
Income tax expense	28	(547.826.586)	(566.255.631)
Net income		**$ 1.020.338.048**	**$ 887.055.685**
Basic earnings per share			
Basic earnings per share from continuing operations (*)	29	6.801,24	5.910,35
Weighted average number of common shares outstanding		**148.914.162**	**148.914.162**

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

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(Refer to my report dated 20 February 2019)

Emgesa S.A. E.S.P.
Statement of Comprehensive Income – Separate

(Thousands of pesos)

	Nota	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Net Income		**$ 1.020.338.048**	**$ 887.055.685**
Components of other comprehensive income not reclassified to earnings before taxes:			
Gains (losses) on new measurements of financial instruments measured at fair value through OCI	5-30	(1.342.940)	(2.432.129)
Gain (losses) on new measurements of defined benefit plans	30	(5.747.248)	145.401
Gains (losses) on cash flow hedges	30	959	-
Other earnings before taxes		**(7.089.229)**	**(2.286.729)**
Components of other comprehensive income reclassified to earnings before taxes			
Gains (losses) on cash flow hedges	30	3.754.778	(5.288.417)
Other gains reclassified to earnings before taxes		**3.754.778**	**(5.288.417)**
Income tax relative to components of other comprehensive income not reclassified to earnings before taxes			
Gain (losses) on new measurements of defined benefit plans	30	564.163	226.749
Income tax relative to components of other comprehensive income not reclassified to income tax		564.163	226.749
Income tax relative to cash flow hedges of other comprehensive income	30	(363.953)	224.383
Income tax relative to cash flow hedges of other comprehensive income		(363.953)	224.384
Other comprehensive income		**(3.134.241)**	**(7.124.013)**
Total comprehensive income	30	**$ 1.017.203.807**	**$ 879.931.672**

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

Bruno Riga
Legal Representative

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(Refer to my report dated 20 February 2019)

Emgesa S.A. E.S.P.
Statement of Changes in Equity – Separate

(Thousands of pesos)

				Other reserves			Other comprehensive income			
	Note	Issued capital	Issue premium	Legal reserve	Statutory Reserve	Occasional reserve	Gains and losses on new measurements of financial instruments measured at fair value and cash flow hedges	Gains and losses on defined benefit plans	Accumulated earnings and profits	Total Equity
Initial balance as of 31 December 2016		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 176.473.996**	**$ 4.843.147**	**$ (18.435.294)**	**$ 2.236.812.614**	**$ 3.495.961.876**
Changes in equity										
Comprehensive income										
Net income		–	–	–	–	–	–	–	887.055.685	887.055.685
Other comprehensive income	30	–	–	–	–	–	(7.496.163)	372.150	–	(7.124.013)
Comprehensive income		–	–	–	–	–	(7.496.163)	372.150	887.055.685	879.931.672
Dividends recognised as distributions to owners		–	–	-	-	-	–	–	(527.607.248)	(527.607.248)
Increases (decreases) due to other changes, equity		–	–	–	–	65.332.484	–	–	(65.332.484)	–
Total increase (decrease) in equity		**-**	**-**	**-**	**-**	**65.332.484**	**(7.496.163)**	**372.150**	**294.115.953**	**352.324.424**
Final balance as of 31 December 2017		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 241.806.480**	**$ (2.653.016)**	**$ (18.063.144)**	**$ 2.530.928.567**	**$ 3.848.286.300**
Changes in equity										
Comprehensive income										
Net income		–	–	–	–	–	–	–	1.020.338.048	1.020.338.048
Other comprehensive income	30	–	–	–	–	–	2.048.844	(5.183.085)	–	(3.134.241)
Comprehensive income		–	–	–	–	–	2.048.844	(5.183.085)	1.020.338.048	1.017.203.807
Dividends recognised as distributions to owners		–	–	–	–	–	–	–	(623.784.115)	(623.784.115)
Increases (decreases) due to other changes, equity	**20**	–	–	–	–	(2.845.135)	–	–	387.149	(2.457.986)
Total increase (decrease) in equity		**-**	**-**	**-**	**-**	**(2.845.135)**	**2.048.844**	**(5.183.085)**	**396.941.082**	**390.961.706**
Final balance as of 31 December 2018		**$ 655.222.313**	**$ 113.255.816**	**$ 327.611.157**	**$ 178.127**	**$ 238.961.345**	**$ (604.172)**	**$ (23.246.229)**	**$ 2.927.869.649**	**$ 4.239.248.006**

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

Bruno Riga
Legal Representative

Alba Lucia Salcedo Rueda
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Professional Card 40562–T

Ángela María Guerrero Olmos
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(Refer to my report dated 20 February 2019)

Emgesa S.A. E.S.P.
Statement of Cash Flows, Direct Method - Separate

(Thousands of pesos)

		Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Cash flows from (used in) operating activities:				
Types of collections by operating activity				
Collections from sales of goods and services	$	3.966.164.725	$	3.418.222.843
Collections from royalties, fees, commissions and other revenues from ordinary activities		27.622.591		26.237.779
Collections from bonuses and compensations, annuities and other benefits of subscribed policies		22.645.686		–
Types of cash payments from operating activities:				
Payments to vendors for supply of goods and services		(1.525.931.428)		(1.286.241.265)
Payments to and on behalf of employees		(90.021.449)		(91.474.668)
Payments of bonuses and compensations, annuities and other obligations from subscribed policies		(21.561.807)		(20.445.048)
Other payments for operating activities		(8.554.302)		(72.561.552)
Net cash flows from operating activities		**2.370.364.016**		**1.973.738.089**
Paid income taxes		(471.236.449)		(416.402.077)
Other cash outflows		(34.399.199)		(51.994.852)
Net cash flows from operating activities		**1.864.728.368**		**1.505.341.160**
Cash flows from (used in) investment activities:				
Cash flows used to gain control of subsidiaries or other businesses		(7.162.460)		53.577
Other payments to acquire equity or debt instruments from other entities		(417.400.000)		(130.500.000)
Other collections for the sale of equity or debt instruments from other entities		395.000.000		83.500.000
Loans to related entities		(81.000.000)		–
Purchase of property, plant and equipment		(260.109.172)		(321.505.445)
Collections from related entities		448.526		–
Interest received from investment activities		19.205.113		20.779.720
Net cash flows used in investment activities		**(351.017.993)**		**(347.672.148)**
Net Cash flows from (used in) financing activities:				
Amounts from loans		–		100.000.000
Loans from related entities		–		46.808.489
Loan reimbursements		(524.517.306)		(340.666.667)
Dividends paid to shareholders		(599.705.710)		(597.438.747)
Interest paid financing		(314.963.962)		(373.212.968)
Payments of finance lease liabilities		(2.366.183)		(1.993.499)
Payments of loans to related entities		–		(46.808.489)
Other cash outflows financing		(941.808)		(883.316)
Net cash flows used in financing activities	**$**	**(1.442.494.969)**	**$**	**(1.214.195.197)**
Net increase (decrease) of cash and cash equivalents, before the effect of exchange rate changes	**$**	**71.215.406**	**$**	**(56.526.185)**
Net increase (decrease) of cash and cash equivalents		**71.215.406**		**(56.526.185)**
Cash and cash equivalents initial balance		563.551.759		620.077.944
Cash and cash equivalents final balance	**$**	**634.767.165**	**$**	**563.551.759**

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

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.

Bruno Riga
Legal Representative

Alba Lucia Salcedo Rueda
Public Accountant
Professional Card 40562–T

Ángela María Guerrero Olmos
Statutory Auditor
Professional Card 104291–T
Appointed by Ernst & Young Audit S.A.S. TR–530
(Refer to my report dated 20 February 2019)

Contents

(In thousands of pesoss)
(In thousands of pesos)

1. Overview

Economic Entity

Emgesa S.A. E.S.P. (hereinafter the "Company") is a commercial stock company organised according to the Colombian laws as a public utility, regulated by Act 142/1994.

The Company 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.

The Company 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 situation of the Corporate Group registered with the trade register of the Bogot Chamber of Commerce was updated by registration No. 02316803 of book IX of 28 March 2018, without any change being made with respect to the parent company (Enel S.P.A.). The situation of the Corporate Group is exercised by the company Enel S.P.A (parent company) indirectly over the companies Emgesa S.A. E.S.P. and Codensa S.A. E.S.P. through the company Enel Américas S.A.; indirectly on Sociedad Portuaria Central Cartagena S.A. E.S.P. through Emgesa S.A. E.S.P.; indirectly on the company Inversora Codensa S.A. E.S.P. through Codensa S.A. E.S.P.; indirectly on the companies Enel Green Power Colombia S.A.S E.S.P. and El Paso Solar S.A.S. E.S.P. through Enel Green Power S.P.A. On 21 June 2018, through registration No. 1171351, the registry of the Corporate Group was updated in order to include the Enel Foundation and the company Enel X Colombia S.A. E.S.P.

Corporate Purpose – The Company'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 company 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 company 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.

Change in the Company's corporate purpose – on 18 December 2017, an extraordinary session of the General Shareholders' Meeting was held, which approved the opening of new business lines and, as a result, the extension of the Company's corporate purpose, in the sense of including (i) 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 and (ii) the participation in financial derivatives markets of energy commodities. The formalization and subsequent registration of this amendment to the Company Bylaws with respect to the Company's corporate purpose was conditioned upon the approval of this change by the Bondholders' Meeting, which gave its approval on 3 May 2018. Through public deed No. 1555 of the 11th Notary Public of the Bogota Circle dated 17 May 2018, the corporate bylaws amendment that accounts for the foregoing was formalized and registered in the public register of the Chamber of Commerce on 25 May 2018 .

The Company has 11 hydraulic generation stations and 2 thermal power plants, located in the departments of Cundinamarca, Huila and Bolívar:

Plant	Technology	Declared Capacity
Guavio	Hydraulic	1.259,9 MW
Betania	Hydraulic	540,0 MW
El Quimbo	Hydraulic	396,0 MW
Guaca	Hydraulic	324,0 MW
Paraíso	Hydraulic	276,0 MW
Charquito	Hydraulic	19,4 MW
Tequendama	Hydraulic	56,8 MW
Limonar	Hydraulic	18,0 MW
Laguneta	Hydraulic	18,0 MW
Darío Valencia	Hydraulic	150,0 MW
Salto II	Hydraulic	35,0 MW
Termozipa	Thermal	224,0 MW
Cartagena	Thermal	184,0 MW

Gas Trading

The new gas regulatory year began on 1 December 2018. For this new start, the Company continues as a relevant player in the natural gas trading market in Colombia, seven new agreements with industrial customers were executed, admitting four new customers and consolidating relationships with three. The sales made as of December 2018 were 79.5 Mm3 with a variable margin of $4,219,526, which meant a contribution of 0.18% of the Company's variable margin, while in 2017 sales were 72.9 Mm3 with a variable margin of $3,420 .220.

During 2018, the Company has remained active in the secondary market sales process, through intraday supply and transportation negotations.

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 trade 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, long-term auctions of firm energy are carried out, within the "Reliability Charge" scheme. The operation and management of the market is carried out by XM, which acts as National Dispatch Center (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, without affecting the architecture of the current wholesale market. 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 24 of 2015, which regulates large-scale self-generation activity, and UPME published Resolution No. 281 of 2015, which defines the limit of small-scale self-generation equal to 1MW.

Additionally, the CREG issued Resolutions 11 and 212 of 2015, which promote demand response mechanisms. It also published Resolution 61 of 2015 to determine the methodology for calculating the firm energy of wind power plants in order to allow their participation in the Reliability Charge scheme, which was recently modified by Resolution No. 167 of 2017. 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. In 2016, UPME published Resolution No. 45, which defines the procedures for requesting certificates that endorse the Non-Conventional Energy Sources ("NCRE") projects and the list of goods and services exempt from duty or value added tax ("VAT").

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.

The Operational Manual of FENOGE, which contains aspects related to sources of funding, allocation of resources, organizational structure, methodology of presentation and selection of projects and the execution process, was recently published in MME Resolution 41407 of 2017.

During 2017, the CREG published Document 161, whereby it proposed four alternatives for the integration of Non-Conventional Sources of Renewable Energy (NCRE) into the generator park, which are: i) Green premium, ii) Long-term agreements under a pay on a generation basis model, iii) long-term agreements for average energy and iv) long-term agreements under a pay as per contracted model.

In February, the CREG issued Resolution 030 of 2018, with simplified procedures to authorize 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). In the case of resources of less than 100 kW, a procedure was defined by means of a registration form with the Distributor, without the need for connection surveys, which involves very short periods for reviewing the requests (5 days), as well as testing and connection (2 days), which in any case requires minimum technical conditions in terms of protection and electrical safety.

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.

Continuing with the aforementioned Decree, the Ministry of Mines and Energy issued Resolutions 40791 and 40795 of August 2018, ending the construction cycle of the public policy that will enable the fulfilment of the objectives of strengthening, complementing and diversifying the country's energy matrix and thus reaching a historic milestone with the launch of the first long-term electric power auction in the country. As a fundamental element in the issuance of these resolutions, a long-term energy auction is created that will allow, among others, the greater incorporation of renewable energies into the national energy system.

Through Resolutions 41307 and 41314 of December 2018, the Ministry of Mines and Energy officially established the first long-term electric power auction, which will be held on 26 February 2019, and 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.

This process will award 1,183,000 megawatt hours per year, through long-term annual average energy contracts with a 12-year term. The start date of the obligations of the generation projects that will be assigned will be 1 December 2021.

The auction will only take into account energy generation projects with initial date of operation after 31 December 2017, which will be evaluated based on four criteria: resilience, complementarity of resources, regional energy security and reduction of CO_2 emissions.

The Ministry of Mines and Energy will publish the draft of the agreement no later than the first week of January 2019, while the Mining and Energy Planning Unit - UPME, entity responsible for managing the mechanism, will disclose the specifications and conditions for the auction on the same date.

Regarding the firm energy for the reliability charge, the CREG published Resolutions 167 and 201 of 2017, whereby it defines the methodology to calculate the firm energy of wind and solar plants. Additionally, the Commission for the Regulation of Energy and Gas (CREG), through Resolution 140 of 2017, defined a new methodology for calculating the scarcity value of the Reliability Charge, which is called the marginal scarcity price (MSP); this MSP will govern the assignments of Firm Energy Obligations (FEO) that will be carried out in the future, and will therefore represent the price at which said energy will be remunerated during a critical period. This new calculation methodology avoids any mismatch between the cost of local generation and fuel price markers in the international market, as the marginal scarcity price reflects the costs of local fuels.

The Commission for the Regulation of Energy and Gas - CREG, with the publication of CREG Resolutions 083 and 084 of July 2018, provided the opportunity to assign energy obligations of the Reliability Charge for the periods 2019-2020, 2020-2021 and 2021 -2022, and called for a reconfiguration auction for the sale of energy for the period 2018-2019.

Both regulatory measures seek to ensure the availability of an efficient energy supply for the country in the medium and long term and were issued after the analysis of the system's firm energy balance. This analysis was based on the demand projections of the Mining and Energy Planning Unit (UPME), the firm energy of the existing plants and the relevant information on its generation history and the possible scenarios for the entry of new projects.

In addition, the CREG defined the conditions for the call for an auction of the reliability charge for the allocation of electric power generation projects that may enter into operation in the 2022-2023 period. Through this regulatory decision, an auction of the reliability charge is called, by which scheme the generators commit to deliver a product called firm energy, the purpose of which is to cover the supply of energy for the national demand, even in the most critical hydrological cycles.

The resolution establishes, among other aspects, that the auction will be done through the sealed-envelope mechanism, i.e., it changes in relation to auctions of the reliability charge carried out in previous years through descending clock auctions.

In turn, the Ministry of Environment and Sustainable Development published on 3 August 2016 Resolution 1283 of 2016, which provides the procedure and requirements for the issuance of the environmental benefit certification by new investments in projects from non-conventional sources of renewable energies ("NCSRE") and efficient energy management, to obtain the tax benefits set out in articles 11, 12, 13 and 14 of Act 1715 of 2014. 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, 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.

Finally, 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 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, standardize 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 Ministry of Mines and Energy, through Resolution 40006 of 2017, adopts the Transitory Natural Gas Supply Plan, which initiates the processes of procurement and allocation to carry out the works required by the UPME to ensure the security of supply and reliability in the short and medium term. As part of this process, at a regulatory level, the CREG has developed regulations related to gas infrastructure, such as regasification terminals, open seasons and extensions through procurement for the natural gas transport network.

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 analysis and adjustments to the natural gas market, presented for comment CREG Resolution 072 of 2018, whereby the provisions of the wholesale natural gas market contained in CREG Resolution 114 of 2017 are adjusted. Particularly, it observes that there are problems in the performance of the secondary market related to an alleged incomplete information of everything executed in it, as well as high transaction costs, which originate in the inflexibility of the agreements that are currently contemplated in the regulation; and raises the need to adjust the handling of information regarding the volume of surplus and missing quantities derived from the primary market, forcing agents to go through the secondary market and thus have a transparent market, reflecting the status of each and every transaction that takes place in the market.

2. Bases for Presentation

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

The separate financial statements include comparative information corresponding to the previous period.

The accounting principles used in its preparation are those described below:

2.1. Accounting Principles

The Company's general-purpose separate financial statements as of 31 December 2018, have been prepared in accordance with the Colombian Financial Reporting Standards (CFRS), which take into account all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the SIC Interpretations, the IFRIC interpretations and the conceptual framework for financial information, as applicable, issued and approved by the International Accounting Standards Board (IASB) as of 31 December 2015, and which were published in Spanish by such organisation in August 2015, and incorporated into the Colombian technical accounting framework by Act 1314 of 13 July 2009, regulated by Unified Regulatory Decree 2420/2015, as amended by Decrees 2496/2015, 2131/2016, 2170/2017 and compiled and updated as per Decree 2483/2018.

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

The general-purpose separate financial statements have been prepared following the going concern principle through the application of the cost method, with the exception, according to the CFRS, of such assets and liabilities registered at fair value.

The preparation of the separate financial statements in accordance with the CFRS requires the use of certain critical accounting estimates. It also requires Management to apply its judgment in the process of applying the accounting policies.

2.2. Accrual Basis of Accounting

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

2.3. New Standards Incorporated into the Accounting Framework Accepted in Colombia with Effective Application from 1 January 2019 onwards

Decrees 2496 of December 2015, 2131 of December 2016, 2170 of December 2017 and 2483 of December 2018 introduced new standards, modifications or amendments issued or made by the International Accounting Standards Board (IASB) to the International Financial Reporting Standards between 2015 and 2017 to assess their implementation in financial years beginning on or after 1 January 2019, with earlier adoption permitted.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to take into account all leases under a single model in the balance sheet, similar to the accounting for finance leases according to IAS 17. The standard includes two recognition exemptions for lessees: leases of "low value" assets and short-term leases (i.e., leases with a term of 12 months or less). On the start date of a lease, a lessee will recognise a right-of-use asset and a liability per lease. The lessees must separately recognise the interest expense of the lease liability and the depreciation expense of the right-of-use asset.

Lessees will also be required to remeasure the lease liability when certain events occur (for example, a change in the term of the lease, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The contract will generally recognise the amount of the new measurement of the lease liability as an adjustment to the right-of-use asset.

The accounting of lessors under IFRS 16 will continue to classify all leases using the same classification principle as in IAS 17, differentiating between two types of lines: operating and finance leases.

IFRS 16, which is effective for annual periods starting 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Company plans to adopt IFRS 16 according to the retroactive model with accumulated effect, recognised from the date of adoption without restating the comparative information. As a practical solution, the Company will choose not to apply the standard to contracts that were not previously identified as containing a lease agreement in accordance with IAS 17 and IFRIC 4.

The Company will choose to use the exemptions proposed by the standard in the lease agreements for which the lease term ends within 12 months from the date of the initial application, and to the lease agreements for which the underlying asset is of low value.

During 2017 and 2018, Management has carried out a detailed evaluation of the basis of contracts for the implementation of IFRS 16. The Company expects to recognise right-of-use assets and financial liabilities in an approximate range of COP $6,000,000 and $8,000,000, on 1 January 2019.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

This interpretation refers to the determination of the exchange rate to be used in the initial recognition of an asset, revenue or expense (or part thereof) in the derecognition of non-monetary assets or liabilities related to the advance consideration, the date of the transaction on the date on which an entity initially recognizes said non-financial asset or liability as a result of the advance payment. If there are multiple advance payments, received or delivered, companies must determine the transaction date for each of those payments.

The date of application of this interpretation in the Colombian accounting framework is for periods starting on or after 1 January 2019. The Company does not expect impacts due to the application of this interpretation, given that advance considerations in foreign currency are recognised at the exchange rate of the date of the transaction.

Transfers of Investment Property - Amendments to IAS 40

These amendments make some clarifications for cases in which a company must transfer properties, including properties under construction or investment properties. These amendments establish that a change in use occurs when the property begins to meet or fails to meet the definition of investment property and there is evidence of such change. A simple change in the intention to use the property by Management does not constitute evidence of a change in use. The Companies must apply the amendments prospectively on the changes in use that occur from the period in which these amendments begin to be applied. The Companies must re-evaluate the classification of the property maintained at that date and, if applicable, reclassify it to reflect the conditions existing at that time. This amendment is included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no investment properties.

Classification and Measurement of Share-Based Payment Transactions - Amendments to IFRS 2

These amendments were issued by the IASB in order to respond to three main areas: the effects of the conditions for the irrevocability of the concession in the measurement of share-based payment transactions agreed in cash, the classification of share-based payment transactions with net settlement characteristics for tax withholding obligations and accounting when a modification to the terms and conditions of the share-based payment transactions changes its classification from settled in cash to settled in equity.

In its adoption, companies are required to apply the amendments without re-expressing prior periods, but retrospective application is permitted if eligible for the three amendments and meet other criteria. These amendments are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no share-based payment transactions.

Amendment to IAS 1: Disclosure Initiative

The IASB issued amendments to IAS 1 "Presentation of Financial Statements", as part of its main initiative to improve the presentation and disclosure of information in the financial statements. These amendments are designed to encourage companies to apply professional judgment to determine what type of information to disclose in their financial statements.

Amendment to IFRS 10, IFRS 12 and IAS 28: Investment Entities, Application of the Consolidation Exception

These amendments, which are restricted in scope to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures", clarify the application of the consolidation exception for investment entities and its subsidiaries. The amendments also reduce the requirements in particular circumstances, reducing the costs of the application of the Standards.

Improvements to IFRS (2015-2017 Cycle)

It corresponds to a series of minor amendments that clarify, correct or eliminate a redundancy in the following standards: IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs". The application is as of 1 January 2019.

IFRS 3 Business Combinations: The amendment clarifies in which cases an entity that obtains control of a business is a joint operation. This clarifies the requirements for business combinations established in stages that include re-measuring the interests previously held in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures all of its previous interest in the joint operation

IFRS 11 Joint Arrangements: A party that participates in a joint operation but does not have joint control, can obtain joint control of the joint operation in the activity of the joint operation that constitutes a business according to the definitions in IFRS 3. The amendment clarifies that the interests held before carrying out the joint operation are not measured again.

IAS 12 Income Taxes: The amendment clarifies that the consequences of dividends on income tax are related to transactions or past events that generated distributable profits to the owners. Similarly, an entity recognizes the income tax as a result of the gain or loss through profit or loss or other comprehensive income, taking into account the original recognition made by the entity as a result of past events.

IAS 23 Borrowing Costs: The amendment clarifies that an entity treats as part of general loans any loan originally made to develop an asset, contemplating all the activities necessary to prepare that asset for the use intended by management.

Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets

The amendment corrects an inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" with respect to the accounting treatment of the sale and contributions between an investor and its associate or joint venture.

The IASB decided to indefinitely defer the date of effective implementation of this amendment, pending the outcome of its research project on the equity method. The date of application of this amendment has yet to be determined.

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

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts covering measurement and recognition, presentation and disclosure. Once in effect, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with specific characteristics. of discretionary participation. This standard includes few exceptions.

The general objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which primarily seeks to protect previous local accounting policies, IFRS 17 provides an integral model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- A specific adaptation for contracts with characteristics of direct participation (variable rate approach).
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 has not been introduced into the Colombian accounting framework by any decree to date.

IFRIC 23 Uncertainty Over Income Tax Treatments

The interpretation addresses the income tax accounting in cases where the tax treatment includes uncertainties that affect the application of IAS 12, and does not apply to taxes that are outside the scope of this IFRIC, nor does it include specific requirements related to interest and sanctions associated with uncertain tax treatments. The interpretation deals with the following:

- When the entity considers uncertain tax treatments separately.
- The assumptions made by the entity about the examination of tax treatments by the corresponding authorities.
- The way in which the entity determines the fiscal profit (or fiscal loss), fiscal bases, losses or fiscal credits not used, and fiscal rates.
- The way in which the entity considers the changes in events and circumstances.

A Company must determine whether it evaluates each uncertain treatment separately or in groups, using the approach that best predicts the resolution of uncertainties.

The application date of the established interpretation is for periods beginning on or after 1 January 2019. The Company has no impact due to the application of this interpretation.

Application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" - Amendment to IFRS 4

The amendments are intended to resolve issues that arise as a result of the implementation of the new financial reporting standard, IFRS 9, prior to the implementation of IFRS 17 "Insurance Contracts", which replaces IFRS 4. These amendments introduce two options for entities that issue insurance contracts: a temporary exemption from the application of IFRS 9 and an overlay approach.

(In thousands of pesoss)
(In thousands of pesos)

A Company may choose the overlap approach when it adopts IFRS 9 and apply this approach retrospectively to financial assets designated in the transition to IFRS 9. These amendments should be applied retrospectively and have not been introduced in the Colombian accounting framework by means of any decree to date. These amendments are not applicable to the Company.

2.5. Relevant Estimates and Accounting Criteria

In the preparation of the Financial Statements, specific estimates have been used by the Company's Management, the business units, and the supporting areas to quantify some assets, liabilities, revenues, expenses and commitments registered therein.

The estimates basically refer to:

- Hypotheses used in actuarial calculation of liabilities and obligations with the employees, such as discount rates, mortality rates, salary increases, etc. (See Note 3.2.12.).
- The useful life of property, plant and equipment and intangibles. (See Notes 3.2.6. and 3.2.7.).
- The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.2.8. (B)).
- The hypotheses used for the calculation of the fair value of the financial instruments. (See Note 3.2.13.).
- Revenues and 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 (See Note 3.2.16.).
- Probability of occurrence and amount of uncertain or contingent liabilities (See Note 3.2.10.).
- 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 3.2.7.).
- Tax results, which will be declared to the respective tax authorities in the future, which have served as basis for recording the various balances related to income taxes in the current Financial Statements. (See Notes 3.2.11).

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.

3. Accounting Policies

3.1. Changes in Policies

IFRS 9 Financial Instruments

As of January 1, 2018, IFRS 9 Financial Instruments became effective, this version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting project for financial instruments: Classification and measurement, impairment and hedge accounting.

IFRS 9 entered into force for annual periods beginning on or after 1 January 2018, with early application permitted; a retrospective application is required, but comparative information is not mandatory. The standard contemplates the exception for hedge accounting, whose requirements are generally applied prospectively, with some limited exceptions.

The Company adopted the new standard on the required date, and in accordance with the guidelines of IFRS 9 for the transition, made its retrospective application and did not express the comparative information; reflecting the impact of the transition on the initial accumulated earnings and profits for the year 2018.

The impacts for each of the relevant topics of this regulation are described below:

(a) Classification and measurement

In general, commercial loans and accounts receivable are maintained to collect the contractual cash flows; and they are expected to generate cash flows that represent only capital and interest payments. The Company analysed the contractual characteristics of the cash flows of these instruments and concluded that they meet the criteria for measuring the amortised cost defined by the new standard. In the specific cases in which sales of financial assets have been made, there has been a substantial transfer of risks and benefits and a corresponding decrease in assets. Therefore, there are no changes in the classification and measurement of these items.

Moreover, equity participations in unlisted companies are intended to be maintained in the foreseeable future and the Company applies the option to present changes in fair value through OCI.

In conclusion, there is no impact on the statement of financial position when applying the classification and measurement requirements of IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record the expected credit losses in all its debt securities, loans and commercial accounts receivable, either for 12 months or for the life of the assets, seeking to recognise the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset; whereas IAS 39 proposed an impairment model focused on losses incurred based on current and past customer behaviour.

Due to the characteristics of the Company's financial assets, in accordance with the guidelines of the Enel Group, the models to be applied were defined 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 Company manages its commercial portfolio individually, the group defined that the most appropriate way to manage the Company's credit risk expectation is by performing an individual assessment on each counterparty with which the Company 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 the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.8 (b).

The expected credit loss of the commercial portfolio determined by the simplified individual model as of 1 January 2018 is as follows:

Item	Credit loss expected as of 1 January 1 2018	
Energy & Gas Portfolio	$	107.670.624
	$	**107.670.624**

(In thousands of pesoss)
(In thousands of pesos)

General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of the standard, are evaluated. This model groups the counterparties into four categories defined by the group (public administrations, institutional counterparties, loans to employees and other assets), on which the risk of the other assets is measured collectively.

The expected credit loss is calculated on the balance of each category multiplying it by the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.8 (b).

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

Cluster	Credit loss expected as of 1 January 1 2018	
Public administrations	$	19.720
Institutional counterparties		118.078
Loans to employees		128.416
Other assets		2.926.796
	$	**3.193.010**

The impairment impact recognised in the Company's financial statements as a result of the adoption of IFRS 9 is as follows:

Item	Commercial Portfolio		Other Assets		Total	
Impairment Under IAS 39	**$**	**104.938.329**	**$**	**2.531.808**	**$**	**107.470.137**
Impairment Under IFRS 9						
Simplified Individual Model		107.670.624		–		107.670.624
General Collective Model		–		3.193.010		3.193.010
Total Impairment IFRS 9	**$**	**107.670.624**	**$**	**3.193.010**	**$**	**110.863.634**
Impact Adoption IFRS 9	**$**	**2.732.295**	**$**	**661.202**	**$**	**3.393.497**

(c) Hedge accounting

The Company determined that all hedge relationships existing as of 1 January 2018 designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9.

The Company has chosen not to retrospectively apply IFRS 9 in the hedge transition. IFRS 9 does not change the general principles of how an entity accounts for effective hedges, therefore the application of the hedging requirements of IFRS 9 does not have a significant impact on the Company's financial statements.

Impacts Summary

In summary, the impact of the transition to IFRS 9 recognised in the Company's financial statements is as follows:

Item in the Statement of Financial Position	Impairment balance as of 31 December 2017		Impairment balance as of 1 January 2018		Impairment of financial assets due to the adoption of IFRS 9	
Commercial accounts receivable and other current accounts receivable	$	104.938.329	$	107.670.625	$	2.732.296
Other financial assets		2.531.808		3.193.010		661.202
Total Impairment of Financial Assets	$	107.470.137	$	110.863.635		3.393.498
Deferred tax						(935.512)
Accumulated Earnings and Profits					($	2.457.986)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 aims to provide a single and comprehensive revenue recognition model for all contracts with customers, except for leases, financial instruments and insurance contracts; and improve comparability within industries, between industries and between capital markets; having as a basic principle that an entity recognizes revenues from ordinary activities in a way that represents the transfer of goods or services undertaken with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled in exchange for said goods or services .

IFRS 15 establishes a model for the recognition of revenue from contracts with customers based on 5 steps, which are:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 replaces the following international accounting standards and interpretations: IAS 11: Construction Contracts, IAS 18: Revenue, IFRIC 13: Customer Loyalty Programmes, IFRIC 15: Agreements for the Construction of Real Estate, IFRIC 18: Transfer of Assets from Customers and SIC 31: Revenue-Barter Transactions Involving Advertising Services.

In accordance with the provisions of this standard, the Company made the transition to IFRS 15 as of 1 January 2018, using the modified retrospective approach, which considers the adoption effect on retained earnings and does not restate comparative financial information.

In the process of adopting IFRS 15, the Company has considered the following:

Portfolio approach:

The Company obtains the main income flows from the sale of goods and/or the rendering of services based on the supply of energy in the Wholesale, Unregulated and Stock Market. It also supplies Gas to different agents in the market.

The practical solution of paragraph 4 of IFRS 15 allows this standard to be applied to a portfolio of contracts; for this reason, the Company, through the identification of income flows, defined the groups of contracts with customers that have similar characteristics in the contractual terms and conditions (categories).

These categories were 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); which, following the 5-step model and special topics of the IFRS 15, allow the identification of the goods or services promised in the contracts.

Contracts with multiple goods and/or services:

IFRS 15 in paragraphs 26 to 30 provides: A contract with multiple goods and/or services occurs when the Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these may be satisfied independently.

The following is a detailed analysis of the different contracts related to the provision of goods and/or services that the Company offers to customers:

- **Sale of Wholesale, Non-regulated and Fuel Energy:** The negotiation of the transaction prices can be: at fixed prices, at fixed prices with a stock exchange factor, or at stock exchange prices and indexed to the producer price index (PPI), or according to the regulation framed in each of the contracts in the case of fuels.

  Some variable considerations may arise due to discounts offered in negotiations with customers, so the Company estimates the amount to which it is entitled for the transfer of goods and/or services to customers.

- **Sale of Energy Non-regulated Market:** For this service a performance obligation was identified, which is the sale of electric energy to customers of this market. Therefore, there are no contracts with multiple goods and services associated with this market. In the Non-regulated Market, where the Company provides goods and/or services, the Company acts as principal.
- **Energy Exchange Market:** There are three performance obligations, which are: Sale of energy, dispatch for security and other complementary services; which represent a promise to transfer a series of goods and/or services that are substantially the same and that have the same pattern of transfer to the customer. Therefore, it is not considered that the contract in the stock market presents multiple goods and services to customers. In the energy market, the Company supplies its goods and/or services, and acts as principal.
- **Sale of Fuels:** Depending on the contract, one or two performance obligations may be presented, which are:

  - Gas supply.

  - Gas supply and transportation.

  There are no contracts with multiple goods and services because the performance obligations are highly interdependent and have the same transfer pattern to the end customers. In this market the Company acts as principal.

- **Other revenues:** The Company has revenues under the scope of IFRS 15 that correspond to the reliability charge.

  In the reliability charge, the performance obligation is the delivery of firm energy to the secondary market agents. This market does not present multiple goods and services. In the reliability charges, the Company acts as principal.

Satisfaction of performance obligations:

IFRS 15 in paragraphs 32 and 35 provides that the satisfaction of performance obligations is carried out over time or at a point in time according to the pattern of transfer of goods and/or services granted to customers.

The Company identified that the fulfilment of the performance obligations is carried out over time for the Wholesale, Non-regulated, Stock, Fuel and other markets (Reliability Charges), since customers simultaneously receive and consume the goods and/or services provided by the Company, and benefit to the extent that the contracts are executed.

Variable considerations:

IFRS 15 in paragraph 50 provides that if the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers.

- **Sale of Wholesale, Non-regulated and Fuel Energy:** The negotiation of the transaction prices can be: at fixed prices, at fixed prices with a stock exchange factor, or at stock exchange prices and indexed to the producer price index (PPI), or according to the regulation framed in each of the contracts in the case of fuels. There are no variable considerations because there are no

discounts, reimbursements, incentives, performance bonuses or other types of benefits that affect the amounts to be received established in the contracts, for the supply of goods and/or services to customers.

- **Energy Exchange Market:** The negotiation of prices in this market is regulated and fixed by the market (supply and demand) so that the system manager (XM) executes, settles and collects the monetary values from the agents involved in this market. There are no variable considerations as there are no changes in the regulated supply and demand prices established in this market.
- **Other revenues:** In the assignment of prices in the reliability charge a market mechanism is used that aims at the efficiency of the auction of the firm energy obligations. The foregoing does not imply variable considerations since the pricing has no modifications by variables such as discounts or rebates that are not established by the market.

Contracts with amendments:

IFRS 15 in paragraph 18 provides that contracts with amendments are presented when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods or services offered to customers.

It was identified that, due to the particularities of the market and the sector where the Company supplies its goods and/or services associated with contracts with customers, there are no changes that provide new goods and/or services. There are also no changes in the price that are outside the previously agreed or regulated standards. Some changes can be presented in dates or prices without these altering the consideration agreed between the parties in the supply of goods and services.

Consideration as Principal or as Agent:

IFRS 15 in paragraphs B34 to B38 provides that when a third party is involved in providing goods and/or services to a customer, the Company must determine whether the commitment to comply with the performance obligation is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies itself the performance obligations for the customers, it acts as principal. Otherwise, it acts as agent.

The Company acts as principal in the markets where it supplies its goods and/or services, because it controls and satisfies the performance obligations undertaken with customers.

Contract costs:

IFRS 15 in paragraphs 91 to 98 allows an asset to be recognised for the costs of obtaining or fulfilling a contract.

Due to the characteristics of the markets where the Company supplies its goods and/or services, there are no incremental costs of obtaining or fulfilling a contract.

Concession agreements

Once the categories defined by the Company were analysed, no impacts arising from concession agreements were identified in the adoption of IFRS 15.

According to the analysis made in the implementation of IFRS 15, no changes were determined that affect the current policy of revenue recognition or impacts on the financial statements derived from the adoption.

3.2. Accounting Policies Applicable to General-Purpose Financial Statements

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

3.2.1. Financial Instruments

3.2.1.1. Cash and Cash Equivalents

This item in the Financial Statement includes cash, bank balances, term deposits and other short-term investments less than or equal to 90 days after the date of investment, with high liquidity rapidly realised in cash and which have a low risk of change in value.

3.2.1.2. Financial Assets

The Company classifies its financial assets in the following measurement categories: measured at fair value and measured at amortised cost. The classification depends on whether the financial asset is a debt or equity instrument.

3.2.1.2.1. Debt Instrument

With IFRS 9 becoming effective as of 1 January 2018, version 2015, the classification of financial assets at amortised cost is maintained and that of financial assets at fair value is extended; the previous version corresponding to 2014 only included financial assets at fair value through profit or loss and the present version adds the classification of financial assets at fair value through other comprehensive income.

(a) Financial Assets at Amortised Cost

A debt instrument is classified as measured at "amortised cost" only if it meets the following criteria: the purpose of the business model of the Company is to keep the asset to obtain contractual cash flows, and the contractual terms give rise, on specified dates, to receiving cash flows that are only principal and interest payments on the unpaid balance.

The nature of the derivatives implicit in a debt investment is taken into account to determine whether the cash flows of the investment are only principal and interest payments on the unpaid balance and, in such event, these are not accounted for separately.

(b) Financial assets at fair value through other comprehensive income

The financial assets held for the collection of contractual cash flows and for selling assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. The movements in the book value are taken through other comprehensive income, except for the recognition of gains or losses due to impairment, interest revenues and exchange gains and losses in the amortised cost of the instrument, which are recognised through profit or loss. When the financial asset is derecognized, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest revenues from these financial assets are included in "interest revenues" using the effective interest rate method.

(c) Financial assets at fair value through profit or loss

Assets that do not meet the requirements for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A loss or gain on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement for the period in which it arises, unless it arises from debt instruments that were designated at fair value or that are not held for trading. Interest revenues from these financial assets are included in "interest revenues" using the effective interest rate method.

3.2.1.2.2. Equity Instrument

All equity instruments are measured at fair value. Equity instruments held to negotiate are measured at fair value through profit or loss. For other equity instruments, the Company can make an irrevocable election in the initial recognition to recognise changes in fair value through other comprehensive income in equity.

3.2.1.2.3. Derivative Financial Instruments and Hedging Activities

Derivatives are recognised at their fair value on the date the contract is executed and are constantly revised at fair value.

If derivative financial instruments are not qualified for recognition through the hedging accounting treatment, they are registered at fair value through profit or loss. Any change in the fair value of the derivatives is immediately recognised in profit or loss as "other gains / losses, net". If they are designated for hedging, the method to recognise the gain or loss from the changes in the fair value of the derivatives depends on the nature of the risk and the item being hedged.

The Company designates certain derivatives as:

(a) fair value hedging of recognised assets or liabilities (fair value hedges);

(b) hedging of a particular risk associated with a recognised asset or liability or a highly probable expected transaction (cash flow hedges); or

(c) hedging of net investments in an overseas operation (net investment hedges).

The Company documents, at the beginning of the hedging, the relationship of the hedging instruments and the hedged items, as well as their objectives and risk management strategy supporting the hedging transactions. The company also documents its assessment, both at the beginning of the hedge and periodically, on whether the derivatives used in the hedging transactions are highly effective to compensate for the changes in fair values or cash flows of the hedged items.

The total fair value of the derivatives used as hedging is classified as non-current asset or liability when the maturity of the remaining hedged item is greater than 12 months, and classified as current asset or liability when the maturity of the remaining hedged item is less than 12 months. The derivatives that are used for hedging or that are held for negotiation are classified as current assets or liabilities.

(a) Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are registered in the income statement, and the gain or loss of the hedged item attributable to the hedged risk adjust the book value of the hedged item and is recognised in profit or loss. The gain or loss related to the cash portion of the derivatives is recognised in the income statement as "financial expenses", as well as the non-cash portion, which is also recognised in the income statement but as "other gains/(losses), net".

If the hedging no longer meets the criteria to be recognised through the hedging accounting criteria, the adjustment of the book value of the hedged item is amortised in profit or less using the effective interest method in the remaining period until its maturity.

(b) Cash flow hedging

The cash portion of the changes in fair value of the derivatives designated and qualified as cash flow hedges are recognised through other comprehensive income. The gain or loss relative to the non-cash portion is recognised immediately in the income statement as "other gains/ (losses), net".

The amounts accrued in net equity are registered in the income statement for the periods on which the hedged item affects them. However, when the foreseen hedged transaction results in the recognition of a non-financial asset, the gains or losses previously recognised in equity are transferred from equity and included as part of the initial cost of the asset. The capitalised amounts are finally recognised in the cost of sales when the products are sold, if dealing with inventory, or in the depreciation, if dealing with property, plant and equipment.

When a hedging instrument expires or is sold, or when it no longer meets the criteria to be recognised through the hedging accounting treatment, any gain or loss accrued in equity on that date is kept in equity and recognised when the projected transaction affects the income statement. When no projected transaction is expected, the accrued gain or loss in equity is transferred immediately to the income statement as "other gains/(losses), net."

(c) Hedges of a Net Investment in a Foreign Operation

Net investment hedges of operations abroad are accounted for in a similar manner as the cash flow hedges. Any gain or loss of the hedging instrument related to the cash portion of the hedging is recognised through other comprehensive income. The gain or loss related to the non-cash portion of the hedging is immediately recognised in the income statement as "other gains / (losses), net".

Accrued gains and losses in equity are transferred to the income statement when the operation is sold or partially written-off.

As of the date of these financial statements, the Company has no hedges of investments in a foreign operation.

3.2.1.3. Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss; this classification applies to the derivatives constituted to cover obligations that reflect the strategy that the Company has to cover the market risks associated with the interest rate or the exchange rate.

3.2.1.3.1. Debts (Financial Obligations)

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

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

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

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

The costs of general and specific assets are directly attributable to the acquisition, construction or production of suitable assets, which are those required to be substantially used for the expected use or are they added to the cost of said assets until the assets are substantially prepared for their use or sale. Revenues from investments obtained in the temporary investment of resources obtained from specific debts that have not yet been invested on qualified assets are deducted from the costs of interest susceptible of capitalisation. All other debt costs are recognised in the income statement in the period in which they are incurred.

3.2.1.4. Financial Assets and Financial Liabilities with Related Parties

Loans and debts with related parties are initially recognised at the fair value of the transaction plus the directly attributable transaction costs. After the initial recognition, these loans and debts are measured at their amortised cost, using the effective interest method. The amortisation of the interest rate is recognised in the income statement as revenues or financial costs or as other operating revenues or expenses, depending on the nature of the asset or liability that generates it.

3.2.1.5. Commercial Accounts Payable

Commercial accounts payable are payment obligations for goods or services that have been acquired from vendors in the ordinary course of business. Accounts payable are classified as current liabilities if the payment is to be made within a one-year term or less. If the payment is to be made over a period greater than one year, these are then presented as non-current liabilities.

Commercial accounts payable are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

3.2.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are recognised on the date of negotiation, which is the date when the company undertakes to purchase or sell the asset. Financial assets are written-off when the right to receive cash flows have expired or have been transferred and the company has substantially transferred all risks and benefits inherent to the property.

In the initial recognition, the Company measures financial assets at fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial asset. The financial asset transaction costs that are measured at their fair value through profit or loss are directly accounted for in the profit and loss account.

The gain or loss in a debt instrument that is subsequently measured at its fair value and which is not part of a hedging operation is recognised in profit or loss and presented in the income statement as "other (losses)/gains - net" in the period in which they are accrued.

The gain or loss in a debt instrument that is subsequently measured at its amortised cost and which is not part of a hedging operation is recognised in profit or loss of the period when the financial asset is written-off or impaired through the amortisation process using the effective interest method.

Subsequently, the Company measures all equity instruments at fair value. When Management has opted for presenting unrealised and realised fair value gains or losses, and losses in equity instruments in other comprehensive income, such fair value gains and losses cannot be registered in profit or loss. Dividends from equity instruments are recognised in profit or loss, provided they represent a return on investment.

The Company must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.

3.2.1.7. Offsetting of Financial Instruments

Financial assets and liabilities are offset and their net value is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and Management has the intention of liquidating the net amount or realisation of the asset and pay for liabilities simultaneously.

3.2.1.8. Fair Values 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 Company establishes its fair value using appropriate valuation techniques depending on the situation.

These techniques include the use of values observed in recent transactions performed under the terms of free competition, reference to other instruments that are substantially similar, analysis of discounted cash flows and models of options making the best possible use of market information and relying as reasonably possible on in-house specific data.

3.2.2. Inventories

The stock in inventories includes materials on which the risks and benefits of the property have been acquired; these classifications include materials and fuels.

The inventories are shown in the current asset of the financial statements, even if accounted for after 12 months, insofar as it is considered that they belonged to the ordinary operating cycle.

The cost of inventories consists of the purchase cost and all costs that are directly or indirectly attributable to the inventory, for example: transport, customs duties, insurance, non-recoverable indirect taxes, etc. and net of discounts, bonuses and premiums of a commercial nature.

The cost is measured in accordance with the weighted average method, which considers the units of an article purchased on different dates and with 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 Company’s ordinary operating cycle, such as scrap and technologically out-dated materials. Surplus at a stock level that can be considered reasonable, in accordance with the regular use expected in the ordinary operating cycle, are considered of slow movement. Obsolete and slow movement inventories have the possibility of being used or realised, which in some cases represent their cost as scrap sales.

Inventory items that are used in maintenance affect the Company’s results.

As of the presentation date of the financial statements, the amount of inventories does not exceed its recoverable amount.

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

The Company classifies as non-current assets those held for sale of property, plant and equipment, intangibles, investments in associates, joined ventures and groups subject to disposal (group of assets that will be sold together with their associated liabilities), relative to which on the closing date of the statement of financial position active processes for their sale have started and it is estimated that such sale is highly likely.

These assets or groups subject to disposal are accounted for at the lowest value of either the book value or the fair value, less costs until the sale, and are no longer amortised or depreciated from the moment they are classified as non-current assets held for sale.

Non-current assets held for sale and the components of groups subject to disposal classified as held for sale are presented in the statement of financial position as follows: Assets on a single line item that reads “Non-current assets or group of assets for disposal, classified as held for sale” and liabilities also on a single line item that reads “Liabilities included in groups of assets for disposal, classified as held for sale.”

In turn, the Company considers discontinued activities the significant and separable business lines that have been sold or have been disposed of by different means, or that meet the conditions to be classified as held for sale, including, in each case, other assets that together with the business line are part of the same sales plan. In addition, discontinued activities are also those entities acquired exclusively for resale purposes.

Gains or losses after taxes of discontinued activities are presented on a single line item of other comprehensive income called “gain (loss) of discontinued operations”.

As of the presentation date of the financial statements, the company does not have any non-current assets held for sale or discontinued activities.

3.2.4. Investments in Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when there is enough power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities, and is exposed, or has the right, to the variable yields of the subsidiary.

Investments in subsidiaries are initially recorded at cost and thereafter the equity method is applied in the separate financial statements of the Company, as established in Decree 2420/2015, as complemented by Decree 2496/2015 and as amended by Decrees 2131 of 2016 and 2170 of 2017.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Company according to their interest, under the item "Gain (loss) of associates accounted for using the equity method." The measurement of the equity method is assessed according to the materiality of the figures and taking into account the interest in each subsidiary.

3.2.5. Investments in Associates and Joint Ventures

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

Joint arrangements are those entities in which the Company 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 Company controls jointly with other participants, where they maintain a contractual agreement that establishes joint control over the relevant activities of the entity. The parties have rights to the net assets of the entity. As of the date of acquisition, the excess of the acquisition cost over the net fair value of identifiable assets, liabilities and contingent liabilities assumed by the associate or joint venture is recognised as goodwill. Goodwill is included in the book value of the investment, is not amortised and is individually tested for impairment.

Joint operation: Arrangement whereby the parties exercising joint control are entitled to the assets and liabilities with respect to the liabilities related to the arrangement.

Joint control: The distribution of the contractually determined control of an agreement, which exists only when decisions on the relevant activities require the unanimous consent of the parties sharing control.

The Company 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.

As of the issue date of the financial statements, the Company has not registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

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.

3.2.6. Intangible Assets

Intangible assets are recognised initially for their cost of acquisition or production and, subsequently, are valued at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been caused.

Intangible assets are amortised linearly throughout their life, from the moment when they are in usable condition. The Company evaluates in the initial recognition whether the useful life of the intangible assets is defined or indefinite and the amortisation period, which is reviewed at the end of each year.

The criteria for recognising impairment losses of these assets and, in each case, the recovery of impairment losses registered in previous years are explained in the asset value impairment policy.

(a) Research and Development Expenses

The Company applies the policy of recording as intangible assets in the statement of financial position the cost of projects in their development phase, provided that their technical viability and economic profitability are reasonably assured. Research costs are recognised directly through profit or loss.

(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 useful life for amortisation:

	Years of estimated useful life	
Item	2018	2017
Rights *	20-50	20-50
Development costs	1-5	1-5
Licences	1-5	1-5
Software	1-5	1-5
Other identifiable assets	1-5	1-5

(*) Refer to the rights that the Company 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 the Quimbo project, 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.

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.

As of the date of these financial statements, the Company has no intangible assets with an indefinite useful life.

(In thousands of pesoss)
(In thousands of pesos)

3.2.7. Property, Plant and Equipment

Property, plant and equipment are initially recognised by their cost of acquisition and are subsequently valued at the net cost of their corresponding accumulated depreciation and impairment losses.

In additionally, at the price paid for the acquisition of each item, the cost also includes, where appropriate, the following items:

- The costs of general and specific interests are directly attributable to the acquisition, construction or production of suitable assets, which are those required for a given substantial time before they are ready for the expected use or are they added to the cost of said assets until the time the assets are substantially ready for their intended use or sale. The Company defines substantial period as a term exceeding twelve months. The interest rate used corresponds to the specific financing or, if unavailable, the average financing rate of the company making the investment.
- Personnel expenses related directly to constructions in progress.
- Future disbursements that the Company will have to make with respect to the closing of its facilities are incorporated into the asset value for the updated value, recognizing from an accounting standpoint the respective provision for dismantling or restoration. The Company annually reviews its estimates on the aforementioned future disbursements, increasing or decreasing the asset value based on the results of said estimation.
- 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 goods.

The substitutions or renovations of complete items that increase the useful life of a good, or its economic capacity, are registered as the greater value of the respective goods, taking the substituted or renewed items out of the accounting.

Periodical maintenance, conservation and repair costs are registered directly in the income statement as costs in the corresponding period.

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

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

Below are the main types of property, plant and equipment, together with their respective estimated useful life.

	Years of estimated useful life	
Types of property, plant and equipment	**2018**	**2017**
Plants and equipment	19-85	19-85
Civil works plants and equipment	20-85	20-85
Electromechanical equipment Hydroelectric power stations	20-35	20-35
Electromechanical equipment Thermal power stations	19-40	19-40
Buildings	20-85	20-85
Fixed installations and others	5-35	5-35
Finance leases	2-5	2-5

The Company 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 the El Quimbo project, there is a decommissioning obligation for the powerhouse for a timespan that the company 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 Company has also established a reserve in equity equivalent to 70% of the higher depreciation value fiscally requested, in accordance with article 130 of the Tax Code.

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.

3.2.8. 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 Company, all assets operate integrally, and cash flows of a plant cannot be considered independently from the rest of the generation assets; therefore, the Company 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 Company in nearly every case.

To estimate the value in use, the Company prepares the projections of cash flows before taxes based on the most recent budget available. These budgets incorporate the best estimates of the Management regarding revenues and costs of the Cash-Generating Units, using sector projections, past experience and future expectations.

(In thousands of pesoss)
(In thousands of pesos)

These projections generally cover the next ten years, estimating cash flows for coming years by applying reasonable growth rates, which are neither growing nor exceeding the average long-term growth rates for the respective sector. These flows are deducted to calculate its current value at a rate before taxes, which reflects the business capital costs. This calculation takes into account the current cost of money and risk premiums generally used among business analysts.

In the event the recoverable value of the CGU is less than the net book value of the asset, the respective provision for the impairment loss is registered for the difference, debited to the item "Impairment loss (Reversal)" in the income statement. Said provision is allocated, first, to the added value of the CGU, if any, and then to the other assets that make it up, by prorating on the basis of the accounting value of each of them, with a cap of their fair value less the sales cost, or its use value, with no possibility of a negative value.

Impairment losses recognised in an asset in previous years are reversed when there is a change in the estimates of the recoverable amount, increasing the value of the asset, crediting profit or loss with the cap of the book value that the asset would have had should the accounting adjustment not be made. With respect to capital gain, accounting adjustments that could have been made are not reversible.

As of the date of the financial statements, the Company has no record of impairment due to property, plant and equipment and Intangibles.

(b) Financial Assets

Policy applied for 2017

The Company assesses at the end of each period whether there is objective evidence of impairment on value of a financial asset or group of financial assets measured at amortised cost. A financial asset or a group of financial assets is impaired and the impairment losses have been incurred if there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the asset (a "loss event"), and the loss event (or events) has an impact on future estimated cash flows of the financial asset or group of financial assets that can be reliably calculated.

To determine the need of making an adjustment for impairment on financial assets, the procedure is as follows:

For assets with commercial origin, the Company has defined a policy for registering impairment provisions depending on the seniority of the balance due, which is generally applicable, except in cases where there is a special characteristic that makes the specific analysis of collectability advisable.

The Company performed an analysis based on the nature, impairment and payment behaviour by type of portfolio, having established the following:

Energy and Gas Portfolio

% Impairment	Type of Portfolio and Age
100%	**Portfolio over 360 days in default**
Percentage determined according to the analysis	An individual monthly assessment of the energy and gas portfolio that is individually significant and showing impairment indicators will be carried out. In the case of the portfolio that is not individually significant, the impairment will be assessed collectively based on historical behavior. **Individual Portfolio Analysis from 0 to 30 Days:** The individual analysis will be based on objective evidence of impairment, which is generated as a consequence of one or more events that occurred after the initial recognition of the asset including the following observable information: 1. Amount at risk May at $ 100 Million. 2. Analysis of the financial impairment of the following aspects: · **Credit Risk Factor (CRF) under 5 in the last two years:** this index seeks to reflect the capacity of the customer to respond with their cost. This assessment measures the credit risk that corresponds to the possibility of default or inability to pay a counterparty. It is determined by a financial, accounting and performance evaluation of the counterparty. · Portfolio rating classified as D during the last 6 months. · Reports on early alerts in the last 6 months. 3. Observable customer criteria such as the following: · Guarantees held by the company. · Admission to processes such as concordat, restructuring agreement, reorganization, grounds for dissolution from losses or private, compulsory or judicial liquidation. · Legal processes, lawsuits, legal opinions, etc. · Resolutions or administrative acts of regulatory bodies, which resolve and compel the Company to freeze collections. The percentage to be provisioned will be determined based on the analysis above. **Individual Portfolio Analysis Greater than 30 and Less than 360 Days:** An individual monthly assessment process will be carried out on the energy and gas portfolio greater than 30 days and less than 360 days, based on the objective evidence that takes into account observable information from our customers, such as: · **Annual credit risk factor (CRF) assessment:** The credit risk assessment is based on quantitative aspects of the customers' balance sheets and financial statements. These balances and statements will allow the calculation of financial ratios, which are weighted to obtain a unique value that measures to customer's ability to respond to their payment commitments. Credit risk factor (CRF): equals the weighted sum of several indices (acid-test ratio, interest coverage, indebtedness, ROI, business seniority, payment behavior, judicial history), each of which measures financial, accounting or performance attributes of a company. The CFR varies in a range from -2 to 10, and according to its value it implies the requirement of guarantees to the customer company. · Guarantees held by the company. · Admission to processes such as concordat, restructuring agreement, reorganization, grounds for dissolution from losses or private, compulsory or judicial liquidation. · Legal processes, lawsuits, legal opinions, etc. · Resolutions or administrative acts of regulatory bodies, which resolve and compel the Company to freeze collections. The registration of the corresponding provision will be determined based on the analysis above. A portfolio of over 360 days is provisioned.

Other debtors

The following provision percentages will be applied to other debtor portfolios of the Company:

Provision	Age
100%	Portfolio greater than 360 days

In addition to the above percentages established for each business, there could be special cases indicating the inability to collect amounts due, which will be evaluated by the responsible area by establishing the applicable treatment.

Policy applied for 2018

As of 1 January 2018, with IFRS 9 becoming effective, the Company determined the expected credit loss on all its debt securities, loans and accounts receivables, either for 12 months or for the useful life of the assets, recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

The expected credit loss will be determined periodically applying the models defined by the group as follows:

Simplified individual model

This model performs a uniform and consistent calculation on each of the counterparties that make up the commercial portfolio. Given that the Company manages its commercial portfolio individually, the group defined that the most appropriate way to manage the Company's credit risk expectation is by performing an individual assessment on each counterparty with which the Company 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 materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of IFRS 9, are evaluated. This model groups the counterparties into four categories defined by the group:

» Public administrations
» Institutional counterparties
» Loans to employees
» Other assets

The expected credit loss is calculated on the balance of each category multiplying it by the following variables:

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 Company's rating, the financial entity and the country, in some cases deducting three notches afterwards. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

3.2.9. Leases

To determine whether a contract is, or contains, a lease, the Company analyses the economic background of the agreement, evaluating if the performance of the contract depends on the use of a specific asset and if the agreement transfers the right of use of the asset. If both conditions are met, at the beginning of the contract, based on their fair values, payments and considerations related to the lease are separated from those corresponding to other items incorporated in the agreement.

Leases where all risks and benefits inherent to the property are substantially transferred are classified as financial. The rest of the leases are classified as operating.

Financial leases under which the company acts as lessee, are recognised at the beginning of the contract, registering assets according to its nature and liabilities for the same amount and equal to the fair value of the leased good, or at present value of the minimum payments for the lease, should it be less. Subsequently, the minimum payments for the lease are divided between financial expense and debt reduction. The financial cost is recognised as expense and is distributed among the periods that constitute the term of the lease, thus obtaining a constant interest rate in each period on the balance of the debt pending amortisation. The asset is depreciated with the same terms as the rest of similar depreciable assets, should there be reasonable certainty that the lessee will acquire the property at the end of the lease. If there is no such certainty, the asset is depreciated in the shortest of either the useful life of the asset or the lease term.

In the case of operating leases, the instalments are recognised as expense if lessee and as revenues if lessor, linearly during the term of the lease, except if there is another systematic distribution basis that is more representative.

3.2.10. Contingent Provisions, Liabilities and Assets

The existing financial statement of the financial statements of the company, whose amount and type of payment are uncertain, are registered in the statement of financial position value that is estimated as most likely for the company to cancel the obligation.

The provisions are quantified taking into account the best information available on the issue date of the financial statements, related to the consequences of the event, including their cost to be re-evaluated at the subsequent accounting closing.

As part of the provisions, the Company includes the best estimates on risk of civil, labour and fiscal lawsuits; therefore, it is not expected that additional liabilities will be derived therefrom other than those registered. Given the characteristics of the risks covered by these provisions, it is not possible to determine certain payment dates for the estimated obligation. When assessing the probability, the available evidence should be considered, as well as case law and legal evaluation.

The risks of civil 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 company. The likely occurrence of benefits is reported and, if the realisation of revenues is almost certain, recognised in the financial statements. The Company will refrain from recognizing any contingent asset.

3.2.11. Taxes

Includes the cost of generally mandatory taxes in favour of the State and payable by the Company on account of private calculations that are determined on the taxable basis of the fiscal year, in accordance with tax regulations of national and territorial order governing the locations where the Company operates.

3.2.11.1. Income Tax and Deferred Tax

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

The provision for income tax is calculated at the effective rate as of 31 December 2018 of 37%. This rate includes the 33% income tax and the 4% income tax surcharge, using the accrual method, determining it based on the commercial profit adjusted according to current tax regulations in order to properly connect the revenues of the period with their respective costs and expenses, registering the amount of the estimated liabilities.

Deferred tax assets are recognised as a result of all deductible temporary differences, losses and tax credits not used, to the extent that it is likely that there will be future tax gains sufficient to recover deductions for temporary differences and to make tax credits effective, except if the deferred tax relative to the

a. is not a business combination, and

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

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

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

Act 1943 of 2018 modified the income tax rate as of taxable year 2019, defining the following rates: 2019 33%, 2020 32%, 2021 31%, 2022 onwards 30%, which apply to the taxable net income obtained each year. The effects of temporary differences that imply payment of a lower or higher income tax in the current year are accounted for as deferred tax credit or debit at the current tax rate when the differences are reversed (33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 onwards), provided there is a reasonable expectation that such differences will be reversed in the future and, also for assets, that at that moment sufficient taxable income will be generated.

The income tax expense is accounted for pursuant to IAS 12 "Income Taxes".

The current tax and the variations in deferred tax assets or liabilities are registered in profit or loss or in Total Equity lines in the statement of financial position, according to where the gains or losses that give rise to them have been registered.

The discounts that can be applied to the amount determined as current tax liability are charged to profit or loss as a "Income tax expense", except if there are doubts about tax realisation, in which case they are not recognised until their effective materialisation, or if they correspond to specific tax incentives, which will then be registered as grants.

For each accounting close, the registered deferred tax assets and liabilities are reviewed in order to prove that they are in force, making timely corrections thereon in accordance with the results of the aforementioned analysis.

Income tax is presented net, after deducting early payments made and withholdings in favour.

Deferred tax assets and liabilities are presented net in the statement of financial position if there is a legal right to offset current tax assets against current tax liabilities, and only if such deferred taxes are related to income taxes corresponding to the same tax authority.

3.2.11.2. Wealth Tax

Act 1739 of December 2014 created the wealth tax for the years 2015 to 2017 for legal entities. The tax is determined at the rate of 1.15%, 1% and 0.4% for the years 2015, 2016 and 2017, respectively, for assets in excess of $5 billion; and is calculated annually on net equity on 1 January of each taxable year minus $5 billion.

The legal obligation of the wealth tax is caused for taxpayers who are legal entities as of 1 January 2015, 2016 and 2017.

For the 2018 term, Wealth Tax is not generated in accordance with article 296-2 of the Tax Code, complemented by article 5 of Act 1739 of 2014.

3.2.11.3. Sales Tax

The generation of electric energy is not subject to sales tax (VAT), but the Company additionally provides services such as: rental or lease of equipment, maintenance of equipment, sale of scrap, lease of land, among other services taxed with the general rate of 19%, with the exception of the services provided to state entities, in which case the applicable rate is the one in force on the date of the resolution or award act, or of the execution of the respective contract.

The treatment of the sales tax (VAT) in the purchase of goods and services is recorded as the higher value of cost or expense. Additionally, Tax Reform Act 1819/2016 amended the rate of this tax from 16% to 19% as of 1 January 2017.

1. The equipment components rented and on which maintenance service is provided are usually: meters and modems.

2. The properties leased are:

- Road Centrar Cartagena.
- Plot Ubala – Guadualito
- Plot Hydrological stations
- Suite D115 Mambita Camp.

3.2.12. Employee Benefits

a. Pensions

The Company has commitments related to pensions, both for defined provision and defined contribution, which are managed through pension plans. For the defined provision plans, the company registers the expenses corresponding to these commitments based on the accrual criterion throughout the employees' working life; as of the presentation date of the financial statements, there are actuarial studies calculated with the projected unit credit method; costs for past services corresponding to variations in benefits are recognised and the commitments for defined provision plans represent the current value of accrued. The company does not have assets affected by these plans.

b. Other Obligations Subsequent to the Workplace Relationship

The Company grants to its employees retired with pension, educational, electric energy and health benefits. The right to these benefits depends usually on the employee having worked until the age of retirement. The costs expected for such benefits are accrued during the employment term, using a methodology similar to that of the defined benefits plans. Actuarial losses and gains arise from adjustments based on experience and changes in actuarial assumptions, and are debited or credited to other comprehensive income in the period they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.

The retroactivity of severance pay, considered as post-employment benefits, is paid to employees belonging to the labour regime previous to Act 50/1990 and who decided not to benefit from the regime change, calculating this social benefit for the whole time worked, based on the last earned salary. In the latter case, only a reduced number of employees and actuarial gains and losses derived from adjustments from experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The Company 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 Company in a private fund, assigned to each employee included in the plan. It has been treated as a post- employment benefit as the Company 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 Company recognizes 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 company, by qualified independent actuaries.

d. Benefits of Employee Loans

The Company grants its employees loans at below-market rates, and therefore their present value is calculated discounting future flows at market rates, recognising as early paid benefit the difference between the market rate and the rate granted, through accounts receivable. The benefit is amortised during the term of the loan as the higher value of personnel expenses, and the accounts receivable are updated at the amortised cost, reflecting its financial effect on the income statement.

3.2.13. 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 Company takes into account the characteristics of the asset or liability, particularly:

- For non-financial assets, a measurement of the fair value takes into account the capacity of the market participant to generate economic benefits by using the asset at its highest and best use, or through its sale to other market participants who want to use the asset at its highest and best use;
- For liabilities and equity instruments, the fair value supposes that the liability will not be 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 Company's own credit risk;
- With respect to financial assets and financial liabilities with offset positions in market risk or credit risk of the counterpart, fair value is measured on a net base, consistent with the way in which market participants could set the price of net risk exposure on the measurement date.

3.2.14. Foreign Currency Conversion

(a) Functional Currency and Presentation Currency

The line items included in the financial statements are valued using the currency of the main economic environment where the entity operates (Colombian pesos).

The financial statements are presented in "Colombian pesos", which, in turn, is the Company's functional currency and presentation currency. Its figures are expressed in thousands of Colombian pesos, except for the net profit per share and the representative exchange rate, which are expressed in Colombian pesos, while the foreign currency (for example dollars, euros, sterling pounds, etc.) are expressed in units.

(b) Transactions and Balances in Foreign Currency

Company operations in any currency other than its functional currency are registered at the type of exchange rates in force at the time of the transaction. Throughout the year, the differences arising between the type of exchange booked and that in force on the date of collection or payment are registered as exchange differences in the statement of comprehensive income.

In addition, at each year-end closing, the conversion of balances receivable or payable in a currency other than the functional currency for each company is performed at the type of exchange in force on the closing date. The valuation differences produced are registered as exchange differences in the statement of comprehensive income.

Balances denominated in foreign currency are expressed in Colombian pesos at the representative exchange rates on 31 December 2018 and 31 December 2017 of $3,249.75 and $2,984.00 for US $1 and $3,714.95 and $3,583.18 for 1 Euro.

3.2.15. Classification of Balance as Current and Non-current

The Company presents in its financial statements the assets and liabilities as current and non-current, after excluding the assets and liabilities available for sale. Assets are classified as current, as the intent is to realise, sell or use them during the Company's ordinary operating cycle or within the 12 months following the reporting period, all other assets are classified as non-current. Current liabilities are those the Company expects to liquidate during the ordinary operating cycle or within the 12 months following the report, all other assets being classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities in all events.

3.2.16. Recognition of Revenues

Policy applied for 2017

Revenues are booked according to the accrual criterion. Ordinary revenues are recognised whenever there is gross inflow of economic benefits generated during the Company's ordinary course of business during the period, provided that such inflow generates an increment in the total equity that is not related to the contributions made by the owners of such equity and those benefits can be valued reliably. Ordinary revenues are measured at fair value of the consideration received or to be received, derived therefrom and booked based on the accrual criterion.

The following criteria are followed for recognition of ordinary revenues:

Revenues and expenses arising from generation activities, which mainly come from energy sales through bilateral contracts to the regulated and unregulated market, the energy market, the Automatic Generation Control (AGC) service and the reliability rate. Revenues from the sale of energy are recognised in the month the energy is delivered, regardless of the billing date. Therefore, at the end of each month energy sales not yet billed are entered as estimated revenues.

Similarly, for the gas trading business, revenues are recognised in the month the gas is delivered to the end user, regardless of the billing date.

The Company registers the net amount of purchase or sale agreements of non-financial items that are calculated by the net cash or other financial instrument. Agreements that have been executed and maintained for the purpose of receiving or delivering said non-financial items are registered in accordance with the contractual terms of purchase, sale or use requirements expected by the entity.

Gains or losses derived from changes in the fair value of the category financial assets at fair value through profit or loss are presented in the profit and loss account under Other (losses)/gains- net in the period in which they arise.

Revenues from dividends of financial assets at fair value through profit or loss are recognised in the profit and loss account as part of other revenues upon establishing the Company's right to receive payments. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Revenues (expenses) for interests are accounted for considering the effective interest rate applicable to the principal pending amortisation during the respective accrual period.

Policy applied for 2018

As of 1 January 2018 with IFRS 15 becoming effective, the Company applies a recognition model for revenue from contracts with customers based on 5 steps:

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

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

(a) Portfolio approach:

In order to identify the goods and/or services promised in contracts with customers, the Company applies the practical solution that allows them to be grouped into "Categories or Clusters" when they have similar characteristics in the contractual terms and conditions.

These categories are determined using the following types: a) Type of goods or services offered (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 Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are satisfied independently.

(c) Fulfilment of performance obligations:

The fulfilment of the performance obligations according to the transfer pattern of the control of the goods and/or services undertaken with the customers is carried out:

- Over time.
- On a point in time.

Performance obligations are met over time when:

- The customer simultaneously consumes the benefits provided by the performance of the entity as the Company performs them.
- The Company's performance creates or improves an asset that the customer controls as it is created or improved.
- The Company's performance creates or improves an asset with an alternative use for it. The Company has the enforceable right to pay the performance it has completed to date.

Revenue is recognised in accordance with the measurement of fulfilment of performance obligations.

The measurement of fulfilment of performance obligations over time is done through two types of methods:

- Product Methods: They are made based on direct measurements of the goods and/or services undertaken with customers.
- Resource Methods: They are made in relation to the total expected resources.

(d) Variable considerations:

If the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers.

(e) Contracts with amendments:

These are configured when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods and services offered to customers.

(f) Consideration as Principal or Agent:

When a third party is involved in providing goods and/or services to a customer, the Company must determine if the commitment to fulfil the performance obligations is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies the performance obligations by itself, it acts as principal. Otherwise, it acts as agent.

When the Company controls and satisfies performance obligations with customers, it acts as principal and recognizes as revenue the gross amount of the consideration to which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and satisfaction of performance obligations, the Company acts as agent and recognizes the revenue for the net amount of the consideration it is entitled to.

Contract costs:

An asset may be recognised for the costs of obtaining or fulfilling a contract.

Contract Assets and Liabilities:

The Company will recognise a contractual asset and a contractual liability to the extent that the following circumstances arise in the supply of goods and services:

- Contract asset: It is presented as the right that the Company has to a consideration in exchange for the supply of goods and/or services transferred to customers, when that right is conditioned by something other than the passage of time.
- -Contract liability: Corresponds to the obligation of the Company to transfer goods and/or services to customers for which the Company has received a consideration from customers.

3.2.17. Recognition of costs and expenses

The Company recognizes its costs and expenses to the extent that economic events occur in such a way that they are recorded systematically in the corresponding accounting period, independent of the flow of monetary or financial resources. Expenses are made up of disbursements that do not qualify to be recorded as a cost or as an investment.

The costs include purchases of energy, 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 capitalized as constructions in progress.

3.2.18. Capital Stock

Common shares, with or without preferred dividend, are classified under equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received net of taxes.

3.2.19. Reserves

Registered as reserves are the appropriations authorised by the General Shareholders' Meeting, through profit or loss, to comply with legal provisions or to cover expansion plans or financing needs.

The legal provisions that contemplates the establishment of reserves applicable to the Company is the following:

- The Code of Commerce requires the Company to appropriate 10% of its annual net profits determined as legal reserve to local accounting standards until the balance of such reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve can not be distributed before the Company's liquidation, but it can be used to absorb or reduce annual net losses. The balance of the reserve exceeding 50% of the subscribed capital are freely available for shareholders.

(In thousands of pesoss)
(In thousands of pesos)

» Up to 2016, article 130 of the Tax Code, which sets out the appropriation of net profits at 70% of the higher value of tax depreciation over accounting depreciation, calculated pursuant to local accounting standards. This article was repealed by Act 1819 of 2016 in article 376. Therefore, as of 2017, this reserve is not appropriated, but reserves from previous years are maintained.

3.2.20. Earnings per Share

The basic earnings per share are calculated as the quotient between the net gain of the period attributable to Company shareholders and the average weighted number of common shares outstanding in said period, after making the appropriation for preferred dividends corresponding to 20,952,601 shares as of 31 December 2016 and 2015 of Empresa de Energía de Bogotá S.A. E.S.P. Preferred dividends have a value of US $0.1107 per share.

3.2.21. 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 Company Management and approved by the General Shareholders' Meeting. The dividend payment will be made in cash on the dates set out by the General Shareholders' Meeting to those qualifying as shareholders at the time the payments are payable.

When it is necessary to absorb losses, these will be covered with reserves specially designated for such purpose or otherwise with the legal reserve. Reserves whose purpose is 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 Company's Board of Directors, while in the second instance is the General Shareholders' Meeting's responsibility.

3.2.22. Operating Segments

An operating segment is a component of an entity:

(a) that develops business activities from which it may derive ordinary activity revenues and expenses in expenses (including revenues from ordinary activities and expenses for transactions with other components of the same entity);

(b) whose operating results are reviewed by the maximum operations decision-making authority, to decide on resources that are to be allocated to the segment and to evaluate their performance; and

(c) over which there is differentiated financial information.

The Company, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business; however, the Company records transactions in the gas business, but 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

	As of 31 December 2018		As of 31 December 2017	
Balances in banks (1)	$	533.257.546	$	440.296.978
Other cash and cash equivalents		72.467.674		58.753.003
Other cash and cash equivalents (2)		72.562.744		58.753.003
Impairment cash and cash equivalents (*)		(95.070)		-
Short-term deposits (3)		29.000.000		64.500.000
Petty cash		41.945		1.778
	$	**634.767.165**	**$**	**563.551.759**

(*) Corresponds to the application of the implementation of IFRS 9 calculating an impairment in cash and cash equivalents of $95,070.

(1) The increase in banks is mainly due to the realisation of securitisation operations between the Company and Banco Santander, for the energy portfolio of the wholesale and non-regulated markets.

The equivalent detail in pesos by type of currency of cash and cash equivalents above is as follows (See note 31):

Currency	As of 31 December 2018		As of 31 December 2017	
Colombian Pesos	$	633.033.189	$	563.300.534
U.S. Dollars		1.723.305		228.522
Euros		10.671		22.703
	$	**634.767.165**	**$**	**563.551.759**

(2) Fiduciary commissions and 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. Below is the detail as of December 2018:

Financial institution	As of 31 December 2018		As of 31 December 2017	
Fiduciaria Corficolombiana-Valor Plus I-Vía Perimetral (*)	$	47.440.163	$	47.539.934
Alianza Fiduciaria-Fondo Abierto Alianza		11.299.727		3.888.574
Corredores Asociados Interés		9.175.749		336.509
Credicorp Capital-Fonval		3.085.158		6.108.027
Corredores Asociados Interés Derivex		463.089		421.215
BBVA Fiduciaria- Fondo Efectivo Clase G		463.046		-
Valores Bancolombia –Renta liquidez		343.157		244.341
BBVA Fiduciaria País		185.047		40.847
Fiduciaria Corficolombiana- Confianza Plus		104.060		2.465
Fiduciaria Bogotá Sumar		3.548		171.091
	$	**72.562.744**	**$**	**58.753.003**

(*) Portfolio established to meet obligations related to construction of the perimeter road for the El Quimbo area of influence, formerly known as Collective portfolio QB.

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

As of 31 December 2018, the balance corresponds to:

Bank		Amount	EA Rate	Days	Start	Maturity	Item
Colpatria	$	29.000.000	4.39%	90	16-oct-18	16-ene-19	Bonos
Total	**$**	**29.000.000**					

(In thousands of pesoss)
(In thousands of pesos)

As of 31 December 2017, the balance corresponds to:

Bank		Amount	EA Rate	Days	Start	Maturity	Item
Itaú	$	22.000.000	4.97%	78	27-oct-17	15-ene-18	Dividends Shareholders
Sudameris		20.000.000	5,60%	90	17-oct-17	15-ene-18	Dividends Shareholders
Av Villas		16.000.000	5.3%	86	16-nov-17	12-feb-18	Debt, bonds
AV Villas		6.500.000	5,30%	90	16-nov-17	16-feb-18	Debt, bonds
Total	**$**	**64.500.000**					

As of 31 December 2018, the Company presents restricted cash (See note 35).

5. Other financial assets, net

	As of 31 December 2018		As of 31 December 2017	
	Current	**Non-current**	**Current**	**Non-current**
Other assets (1)	$ 74.381.226	$ -	$ 50.658.918	$ -
Term deposits (a)	69.400.000	-	47.000.000	-
Other Assets(b)	4.981.226	-	3.658.918	-
Trusts	9.215.309	-	8.358.731	-
Trusts (2)	9.279.311	-	8.358.731	-
Trust impairment (*)	(64.002)	-	-	-
Guarantees energy derivatives markets	1.790.665	-	1.652.671	-
Hedging and non-hedging derivative instruments (3)	582.398	-	3.690.097	-
Financial investments - unlisted or low liquidity companies (4)	-	1.923.594	-	3.266.532
	$ 85.969.598	**$ 1.923.594**	**$ 64.360.417**	**$ 3.266.532**

(*) Corresponds to the application of the implementation of IFRS 9, calculating an impairment in trusts of $64,002.

(1) Other current financial assets are composed of:

(a) Term deposits with which the company seeks to mitigate its liquidity risk:

As of 31 December 2018:

	Value	EA Rate	Term	Start	Maturity
Sudameris	$ 50.000.000	4,00%	98	10/10/2018	16/01/2019
Colpatria	17.000.000	4,40%	92	16/10/2018	18/01/2019
Colpatria	2.400.000	4,42%	98	16/10/2018	24/01/2019
	$ 69.400.000				

As of 31 December 2017:

		Value	EA Rate	Term	Start	Maturity
Sudameris	$	20.000.000	5,60%	95	12/10/2017	15/01/2018
Itaú		14.000.000	5,13%	91	14/12/2017	14/03/2018
Itaú		7.500.000	5,20%	104	18/09/2017	02/01/2018
Itaú		5.500.000	5,13%	103	14/12/2017	27/03/2018
	$	**47.000.000**				

(b) As of 31 December 2018, there is mainly the embargo issued by the Municipality of Guachené, based on Resolution No. 028 of 2018 or No. 059 of 13 June 2018, for alleged tax debts on the following bank current accounts where the embargo was executed for $4,011,445

Embargo	Process	Bank		Value legal deposit
Municipality of Guachené	Resolution 0115	Davivienda	$	3.500.000
Municipality of Guachené	Resolution 0115	Fiduciaria Occidente		288.108
Municipality of Guachené	Resolution 0115	Corpbanca		153.451
Municipality of Guachené	Resolution 079	BBVA		51.791
Municipality of Guachené	Resolution 0115	Banco Bogotá		18.096

(2) As of 31 December 2018, the balance of the trusts corresponds to:

	As of 31 December 2018		As of 31 December 2017	
Trust Tominé Reservoir (a)	$	4.666.480	$	4.750.516
Trust Quimbo Project (b)		2.575.646		2.496.986
Trust Muña Reservoir (a)		1.436.831		1.111.229
Trusts Zomac (c)		600.354		-
	$	**9.279.311**	**$**	**8.358.731**

(a) The balance as of 31 December 2018 corresponds mainly to trusts with BBVA as follows: Tominé Reservoir Trust No. 31636 for $3,300,954 and Trust No. 31555 for $1,365,526, intended for management, operation, maintenance and improvement of the Reservoir in accordance with Resolution No. 0776 of 2008 whereby the Ministry of Environment, Housing and Territorial Development approved the Environmental Management Plan, and Muña Reservoir Trust No. 31683 for $1,145,167, intended to comply with the ruling of the Council of State under the popular action filed with No. 479-2001, as well as to comply with the obligations stipulated in Resolutions 506 of 2005, 1318 of 2007 and 2000 of 2010 issued by the Autonomous Regional Corporation of Cundinamarca (CAR), and Trust No. 32374 for $291,664, intended to comply with Resolution No. 1153 of 17 June 2015 for the preparation of the Environmental Management Plan of the Muña reservoir.

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

(c) The Zomac trust was established based on the approval of the Agency for the Renewal of the ART Territory for the affiliation of the payment of income tax for the 2017 taxable period to an investment project in the areas affected by the armed conflict – ZOMAC, the purpose of which is the management of resources, as of 31 December 2018 the balance is $600,354.

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

(3) As of 31 December 2018, the Company has one (1) derivative with an active valuation corresponding to a forward with BNP PARIBAS to cover the Equivalent Real Energy Cost (CERE) exposure, which is detailed below

Derivative	Underlying	Risk Factor	Asset Notional	Currency	Fixed rate	MTM
FORWARD	Cobertura Exposición CERE diciembre	Exchange Rate	2.500.000	USD	3.040,24	582.398
Total valuation			**2.500.000**			**$ 582.398**

(In thousands of pesoss)
(In thousands of pesos)

Moreover, as of 31 December 2017, it had constituted three (3) derivatives with active valuation as follows: (1) swap with Banco del Crédito del Perú (BCP), (1) forward with Banco Itaú and (1) forward with BBVA, all of these to cover respectively the debt obligation with BCP, the exposure to Equivalent Real Energy Cost (CERE) and the annual all risk insurance policy, which are detailed below:

Derivative	Underlying	Risk Factor	Asset Notional	Currency	Fixed rate	MTM
SWAP	Debt hedging equiv. 34.8 M USD	Exchange Rate	100.000.000	USD	2.871,25	$ 3.547.209
FORWARD	CERE Exposure Coverage December	Exchange Rate	8.008.308	USD	2.966,04	48.492
FORWARD	Payment all risk insurance policy	Exchange Rate	17.579.754	USD	2.974,17	94.396
Total valuation			**125.588.062**			**$ 3.690.097**

(4) Financial investments in unlisted companies are:

Share Certificates	Economic activity	Common shares	% Interest	Value 31/12/18	Value 31/12/17
Electrificadora del Caribe S.A. E.S.P.	Energy	109.353.394	0,22%	$ 1.923.594	$ 3.266.532

As of 31 December 2018, a decrease originated in the investment in Electricaribe S.A E.S.P .is reflected as a result of the valuation calculated at fair value based on the Company's interest in Electricaribe's equity, this being the most appropriate method for measuring the investment by the conditions of the counterparty; this equity instrument is classified as measured at fair value through other comprehensive income, for $1,342,940, this Company was intervened by the Colombian State.

6. Other Non-Financial Assets, Net

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Prepayments for acquisition of goods (1)	$ 12.288.840	$ –	$ 11.852.022	$ -
Other debtors (2)	6.188.501	718.488	8.540.321	570.049
Other debtors	10.303.493	-	-	-
Impairment of other debtors	*(4.114.992)*	-	-	-
Prepaid expenses	-	-	4.325	-
Employees benefits from loans (3)	550.258	6.893.325	555.621	6.843.249
Insurance accounts receivable	-	-	25.803	-
	$ 19.027.599	**$ 7.611.813**	**$ 20.978.092**	**$ 7.413.298**

(1) (The balance of advances mainly includes the guarantees delivered to XM for the negotiations in the energy operations for $5,807,808.

Below is a breakdown of advances as of December 2018:

	As of 31 December 2018	As of 31 December 2017
Deposits in guarantee XM	$ 5.807.808	$ 4.589.779
T.M.E. S.P.A. Termomecánica Ecología	3.402.708	2.057.138
Procesos y Diseños Energéticos S.A.	750.154	–
Rainpower Norge AS	603.304	–
Mosquera Casas Cristian	254.221	254.221
Cass Constructores S.A.S	248.396	248.396
Solarte Nacional de Construcciones	248.396	248.396
Pegasus Blending International SAS	151.364	225.819
Fondo Nacional Ambiental – Fonam	81.540	81.540
Cofical Renk Mancais Do Brasil Ltda	80.404	–
American Express	51.311	–
Gallagher Consulting Ltda	45.231	45.231
Empresas Municipales de Cartago E.S.P	45.167	45.167
Schneider Electric Systems Colombia	29.015	29.015
Empresa de Energía de Pereira	22.478	22.478
Huertas Amador Jhon Jairo	8.023	–
Empresa Municipal De Energía	3.290	3.290
Establecimiento Publico Ambiental	3.063	–
Urrego Gonzalez José Nemesio	2.804	2.804
Agencia de Aduanas DHL Global Forwa	2.531	–
Colmedica Medicina Prepagada S A	2.335	2.335
Andrade Silva Jesus Antonio – Notar	2.000	2.000
Cardique - Corporación Autónoma Regional	1.574	1.574
BBVA Fiduciaria	–	2.802.441
National Tax and Customs Authority	–	1.006.909
Vansolix S.A.	–	197.547
Centrales Eléctricas del Norte	–	143.678
Banco AV Villas	–	54.696
Claudia Zamorano C & Cia Ltda	–	28.247
Central Hidroeléctrica de Caldas	–	15.640
Centrales Eléctricas	–	11.162
Electrificadora del Huila S.A. E.S	–	4.907
Empresa de Energía del bajo Putumayo S.A.	–	2.908
Colombia Telecomunicaciones S.A. E.	–	1.649
Agencia De Aduanas Suppla S.A.S.	–	25
Unrealized Exchange Difference	441.723	(276.970)
	$ 12.288.840	**$ 11.852.022**

(2) As of 31 December 2018, other debtors consist mainly of the account receivable from the Ministry of Finance for payments made by the Company, as a result of the judgments against Betania corresponding to the processes in force on the date of the agreement for the purchase of shares in 1997, for $6,036,166.

The impairment of other debtors corresponds to the application of the implementation of IFRS 9 under the collective model, general evaluation for $ 4,114,992.

(3) Employee loan benefits are awarded at rates between 0% and 7%, which is why the Company 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.o.

(In thousands of pesoss)
(In thousands of pesos)

7. Net commercial accounts receivable and other receivables

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Gross commercial accounts (1)	$ 153.160.865	$ 43.242.362	$ 301.265.204	$ –
Gross other accounts receivable (2)	3.293.463	17.111.252	3.563.672	13.758.291
Gross Portfolio Thermal Compensations (3)	2.366.301	-	17.799.328	3.905.284
Gross commercial financed portfolio (4)	934.239	57.304.698	56.681.996	2.491.233
Gross retired employees financed portfolio	284.740	-	313.423	-
Total gross commercial accounts receivable and other receivables	**$ 160.039.608**	**$ 117.658.312**	**$ 379.623.623**	**$ 20.154.808**
Provision for impairment of commercial accounts (5)	(6.068.053)	(43.242.362)	(45.765.100)	-
Provision for impairment of other accounts receivable	(49.100)	(132.247)	(2.456.053)	-
Provision for impairment of commercial financed portfolio (5)	(934.239)	(57.304.698)	(56.681.996)	(2.491.233)
Provision for impairment of retired employee financed portfolio	(2.114)	-	(75.755)	-
Total provision for impairment	**($ 7.053.506)**	**($ 100.679.307)**	**($ 104.978.904)**	**($ 2.491.233)**
Net commercial accounts	147.092.812	-	255.500.104	-
Net other accounts receivable	3.244.363	16.979.005	1.107.619	13.758.291
Portfolio Thermal Compensations	2.366.301	-	17.799.328	3.905.284
Net commercial financed portfolio	-	-	-	-
Net retired employees financed portfolio	282.626	-	237.668	-
Total net commercial accounts receivable and other receivables	**$ 152.986.102**	**$ 16.979.005**	**$ 274.644.719**	**$ 17.663.575**

As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Past due portfolio			Total current portfolio
		1-180 days	181-210 days	>360 days	
Gross commercial accounts	**$ 149.843.691**	**$ –**	**$ 833.932**	**$ 2.483.242**	**$ 153.160.865**
- Large customers	79.643.986	-	–	–	79.643.986
- Institutional customers	14.237.031	-	–	–	14.237.031
- Others	55.962.674	-	833.932	2.483.242	59.279.848
- Provision for impairment	(2.750.879)	-	(833.932)	(2.483.242)	(6.068.053)
Net commercial accounts	**$ 147.092.812**	**$ –**	**$ –**	**$ –**	**$ 147.092.812**

As of 31 December 2017, the composition of commercial accounts is as follows:

	Current Portfolio	Past due portfolio		Total current portfolio
		1-180 days	>360 days	
Gross commercial accounts	**$ 255.469.038**	**$ 57.402**	**$ 45.738.764**	**$ 301.265.204**
- Large customers	247.136.772	57.402	45.738.764	292.932.938
- Institutional customers	8.059.523	–	–	8.059.523
- Others	272.743	–	–	272.743
- Provision for impairment	-	(26.336)	(45.738.764)	(45.765.100)
Net commercial accounts and financed portfolio	**$ 255.469.038**	**$ 31.066**	**$ –**	**$ 255.500.10**

(1) The variation of the commercial portfolio mainly corresponds to:

As of 31 December 2018, the portfolio of commercial accounts shows a change of $148,104,339 that corresponds to:

(a) The variation of $91,412,255 is mainly generated because the Company transferred the energy portfolio, through an agreement for the sale of accounts receivable without recourse subscribed in October 2018 with Banco Santander S.A. of Spain (hereinafter "the Bank"), the company has retained control over a portion of the financial assets that are the subject of the agreement, which is recognised in the statement of financial position as a "ongoing involvement". The main characteristics of this operation are the following:

» Nature of the assets transferred: Accounts receivable for the sale of energy from customers in the wholesale and non-regulated markets designated as eligible by the bank;

» Nature of the risks and advantages inherent to ownership of the asset: The Company has been delegated as a collection manager by the Bank and is therefore obligated to transfer the assets resulting from the amounts collected. The inherent benefit of ownership of the asset is the right to collect the cash flows that come from these accounts receivable and the associated risk is the non-payment thereof. The Company transfers to the bank the risks and rewards of 95% of the balances and retains control of 5% that covers the possible adjustments of the account receivable in the actual billing. The Company cannot transfer to another third party the accounts receivable assigned to the bank and has the obligation to transfer to the bank the collections made as collection manager.

» Description of the nature of the relationship between the transferred assets and the associated liabilities: In relation to the portion that remains under the control of the Company, an "ongoing involvement" is formed, whereby the asset is written off in the assigned part to the bank (95%) and a financial asset and a financial liability is recognised for $6,421,487 (See note 13).

» Price: The Bank will pay the purchase price over 95% of the nominal value of the chosen portfolio applying a discount rate;

The amounts of the operations carried out between October and December 2018, are the following:

Breakdown ongoing involvement	Balance as of 31 December 2018
Total book value of accounts receivable before transfer	122.008.249
Total book value of the assets that the Company continues to recognise	6.421.487
Book value of associated liabilities	(6.421.487)

(a) Decrease due to collection of the wholesale market portfolio for $ 23,628,917.

(b) Increase of contracts for the non-regulated market and other customers for $ 4,311,067.

(c) Reclassification of the portfolio item of the short-term wholesale market of Electricaribe for $43,242,362.

(2) The balance of other non-current accounts receivable as of 31 December 2018, mainly includes housing loans to employees for $11,192,894; balance in favour generated in the 2003 income statement for $5,549,220, which was requested from the DIAN. This balance in favour is under discussion with the DIAN through the tax inspection process, which was taken to the courts. On 27 July 2017, the Administrative Court of Huila issued a first instance judgment accepting the arguments of the DIAN, considering that certain income of the Company, such as adjustments for inflation and non-operating income, do not qualify for the Páez Act exemption, because they are not related to the electricity generation activity. The judgment did not raise a legal basis and failed to rule on several defence arguments presented by the Company. In addition, the Court confirmed a judgment of inaccuracy without analysing a difference of criteria or defining the sanctionable event.

Therefore, on 10 August 2017, the Company filed the appeal reiterating that the benefit falls on the Company and the law does not discriminate its application when it comes to non-operating income. New decisions of the Council of State that support the position of the Company were put into consideration. It was insisted that there is a difference of criteria and therefore the judgment of inaccuracy must be lifted. On 22 September 2017, the process was distributed to the Council of State, where the second instance will take place. On 10 November 2017, a transfer was filed to plead, and the closing arguments were filed on 24 November of the same year. On 17 January 2018, the process entered the magistrate's office for a second instance decision, at which stage two years may elapse.

(3) On 27 October 2015, the Commission for the Regulation of Energy and Gas, CREG, issued Resolution 178 "Whereby it establishes the measures to guarantee the provision of the public electric power service in the face of the occurrence of extraordinary situations that puts it at risk". This Resolution seeks to recover part of the cost not covered by the scarcity price in thermal power plants that operate with liquid fuel. In order to ensure its operation during the critical condition, the Company as a generator and operating with the Cartagena Central under these conditions, from 4 November 2015, manifests to this regulating body that it avails itself of the option contemplated in the resolution. The portfolio for thermal offsets as of 31

(In thousands of pesoss)
(In thousands of pesos)

December 2018 is presented as current portfolio for $2,366,301 and its variation corresponds to the amortisation recognised by XM Compañía de Expertos en Mercados S.A E.S.P. in the monthly sales report.

(4) As of 31 December 2018, the value corresponds mainly to the commercially financed portfolio of Energy supply contracts No. EDCC-111-2012 and EDCC-154-201 and to addendum number EDCC-136-2013/EM-13-213, executed with the wholesale market customer Electrificadora del Caribe S.A. E.S.P. Due to internal cash flow difficulties, the parties agreed to extend the payment of the invoices to the first day of the third month immediately following the month of consumption, so the Company classifies this portfolio as a long-term financed portfolio for $55,747,757. In addition, on 3 June 2017, Termocandelaria and its creditors signed the creditors agreement, where the Company acts as operator of the transactions on the stock exchange, through the representation of XM, and which sets out the terms and conditions under which Termocandelaria shall comply with the obligations undertaken. At the end of the period, the portfolio has a current balance of $934,239 and non-current of $1,556,941.

(5) With IFRS 9 becoming effective as of 1 January 2018, the expected credit loss is calculated recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

In the implementation, two models defined by the group were adopted:

» Simplified individual model

» General collective model

(See note 3.1 Changes in policies and note 3.2.7 (b) financial asset impairment policy)

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

Item	Impairment under IAS 39 as of 31 December 2017	Impairment under IFRS 9 as of 31 December 2018
Provision for impairment of commercial accounts	$ -	$ 104.938.329
Simplified Individual Model	107.549.352	–
Provision impairment other accounts receivable	–	2.531.808
General Collective Model	4.457.525	–
Total	**$ 112.006.877**	**$ 107.470.137**

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

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.

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

8. Balances and transactions with related parties

Accounts receivable from related entities

Name Related Company	Relationship	Country of origin	Transaction Type	As of 31 December 2018 Current	As of 31 December 2018 Non-Current	As of 31 December 2017 Current	As of 31 December 2017 Non-Current
Codensa S.A. ES.P. (1)	Affiliated	Colombia	Loans receivable from group companies	$ 81.276.572	$ –	$ –	$ –
Codensa S.A. E.S.P. (2)	Affiliated	Colombia	Sale of energy	53.699.255	–	–	–
Codensa S.A. E.S.P. (3)	Affiliated	Colombia	Other services	133.796	–	1.601.676	–
Enel Green Power Colombia S.A. E.S.P. (4)	Affiliated	Colombia	Management services	109.609	–	315.704	–
Sociedad Portuaria Central Cartagena S.A. (5)	Subsidiary	Colombia	Prepayment	75.057	–	738.931	–
Sociedad Portuaria Central Cartagena S.A. (6)	Subsidiary	Colombia	Management services	36.334	–	–	–
Sociedad Portuaria Central Cartagena S.A.	Subsidiary	Colombia	Loans payable/receivable group company	–	–	–	1.136.816
Enel S.P.A. (7)	Affiliated	Italia	Other services	73.002	–	–	–
Enel Chile S.A (8)	Affiliated	Chile	Other services	24.176	–	24.176	–
Endesa Energía S.A.	Affiliated	España	Other services	–	–	2.204	–
Energía Nueva Energía Limpia México	Affiliated	México	Other services	–	–	51.215	–
			Total	**$ 135.427.801**	**$ –**	**$ 2.733.906**	**$ 1.136.816**

(1) Corresponds to the intercompany loan for$ 81,000,000 disbursed in December 2018 and interest of $276,572 due on 11 February 2019 at an effective rate of 6.93%.

(2) Corresponds to the portfolio resulting from the sale of energy, generating an increase as of 31 December 2018, as this portfolio was not negotiated in the factoring operation.

(3) Corresponds mainly to the provision for operating service of the Codensa Substations in the Company's facilities for $89,250 and the Nueva Esperanza easement for the Muña property for $44,047.

(4) Corresponds to billing of the contract for rendering assistance services in the processing and operation of the administration and management processes between Enel Green Power Colombia S.A. E.S.P. and the Company in October, November and December 2018.

(5) Corresponds to the prepayment for the maintenance of the barge of Sociedad Portuaria Central Cartagena.

(6) Corresponds to the rendering of services under the asset management, use, operation and maintenance agreement on October, November and December.

(7) Corresponds to the provision for the costs of expatriate personnel in Italy.

(8) Corresponds to the invoice for the costs of expatriate personnel in Chile.

Accounts payable to related entities

Name Related Company	Country of origin	Relationship	Transaction Type	As of 31 December 2018 Current	As of 31 December 2017 Current
Grupo Energía de Bogotá S. A. E.S.P. (*) (1)	Colombia	Shareholder	Dividends	$ 79.481.152	$ 67.076.920
Grupo Energía de Bogotá S. A. E.S.P. (2)	Colombia	Affiliate	Other services	40.460	-
Enel Américas S.A.(3)	Chile	Affiliate	Dividends	74.803.250	63.129.075
Codensa S.A. E.S.P. (4)	Colombia	Affiliate	Purchase of energy	11.311.486	11.253.832
Codensa S.A. E.S.P. (4)	Colombia	Affiliate	Other services	406.296	892.078
Enel Produzione Spa (5)	Italia	Affiliate	Surveys and projects	7.565.834	4.645.192
Enel Produzione Spa (6)	Italia	Affiliate	Other services	762.389	220.623
Enel Generación Chile S.A. (7)	Chile	Affiliate	Other services	3.092.515	-
Enel Generación Chile S.A. (6)	Chile	Affiliate	Other services	195.043	1.457.107
Enel Italia Srl (8)	Italia	Affiliate	Surveys and projects	2.914.885	5.613.784
Enel Italia Srl (9)	Italia	Affiliate	Other services	463.400	-

(In thousands of pesoss)
(In thousands of pesos)

Name Related Company	Country of origin	Relationship	Transaction Type	As of 31 December 2018 Current		As of 31 December 2017 Current
Enel Italia Srl (6)	Italia	Affiliate	Other services	52.707		-
Enel Green Power SPA (9)	Italia	Affiliate	Other services	2.588.922		238.361
Cesi SPA (10)	Italia	Affiliate	Other services	1.113.248		-
Enel Green Power Brasil Participações (6)	Brasil	Affiliate	Other services	745.735		362.575
C.G. Term. Fortaleza (6)	Brasil	Affiliate	Other services	740.797		382.754
Enel Iberoamérica SRL (6)	España	Affiliate	Other services	739.059		623.804
Enel Green Power Colombia S.A.S. (11)	Colombia	Affiliate	Purchase of energy	525.231		-
Enel Green Power Colombia S.A.S. (12)	Colombia	Affiliate	Other services	1.717		-
Enel SPA (6)	Italia	Affiliate	Other services	432.419		405.063
Enel Global Trading SPA (9)(**)	Italia	Affiliate	Other services	308.000		-
Enel Global Trading SPA (6)	Italia	Affiliate	Other services	126.668		319.320
Enel Gl Th Generation SRL (6)	Itália	Affiliate	Other services	289.369		-
Enel Gl Th Generation SRL (9)	Itália	Affiliate	Other services	200.686		-
Enel Fortuna S.A. (6)	Panamá	Affiliate	Other services	172.259		171.834
Sociedad Portuaria Central Cartagena S.A. (13)	Colombia	Subsidiary	Other services	34.563		72.089
			Total $	189.108.090	$	156.864.411

(*) Grupo Energía de Bogotá S. A. E.S.P. is shareholder of the Company (See note 20)

(**) Enel Trading SPA, formerly Enel Trade

(1) Corresponds to the dividends declared to Grupo Energía de Bogotá S.A. E.S.P.

(2) Corresponds to the bills for connection service between the Grupo Energía de Bogotá of the Tesalia substation (Quimbo) from October to December 2018.

(3) Corresponds to the dividends declared to Enel Américas S.A.

(4) The balance includes the estimated tolls, Regional Transmission System (STR), Local Distribution System (SDL) and energy billing. Corresponds to charges for works Codensa services for $273,347, account payable for payroll and labour debts for $124.891 and Club El Rancho services for Chávez Saenz workers for $8,058.

(5) Corresponds to the Engineering services for the BEPP (Best Enviromental Practice Projects), Life Extension of the Termozipa plant for $4,920,255 and the E&C Services agreement Italy 1Q 2018 for $2,645,579.

(6) Corresponds to the account payable for the costs of expatriate personnel from Spain, Italy, Brazil, Chile and Panama in Colombia.

(7) Corresponds to the engineering services for the power plants - Termozipa project environmental adaptation and extension of useful life.

(8) Corresponds to the Cloud services for $1,521,287, Cyber Security for $816,953 and Digital Enable for $576,645 under the DCO and Cyber Security agreement corresponding to Global Digital Solution.

(9) Corresponds to the provision for Generation Management fee and Technical Fee.

(10) Corresponds to the engineering services under a framework agreement for the Muña and Central Paraíso reservoirs

(11) Corresponds to energy purchase for the period of December 2018.

(12) Corresponds to the collections originated by the transfers of employees.

(13) Balances of invoices for port services.

Transactions with economic associates, effects through profit or loss:

Revenues/ Company	Transaction Type		As of 31 December 2018		As of 31 December 2017
Codensa S.A. E.S.P.	Sale of Energy	$	752.923.600	$	790.584.601
Enel Green Power Colombia S.A.S.	Other services		362.399		206.474
Codensa S.A. ESP	Financial revenues		297.791		-
Sociedad Portuaria Central Cartagena S.A.	Operation and interest		175.214		187.944
Enel S.P.A.	Other services		73.002		-
Enel S.P.A.	Exchange difference		19.214		-
Enel Produzione S.P.A.	Exchange difference		17.533		-
Enel Fortuna S.A.	Exchange difference		9.500		-
Enel Global Trading SPA	Exchange difference		8.003		-
Cesi SPA	Exchange difference		1.185		-
Grupo Energía de Bogotá S. A. E.S.P.	Operation services		-		577.755
Energía Nueva Energía Limpia México	Other services		-		36.900
Energía Nueva Energía Limpia México	Exchange difference		-		176
Enel Iberoamérica SRL	Exchange difference		-		5.375
Enel Generación Chile S.A.	Exchange difference		-		2.016
		$	**753.887.441**	**$**	**791.601.241**
Codensa S.A. E.S.P.	Transport of energy	$	138.382.874	$	133.552.134
Enel Italia SRL	Other services		2.409.238		2.210.114
Enel Green Power SPA	Other services		2.350.561		238.361
Fundacion Enel	Donations		1.126.699		784.000
Enel Produzione S.P.A.	Other services		993.438		976.137
Enel S.P.A.	Other services		840.878		345.373
Sociedad Portuaria Central Cartagena S.A.	Management and operation		663.512		854.500
Enel Global Trading SPA	Other services		543.977		601.832
Enel Green Power Colombia S.A.S.	Other services		525.231		-
Enel Gl Th Generation SRL	Other services		490.055		-
Codensa S.A. E.S.P.	Other services		473.745		597.999
Enel Fortuna S.A.	Other services		360.683		171.834
C.G. Term. Fortaleza	Other services		358.044		382.754
Enel Generación Chile S.A.	Exchange difference		157.970		-
Enel Iberoamérica SRL	Other services		115.256		437.537
Enel Produzione SPA	Exchange difference		36.529		87.091
Cesi SPA	Exchange difference		35.949		-
Enel Italia SRL	Exchange difference		27.818		119.868
Energía Nueva Energía Limpia México	Other services		843		-
Energía Nueva Energía Limpia México	Exchange difference		842		-
Endesa Energía S.A.	Exchange difference		52		-
Enel SPA	Exchange difference		-		9.618
		$	**149.894.200**	**$**	**141.369.152**

Board of Directors and Key Management Personnel

Board of Directors

alternate, elected by the General Shareholders' Meeting by the electoral quotient system. While the company has the quality of issuer of securities, 25% of the board members will be independent as provided for by the law. The appointment of board members will be for two (2) years, and they can be re-elected indefinitely and without prejudice to the power of the Shareholders' Meeting to remove them freely at any time.

The Board of Directors current as of 31 December 2018 was elected by the General Shareholders' Meeting in ordinary session held on 20 March 2018. The Company appoints a Chairman, who is elected by the Board of Directors among its members for a given period, and may be re-elected indefinitely or removed freely before the expiry of the period. In addition, the Board of Directors has a Secretary, who may or may not be a member of the Board. The appointment of the Chairman was approved by the Board of Directors in a meeting held on 26 May 2015. The appointment of the Secretary was approved in a meeting held on 24 April 2018.

(In thousands of pesoss)
(In thousands of pesos)

In accordance with the provisions in Article 55 of the corporate bylaws, the General Shareholders' Meeting must set the remuneration of the Board members. The current remuneration as of 31 December 2018 amounts to USD $1,000, after taxes, for attendance to each session of the Board of Directors, approved by the General Shareholders' Meeting in ordinary session held on 20 March 2018.

According to minutes of the General Shareholders' Meeting number 99 held on 20 March 2018, the following Board of Directors was 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	Michele Di Murro
Fourth	Astrid Álvarez Hernández	Alvaro Villasante Losada
Fifth	Diana Margarita Vivas Munar	Camila Merizalde Arico
Sixth	Luis Fernando Alarcón Mantilla	Rodrigo Galarza Naranjo
Seventh	Luisa Fernanda Lafaurie	Maria Paula Camacho

The fees paid to the Board of Directors:

Third	As of 31 December 2018	As of 31 December 2017
Vargas Lleras José Antonio	$ 47.921	$ 34.060
Alarcón Mantilla Luis Fernando	40.588	16.717
Rubio Diaz Lucio	37.414	40.110
Lafaurie Luisa Fernanda	37.414	30.117
Vivas Munar Diana Margarita	34.155	30.281
Caldas Rico Andrés	33.907	-
Álvarez Hernández Gloria Astrid	19.875	33.482
Villasante Losada Alvaro	17.539	–
Merizalde Arico Camila	16.227	6.793
Galarza Naranjo Rodrigo	6.579	13.564
Di Murro Michele	3.633	–
Jiménez Rodríguez Diana Marcela	3.507	–
Riga Bruno	–	40.110
López Valderrama Andres	–	10.159
Caprini Daniele	–	6.767
Herrera Lozano José Alejandro	–	6.672
Araujo Castro María Consuelo	–	6.589
Romero Raad Richard Ernesto	–	3.405
Gomez Navarro Sergio Andrés	–	3.322
Total general	**$ 298.759**	**$ 282.148**

Key Management Personnel

Below is the list of Key Management personnel:

Name	Position	Period
Lucio Rubio Díaz	General Manager Colombia	January - December
Bruno Riga	CEO Emgesa	January - December
Daniele Caprini	Administration, Finance and Control Manager	January - March
Michelle Di Murro	Administration, Finance and Control Manager	April - December

The remunerations earned by the Key Management personnel from 1 January to 31 December 2018 amount to $3,140,131.

	As of 31 December 2018	As of 31 December 2017
Remunerations	$ 1.915.567	$ 2.217.229
Long-term benefits	831.279	699.800
Short-term benefits	393.285	946.231
	$ 3.140.131	$ 3.863.260

Incentive plans for key management personnel

The Company 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 2018, the Company does not have any share-based payment benefits for the Key Management personnel or any guarantees in their favour.

As of 31 December 2018, there are no indemnity payments for contract termination.

9. Net inventories

	As of 31 December 2018	As of 31 December 2017
Coal (1)	$ 22.183.861	$ 29.126.657
Fuel Oil (2)	29.957.788	11.002.086
Power elements and accessories, net (3)	13.410.177	10.633.014
Total Inventories	**$ 65.551.826**	**$ 50.761.757**

(1) Coal (Central Termozipa): As of 31 December 2018, the coal inventory shows a decrease associated with thermal generation compared to 2017, mainly in December, to meet the electricity demand in the presence of the El Niño Phenomenon.

(2) Fuel Oil (Central Cartagena): The increase in inventory corresponds to higher purchase volumes in 2018, mainly in March and December, necessary to meet the security generation dispatches of the National Interconnected System, which during the year had a higher recurrence than in 2017, due to emergency situations by public order, electrical restrictions, scheduled and unscheduled maintenance of the local network of the Caribbean and the national transmission system to the coast (500 kWh).

The value of the inventories recognised as expense during the period corresponds to the consumption for the generation of energy (See note 22).

(3) Elements and accessories consist of:

	As of 31 December 2018	As of 31 December 2017
Spare parts and materials (a)	$ 13.807.851	$ 10.788.122
Provision of Materials (b)	(397.674)	(155.108)
Total power elements and accessories, net	**$ 13.410.177**	**10.633.014**

(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 Company.

(In thousands of pesoss)
(In thousands of pesos)

(b) As of December 2018, the obsolescence provision was presented for $124,911 corresponding to materials from the hydroelectric plants (Betania and Darío Valencia). An allowance was made for a provision recorded in the Company's expense of $367,477 corresponding to: Charquito and Darío Valencia hydroelectric plants, $245,839; Thermal power plants Cartagena and Termozipa $121,638, the value of the provision for obsolescence is recognised in other fixed operating expenses.

10. Investments in subsidiaries, joint ventures and associates

Article 2.1.2. of part 1 of book 2 of Decree 2420 of 2015 complemented by Decree 2496 of 2015 sets out the application of Art. 35 of Act 222, which indicates that the interests in subsidiaries must be recognised in the separated financial statements using the equity method. Under this guideline, the Company applied the equity method as of 2016. In January 2017, the amendment to IAS 28 became effective, which allows investments to be recognised using the equity method in the separate financial statements, eliminating the exception to IFRS that existed in the local framework with respect to the standards issued by the IASB. This also according to the defined policy (see notes 3.2.3 and 3.2.4).

Below is the breakdown of the recognised investments:

Share Certificates	Economic Activity	Relationship	Common Shares	% Interest	Value 31/12/18	Value 31/12/17
Sociedad Portuaria Central Cartagena S.A.(1)	Port Services	Subsidiary	851.757	94,95	$ 9.044.889	$ 568.629
					$ 9.044.889	**$ 568.629**

(1) The Company's Board of Directors in session No. 460 of 25 September 2018 authorized the capitalisation operation of Sociedad Portuaria Central Cartagena S.A. (SPCC) for $8,391,460 (including the items of calculations of the amount to be capitalized on shares), in order to comply with concession agreement No. 006 of 2010 signed between SPCC and the ANI and its respective addendum signed in 2014 to ensure the logistics of the fuel that guarantees the reliability charge of the Cartagena Power Plant of the Company for the period 2019 to 2022.

The Company recorded a valuation for the calculation of the equity method in Sociedad Portuaria Central Cartagena for $84,800 during 2018. Sociedad Portuaria Central Cartagena S.A. filed an application to transfer the investment schedule for two years on 1 November 2016 to the National Infrastructure Agency (ANI), in order to carry out alternative studies to replace the support of the Reliability Charge of the Cartagena Power Plant of the Company with liquid fuels.

On 1 November 2017, it filed with the same entity a notice reminding of the request made on 1 November 2016 to begin construction works in August 2018 and complete them in January 2019.

11. Net intangible assets other than capital gains

	As of 31 December 2018	As of 31 December 2017
Rights (1)	$ 43.820.713	$ 46.304.834
Development costs	2.412.498	3.406.634
Licences	6.641.500	9.207.658
Software (2)	20.945.478	9.262.531
Other identifiable intangible assets	5.462.638	5.596.847
Constructions and work in progress	5.215.185	5.266.910
Other intangible resources	247.453	329.937
Net intangible assets	**$ 79.282.827**	**$ 73.778.504**
Cost		
Rights (1)	83.322.027	83.322.027
Development costs	5.335.542	5.335.542
Licences	20.699.883	20.699.883
Software (2)	36.423.292	21.189.390

	As of 31 December 2018	As of 31 December 2017
Other identifiable intangible assets	9.084.599	9.136.324
Constructions and work in progress	5.215.185	5.266.910
Other intangible resources	3.869.414	3.869.414
Gross intangible assets	**$ 154.865.343**	**$ 139.683.166**
Amortisation		
Rights (1)	$ (39.501.314)	$ (37.017.193)
Development costs	(2.923.044)	(1.928.908)
Licences	(14.058.383)	(11.492.225)
Software (2)	(15.477.814)	(11.926.859)
Other identifiable intangible assets	(3.621.961)	(3.539.477)
Intangible assets accumulated amortisation	**$ (75.582.516)**	**$ (65.904.662)**

(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 $1,306,549.

In addition, this item classifies the legal stability premium for the Quimbo project. This premium has a useful life of 20 years according to the validity of the tax benefits.

(2) The increase in 2018 corresponds to software associated to the projects: Cybersecurity $4,788,954, Bidding Strategy Development $1,508,944, E4E Post Go Live $926,508, Veliq Billing project $674,737, Metering Improvement Analysis Solution project $432,806; EtaproTz project $408,888; electronic billing project $424,619, Project Governance ANS $620,294, project "System in the power plants" $678,734, Ludycommerce project $249,436, other corporate and commercial systems $4,519,982. The amortisation for the 2018 period corresponds to ($3,550,955).

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

		Patents, trademarks and other rights			Other identifiable intangible assets		
	Development costs	Rights	Licenses	Software	Constructions and Works in progress	Other intangible resources	Intangible assets
Initial balance 31/Dec/16	**$ 33.695.031**	**48.788.954**	**$ 11.904.716**	**$ 825.714**	**$ 4.405.324**	**$ 412.449**	**$ 100.032.188**
Movements in intangible assets 2017							
Additions	–	-	-	551.411	9.288.386	-	9.839.797
Transfers	–	–	–	8.426.800	(8.426.800)	–	-
Withdrawals	(29.220.023)	–	–	–	–	–	(29.220.023)
Amortisation	(1.068.374)	(2.484.120)	(2.697.058)	(541.394)	–	(82.512)	(6.873.458)
Total movements in identifiable intangible assets	**(30.288.397)**	**(2.484.120)**	**(2.697.058)**	**8.436.817**	**861.586**	**(82.512)**	**(26.253.684)**
Final balance 31/Dec/17	**$ 3.406.634**	**$ 46.304.834**	**$ 9.207.658**	**$ 9.262.531**	**$ 5.266.910**	**$ 329.937**	**$ 73.778.504**
Movements in intangible assets 2018							
Additions (*)	–	-	-	–	15.182.177	-	15.182.177
Transfers	–	–	–	15.233.902	(15.233.902)	–	-
Withdrawals	-	–	–	–	–	–	-
Amortisation	(994.136)	(2.484.121)	(2.566.158)	(3.550.955)	–	(82.484)	(9.677.854)
Total Movements in intangible assets	**(994.136)**	**(2.484.121)**	**(2.566.158)**	**11.682.947**	**(51.725)**	**(82.484)**	**5.504.323**
Final balance 31/Dec/18	**$ 2.412.498**	**$ 43.820.713**	**$ 6.641.500**	**$ 20.945.478**	**$ 5.215.185**	**$ 247.453**	**$ 79.282.827**

(In thousands of pesoss)
(In thousands of pesos)

(*) As of December 2018 there was an increase of $15,182,177, corresponding to: Cybersecurity software $4,788,954 (data protection and information management logic), Bidding Strategy Development $1,152,924, (development for bidding processes Colombian market), E4E Post Go Live $1,193,566, (Enel group business integration, financial and accounting system), "System in the power plants" project $678,734, (power plant solutions), Veliq Billing project $632,918, Allegro project $505,167, Metering Improvement Analysis Solution project $432,806 (assurance reading meters), electronic invoicing project $424,619, project Etapro Tz $ 408,888 (monitoring rate of heat plants), project Governance ANS $352,658, project Ludycommerce $249,436, other corporate and commercial systems of ICT, renewables and trading projects $4,361,507.

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

As of 31 December 2018, there are no acquisition commitments in intangible assets through official subsidy.

12. Net Property, Plant and Equipment

		As of 31 December 2018		As of 31 December 2017
Plants and equipment	$	7.401.427.277	$	7.412.389.799
Hydroelectric power plants		6.864.184.366		6.909.746.475
Thermoelectric power plants		537.242.911		502.643.324
Construction in progress (1)		305.948.913		204.451.802
Land		268.904.705		268.950.793
Buildings		48.635.465		42.607.220
Fixed installations and others		12.389.337		13.696.557
Fixed installations and accessories		5.687.807		6.611.659
Other installations		6.701.530		7.084.898
Finance leases (2)		4.085.524		5.416.218
Net property, plant and equipment	**$**	**8.041.391.221**	**$**	**7.947.512.389**
Cost				
Plants and equipment		10.641.568.883		10.466.449.156
Hydroelectric power plants		9.737.522.997		9.637.395.064
Thermoelectric power plants		904.045.886		829.054.092
Construction in progress		305.948.913		204.451.802
Land		268.904.705		268.950.793
Buildings		83.539.617		75.886.663
Fixed installations and others		72.637.590		71.187.972
Fixed installations and accessories		30.952.492		31.227.127
Other installations		41.685.098		39.960.845
Finance leases (2)		7.644.775		8.001.351
Gross property, plant and equipment	**$**	**11.380.244.483**	**$**	**11.094.927.737**
Depreciation				
Plants and equipment (*)		(3.240.141.606)		(3.054.059.357)
Hydroelectric power plants		(2.873.338.631)		(2.727.648.589)
Thermoelectric power plants		(366.802.975)		(326.410.768)
Fixed installations and others		(60.248.253)		(57.491.415)
Fixed installations and accessories		(25.264.685)		(24.615.468)
Other installations		(34.983.568)		(32.875.947)
Buildings		(34.904.152)		(33.279.443)
Finance leases (2)		(3.559.251)		(2.585.133)
Accumulated depreciation	**$**	**(3.338.853.262)**	**$**	**(3.147.415.348)**

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

(1) Corresponds to the investments made by the Company as of 31 December 2018, in the different plants. The main assets under construction correspond to improvements, replacements and modernizations in the thermal and hydroelectric power plants. The main projects underway in 2018 are: Life extension project and Beep Others of Termozipa; recovery of civil structures and additional works reprofiling the Quimbo dam.

Plant		As of 31 December 2018		As of 31 December 2017
CC-Termozipa	$	175.428.210	$	101.061.910
CH-Quimbo		104.948.164		35.080.641
CH-Centrales menores Rio Bogotá		8.660.317		8.719.325
CH-Betania		6.767.146		7.337.423
CF-Cartagena		3.071.116		35.295.800
Other investments		3.244.812		2.362.952
CH-Guavio		2.311.832		8.147.644
CH-Pagua		1.517.316		6.446.107
Total Constructions in Progress	**$**	**305.948.913**	**$**	**204.451.802**

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:

				Plants and Equipment		Fixed Installations and accessories			
Movement in property, plant and equipment as of 31 December 2017	**Construction in progress**	**Land**	**Buildings**	**Hydroelectric Power Plants**	**Thermoelectric Power Plants**	**Fixed Installations and accessories**	**Other Installations**	**Finance leases**	**Property, Plant and Equipment**
Initial balance 31/Dec/2016	**$ 159.306.414**	**$ 268.950.793**	**$ 44.219.117**	**$ 6.906.495.421**	**$ 518.449.581**	**$ 7.753.343**	**$ 10.606.075**	**$ 6.772.669**	**$ 7.922.553.413**
Movement in property, plant and equipment 2017									
Additions	230.386.962	-	-	-	-	-	-	-	230.386.962
Transfers	(185.241.574)	-	-	156.321.652	28.790.670	-	–	129.252	-
Withdrawals			(67.757)	(1.300.955)	(139.409)	(143.962)	(340.027)	(52.771)	(2.044.881)
Depreciation expense	-	-	(1.544.140)	(151.769.643)	(44.457.518)	(997.722)	(3.181.150)	(1.432.932)	(203.383.105)
Total movements	45.145.388	–	(1.611.897)	3.251.054	(15.806.257)	(1.141.684)	(3.521.177)	(1.356.451)	(24.958.976)
Final balance 31/Dec/17	**$ 204.451.802**	**$ 268.950.793**	**$ 42.607.220**	**$ 6.909.746.475**	**$ 502.643.324**	**$ 6.611.659**	**$ 7.084.898**	**$ 5.416.218**	**$ 7.947.512.389**
Movement in property, plant and equipment 2018									
Additions (*)	307.332.378	-	-	-	-	-	-	-	307.332.378
Transfers (**)	(205.835.267)	-	7.652.954	112.179.600	83.909.694	-	1.782.360	310.659	-
Withdrawals (***)	-	(46.088)	-	(2.154.576)	(4.467.105)	(18.757)	-4.987	(170.290)	(6.861.803)
Depreciation expense	-	-	(1.624.709)	(155.587.133)	(44.843.002)	(905.095)	(2.160.741)	(1.471.063)	(206.591.743)
Total movements	101.497.111	(46.088)	6.028.245	(45.562.109)	34.599.587	(923.852)	(383.368)	(1.330.694)	93.878.832
Final Balance 31/Dec/18	**$ 305.948.913**	**$ 268.904.705**	**$ 48.635.465**	**$ 6.864.184.366**	**$ 537.242.911**	**$ 5.687.807**	**$ 6.701.530**	**$ 4.085.524**	**$ 8.041.391.221**

Additions

(*) During 2018, the main additions to property, plant and equipment correspond to the investments made in the adaptation, modernisation, expansion, improvements in efficiency and quality of service in the different plants. The most important of the period:

Plant	Main projects		1 January to 31 December 2018
CC - Termozipa	Acquisition of electromechanical equipment, Life Extension Project, BEEP environmental improvement project, reliability plan for boilers and turbines units 2-3-4-5.	$	120.549.560
CH - Quimbo	Recovery of Civil structures. In 2018, necessary works were executed to improve the performance of the civil works of the reservoir, as well as to meet additional works and commitments derived from environmental obligations generated during the construction of the plant.		98.185.336
CH – Guavio	Overhaul ball valve units 1-2-3-4-5, central excitation system, recovery runners, civil structures and facilities.		32.711.478

Plant	Main projects	1 January to 31 December 2018
Minor plants (Rio Bogotá)	Modernisation of equipment and recovery of Bocatoma chain Rio Bogotá and auxiliary facilities; recovery of turbine equipment and overhaul pumping units Muña; acquisition of electromechanical equipment and recovery of structures.	22.652.340
CH – Pagua	Acquisition of Pagua generator rotor coils, recovery winding stators and impellers, U2 speed regulator modernisation, central automation and telecontrol, recovery systems for excitation and acquisition of energy and electromechanical equipment.	14.248.126
CF – Cartagena and other investments	Acquisition of energy and electromechanical equipment; recovery of civil structures; plant equipment improvement; Other investments renovation PCs, furniture and central civil works and renting vehicles.	11.317.103
CH - Betania	U2 stator winding recovery and weir and slope dam gate, modernisation of speed regulators, excitation and inverter systems, Betania UPS, recovery of runners and civil structures; acquisition of energy and electromechanical equipment.	7.668.435
Total	**$**	**307.332.378**

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

Transfers

(**) In 2018, 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:

D From 1 January to 31 December 2018		
Plant		**Total Activation**
CC – Termozipa	$	46.673.432
CH–Centrales Menores (Rio Bogotá)		45.086.429
CF – Cartagena		37.237.723
CH – Guavio		33.361.432
CH – Quimbo		25.708.535
Otras Inversiones		10.099.202
CH – Betania		7.668.514
Total	**$**	**205.835.267**

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

Withdrawals

(***) There are derecognitions for $6,861,803 corresponding to: thermal power plants $4,467,105; hydroelectric power plants $2,154,576; renting vehicles $170,290; property $46,089; fixed installations and accessories $18,757 and other installations $4,986.

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

As of 31 December, the Company has no units temporarily out of service.

(2) Finance Lease

They correspond to the lease agreements of vehicles established mainly with Transportes Especializados JR S.A.S. destined to support the operation of the Company; Mareauto Colombia S.A.S., and Equirent S.A. destined to the transport of the managers of the organisation.

The average term of the agreements is between 36 and 48 months, during which period the recognised assets are amortised.

48% of the vehicle fleet is contracted with Equirent S.A. and 46% with Mareauto Colombia S.A.S., which will be amortised over a maximum period of 36 instalments.

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 2018 Gross	Interest	Present value	As of 31 December 2017 Gross	Interest	Present value
Less than one year	$ 2.300.178	$ 161.951	$ 2.138.227	$ 2.764.076	$ 437.115	$ 2.326.961
Over one year but less than five years	194.827	21.809	173.018	2.195.835	140.909	2.054.926
Total	**$ 2.495.005**	**$ 183.760**	**$ 2.311.245**	**$ 4.959.911**	**$ 578.024**	**$ 4.381.887**

Operating Lease

The income statement as of 31 December 2018 and 2017, includes $2.983.046 and $3.412.655, respectively, corresponding to the accrual of operating leases, including:

Administrative offices	Start date	End date	Purchase option
Offices Q93	jun-14	may-19	No
Corporate Tower 93	Oct-09	Sep-19	No

As of 31 December 2018, the related contracts are adjusted annually by the Consumer Price Index (CPI), as applied to the offices of Q93 CPI + 1.0575 points.

As of 31 December 2018, future payments arising from these contracts are as follows:

Minimum future payments for non-payable leases, Lessees	As of 31 December 2018	As of 31 December 2017
Less than one year	$ 929.325	$ 742.220
Over one year but less than five years	1071600	321.628
	$ 2.000.925	**$ 1.063.848**

(*)The above information does not include VAT

Insurance Policies

Below are the policies for the protection of Company property:

Insured property	Insured property	Insured value *(Figures in thousands)*	Maturity	Insurance company
Company assets	Non-contractual civil liability	USD $20.000	1/11/2019	Axa Colpatria
	Non-contractual civil liability (tier of USD 200 million in excess of USD 20 million)	USD $200.000	1/11/2019	Mapfre Seguros Colombia
	Non-contractual civil liability (tier of EUR 300 million in excess of EUR 200 million)	€ 300.000	1/11/2019	Mapfre Seguros Colombia
	Environmental civil liability	USD 11.638	31/10/2019	Chubb Seguros
Civil works, equipment, contents, stores and loss of profit	All risk material damage, earthquake, seaquake HMACC – AMIT, loss of profit and machinery breakdown	€ 1.000.000	31/10/2019	Mapfre Seguros Colombia
Vehicles	Non-contractual civil liability	$600.000 por vehículo	02/01/2019	Seguros Mundial
Goods	Transport of goods	USD 750.000 por despacho	31/07/2019	HDI Seguros S.A.

(*) The Company's policy agreements are executed in dollars and euros

(In thousands of pesoss)
(In thousands of pesos)

Compensations received as of 31 December 2018 for casualties are as follows:

Casualty	Date of casualty	Insurer	Protection affected	Value of claim
Collapse in Tunnel Chivor of C.H. Guavio (1)	22/04/2016	Mapfre	Property damage	$ 8.726.939
Collapse in Tunnel Chivor of C.H. Guavio (1)	22/04/2016	Mapfre	Loss of profits	25.916.574
Breakdown in U5 generator C.H. Guavio (2)	02/05/2017	Mapfre	Machinery breakdown	6.782.997
Total				**$ 41.426.510**

(1) These casualties occurred in 2016 and were compensated by the insurer in 2018.

(2) This casualty occurred in 2017 and was compensated by the insurer in 2018.

13. Other financial liabilities

	As of 31 December 2018			As of 31 December 2017		
	Current			Current		
	Capital	Interest	Non-current	Capital	Interest	Non-current
Securitisation (2)	$ 596.874.317	$ 82.726.065	$ 2.922.005.893	$ 218.200.000	$ 90.247.846	$ 3.517.794.451
Club Deal (3)	47.669.218	–	–	–	–	–
Leasing obligations (4)	30.000.000	313.620	120.000.000	40.666.667	548.495	203.333.333
Derivative instruments (5)	2.138.228	–	173.018	2.326.961	–	2.054.927
Bank loans (3)	1.922.833	–	–	4.872.195	–	–
Préstamos Bancarios (3)	–	–	–	103.926.861	1.793.078	–
	$ 678.604.596	**$ 83.039.685**	**$ 3.042.178.911**	**$ 369.992.684**	**$ 92.589.419**	**$ 3.723.182.711**

(1) The main variation of the bonds as of 31 December 2018 is due to:

i) Short-term long-term reclassifications of B10-09 bonds for $160,060,000 and B3-16 for $234,870,000, with maturity date on 11 February 2019, as well as B6-13 Quimbo bonds for $152,530,000 and B6-13 Emgesa for $49,440,000, with maturity date on 11 September 2019.

ii) Payment of the B9-09 Bond for $147,180,000 for seven repurchases between Brokers and Securities Bancolombia realised before the maturity of the bond, on 2 July 2018 and the remaining for $71,020,000 at maturity.

In financial debt, the Company has eight (8) bond issues in the local market under the Company'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 2018 are as follows:

Emgesa Issue and Placement Programme for the Local Market

The Company 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 Company 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 Emgesa Programme are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V., and are dematerialised under the management of Deceval S.A.

The following describes the general financial conditions of the Company'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	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	Resolution No. 1193 of 13 September 2018
Fifth increase to the Authorized 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 2016	$4,400,000,000
Amount issued under the programme as of 31 Dec 2016	$3,315,000,000
Global amount available as of 31 Dec 2016:	$1,085,000,000
Management	Deceval S.A.

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

First Tranche:

Total value placed:	$170,000,000
Balance as of 31 December 208:	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 2018:	$215.560.000	
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.	

(In thousands of pesoss)
(In thousands of pesos)

On 11 February 2014, the payment of the Subseries A5 bonds for the maturity of $49,440,000 was made.

Third Tranche:

Total value placed:	$400.000.000 así: Sub–serie E5: $ 92.220.000 Sub–serie B9: $218.200.000 Sub–serie B12: $ 89.580.000
Balance as of 31 December 2018:	$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.

On 2 July 2014, the payment upon maturity of the sub-series E5 bonds of $92,220,000 was made.

On 2 July 2018, the payment upon maturity of the sub-series B9 bonds of $218,200,000 was made

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 2018:	$314,294
Balance as of 31 December 2018:	$499,685,706
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 2018:	$254.231
Balance as of 31 December 2018:	$564.745.769
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.

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 2018:	$362.817
Balance as of 31 December 2018:	$589.637.183
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.

Seventh Tranche:

Total value placed:	$300,000,000 as follows: Sub–serie B3: $234.870.000 Sub–serie B7: $290.130.000
Costs of transaction as of 31 December 2018:	$250.558
Balance as of 31 December 2018:	$524.749.442
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.

Eighth Tranche (*):

Total value placed:	$300.000.000 así: Sub–serie E6: $300.000.000
Costs of transaction as of 31 December 2018:	$288.232
Balance as of 31 December 2018:	$299.711.768
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:	Subseries E6: 7.59% E.A.

(In thousands of pesoss)
(In thousands of pesos)

Global International Bonds in Pesos

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

In accordance with to the Offering Memorandum, the Company paid the interest in 2018 at a final rate of 9.11%.

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 2018	$1,549,657
Balance as of 31 December 2018	$735,210,343
Use of funds	Financing of new projects such as The Quimbo and refinancing of other finances, in addition to other general uses of the Company.
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

The detail of the debt bond obligations as of 31 December 2018 is as follows:

		Current			Non-current						
Description	EA Rate	Less than 90 days	Over 90 days	Total current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Over 10 years	Total non-current
Second Tranche Programme B104-10	9%	$ 162.058.441	$ –	$ 162.058.441	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Second Tranche Programme B104-15	10%	716.178	–	716.178	–	–	–	–	55.500.000	–	55.500.000
Third Tranche Programme B105-12	10%	2.064.704	–	2.064.704	–	89.580.000	–	–	–	–	89.580.000
Outside bond Z47	9%	7.663.755	–	7.663.755	–	90.000.000	–	–	–	–	90.000.000
Outside bond Z58	9%	55.073.450	–	55.073.450	–	645.210.343	–	–	–	–	645.210.343
Fourth Tranche Programme B10	7%	1.051.333	–	1.051.333	–	–	299.840.710	–	–	–	299.840.710
Fourth Tranche Programme B15	7%	713.176	–	713.176	–	–	–	–	199.844.996	–	199.844.996
Fifth Tranche Programme B12	8%	1.708.117	–	1.708.117	–	–	–	–	362.801.451	–	362.801.451
Fifth Tranche Programme B6-1	8%	653.545	152.510.681	153.164.226	–	–	–	–	–	–	–
Fifth Tranche Programme B6-2	8%	211.836	49.433.636	49.645.472	–	–	–	–	–	–	–
Sixth Tranche Programme B16	8%	1.505.481	–	1.505.481	–	–	–	–	–	162.364.060	162.364.060
Sixth Tranche Programme B10	7%	1.653.541	–	1.653.541	–	–	–	–	186.281.811	–	186.281.811
Sixth Tranche Programme B6-2	7%	1.096.073	–	1.096.073	131.025.339	–	–	–	–	–	131.025.339
Sixth Tranche Programme B6-1	7%	919.875	–	919.875	109.965.973	–	–	–	–	–	109.965.973
Seventh Tranche Programme B-3	7%	237.068.812	–	237.068.812	–	–	–	–	–	–	–
Seventh Tranche Programme B-7	8%	3.194.464	–	3.194.464	–	–	–	289.879.442	–	–	289.879.442
Eighth Tranche Programme E6	8%	303.284	–	303.284	–	–	299.711.768	–	–	–	299.711.768
Total bonds		**$ 477.656.065**	**$ 201.944.317**	**$ 679.600.382**	**$ 240.991.312**	**$ 824.790.343**	**$ 599.552.478**	**$ 289.879.442**	**$ 804.428.258**	**$ 162.364.060**	**$ 2.922.005.893**

The detail of the obligations for debt bonds as of 31 December 2017 is as follows:

		Current			Non-current						
Description	EA Rate	Less than 90 days	Over 90 days	Total current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Over 10 years	Total non-current
Second Tranche Programme B104-10	10%	$ 2.186.103	$ -	$ 2.186.103	$ 160.060.000	$ —	$ —	$ —	$ —	$ —	$ 160.060.000
Second Tranche Programme B104-15	11%	781.280	-	781.280	-	-	-	-	55.500.000	-	55.500.000
Third Tranche Programme B105-9	11%	5.380.814	218.200.000	223.580.814	-	-	-	-	-	-	–
Third Tranche Programme B105-12	12%	2.252.284	-	2.252.284	-	-	89.580.000	-	-	-	89.580.000
Outside bond Z47	9%	7.663.755	-	7.663.755	-	-	90.000.000	-	-	-	90.000.000
Outside bond Z58	10%	55.073.450	-	55.073.450	-	-	644.390.805	-	-	-	644.390.805
Fourth Tranche Programme B10	8%	1.156.213	-	1.156.213	-	-	-	-	299.800.714	-	299.800.714
Fourth Tranche Programme B15	8%	800.027	-	800.027	-	-	-	-	-	199.829.656	199.829.656
Fifth Tranche Programme B12	10%	1.882.952	-	1.882.952	-	-	-	-	362.771.043	-	362.771.043
Fifth Tranche Programme B6-1	10%	726.897	-	726.897	152.477.065	-	-	-	-	-	152.477.065
Fifth Tranche Programme B6-2	10%	235.611	-	235.611	49.423.489	-	-	-	-	-	49.423.489
Sixth Tranche Programme B16	10%	1.676.594	-	1.676.594	-	-	-	-	-	162.606.712	162.606.712
Sixth Tranche Programme B10	9%	1.849.758	-	1.849.758	-	-	-	-	186.257.191	-	186.257.191
Sixth Tranche Programme B6-2	9%	1.233.893	-	1.233.893	-	130.993.406	-	-	-	-	130.993.406
Sixth Tranche Programme B6-1	9%	1.035.540	-	1.035.540	-	109.938.193	-	-	-	-	109.938.193
Seventh Tranche Programme B3	9%	2.474.445	-	2.474.445	234.714.210	-	-	-	-	-	234.714.210
Seventh Tranche Programme B7	10%	3.534.947	-	3.534.947	-	-	-	-	289.814.914	-	289.814.914
Bond series and subseries E6-16	8%	303.283	-	303.283	-	-	-	299.637.053	-	-	299.637.053
Total bonds		**$ 90.247.846**	**$218.200.000**	**$ 308.447.846**	**$ 596.674.764**	**$ 240.931.599**	**$823.970.805**	**$299.637.053**	**$1.194.143.862**	**$362.436.368**	**$ 3.517.794.451**

(2) Corresponds to the liability of Banco Santander for the sale of the portfolio in accordance with the framework agreement for the sale of uncollected accounts receivable, which is aimed at the sale of loans, through assignment without recourse to the Bank, the Company being responsible for the existence, legality, effectiveness, validity and enforceability of the accounts receivable and the commercial agreement with a group of eligible debtors, but not for the solvency of the debtors. As of 31 December, the liability was $41,247,732, because of the foregoing "if an entity does not transfer or retain substantially all the risks and rewards inherent to the ownership of a transferred asset, and retains control over it, it will continue to recognise the asset transferred to the extent of its ongoing involvement. The extent of the entity's ongoing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the asset transferred." As of December, portfolio sales operations, the ongoing involvement for the wholesale market and non-regulated market was recognised for $6,421,486.

(3) Club Deal loans decreased during 2018 due to payment of instalments on 19 June for $15,000,000 to BBVA and $5,333,333 to Banco Bogotá and on 19 December for $15,000,000 to BBVA. On 13 August the Banco de Bogotá loan was prepaid for $58,666,667.

In bank loans, on 22 February 2018, the loan with Banco de Credito del Peru for $103,926,861 and interest for $1,793,078 were paid.

The detail of Club Deal obligations and bank loans as of 31 December 2018 is as follows:

		Current		Non-current					
Description	EA Rate	Over 90 days	Total current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	Total non-current
Banco BBVA	6%	$ 30.313.620	$ 30.313.620	$ 15.000.000	$ 30.000.000	$ 30.000.000	$ 30.000.000	$ 15.000.000	$ 120.000.000
Total Club Deal			**$ 30.313.620**						**$ 120.000.000**

(In thousands of pesoss)
(In thousands of pesos)

The detail of Club Deal obligations and bank loans as of 31 December 2017 is as follows:

Description	EA Rate	Current: Less than 90 days	Current: Over 90 days	Current: Total Current	Non-current: 1 to 2 years	Non-current: 2 to 3 years	Non-current: 3 to 4 years	Non-current: 4 to 5 years	Non-current: 5 to 10 years	Non-current: Total non-current
Banco Bogotá	10%	$ 144.347	$ 10.666.669	$ 10.811.016	$ 10.666.667	$ 10.666.667	$ 10.666.667	$ 10.666.667	$ 10.666.665	$ 53.333.333
Banco BBVA	9%	404.146	30.000.000	30.404.146	30.000.000	30.000.000	30.000.000	30.000.000	30.000.000	150.000.000
Total Club Deal		**$ 548.493**	**$ 40.666.669**	**$ 41.215.162**	**$ 40.666.667**	**$ 40.666.667**	**$ 40.666.667**	**$ 40.666.667**	**$ 40.666.665**	**$ 203.333.333**
Banco del Crédito del Perú	2%	105.719.939	-	105.719.939	-	-	-	-	-	-
Total Bank Loans		**$ 105.719.939**	**–**	**$ 105.719.939**	**$ –**	**$ –**	**$ –**	**$ –**	$ –	$ –

(4) The detail of the commercial lease obligations as of 31 December 2018 is as follows:

Description	Rate	Type of Rate	Current: Less than 90 days	Current: Over 90 days	Current: Total Current	Non-current: 1 to 2 years	Non-current: Total non-current
Equirent S.A	8%	Fija	$ 183.333	$ 570.079	$ 753.412	$ 46.702	$ 46.702
Mareauto Colombia S.A.S	12%	Fija	61.037	191.013	252.050	126.316	126.316
Transportes Especializados JR S.A.S.	12%	Fija	362.997	769.769	1.132.766	–	–
Total Leases			**$ 607.367**	**$ 1.530.861**	**$ 2.138.228**	**$ 173.018**	**$ 173.018**

The detail of the commercial lease obligations as of 31 December 2017 is as follows:

Description	Rate	Rate type	Current: Less than 90 days	Current: Over 90 days	Current: Total Current	Non-current: 1 to 2 years	Non-current: 2 to 3 years	Non-current: Total Non-current
Banco Corpbanca	8%	Fija	$ 5.931	$ 16.250	$ 22.181	$ -	$ -	$ -
Equirent S.A	8%	Fija	195.975	594.911	790.886	753.412	46.703	800.115
Mareauto Colombia S.A.S	12%	Fija	37.678	117.868	155.546	154.091	95.835	249.926
Transportes Especializados JR S.A.S.	12%	Fija	308.759	1.004.891	1.313.650	1.004.886	-	1.004.886
Consorcio Empresarial	7%	Fija	14.647	30.051	44.698	-	-	-
Total Leases			**$ 562.990**	**$ 1.763.971**	**$ 2.326.961**	**$ 1.912.389**	**$ 142.538**	**$ 2.054.927**

(5) As of 31 December 2017, the Company had derivatives-SWAPs for the underlying debt and withholding tax (WHT) with Banco de Credito de Peru for $4,872,195, which were paid in full upon the maturity of the obligation in February 2018. As of 31 December 2018, there is a forward derivative with a passive valuation of $959 corresponding to the underlying for payment of capex in Termozipa and a SWAP of $1,921,874 to cover the interest rate in CPI of the Fourth Tranche Programme B10 bond, the above derivatives are cash flow hedges.

As of 31 December 2018, the Company has $3,928,388 in unused authorized 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, and as part of their financing strategy the Company subscribed on 20 December 2018, a credit line committed for COP $200,000,000 with Scotiabank, with (1) year of availability of resources for disbursement.

Additionally, an intercompany credit line with Codensa S.A. E.S.P. has been approved for USD $100 million for general purposes of the Company". As of 31 December 2018, there are no guarantees in financial obligations

14. Commercial accounts payable and other payables

	As of 31 December 2018	As of 31 December 2017
Other payables (1)	$ 296.325.244	$ 168.582.499
Commercial accounts payable (1)	94.606.436	48.289.029
Commercial accounts payable and other payables	**$ 390.931.680**	**$ 216.871.528**

1) The detail of commercial accounts payable and other payables is as follows:

	As of 31 December 2018	As of 31 December 2017
Accounts payable goods and services (a)	$ 228.853.451	$ 126.220.944
Suppliers for energy purchases (b)	94.606.436	48.289.029
Other accounts payable (c)	43.847.938	21.965.063
Taxes other than income tax (d)	23.623.855	20.396.492
Provision for tax payments	16.401.288	15.035.756
Territorial taxes, municipal contributions and related	7.222.567	5.360.736
Total commercial accounts payable and other payables	**$ 390.931.680**	**$ 216.871.528**

(a) The variation corresponds mainly to the liability recognised in 2018 associated with the civil works service of the El Quimbo hydroelectric plant for $40,858,788. Block energy purchases mainly from Empresas Públicas de Medellín, Alto Porce hydroelectric power plant, Americana de Energía for $21,017,460.

(b) The variation between 31 December 2018 and 2017 corresponds to the increase in the estimate for liabilities of the variable margin associated with the costs of power generation for $46,317,407.

(c) The variation between 31 December 2018 and 2017 corresponds mainly to the increase in other accounts payable associated to operation and maintenance services of the plants as follows: M&M Consortium $6,928,580, Constructora Landa $3,630,693, Consortium TC 26 $1,537,274 and El Cóndor Consortium $1,480,192.

(d) As of 31 December 2018 and 2017, taxes other than income tax correspond to:

	As of 31 December 2018	As of 31 December 2017
Provision for tax payment (*)	$ 16.401.288	$ 15.035.756
Territorial taxes, municipal contributions and related (**)	7.222.567	5.360.736
	$ 23.623.855	**$ 20.396.492**

(*) The variation of December 2018 and 2017 corresponds to the withholding tax on third parties for $3,531,539 and $3,067,308 and self-withholdings of $12,869,749 and $11,968,448, respectively.

(**) As of 31 December 2018 and 2017, corresponds mainly to the contribution of Act 99 for $5,905,113 and $5,139,383, respectively.

As of 31 December 2018 and 2017, taxes other than income tax are detailed as follows:

	As of 31 December 2018	As of 31 December 2017
Withholding on third parties	$ (3.531.539)	$ (3.067.308)
Self-withholding payable to tax authority	(12.869.749)	(11.968.448)
Net VAT payable	(58.487)	(105.025)
Net industry and trade tax	(886.342)	161.777
Industry and trade withholding	(372.625)	(278.101)
Contribution Act 99	(5.905.113)	(5.139.387)
Current tax liabilities	**$ (23.623.855)**	**$ (20.396.492)**

(In thousands of pesoss)
(In thousands of pesos)

15. Provisions

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Other provisions (1)	$ 80.879.788	$ 112.232.378	$ 92.361.840	$ 131.993.692
Environmental and works Quimbo	51.148.256	35.773.793	58.519.505	28.877.162
Quimbo Restoration Plan	29.731.532	76.458.585	33.842.335	103.116.530
Provision for legal claims (2)	3.083.516	7.863.353	-	10.712.379
Civil and others	2.885.294	6.719.868	-	9.602.379
Labour	198.222	1.143.485	-	1.110.000
Quimbo dismantling (3)	-	300.123	-	989.639
Total Provisions	**$ 83.963.304**	**$ 120.395.854**	**$ 92.361.840**	**$ 143.695.710**

(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, which are expected to be executed within the work schedule proposed by the project between 2017 and 2020; 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 includes 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.

(2) As of 31 December 2018, the value of the allegations of the claims against the Company for administrative, civil and labour litigations and constitutional actions amount to $3,875,955,235. Based on the evaluation of the likelihood of success in the defence of these cases, $4,250,670 have been provisioned, including the financial update to cover the probable losses for these contingencies. Management believes that the outcome of the lawsuits corresponding to the non-provisioned part will be favourable to the Company's interests and would not cause significant liabilities that should be accounted for or that, if they arise, would not significantly affect the Company's financial position. Additionally, penalties are provisioned for the El Quimbo Hydroelectric Power Plant for $3,147,969, which are detailed in note 32. Penalties. On the other hand, there are success premiums for $3,548,230, which will be effective when the counsel achieves has a ruling in favour of the Company in the agreed processes.

As of 31 December 2018, the values of claims for administrative, civil, labour and contractor litigations are detailed as follows:

Processes	Qualification	No. of processes	No of processes (undetermined amount)	Value of contingency (a)	Value of provision (includes VPN)
	Probable (*)	15	0	$ 2.735.013	$ 2.735.013
Floods before 1997	Likely	3	0	5.266.012	–
Total floods before 1997		**18**	**0**	**8.001.025**	**2.735.013**
Floods after 1997	Probable	5	0	384.680	160.425
	Likely	16	0	942.748	–
Total floods after 1997		**21**	**0**	**1.327.428**	**160.425**
Labour	Probable	5	0	1.371.209	1.341.707
	Likely	22	6	1.720.696	–
	Remote	5	0	20.181.000	–
Total Labour		**32**	**6**	**23.272.905**	**1.341.707**
Others	Probable	5	1	80.100	13.525
	Likely	41	29	28.309.749	–
	Remote	28	16	125.249.255	–
Total Others		**74**	**46**	**153.639.104**	**13.525**
Quimbo	Possible	196	36	480.859.803	–
	Remote	2	1	5.377.741	–
		198	**37**	**486.237.544**	**–**
Total Processes		**343**	**89**	**$ 672.478.006**	**$ 4.250.670**

(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 Company. 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 Company by the Ministry of Finance and Public Credit (See note 6).

Detail of the main legal processes that the company has as of 31 December 2018 qualified as probable:

Processes	Start Date	Allegation	Subject of the Lawsuit	Current status and procedural situation
Alejandro Sánchez Guarnizo y Otros	2015	$ 4.498.894	Ordinary of non-contractual civil liability for events from 2010 and 2011	In evidentiary stage.
Yohana Farley Rodríguez Berrio	2014	300.000	Compensation for damages due to employee death	Appeal of the first instance filed by the Company in the Superior Court of Neiva.
Hernando Rivera Espinosa	2013	192.000	Compensation dismissal without just cause	Appeal for cassation underway.
Alfonso Rodríguez	2009	120.000	Ordinary of non-contractual civil liability for events from 1989	Appeal for cassation underway.
Hernan Useche Culma	2010	100.000	Ordinary of non-contractual civil liability for events from 1994	Waiting for the Court to deliver the monies paid by the Company to the plaintiff, to be able to terminate the provision.
Pastor Aroca Ibarra	2013	88.000	Ordinary of non-contractual civil liability for events from 2011	The payments corresponding to the judgment were made, waiting for the termination of the process.
Diomedez Lozano Apache	2008	63.649	Ordinary of non-contractual civil liability for events from 1994	The payment of the sentence of second instance was made, the plaintiff's counsel has filed appeals against the order that approved the settlement of costs.
Abundio Carrillo	2008	62.918	Ordinary of non-contractual civil liability for events from 1994	The payments corresponding to the judgment were made, waiting for the termination of the process.
Saúl Cárdenas Trujillo	2007	36.954	Ordinary of non-contractual civil liability for events from 1994	The payments corresponding to the judgment were made, waiting for the termination of the process.
Rafael Bernate	2004	6.136	Ordinary of non-contractual civil liability for events from 1989	The payments corresponding to the judgment were made, waiting for the termination of the process.
	Total	**$ 5.468.551**		

As of 31 December 2018, the Company has no provision for fiscal litigations qualified as probable.

The movement of provisions as of 31 December 2017 and 31 December 2018 is as follows:

	Provision for legal claims	Dismantling, restoration and rehabilitation costs	Total
Initial balance 1 January 2017	**$ 11.677.255**	**$ 268.301.033**	**$ 279.978.288**
Increase (Decrease) in existing provisions	1.176.407	–	1.176.407
Provision used	(972.390)	(59.338.380)	(60.310.770)
Financial effect update	-	16.382.522	16.382.522
Recoveries	(1.168.893)	–	(1.168.893)
Other increase (decrease)	-	–	-
Total movements in provisions	**(964.876)**	**(42.955.858)**	**(43.920.734)**
Final balance as of 31 December 2017	**$ 10.712.379**	**$ 225.345.171**	**$ 236.057.550**
Increase (Decrease) in existing provisions	2.717.444	46.874	2.764.318
Provision used	(1.696.351)	(40.619.483)	(42.315.834)
Provision used	(30.113)	8.639.727	8.609.614
Recoveries	(756.490)	–	(756.490)
Other increase (decrease)	–	–	–
Total movements in provisions	**234.490**	**(31.932.882)**	**(31.698.392)**
Final balance as of 31 December 2018	**$ 10.946.869**	**$ 193.412.289**	**$ 204.359.158**

(In thousands of pesoss)
(In thousands of pesos)

The movement of the provision for legal claims in 2018 corresponds mainly to:

Process type	Plaintiff	Subject of the Lawsuit	Value	Date
Ordinary Civil	Libardo Chico	Ordinary of non-contractual civil liability for events from 1.994	$ 30.000	dic-18
Ordinary Civil	Alfonso Rodríguez (89)	Ordinary of non-contractual civil liability for events from 1.989	1.100.000	mar-18
Ordinary Civil	Alejandro Sanchez Guarnizo y Otros	Ordinary of non-contractual civil liability for events from 2010 y 2011	245.000	oct-18
Oral proceedings	Martin Gonzalez Rodriguez	Lawsuit for flooding of the Magdalena River in April 2011	60.000	abr-18
Oral proceedings	Martin Gonzalez Rodriguez	Lawsuit for flooding of the Magdalena River in April 2011	55.200	oct-18
Ordinary Labour	German Claros Valenzuela	Declaration of ineffectiveness of dismissal and employer's fault in work accident-solidarity	30.000	mar-18
Success Premiums	Accion de grupo	Lawsuit Muña Resrvoir	781.988	dic-18
		Total movement by endowments	**$ 2.302.188**	
Ordinary Civil	Argemiro Torres y Otros	Ordinary of non-contractual civil liability for events from 1.994	(251.060)	mar-18
Ordinary Civil	Emiliano Romero Candía y Otros	Ordinary of non-contractual civil liability for events from 1.994	(726.263)	mar-18
Ordinary Civil	Rosa Maria Morales de R. y Otros	Ordinary of non-contractual civil liability for events from 1.994	(184.516)	mar-18
Ordinary Civil	Maria Gladys Guzmán R.	Ordinary of non-contractual civil liability for events from 1.994	(172.358)	mar-18
Ordinary Civil	Alejandro Sanchez Guarnizo y Otros	Ordinary of non-contractual civil liability for events from 2010 and 2011	(223.720)	dic-18
		Total movement for payments	**($ 1.557.917)**	
Oral proceedings	Martin Gonzalez Rodriguez	Lawsuit for flooding of the Magdalena River in April 2011	(55.200)	may-18
Fiscal	Compensar	Lawsuit for contribution	(679.642)	dic-18
		Total movement for recoveries	**($ 734.842)**	

(3) The variation as of 31 December 2018 of the provision for the dismantling of electromechanical equipment at Quimbo corresponds to the discount of future flows, VPN, the rates used as of December 2018 and December 2017 are 10.93% EA and 8.10% EA, respectively.

Impregilo Consortium Claim

During 2015, the Impregilo OHL Consortium submitted to the Company 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 Company and Impregilo Consortium were carried out as a result of the previous negotiation tables held between September 2015 and March 2016. The Company, 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 Company to be included in agreement CEQ 021 through addendum 17 signed in January 2017.

In November 2016, the Company, 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 Company filed a claim against the contractor and to the Company 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 Company. AXA Colpatria rejected the claim for quality assurance and stability of the works.

The Company 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 2018 no additional changes are evidenced.

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 Company as of 31 December 2018 has registered as part of the total provisioned $22,128,147 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 of $ 9,702 million was executed and presented to ANLA for their review and approval with a closing date on 30 September 2016, which will be re-settled after determining the final cost of the project in accordance with paragraph 2 of article 4 of Decree 1900/2006. As of 31 December 2018, no statement has been received from the National Environmental Licenses Authority-ANLA.

In turn, Writ 987 includes acceptance regarding the execution of the training project for environmental promoters, which was developed together with the SENA. Therefore, an agreement must be established between the Company and the SENA, allowing for the execution of the project in question.

16. Taxes Payable

The tax returns for the 2016 and 2017 taxable years are open for review by the tax authorities. However, in Management's opinion, should it occur, no significant differences are expected.

Income tax

	As of 31 December 2018	As of 31 December 2017
Current income tax (1)	$ 486.524.661	$ 482.918.458
Year income tax prepayment	(167.905.090)	(190.118.487)
Tax deductions and withholdings (2)	(3.808.202)	(651.478)
Self-withholding	(89.051.695)	(80.466.417)
Self-withholding other items	(56.386.561)	(50.367.180)
Taxes payable previous year (ZOMAC) (3)	600.355	-
Current tax liabilities	**$ 169.973.468**	**$ 161.314.896**

(1) As of 31 December 2018 and 2017, the current income tax liability consists of:

	As of 31 December 2018	As of 31 December 2017
Income taxes related to net income (See note 28)	$ 486.059.456	$ 483.066.156
Income taxes related to components of other comprehensive income (See Note 30)	465.205	(147.698)
	$ 486.524.661	**$ 482.918.458**

(In thousands of pesoss)
(In thousands of pesos)

(2) As of 31 December 2018 and 2017, tax discounts consist of:

	As of 31 December 2018	As of 31 December 2017
VAT on the import or acquisition of heavy machinery for basic industries	$ 3.604.950	$ 455.478
25% of donations made to non-profit entities	203.252	196.000
	$ 3.808.202	**$ 651.478**

(3 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).

On account of the tax reform, Act 1943 of 2018, the aforementioned benefit will be effective as of 30 June 2019, as it will regulate the works for taxes that have been approved until that date. As of 1 July 2019, the application of the benefit for works changes the methodology, now being controlled through agreements with public entities at the national level and with requirements different from those previously established.

The main reconciling items between earnings before tax and the net taxable income that explain the difference between the rate for companies of 33% corresponding to the income tax and the 4% Surcharge (2018), 6% (2017) with respect to the effective rate on profits of 34, 93% as of 31 December 2018 and 38, 96% as of 31 December 2017, are the following:

Item	As of 31 December 2018	Rate (%)	As of 31 December 2017	Rate (%)
Accounting earnings before income tax	**Value**	**Rate**	**As of 31 December 2017**	
Items that increase net income	**Value**	**Rate**		
Wealth tax		(%)		(%)
Deductible provisions	(32.535.906)	(0.68)	(29.599.110)	(0.69)
Taxed revenues				
Contribution to financial transactions	4.778.745	0.10	4.438.962	0.10
Others				
Non-deductible expenses	2.880.576	0.06	(1.390.680)	(0.03)
Non-deductible taxes	277.687	0.01	544.313	0.01
Amortisation in science and technology				
Difference of payroll contributions and pensions	-	0.00	(326.136)	(0.01)
Presumptive interests	12.001	0.00	17.116	0.00
Total items that increase net income	**(24.586.897)**	**(0.52)**	**(13.783.924)**	**(0.32)**
Items that reduce net income				
Deductions for productive real fixed assets	(19.750.706)	(0.42)	(22.872.283)	0.54
Tax depreciation and amortisation	(208.797.977)	(4.39)	(209.255.257)	(4.29)
Total items that reduce net income	**(228.548.683)**	**(4.81)**	**(232.127.540)**	**(5.43)**
Taxable net income	**1.315.013.910**		**1.207.399.852**	
Tax rate	33%		34%	
Income tax	**433.954.590**	**27.67**	**410.515.950**	**28.25**
Occasional earnings	15.145		65.169	
Occasional earning tax rate	10%		10%	
Occasional earning tax	**1.515**		**6.517**	
Total income tax and complementary	**$ 433.956.105**		**$ 410.522.467**	

As a result of the tax reform, Act 1819 of 2016, as of 2017 the current tax surcharge was created, which for the year 2018 is equivalent to 4% and for 2017 6%. Accordingly, the tax effects, comparatively for 2018 and 2017, are as follows:

Item	As of 31 December 2018 Value	Rate (%)	As of 31 December 2017 Value	Rate (%)
Taxable net income surcharge	1.315.013.910		1.207.399.852	
Non-taxable base surcharge	(800.000)	(0,06)	(800.000)	(0,07)
Taxable net income surcharge	1.314.213.910		1.206.599.852	
Tax rate surcharge	4%		6%	
Income tax surcharge	52.568.556		72.395.991	
Income tax and surcharge	**$ 486.524.661**		**$ 482.918.458**	

Item	As of 31 December 2018	As of 31 December 2017
Total income tax and complementary	$ 433.956.105	$ 410.522.467
Income tax and surcharge	52.568.556	72.395.991
Total	**$ 486.524.661**	**$ 482.918.458**

Equity Reconciliation

	As of 31 December 2018	As of 31 December 2017
Accounting equity	$ 4.239.248.006	$ 3.848.286.300
Estimated liabilities	292.277.281	303.229.932
Payroll contributions and pensions and other employee benefits	32.756.603	28.769.544
Tax adjustment on assets (*)	(575.566.648)	(531.450.991)
Tax adjustment on deferred charges	10.429.920	7.665.605
Debtors provision	39.767.353	69.821.111
Tax adjustment on investments	5.752.929	4.494.789
Deferred tax	100.433.685	34.114.979
Tax equity	**$ 4.145.099.129**	**$ 3.764.931.269**

(*) 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 performed the update of the transfer pricing and supporting documentation study corresponding to the 2016 taxable year, which was presented without adjustments to the income statement of the same year. The informative statement and supporting documentation were submitted on 18 July 2017.

For the 2017 taxable year, the external advisors validated the operations carried out with each economic affiliate and the study and supporting documentation were presented on 18 September 2018 and did not show changes in the tax return for the 2017 taxable year. The external advisors have validated each of the contracts made during 2018 with related parties from abroad in order to validate the correct application of the market prices in each one.

(In thousands of pesoss)
(In thousands of pesos)

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 Company, executed on 20 December 2010, are described below:

Purpose: The Company undertakes to build the hydroelectric station "El Quimbo"

Investment Amount and Deadlines: The Company'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. 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 request for approval of re-settlement and payment of the premium with the Legal Stability Committee. 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 the Company:

» 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 Company paid $6,299,000 for premium adjustment on account of the largest proven investment. In March 2016, the Company 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 Company hired a third-party specialist to review the commitment acquired during 2018.

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 2018 legal stability agreement will be filed with the Ministry of Mines and Energy within the term provided, before 31 March 2019.

17. Provisions for Employee Benefits

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Obligations for defined post-employment and long-term benefits (1)	$ 8.254.181	$ 79.386.870	$ 8.682.337	$ 77.059.947
Social benefits and legal contributions	22.536.903	-	21.843.209	–
	$ 30.791.084	**$ 79.386.870**	**$ 30.525.546**	**$ 77.059.947**

(1) The Company grants different defined benefits plans; post-employment obligations and long-term benefits to its active or pensioned employees; all these in accordance with the fulfilment of previously defined requirements, which refer to:

Retirement Pensions

The Company has a defined benefit pension plan on which it does not present specific assets, except for all resources derived from the performance of its operating activity. The pension benefit plans establish a pension benefit amount that an employee will receive upon retirement, which usually depends on one or more factors such as age of employee, years of service and compensation.

The recognised liability in the statement of financial position, with respect to defined benefit pension plans, is that present value of the obligation of the defined benefit on the date of the statement of financial position, together with adjustments for unrecognised actuarial gains or losses. The obligation for the defined benefit is calculated by independent actuaries using the projected unit credit method. The present value is the defined benefit obligation and is determined by deducting the estimated cash outflows, using interest rates based on the yield curve of the Public Debt Bonds of the Colombian Government (TES), expressed in real value units (UVR), whose terms are close to those of that pension obligation until maturity.

Actuarial losses and gains derived from adjustments based on experience and changes in actuarial hypothesis are debited or credited to the net equity in other comprehensive income, in the period of occurrence.

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

The pensioner base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Pensioners	294	296
Average age	66,40	65,43

Other post-employment benefits

Pensioner benefits

The company provides the following aids to pension-retired employees: (i) education aid, (ii) electric energy aid, in accordance with the provisions of the collective bargaining agreement.

The right to the aforementioned benefits is generally granted to employees, regardless of whether or not they have worked until the retirement age. The costs expected from these benefits are acquired during the time of employment using a methodology similar to that of the defined benefits plans. The actuarial gains and losses derived from the adjustments for experience and changes in the actuarial assumptions are debited or credited to other comprehensive income in the period of occurrence. These obligations are measured annually by qualified independent actuaries.

(In thousands of pesoss)
(In thousands of pesos)

The pensioner base for the recognition of this benefit corresponds to:

	As of 31 December 2018	As of 31 December 2017
Education aid		
Pensioner	47	52
Average age	19,30	19,12
Energy aid		
Pensioner	287	291
Average age	66,30	65,40
Health service (*)		
Pensioner	95	101
Average age	58,60	56.98

Retroactive severance pay

Retroactive severance pay, which is considered a post-employment benefit, is liquidated for employees belonging to the labour regime that was in force prior to Act 50/1990 and who decided not to benefit from this regime change. The social benefit is liquidated for the whole time worked based on the last salary earned and is paid regardless of the employee being dismissed or retiring voluntarily. The actuarial gains and losses of the adjustments for experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	90	90
Average age	53,60	52,58
Seniority	25,00	24,01

Long-term benefits

The Company recognises to its active employees benefits associated to seniority, such as five-year periods, consisting in making an additional payment for every 5 years of uninterrupted service to employees whose hiring date was before 21 September 2005 and accrues as of the second year in accordance with the provisions of the collective bargaining agreement.

The costs expected from these benefits are accrued during the employment period, using a methodology similar to that used for the defined benefits plan. The actuarial gains and losses derived from adjustments for experience and changes in the actuarial assumptions are debited or credited to profit or loss of the period of occurrence. These obligations are measured by qualified independent actuaries.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	147	149
Average age	52,60	51,55
Seniority	23,50	22,46

As of 31 December 2018, the actuarial calculation of post-employment benefits was performed by the firm Aon Hewitt Mexico, which used the following set of hypotheses:

Financial Hypotheses:

Type of Rate	As of 31 December 2018	As of 31 December 2017
Discount rate	6,80%	6,82%
Salary increase rate (active personnel)	5,00%	4,50%
Pension increment rate	4,00%	3,50%
Estimated inflation	4,00%	3,50%
Health service inflation	8,00%	8,00%

Demographic Hypotheses:

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

The movement of obligations for benefits defined as of 31 December 2017 and 2018 is the following:

	Retired personnel		Active personnel		
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
Initial balance as of 31 December 2016	$ 71.232.320	$ 8.334.760	$ 4.959.087	$ 4.535.473	$ 89.061.640
Cost of Current Service	–	–	228.847	208.834	437.681
Cost for Interest	4.434.655	529.073	280.378	280.530	5.524.636
Paid Contributions	(7.388.670)	(488.981)	(800.050)	(763.597)	(9.441.298)
Actuarial (gains) losses arising from changes in financial assumptions	(2.090.096)	(585.730)	(132.190)	(43.225)	(2.851.241)
Actuarial (gains) losses arising from changes in adjustments by experience	1.812.840	94.665	755.112	348.249	3.010.866
Final balance as of 31 December 2017	**$ 68.001.049**	**$ 7.883.787**	**$ 5.291.184**	**$ 4.566.264**	**$ 85.742.284**
Cost of Current Service	-	-	232.644	171.064	403.708
Cost for Interest	4.574.909	517.106	345.988	276.632	5.714.635
Paid Contributions	(6.692.619)	(525.722)	(933.186)	(1.468.111)	(9.619.638)
Actuarial (gains) losses arising from changes in financial assumptions	3.921.705	223.661	9.424	50.080	4.204.870
Actuarial (gains) losses arising from changes in adjustments by experience	622.924	140.856	828.677	(397.265)	1.195.192
Final balance as of 31 December 2018	**$ 70.427.968**	**$ 8.239.688**	**$ 5.774.731**	**$ 3.198.664**	**$ 87.641.051**

(a) Complying with the provisions of article 4 of decree 2131 of 2016 that allows the application of IAS 19 for determining the post-employment benefit liability for future retirement pensions, requiring additionally the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, which restates the provisions of Decree 2783 of 2001; we have, upon apply these parameters as of 31 December 2018 and 2017, that the post-employment benefits liability for future retirement pensions amounts to $56,211,614 and $57,453,578, respectively. The sensitivity in question was made by the firm Aon Hewitt México, which used the following set of hypotheses:

Type of rate	As of 31 December 2018	As of 31 December 2017
Discount rate	10.13%	10.82%
Technical interest	4,80%	4,80%
Estimated inflation	5.09%	5,74%

(In thousands of pesoss)
(In thousands of pesos)

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.

	Retired personnel		Active personnel		
Change in discount rate	Pensions	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
- 100 basic points	79.124.227	9.076.535	6.274.226	3.295.280	97.770.268
+ 100 basic points	63.283.160	7.526.624	5.328.348	3.107.776	79.245.908

Collective Bargaining Agreements

Collective Agreement - SINTRAELECOL 2015-2018 – Extension to 2019

The Collective Bargaining Agreement signed with SINTRAELECOL ended on 30 June 2018, however the union did not file the corresponding complaint, so the bargaining text was extended for a term of six (6) months, as determined by law, i.e., until 31 December 2018, on which date no report was received either, generating a second extension until 30 June 2019. 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 term. This complaint activates 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.

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 Company's employee engineers affiliated to the trade union of engineers serving the energy companies - ASIEB. The term of the Agreement is from 1 June 2016 to 31 December 2019.

(2) In May 2018, the Company initiated the communication and implementation of the voluntary retirement plan, aimed at 12 workers of the Cartagena Power Plant under an indefinite term contract that had between 0 and 10 years left to meet the legal pension age requirement and that had more than 10 years working for the company.

A monthly income was offered, consisting of a monthly payment of an economic benefit through the Pension Protection Fund, from the moment of termination of the work contract by mutual agreement and up to 6 months after the worker meets the age requirement established on the date of retirement by the Law to access the old-age pension (62 years men). For this item, a gross monthly amount equivalent to 90% of the average monthly salary earned by the worker was recognised, with cut-off date on 30 April 2018.

Other Benefits: In addition to the monthly income benefits, the Company offered benefits to unionised employees following the termination of the employment contract by mutual agreement and until 31 December 2018, including prepaid healthcare and insurance benefits, among others.

As of 30 September 2018, a total of six (6) workers of the Cartagena Power Plant were admitted, thus closing admissions to the voluntary retirement plan.

	Temporary income	Retirement bonus	Other benefits	Total voluntary retirement plan benefits
Initial balance as of 1 January 2017	$ –	$ –	$ 333	$ 333
Period cost (recovery) for accepted offers	–	–	(333)	(333)
Employer contributions	54.892	-	-	54.892
Actuarial (gains) losses	(54.892)	–	–	(54.892)
Final balance as of 31 December 2017	$ -	$ -	$ –	$ –
Current Service Labour Cost	(825.104)	–	-	(825.104)
Employer contributions	825.104	–	–	825.104
Actuarial (gains) losses	-	–	–	-
Final balance as of 31 December 2018	$ -	$ -	$ –	$ -

18. Net deferred taxes

The breakdown for deferred tax liabilities as of 31 December 2018 is provided below:

	Initial Balance as of 1 January 2018	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income	Increase (Decrease) due to deferred taxes through profit or loss for rate change	Increase (Decrease) due to deferred taxes through other comprehensive income for rate change	Final balance as of 31 December 2018
Other provisions (1)	33.989.893	(10.499.765)	935.512	(147.068)	–	24.278.572
Defined contribution obligations	7.285.697	217.467	1.640.469	(728.834)	(611.102)	7.803.697
Deferred tax assets	**$ 41.275.590**	**(10.282.298)**	**2.575.981**	**(875.903)**	**(611.102)**	**$ 32.082.269**
Excess of tax depreciation on book value (2)	(73.716.961)	(69.895.746)	–	13.134.314	–	(130.478.393)
Forward and swap	(1.673.608)	–	(541.941)	–	177.988	(2.037.561)
Deferred tax liabilities	**(75.390.569)**	(69.895.746)	(541.941)	13.134.314	177.988	**(132.515.954)**
Net tax deferred liabilities	**$ (34.114.979)**	(80.178.044)	2.034.040	12.258.411	(433.114)	**$ (100.433.685)**

(1) As of 31 December 2018, the detail of deferred tax assets for other provisions corresponds to:

	Initial Balance as of 31 December 2017	Increase (Decrease) due to deferred taxes through profit or loss	Increase (Decrease) due to deferred taxes through other comprehensive income and other movements in equity	Final balance as of 31 December 2018
Provisions of works and services				
Provision labour obligations	451.136	737.955	-	1.189.091
Provision quality compensation	2.483.837	(530.189)	-	1.953.648
Others	543.052	(55.285)	-	487.767
Provision for uncollectible accounts (a)	24.437.389	(12.329.210)	935.512	13.043.691
	$ 33.989.893	**$ (10.646.833)**	**$ 935.512**	**$ 24.278.572**

(a) The provision for uncollectible accounts (portfolio) shows the deferred tax calculation for the impact of the implementation of IFRS 9 reflected in the line of comprehensive income for $935,512. (See note 30).

(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 2018 by rate is presented below:

	2019 Income	2020 Income	2021 Income	2022 Income
Fixed assets	$ -	$ -	$ -	$ (437.810.462)
Provisions and estimated liabilities	24.458.542	(83.562)	(83.562)	3.928.819
Defined contribution obligations	-	-	-	26.012.318
Portfolio	31.813.882	7.953.471		
	$ 56.272.424	**$ 7.869.909**	**$ (83.562)**	**$ (407.869.325)**

(In thousands of pesoss)
(In thousands of pesos)

	2019 Income	2020 Income	2021 Income	2022 Income
Income tax rate	33%	32%	31%	30%
Income tax	$ 18.569.900	$ 2.518.371	$ 25.904)	$ (122.360.798)
Occasional earnings	8.647.463			
Rate	10%			
Tax	864.746			
Total deferred tax liabilities	$ (100.433.685)			

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 following is the breakdown of deferred tax liabilities as of 31 December 2017:

	Initial Balance as of 31 December 2016	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 2017
Depreciation and adjustments for inflation of property, plant and equipment	$ 42.624.633	$ (42.624.633)	$ -	$ -
Other provisions (1)	49.149.777	(15.159.884)	-	33.989.893
Defined contribution obligations	7.564.782	(65.740)	(213.345)	7.285.697
Deferred tax assets	**$ 99.339.192**	**$ (57.850.257)**	**$ (213.345)**	**$ 41.275.590**
Excess of tax depreciation on book value (2)	-	(73.716.961)	-	(73.716.961)
Forward and swap	(2.190.389)	-	516.781	(1.673.608)
Deferred tax liabilities	**(2.190.389)**	**(73.716.961)**	**516.781**	**(75.390.569)**
Net deferred tax liabilities	**$ 97.148.803**	**$ (131.567.218)**	**$ 303.436**	**$ (34.114.979)**

(1) As of 31 December 2017, the breakdown of deferred tax assets for other provisions corresponds to:

	Initial Balance as of 31 December 2016	Increase (Decrease) due to deferred taxes through profit or loss	Final balance as of 31 December 2017
Provision for uncollectable accounts	$ 37.538.764	$ (13.101.375)	$ 24.437.389
Provisions for works and services	5.816.265	258.214	6.074.479
Provision Labour Obligations	2.393.604	(1.942.468)	451.136
Others	1.788.438	(1.245.386)	543.052
Provision Quality Compensation	1.535.858	947.979	2.483.837
Provision for Industry and Trade	76.848	(76.848)	-
	$ 49.149.777	**$ (15.159.884)**	**$ 33.989.893**

The deferred tax as of 31 December 2017 by rate is presented below:

	Income	2018 Surcharge	2019 Surcharge
Fixed assets	$ (232.355.911)	$ (381.044)	$ (231.974.867)
Provisions and estimated liabilities	27.755.975	20.760.217	6.995.758
Defined contribution obligations	21.431.819	5.329.861	16.101.958
Portfolio	69.821.111	34.910.556	34.910.556
	(113.347.006)	**60.619.590**	**(173.966.595)**
CREE Rate and Surcharge		4%	0%
Income tax rate		33%	33%
CREE Tax and Surcharge		2.424.785	-
Income tax	**(37.404.510)**	**20.004.466**	**(57.408.976)**
Occasional earnings	8.647.462		
Rate	10%		
Tax	864.746		
Total deferred tax liabilities	**$ (34.114.979)**		

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.

(2) As of 31 December 2018, corresponds to the difference in accounting and fiscal depreciation due to: i) depreciation due to reduction of balances as of 2014, ii) accounting and fiscal difference due to inflation adjustments for 2004, 2005 and 2006, iii) assets at the fiscal level as of 2017 are being evaluated according to the percentages of depreciation defined in article 137 of the Tax Code.

19. Other Non-financial Liabilities

	As of 31 December 2018	As of 31 December 2017
Prepayments for sale of Energy (1)	$ 38.090.160	$ 77.213.798
Deferred income (2)	3.818.047	4.296.624
Total	**$ 41.908.207**	**$ 81.510.422**

(1) The variation between 31 December 2018 and 2017 corresponds mainly to the energy purchase prepayment of the customer Electricaribe S.A E.S.P. bilaterally agreed upon collection for energy delivery for $45,607,964.

(2) Corresponds to revenue received in advance for partial sales of property for $3,818,047 and the variation is mainly due to the recognition in 2017 of the non-reimbursable premium revenue for energy backup with the customer Termonorte for $478,577.

20. 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 2018:

	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
Shareholders	(%) Interest	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
Otros minoritarios	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.

(In thousands of pesoss)
(In thousands of pesos)

Shareholding structure as of 31 December 2017:

Shareholders	Common shares with voting rights (%) Interest	Common shares with voting rights Number of shares	Preferred shares without voting rights (%) Interest	Preferred shares without voting rights Number of shares	Shareholding structure (%) Interest	Shareholding structure Number of shares
Grupo Energía de Bogotá S. A. E.S.P. (1) (2)	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.

(2) As a result of the extraordinary session of the General Shareholders' Meeting of Grupo Energía de Bogotá S.A. E.S.P., on 6 October 2017, the name change was approved by Grupo Energía de Bogotá S.A. E.S.P.

Distribution of dividends

The General Shareholders' Meeting of 20 March 2018, according to Minutes No. 99, ordered the distribution of dividends for $623,784,116 charged to the net income of 31 December 2017. Dividends on the 2017 net income are paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend on 16 May 2018; 37% on 24 October 2018; and 25% on 16 January 2019.

Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, where it seeks the nullity of this Minutes, including in the contested matters the approval of the profit distribution project.

The General Shareholders' Meeting of 28 March 2017, according to Minutes No. 96, ordered the distribution of dividends for $527,607,248 charged to the net income of 31 December 2016. Dividends on the 2016 net income are paid as follows: 100% of the preferred dividend and 38% of the ordinary dividend on 15 May 2017; 37% on 27 October, pending payment of 25% on 15 January 2018.

Arbitration Tribunal of Grupo Energía Bogotá S.A E.S.P. VS. Enel Américas S.A.

On December 4, 2017, Enel Américas S.A. was notified of the request for initiation of arbitration proceedings filed by Grupo Energía Bogota S.A. E.S.P. in relation to the differences arising in the profits distribution of the year 2016 for Emgesa S.A. E.S.P. and Codensa S.A. E.S.P., as regulated by the Investment Framework Agreement -AMI-.

Grupo Energía Bogotá S.A. E.S.P. argues Enel Americas acted against its own actions when voting for a profits distribution of 70%, in breach of provisions of clause 3.8 of AMI which establishes the form of profits distribution compelling the parties to vote favourably for the distribution of the 100% possible to distribute during each exercise.

The claims are (i) Declaration of non-compliance of AMI by Enel Américas S.A. (ii) Legitimacy of Grupo Energía de Bogotá S. A. E.S.P. to convene an Extraordinary Shareholders' Meeting that includes in the agenda the distribution of the percentage pending distribution for the year 2016. (iii) Distribution of 100% of the percentage pending distribution for each Company.

On 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).

After setting the date to establish the Tribunal, GEB decides to withdraw the claim to carry out reforms, to include new topics, forcing an accumulation with 23 other requests for arbitration that are in process. The new lawsuit is about to be notified to ENEL AMERICAS for the conformation of the Tribunal.

This process is attended directly by the lawyers of Enel Américas, taking into account the initial phase of the process, the contingency is qualified as remote.

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

There are 23 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá against Codensa - Emgesa, seeking the annulment of the Minutes of the Board of Directors and General Shareholders' Minutes, raising the following arguments: i) Conflicts of Interest with related economic companies; ii) Impossibility of ratification of authorizations to contract; iii) Undue removal of the conflict of interest; iv) Violation of the AMI regarding the distribution of profits.

The claims of the lawsuit are similar, stating that the decisions are flawed because they breach a peremptory standard, are absolutely null and void for the purpose and cause, breach the provisions of the AMI regarding the distribution of profits, and approving some minutes while an arbitration is in progress. The amount is undetermined, however, the decisions taken regarding operations with related economic companies of high impact for the business are involved. On 5 July 2018, the draw of the arbitrators was carried out due to not reaching an agreement for their designation and suggested accumulation with the arbitration against ENEL AMERICAS. The process is in the stage of appointment of arbitrators and disclosures of arbitrators and of the parties.

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

(1) Grupo Energía de Bogotá against the Company, related to the challenge of Minutes 451 of 14 December 2017 and 452 of 23 January 2018 (referring to the reconstruction of the events and clarification of authorization to purchase energy El Paso Project).

(2) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes No. 453 of 21 February 2018. (Whereby the text of the Board of Directors Minutes No. 452 of January 2018 was approved and decided to bring to the General Shareholders' Meeting the profit distribution project for the year 2017).

(3) Grupo Energía de Bogotá against the Company, related to the challenge to Minutes No. 98 of 13 February 2018 of the Extraordinary Shareholders' Meeting of the Company (Whereby the ratification of the purchase of energy was voted to Enel Green Power SAS ESP of the El Paso Project and revalidation of the actions taken by Management). Removal of the conflict of interest.

(4) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes No. 454 of 20 March 2018 (Whereby the "Threefold NDA special report between Codensa, Emgesa and EnerNOC" is not subject to vote. Conflict of Interest.

(5) Grupo Energía de Bogotá against the Company, related to the challenge to the General Meeting Minutes N 99 of 20 March 2018 (Whereby the profit distribution project was approved for fiscal year 2017, no proposal was approved for modification of the Articles of Association presented by GEB, the operations with economic associates of the Company were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).

(In thousands of pesoss)
(In thousands of pesos)

(6) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 455 of 24 April 2018 (Whereby the extension of the intercompany agreement with Enel Italia SR.L was approved, regarding the "Cloud Service, Licenses and Cybersecurity and Digital Enablement Services", and submitted the proposal of approval of the" Technical Services").

(7) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 456 of 22 May 2018 (Whereby the hiring with Enel Italia SRL was approved regarding the "Cybersecurity and Development Services and Supply of IT Platforms").

(8) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 457 of 20 June 2018 (For not submitting to the Board of Directors' approval the discussion on the "Image Evolution Emgesa- Enel-Emgesa".

(9) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 458 of 17 July 2018 (relative to the presentation as special report of the "Enel Colombia Corporate Building" and modification of Competencies of bodies of the Board of Directors and General Shareholders' Meeting"). Furthermore, because the content of the minutes is inaccurate compared to what actually occurred in the meeting).".

(10) Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 459 of 21 August 2018 (relative to the inaccuracy of the contents of the minutes in relation to what actually occurred in the meeting, no record was made of the participation of some members, for example related to the agreement between the Company and EGP or conflicts of interest and improper presentation of special reports for example "Upcoming need for capitalisation of SPCC" where the information was modified minutes before the meeting).

(11)Grupo Energía de Bogotá against the Company, related to the challenge to Board of Directors Minutes N 460 of 25 September 2018 (relative to the approval of the capitalisation of SPCC by the Company, Commercial Partnership Emgesa-Codensa and approval of Technical Services, as well as the special report on the declared interest of the CREG to participate in the reliability charge auction for the El Paso solar project and New Cartagena thermal generation, Mandate Agreement between Emgesa and Codensa for the distribution of invoices to customers of the Company's non-regulated market, and evolution of the Emgesa brand to Enel Emgesa). Conflicts of interest are raised and not submitting as special report to the Board of Directors.

(12) Grupo Energía de Bogotá against the Company, related to the challenge to Extraordinary Shareholders' Meeting Minutes N 100 of 20 September 2018 (relating to the removal of conflict of interest and ratification of transactions with related parties: Mandate Agreement between Emgesa and Codensa for the distribution of invoices in the Bogota areas, Framework Agreement for Business Cooperation between Emgesa and Codensa, Purchases of natural gas transportation capacity, Capitalisation of SPCC, Supervision, control, operation and technical support service in issues of operation and maintenance provided by the Company to EGP, Project Management Services provided by EGP to the Company, NDA with Enel Green Power in order to seek business opportunities, Grupo Éxito Agreement, Sale of Natural Gas to TGI SA ESP; Contributions of the Company to the Enel Colombia Foundation) to the extent that sufficient information was not provided, the conflict of interest was not properly removed and the Meeting could not ratify operations with economic affiliates regarding agreements executed more than a year before.

(13) Grupo Energía de Bogotá against the Company, related to the challenge of Board of Directors Minutes N 462 of 23 October 2018 (relating to the authorization for the sale of power and renewal of the PCH Rio Negro usufruct agreement until the date of sale of the asset). It was stated that there was not enough information for the Board of Directors and that there is a conflict of interest to renew the agreement.

Reserves

		As of 31 December 2018		As of December 2017
Legal Reserve (1)	$	327.611.157	$	327.611.157
Reserve (Art. 130 Tax Code) (2)		238.961.345		241.806.480
Other Reserves		178.127		178.127
	$	**566.750.629**	**$**	**569.595.764**

(1) In accordance with the Colombian Law, the Company 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 20 March 2018, according to Minutes No. 99, ordered the reversal of the tax reserve for $2,845,136, as a result of a higher accounting than fiscal depreciation of the assets as of 31 December 2017. 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.

21. Revenues from Ordinary Activities and Other Revenues

Revenue from contracts with customers

		Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Sale of Energy (1)	$	3.602.700.224	$	3.343.060.416
Sale of Gas (2)		64.752.527		56.945.227
Total revenue	**$**	**3.667.452.751**	**$**	**3.400.005.643**
Other revenues		6.886.929		11.285.190
Total revenue from contracts with customers	**$**	**3.674.339.680**	**$**	**3.411.290.833**
Other revenues outside the scope of IFRS 15				
Compensation for damages (3)	$	41.429.686	$	3.386.597
Fines and penalties		1.520.061		9.727.026
Revenue deviation trading		700.152		233.993
Other technical services		314.810		17.474
Real estate leases SD		144.519		424.978
	$	**3.718.448.908**	**$**	**3.425.080.901**

(1) The variation in energy sales including the stock market sales as of 31 December, 2018 is mainly due to:

a) An increase in demand of 379 Gwh for the non-regulated market, higher sales of $186,969,483.

b) Demand reduction by 705 Gwh for economic affiliates, according to the hiring model in 2017, 13 invoices were being issued and as of July 2018 10 invoices are issued for $37,281,645

c) Increase in demand by 342 Gwh for the wholesale market, higher sales for $60,355,404.

d) Increase in sales on the stock market by 375 Gwh, impacting the revenue from this market by $49,596,566.

(2) Gas sales show an increase for 2017 of $7,807,300, mainly due to sales volume variation and market exchange rate.

(3) The variation is mainly due to compensation received from Mapfre corresponding to the casualties in the Guavio plant for $41,426,510

(In thousands of pesoss)
(In thousands of pesos)

Negative Reconciliations CREG Resolution 176 of 2015

On 26 February 2016 the Company 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 Company 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 administrator, 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.

On 18 April 2018, an evidentiary hearing was held where the testimonies requested by the parties were heard. On 3 May 2018, the final arguments were presented and the process entered the Magistrate's Office for judgment.

As of 31 December 2018, there is no additional update.

Disaggregated revenue from contracts with customers

The Company 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.

Categories	Fulfilment of performance obligations	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Sale of Energy Wholesale Market	*- Over time*	$ 2.080.341.260	$ 2.057.267.501
Sale of Energy Non-regulated Customers	*- Over time*	1.308.338.030	1.121.368.547
Sale on Energy Exchange	*- Over time*	214.020.934	164.424.368
Sale of Gas		**3.602.700.224**	**3.343.060.416**
Total Sale of Gas	*- Over time*	64.752.527	56.945.227
Other revenues		**64.752.527**	**56.945.227**
Total other revenue	*- Over time/on a point in time*	6.886.929	11.285.190
Total Otros Ingresos		$ 6.886.929	$ 11.285.190
Total revenue from contracts with customers		$ 3.674.339.680	$ 3.411.290.833
Other revenue outside the scope of IFRS 15			
Compensation for damages		$ 41.429.686	$ 3.386.597
Fines and penalties		1.520.061	9.727.026
Revenue deviation trading		700.152	233.993
Other technical services		314.810	17.474
Real estate leases SD		144.519	424.978
Total revenues and other operating revenues		**$ 3.718.448.908**	**$ 3.425.080.901**

Contract assets and liabilities

Contract assets: The Company 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 Company has fulfilled all performance obligations.

Contract liabilities: The Company presents the contract liabilities in the statement of financial position, in the item of other current non-financial liabilities (See note 19). Contract liabilities reflect the Company's obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.

The contract liabilities by Category are shown below:

	As of 31 December 2018
-Wholesale customers	$ 29.573.526
-Non-regulated customers	8.516.634
	$ 38.090.160

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 Company.

(In thousands of pesoss)
(In thousands of pesos)

- Sale of Gas

As in the sale of energy, the fulfilment of performance obligations is carried out over time since the Company 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.

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 MNR, to customers of this market
Other Revenues	- Commissions and sale of other goods - Reliability charge	- Corresponds to sales, management and maintenance operations of other items outside the core of the business. - 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 Company 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 Company is certain that it has fulfilled all the criteria of acceptance by the customers, insofar as they have the capacity to redirect the uses of the goods and/or services obtained and obtain substantially the benefits associated to them.

- Sale of other goods and/or services

The Company provides operation and maintenance management services, sells waste material and ash. In addition, it receives revenues from deviations from trading and from energy backup in the secondary market. These revenues are recognised to the extent that the control thereof is transferred to customers, and they have the ability to direct the goods and/or services provided, obtaining the economic benefits associated with them.

- Significant financial component

The Company 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 Company 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.

Revenues recognised as contract liabilities

The Company recognizes contract liabilities as revenues, to the extent that they fulfill the performance obligations.

Assets recognised for obtaining or fulfilling contracts with clients

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

22. Provisioning and Services

		Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Energy purchases (1)	$	565.949.033	$	487.393.265
Energy transport costs (2)		422.323.722		378.883.232
Other variable provisioning and services (3)		172.950.423		118.253.744
Taxes associated with the business (4)		110.408.114		105.087.626
Fuel consumption (5)		95.896.510		40.624.527
Purchase of gas (6)		44.492.924		40.117.228
	$	**1.412.020.726**	**$**	**1.170.359.622**

(1) Corresponds mainly to block energy purchases due to the increase in the offer by 760 GWh and higher level of contracting for $78,555,768

(2) Increase in transportation expenses associated with the energy billed for the non-regulated market, increase in the number of customers and in regulated charges derived from the PPI update for $43,440,490

(3) Other variable provisioning and services:

		Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017
Restrictions (a)	$	126.976.298	$	88.351.225
Cost CND, CRD, SIC		15.946.119		15.594.842
Secondary Market Reliability Charge (b)		18.583.840		1.014.885
Other generation support services		8.745.789		9.446.021
Reading services		138.591		128.353
Contributions Regulating Entities		2.559.786		3.718.418
	$	**172.950.423**	**$**	**118.253.744**

(In thousands of pesoss)
(In thousands of pesos)

(a) Corresponds to the limitations of the National Interconnected System - SIN, to meet the energy requirements. Restrictions give rise to forced generations of energy that can be more expensive than generations in ideal conditions.

The increase in the restrictions is based on the fact Resolution 195 of 2016 was issued in light of the declaration of the El Niño phenomenon and transfers the costs of the thermal power plants with cash on the value of the restrictions (these have no limit). In addition, the attacks on the infrastructure of the national interconnected system have increased, which increases the restrictions. Regarding the costs of the thermal power stations, the idea is for the market to have for 36 months the restrictions that cover the expenses generated by the El Niño phenomenon associated with their operation.

(b) The increase in purchases of the secondary market is due to the scheduled maintenance of the Guavio plant, between October and November 2018. In addition, there was not sufficient availability of backup energy to cover with own resources the unexpected or programmed unavailability of other resources of the generator park; therefore, negotiations with third parties took place to obtain a higher remuneration for the reliability charge through the timely support of resources.

(4) Taxes associated with the business and other variable provisioning and services

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Contributions and Royalties Act 99 of 1993 (a)	$ 76.018.733	$ 64.291.672
Solidarity Fund Reform Act 633 (b)	26.684.086	27.587.156
Other local taxes associated with the business	3.963.315	10.614.260
Industry and trade tax	3.741.980	2.594.538
	$ 110.408.114	**$ 105.087.626**

(a) In accordance with Act 99 of 1993, the Company 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 Energization of Non-Interconnected Areas - FAZNI is a fund whose resources are allocated in accordance with the law and with the energization policies for non-interconnected areas, as determined by the Ministry of Mines and Energy, to finance plans, programs and/or prioritized 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.

(5) Increase in consumption of liquid fuels for the generation of the Central Cartagena for $52,691,224 and coal for the generation of the Termozipa Power Plant for $2,580,759

(6) Variation due to purchases of natural gas in 8,488,595 M3 equivalent to $4,375,696 for increase in sale.

23. Personnel Expenses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Wages and salaries (1)	$ 72.023.506	$ 62.676.043
Social security service and other social charges	18.634.489	16.175.893
Expenses for retirement benefit plans obligation (2)	872.607	–
Other personnel expenses	595.429	895.140
Expenses for post-employment benefits obligation (3)	(1.411.017)	785.929
	$ 90.715.014	**$ 80.533.005**

(1) Wages and salaries for 2018 and 2017 are made up of the following items:

Description	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Salary	$ 49.944.228	$ 43.359.652
Bonuses	8.363.642	5.314.953
Holidays	4.444.957	4.929.710
Service bonus	4.005.758	3.582.920
Severance pay	3.269.268	3.012.494
Amortisation Employee Benefits	1.995.653	2.476.314
Total wages and salaries	**$ 72.023.506**	**$ 62.676.043**

(2) During 2018, the value corresponds to the recognition of costs by voluntary retirement plan addressed to generation persons under the modality of temporary income, which resulted in six (6) participants accessing the benefit of income, assistance and life insurance.

(3) Retirement bonus: corresponds to the expenses (recoveries) associated with the provision of retirement bonus for the management personnel

24. Other Fixed Operating Expenses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Independent professional services, outsourced and others (1)	$ 43.103.249	$ 41.166.923
Other supplies and services	37.514.558	33.188.091
Insurance premiums	21.829.703	21.249.657
Repairs and conservation	14.821.068	11.856.759
Taxes and contributions (2)	5.210.037	17.601.486
Leases and fees	3.329.658	3.267.621
Transportation and travel expenses	3.108.152	3.269.901
	$ 128.916.425	**$ 131.600.438**

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

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Central maintenance and operation	$ 19.915.115	$ 24.211.558
Other management and operation contracts	8.863.448	2.612.748
Software development services and computer applications	5.947.779	5.347.926
Diner and cafeteria	3.079.864	3.941.815
Fees	2.124.688	1.666.143
Telecommunications service	1.615.981	1.714.086
Office supplies and materials	705.987	318.953
Industrial safety	417.681	714.348
Fuels and lubricants	432.706	639.346
	$ 43.103.249	**$ 41.166.923**

(In thousands of pesoss)
(In thousands of pesos)

(2) Corresponds mainly to the recognition of wealth tax in 2017 for $12,531,610, in accordance with Act 1739 of December 2014, which created the wealth tax for the years 2016 to 2017 for legal entities.

It also includes property tax for $3,232,666 and $3,063,556 for the years 2018 and 2017, respectively.

25. Depreciation, Amortisation and Impairment Losses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Depreciations (1)	$ 206.591.742	$ 203.383.106
Impairment of financial assets (2)	2.426.192	(429.180)
Amortisations (Ver nota 11)	9.677.853	6.873.458
	$ 218.695.787	**$ 209.827.384**

(1) As of 31 December 2018, there was an increase mainly due to the depreciation generated in the hydroelectric power plants for $3,817,489, thermal power plants for $ 385,483; the constructions and machinery show a decrease of $1,032,466; the depreciation expense of leased assets in 2018 is $38,130.

(2) As of 31 December 2018, there is a variation in the 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 mode. The Company provisioned 100% of the portfolio that was held according to the analysis performed, which is classified by item (See note 7).

26. Net Financial Income

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Revenue from cash and cash equivalents	$ 20.738.949	$ 22.226.213
Interest on accounts receivable	2.373.586	2.582.043
Interest for customer financing	1.572.661	2.242.019
Net financial revenues	**$ 24.685.196**	**$ 27.050.275**
Financial obligations (2)	(302.794.692)	(342.190.090)
Other financial costs	(14.345.366)	(27.058.209)
Tax on movement of funds	(9.557.490)	(8.877.923)
Obligation for post-employment benefits	(5.764.714)	(5.481.412)
Finance lease	(501.320)	(739.911)
Financial expenses	**$ (332.963.582)**	**$ (384.347.545)**
Capitalized financial expenses (3)	7.977.253	5.745.998
Net financial expenses	**$ (324.986.328)**	**$ (378.601.547)**
Revenues from realised exchange difference (4)	23.029.861	9.805.149
Expense for unrealised exchange difference (4)	(23.816.694)	(10.250.686)
Net exchange difference	**$ (786.833)**	**$ (445.537)**
Total net financial income	**$ (301.087.966)**	**$ (351.996.809)**

(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 2018 corresponds mainly to:

(a) The Colombian Central Bank at the beginning of 2017 had a rate of 7.50% and made rate reductions during the year closing at 4.75%, the average rate for 2017 was 5.92%. During 2018, the bank's intervention rate had two reductions going from 4.75% to 4.5% on 30 January and 30 April at 4.25%, a rate that remained stable as of 31 December 2018. The average rate for 2018 was 4.38%.

(b) The yields of the average placements of the Company during 2018 and 2017 was 4.56%. and 6.72%, respectively.

(2) Financial obligations as of 31 December 2018 correspond to interest on the bonds issued and generated under the Company's programme for the issuance and placement of bonds, as follows:

Operation		Value
Bonds issued	$	283.196.383
Club Deal		13.616.296
Bank Loans (Banco de Crédito del Perú)		5.982.013
Total expenses of financial obligations	**$**	**302.794.692**

Financial obligations as of 31 December 2017 correspond to interest on the bonds issued and generated under the Company's programme for the issuance and placement of bonds, as follows:

Operation		Value
Bonds issued	$	313.380.997
Club Deal		23.104.095
Bank Loans (Bank of Tokyo Mitsubishi UFJ)		3.911.920
Bank Loans (Banco de Crédito del Perú)		1.793.078
Total expenses of financial obligations	**$**	**342.190.090**

(3) The capitalizable financial expenses in 2018 correspond to the following projects:

Station	Project		Value
Thermal	BEEP OTHERS project (Termozipa environmental improvement project)	$	2.602.811
Hydroelectric	Additional works Quimbo station dam		2.572.106
Thermal	Life Extension Termozipa Project		1.709.115
Thermal	Works and installations of Termozipa station equipment		983.804
Hydroelectric	Spherical valve DN450 Guavio		74.049
Hydroelectric	Works and installations of Bethany station equipment		35.368
	Total	**$**	**7.977.253**

The annual nominal rate for capitalisation of interest costs as of 31 December 2018 corresponds to 7.70%.

(In thousands of pesoss)
(In thousands of pesos)

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

	As of 31 December 2018			
	Revenue from exchange difference		Expenses for exchange difference	
Balances in banks	$	8.538.768	$	(19.099.426)
Net commercial accounts		3.937.714		(788.382)
Current accounts receivable from related entities		250.500		(50.196)
		359.925		(1.261.616)
Investments accounted for using the equity method				
Total assets		-		–
Accounts payable for goods and services	**$**	**13.086.907**	**$**	**(21.199.620)**
Current accounts payable to related entities		8.503.350		(2.467.960)
Total liabilities		1.439.604		(149.113)
Total exchange difference	**$**	**9.942.954**	**$**	**(2.617.074)**
Total diferencia en cambio	**$**	**23.029.861**	**$**	**(23.816.694)**

	As of 31 December 2017			
	Revenue from exchange difference		Expenses for exchange difference	
Balances in banks	$	8.812.788	$	(8.012.394)
Net commercial accounts		4.007		(2.247)
Current accounts receivable from related entities		176		-
Other assets		197.849		(99.787)
Investments accounted for using the equity method		-		(22.268)
Total assets	**$**	**9.014.820**	**$**	**(8.136.696)**
Accounts payable for goods and services		741.645		(1.914.560)
Current accounts payable to related entities		48.684		(199.430)
Total liabilities		**790.329**		**(2.113.990)**
Total exchange difference	**$**	**9.805.149**	**$**	**(10.250.686)**

27. Sale and disposal of assets

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017	
Result in Sale of Assets	$	(6.719.474)	$	(30.200.139)
	$	**(6.719.474)**	**$**	**(30.200.139)**

As of 31 December 2018, derecognitions were made for $ 6,719,474, which corresponds to: Termozipa station derecognitions $4,310,890; hydroelectric power plants derecognitions $1,038,080; Guavio DN450 valve $1,137,529; renting and vehicles $94,423; machinery and equipment $92,463; property derecognitions $46,089.

28. Income tax expense

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

	As of 31 December 2018		As of 31 December 2017	
Current income tax	$	433.539.678	$	410.641.493
Income surcharge		52.518.264		72.418.146
Tax on occasional earnings		1.515		6.517
	$	**486.059.457**	**$**	**483.066.156**
Previous years income tax (1)		(528.572)		(5.046.428)
Deferred tax movement		62.295.701		88.235.903
	$	**547.826.586**	**$**	**566.255.631**

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 $2,845,136 for the Meeting of March 2018, leaving a reserve balance of $ 238,961,345

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

(a) The value for adjustment for depreciation of fixed assets $16,351,125, which was taken as the greater deduction for depreciation for 2017 income.

(b) 2017 income adjustment value for ($466,527) which corresponds to the difference between the provisioned value and the actual expense of the income statement.

(c) Deferred tax value for difference between the fiscal and accounting cost of fixed assets, in addition to the temporary differences for $ 15,522,300

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 2018:

Effective tax rate reconciliation	As of 31 December 2018		As of 31 December 2017	
Profit (Loss) for the period	$	**1.020.338.048**	$	**887.055.685**
Income tax expense (revenue)		547.826.586		566.255.631
Earnings (loss) before tax	**$**	**1.568.164.634**	**$**	**1.453.311.316**
Legal rate of current tax		37%		40%
Tax according to current legal rate	**$**	**(580.220.915)**	**$**	**(581.324.526)**
Permanent differences:				
Non-deductible taxes (1)		(1.870.880)		(1.993.310)
Non-deductible wealth tax		0		(5.012.644)
Expenses without a causal relationship and other non-deductible expenses (2)		(210.320)		(440.590)
Net effect movement estimated liabilities and permanent provisions		6.007.352		1.007.780
Presumptive interest		(12.000)		(6.846)
Accounting depreciation value depreciation tax		8.351.919		7.342.724
Deductions for productive real fixed assets		7.307.761		9.148.913
Profit from the sale of fixed assets taxed with occasional earnings		1.514		6.517
Other permanent differences		32.000		(30.077)
Income adjustment year 2017 income tax return (3)		6.152.503		5.046.428
Differential adjustment rates - deferred adjustment previous years (Tax reform) (4)		6.634.480		-
Total permanent differences	**$**	**32.394.329**	**$**	**15.068.895**
Income tax (expense) revenue	**$**	**(547.826.586)**	**$**	**(566.255.631)**

(1) Corresponds mainly to 37% of the tax on movement of funds for $1,768,136, on the public lighting tax of $102,744.

(2) Corresponds to 37% non-deductible expense provisions for $210,320

(3) Corresponds to the adjustment of the income tax return in 2017 for $6,152,503.

(4) Corresponds to the adjustment of the deferred tax, as a result of the adjustment of temporary differences in the income tax return in 2017 for $5,623,931 and deferred tax update according to the future rates issued by the tax reform Act 1943 of 2018 for ($12,258,411).

(In thousands of pesoss)
(In thousands of pesos)

29. Earnings per Share

The earnings per basic share are calculated dividing profit attributable to the Company shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2018, there are no common shares acquired by the Company.

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Profit attributable to owners	$ 1.020.338.048	$ 887.055.685
Preferred dividends (1)	7.537.642	6.921.248
Profit attributable to owners adjusted to preferred dividends	1.012.800.406	880.134.437
Weighted average of outstanding shares	148.914.162	148.914.162
Basic earnings per share (*)	**$ 6.801,24**	**$ 5.910,35**

(*) Amount expressed in Colombian pesos

(1) Out of total shares of Grupo Energía de 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.

30. Comprehensive Income

The breakdown of other comprehensive income is shown below:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Components of other comprehensive income that will not be reclassified to net income:		
Gains (Losses) on new measurements of financial instruments measured at fair value rough OCI (1)	$ (1.342.940)	$ (2.432.130)
Gains (losses) for new measurements of defined benefits plans (2)	(5.747.248)	145.401
Gains (losses) on cash flow hedges (4)	959	-
Other income that will not be reclassified to earnings before taxes	**$ (7.089.229)**	**$ (2.286.729)**
Components of other comprehensive income that will be reclassified to earnings before taxes:		
Gains (Losses) for cash flow hedges	3.754.778	(5.288.417)
Other income that will be reclassified to earnings before taxes	**$ 3.754.778**	**$ (5.288.417)**
Income tax related to components of other comprehensive income that will not be reclassified to earnings before taxes		
Gains (losses) from new measurements of defined benefit plans (3)	564.163	226.749
Total income taxes related to components of other comprehensive income that will not be reclassified to the period tax	**$ 564.163**	**$ 226.749**
Income tax related to components of other comprehensive income that will be reclassified to earnings before taxes		
Tax effect for cash flow hedges (5)	(363.953)	224.383
Total income taxes related to components of other comprehensive income that will be reclassified to the period tax	**$ (363.953)**	**$ 224.383**
Total other comprehensive income	**$ (3.134.241)**	**$ (7.124.013)**

(1) As of 31 December 2018, 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 2018 and 2017, actuarial losses with effect on equity are presented below:

	As of 31 December 2018		As of 31 December 2017	
	Pensions and Benefits	Retroactive severance pay	Pensions and Benefits	Retroactive severance pay
Initial balance	**$ (18.183.432)**	**$ 120.287**	**$ (19.178.502)**	**$ 743.209**
Actuarial gain (loss)	4.909.146	838.102	768.321	(622.922)
Current and deferred tax	564.163		226.749	–
Final balance	**$ (12.710.123)**	**$ 958.389**	**$ (18.183.432)**	**$ 120.287**

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 2018 and 2017, respectively, as detailed below:

	As of 31 December 2018	As of 31 December 2017
Income tax	$ 465.205	$ 147.698
Deferred tax	(1.029.368)	79.051
Final balance	**$ (564.163)**	**$ 226.749**

(4) As of 31 December 2018, 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 2018 and 2017, corresponds to the deferred tax related to the cash flow hedges, as detailed below:

	As of 31 December 2018	As of 31 December 2017
Deferred tax related to cash flow hedges	$ (363.953)	$ 224.383
Final Balance	**$ (363.953)**	**$ 224.383**

31. 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 2018			
	(EUR)	*(US Dollars)*	*(CHF Swiss Francs)*	*(thousands of pesos)*
Cash and cash equivalents (Note 4)	2.872,45	530.288,44	-	1.733.976
Debtors	1.186.142,69	1.991.980,37	-	10.879.899
Accounts payable	(5.038.517)	(2.087.142)	(244.473)	(26.307.071)
Net (liability) position	**(3.849.502)**	**435.127**	**(244.473)**	**(13.693.196)**

	As of 31 December 2017		
	(EUR)	*(US Dollars)*	*(CHF Swiss Francs)*
Cash and cash equivalents (Note 4)	6.336	76.582	251.225
Debtors	6.286,56	724.948,82	2.185.773,15
Accounts payable	(3.498.846)	(7.566.214)	(35.114.578)
Net (liability) position	**(3.486.223)**	**(6.764.683)**	**(32.677.580)**

(In thousands of pesoss)
(In thousands of pesos)

32. Penalties

As of 31 December 2017, the status of penalties is shown below:

a) No resolution is pending that implies a possible penalty by the Superintendence of Household Public Utilities, due to breaches to the legal system, specifically Act 142, Act 143 and the Regulation issued by the Commission for the Regulation of Energy and Gas. As of 31 December 2018, there is only one sanctioning procedure closed in 2013, the penalty of which consisted of a warning (without monetary value) for matters similar to those mentioned in this paragraph.

   The National Authority of Environmental Licenses (ANLA) confirmed the penalty against the Company 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. A claim for nullity and reinstatement of the right was filed and it is still pending decision.

b) The Regional Autonomous Corporation of Upper Magdalena (CAR) decided in the appeal against Resolution No. 2239 of 29 July 2016, in which the Company 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 settlement request was submitted to the procedural requirement and the claim of nullity and reinstatement of the right was filed. (Judicial actions).

c) The Regional Autonomous Corporation of Upper Magdalena (CAR) imposed three (3) penalties of one fine for $50,670 each. Below are the resolutions and events for which we are penalised:

» Resolution No. 3590 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the Montea resettlement.

» Resolution No. 3653 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the Santiago and Palacios resettlement.

» Resolution No. 3816 of 10 November 2016, the CAM penalised the Company for not having the dumping permit of the La Galda resettlement.

On 12 January 2018, the Company 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.

The settlements were presented as a procedural requirement to then file the respective claims for the nullity and reinstatement of the right.

The process of the settlement request was submitted four months before the expiry of the term, which received no response and henceforth the claims were filed, as of 31 December 2018 there are no additional updates.

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33. Other Insurance

In addition to policies relative to property, plant, and equipment (see note 12), the company has the following policies:

Property/person insured	Risks covered	Insured amount	Expiry	Insurance Company
Employees having a direct contract with the Company	Death, total and permanent disability	Maximum individual insured amount: $1.800.000	01/01/2019	HDI Seguros de Vida
Advisors or directors	Civil liability of directors and managers	$ 15.773.178	10/11/2019	SBS Seguros

34. Commitments and Contingencies

I. Purchase Commitments:

The Company as of 31 December 2018 has commitments to purchase electric energy, natural gas and coal as follows:

Period	Natural Gas	Coal	Energy	Total
2019-2022	$ 177.724.128	$ 61.521.263	$ 302.212.000	$ 541.457.391
Total	**$ 177.724.128**	**$ 61.521.263**	**$ 302.212.000**	**$ 541.457.391**

As of 31 December 2018, the Company has commitments to sell energy in long-term contracts for the period of 2019-2023 for $9,589,726,000.

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 Company, with the objective of joining forces to ensure the construction of the Canoas Pumping Station, through economic and operational contribution offered by the Company.

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 optimization of water quality.

The economic contribution of the Company for this agreement amounts to $84,048 million, said resources 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 Company 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 Company 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 Company will receive the Pumping Station to operate and maintain it.

III. Contingencies and Arbitrations

The Company faces litigations classified as possible or contingent, with respect to which Management, with the support of its external and internal legal advisors, estimates that the outcomes correspond to the part not provisioned will be favorable to the Company and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position.

(In thousands of pesoss)
(In thousands of pesos)

The main litigations that the Company has as of 31 December 2018 classified as contingent are:

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	The evidentiary stage was completed and the case passed to the Court for Judgment as of 1 December 2016.
Tito Toledo y Otros	2017	33.716.615	Damages and losses caused by the PHEQ to its work of artisanal miners of the A.I.D. property	On November 21, 2018, the file of the Administrative Tribunal confirms impleader from the Ministry of Environment, Ministry of Mines and Energy and ANLA.
José Rodrigo Álvarez Alonso	2012	33.000.000	Group action Quimbo Compensation for not including people in the census	Evidentiary stage, pending expert opinion, Court closed from 31 October 2018 by judicial strike.
José Edgar Bejarano	2004	32.000.000	Group action for flooding in the Upía River (Villanueva and Barranca de Upía in Casanare) downstream of the Guavio reservoir.	An evidence hearing was held on June 22, 2018.
Jesús Maria Fernandez 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.	Admission writ of 15 November 2017, in terms of transfer to all procedural parties for a response.
Ruber Cufino Hernandez y Otros	2017	18.508.364	Compensation as a non-resident population	The court declared a lack of jurisdiction to hear the case, now the Company is waiting for the claim to be transferred to the competent court of the Garzón Circuits.
Israel Urriago Longas y Otro	2015	14.519.332	Major injury	Process in first instance. A hearing date was set, pending evidence will be collected and a judgment will be issued.
CHIVOR SA ESP	2006	10.892.000	Suit for nullity of C x C	The process is suspended until the withdrawal of the claim by Chivor SA ESP ia resolved.
Fanol Bermeo Bermeo y Otros	2016	10.400.000	Damages caused to front men	An initial hearing was held on 3 April 2018 and thereafter no motions have been filed.
Carlos Arrigí Ramon	2014	10.000.000	Major injury	Process with favourable ruling in first instance. Appeal admitted. Pending date setting for the Hearing and Second Instance Judgment.
Aura Lucia Diaz Garcia y Otros	2017	9.880.959	Compensation as a non-resident population	Plaintiff filed a written amendment to the lawsuit, waiting for the court to decide on the admission of the amendment.
Piscicola New York S.A., Procesadora y Com. de Alimentos S.A.–Proceal S.A., Piscicola Rios 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.	On the notification stage and an appeal was filed against the admission order to clarify the procedure and the terms to answer the claim.
Antonio Jesús Moreno	2017	7.706.705		The court accepted the amendment of the lawsuit. Currently, the Company responded to the amendment and is awaiting a response from the Court.
Lucia Motta de Barrera	2016	5.596.309	Compensation Non-resident population	Process in first instance. A date was set to develop the Hearing under Art 372 of the C.G. It will address the stages of Settlement, Litigation Setup, Remedy and presentation of evidence.
Alba Myriam Chaux Montealegre y Otros	2017	5.531.840	Major injury	The Company gave response to the plaintiff, which is focused on the non-existence of liability by the company. To date a response from the plaintiff is pending.
Yaneth Joven Suarez	2015	5.486.229	Compensation Fish traders	Process in first instance. A date was set to develop the Hearing under Art of the C.G. It will collect evidence and a judgment will be issued.
Ricardo Rivera Chaux	2016	5.416.668	Major injury	Process in first instance. Evidence stage. Pending collection of testimonies.
Total		**$ 285.120.211**	**Major injury**	

The main tax-related processes that the Company has as of 31 December 31 2018 classified as contingent are:

Industry and Trade Tax (ICA).

Companies in the energy generation line in Colombia have been required by the various municipalities in order to apply taxes to the company on account of the industry and trade tax, for this taking its revenues as the basis, this way disavowing application of the special system contained in Act 56/1981 according to which it should be calculated taking into account the installed energy generation capacity.

With respect to the above, it is worth noting the actions of nullity and reinstatement of right against the appraisal settlement made by the Municipality of Guachené on account of the ICA of fiscal years 2012 to 2016, which amount to $3.362.000.

The Company, together with its external and internal advisors, based on reiterated jurisprudential criteria, concluded that contingent events related to the industry and trade tax have a losing probability of less than 50%. This considering that the Constitutional Court declared applicable article 181 of Act 1 607/2014, reiterating that the sale of energy is the conclusion of the generation activity, so that provided the energy sold has been generated by the seller, the ICA tax will only be applied at the location of the generation plant, according to Act 56/1981. The Council of State accepted this and in 2016 resolved several process in favour of the Company.

2003 Fiscal Year Income Tax

The process is based on the company administration not recognising benefits resulting from applying the Páez Act. As such, tax authorities considered that the company could not avail of benefits considered in such Act regarding all its revenues.

The process value amounts to $117,113,000. The Company, together with its external advisors, concluded that the contingent event related to the 2003 income has a losing probability lower than 50%.

Forest Use Rate

In accordance with Agreement 048/1982 issued by Inderena, the CAM issued Resolution No. 237 of 14 February 2014, where it liquidates a forest use rate charged by the Company for the alleged provision of technical services. The Company's defence is based on the illegal collection of the fee, as Agreement 048 is subject to supervening nullity, and the CAM has not rendered any service to the Company. Simultaneously, an action of simple nullity was filed against Agreement 048/1982 issued by Inderena.

The process value amounts to $28,605,000. The Company, together with its external advisors, concluded that the contingent event related to the forest use rate has a losing probability lower than 50%.

2013 Fiscal Year Income Tax

The origin of the audit is the Legal Stability Agreement, which included an estimated investment schedule that, according to the DIAN, serves as a limit to calculate the deduction for investments in productive real fixed assets; however, the Company made an investment higher than that estimated in the Agreement (which implied the payment of an additional premium), for which reason the deduction was calculated based on the actual investment made and not the estimated investment. The DIAN argues that the deduction must be calculated in terms of the estimated investment and not in terms of the actual investment, which is why it rejects the deduction that exceeds the estimated investment, thus generating a higher tax payable by Company.

This lawsuit was filed on 14 April 2018 and amounts to $45,395,000. The Company, together with its external advisors, concluded that the contingent event has a losing probability lower than 50%.

(In thousands of pesoss)
(In thousands of pesos)

Compensar - Solidarity Contribution

Compensar filed a lawsuit against the Company in order to obtain a refund of $679,641,826 originated in the delay in the payment of the solidarity contribution from May 2009 to July 2012. Compensar alleges that it is excluded of the contribution in three of its offices because it is a non-profit organisation that develops assistance activities in these offices. The Company granted the exclusion and later revoked said concession and made the retroactive payment to Compensar under the Commercial Offer signed between the Parties.

On 18 July 2017, an initial hearing was held where appeals were filed against the decision of the magistrate not to declare proven the exceptions of lack of competence and useless demand, and against the decision of lack of legitimacy by passive of the Superintendence of Household Public Utilities. On 19 July 2017 the process was referred to the Council of State. On 2 August 2017, the process was distributed to Counsel Milton Chaves.

On 10 August 2018, being declared proven by Write the exception of useless demand for not filing the original invoices and ordering to complete the process and return to the Administrative Courtt of Cundinamarca (TAC) once it was executed. On 15 August 2018, the enforcement of the write takes place and Compensar files an incident of nullity and substitution of power. On 22 August 2018, it enters the Court. On 5 October 2018, write requires serving notice of the nullity request by Compensar. On 10 October 2018, the Company notifies request for nullity. On 17 October 2018 it enters to Court to decide. On 7 December 2018 Writ denies the request for nullity made by Compensar and orders to refer to TAC. With the above, the process ended in favour of the Company, so it is appropriate to lift the provision, however the Company expects that by 2019 the process arrives to the Court of origin and that the latter enforces the order of the superior and files the process, a decision that cannot contradict the termination of the process.

35. Energy Derivatives Market

Since 2016, the Company has been in the energy derivatives market with the objective of entering into energy futures contracts with which it seeks to mitigate the risk associated with the volatility of energy prices in the SPOT market, thereby managing its contracts portfolio.

In May 2018, the Board of Directors approved the change to the Company's corporate purpose, to be able to carry out operations in the derivatives markets for purposes other than the coverage of the contracting portfolio, so that as of December 2018, 0.75 GWh were settled, which were not considered within the coverage strategy. There are also futures contracts for the sale of energy for 18 GWh, with a purpose other than the coverage of the contracting portfolio.

As of 31 December 2018, there are futures contracts for the purchase of energy for 5.28 GWh, 10.92 GWh for sale contracts and 7.2 GWh for the purchase of future energy were settled.

Below is the MTM valuation of futures effective December 2018:

Operation	MTM	No. Operations
Purchase	44.000	24
Business	(87.000)	24
Sale	-	-

The above operations are backed by guarantees which as of 31 December 2018 amount to $663,748 in cash and $ 1,149,872 in TES, which are considered restricted cash.

36. Risk Management

The Company is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by the Company to implement its risk management policy include the following:

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. Authorized 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 Company'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 income statement.

Depending on the estimates by the Company and the objectives of debt structure, hedging operations were undertaken through the contracting of derivatives that mitigate such risks. Instruments that can be used correspond to rate swaps, setting from variable to fixed rates. Currently the Company has contracted an interest rate swap.

	As of 31 December 2018			As of 31 December 2017		
Interest rate	Variation (basic points)*	Sensitivity in COP thousands		Variation (basic points)*	Sensitivity in COP thousands	
CPI	+/- 5,14%	(+/-) $	133.171.674	+/- 5,59%	(+/-) $	157.846.931
IBR	+/- 4,08%	(+/-) $	6.380.346	+/- 3,68%	(+/-) $	9.566.080

(*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2016-2018 and 2015-2017 for the 2018 and 2017 calculations, respectively), taking twice the standard variation of the series.

(In thousands of pesoss)
(In thousands of pesos)

Exchange Rate Risk

The type of exchange risks can be presented essentially with the following transactions:

(a) Debt contracted by the Company in a currency other than that at which its flows are indexed to.

(b) Payments to be made for the acquisition of materials associated with projects in a currency other than that at which its flows are indexed to.

(c) Revenues directly related to the evolution of currencies other than that of its flows.

Taking into account that the functional currency of the Company is the Colombian peso, it is necessary to mitigate the exchange rate risk by minimising the exposure of the flows to the risk of changes in the exchange rate.

The instruments that can be used correspond to derivatives (forwards and swaps) of exchange rate. The Company currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency (maintenance capex) and reduction of the CREE (Actual equivalent energy cost of the reliability charge).

Commodity Risks

The Company 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 Company 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 Company 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 Company has in place a consistent liquidity policy for contracting long-term credit facilities, cash and temporary financial investments, for amounts that are sufficient to support the needs projected for a period depending on the situation and expectations of debt and capital markets. The resources available must cover the needs of net financial debt service (principal plus interest), i.e., after financial derivatives. Included below are the contractual cash flows of financial liabilities with third parties until expiry, undiscounted:

	Current			Non-current				
Item	Less than 90 days	Over 90 days	Total current	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total Non-current
Issued bonds (principal + interest)	$ 514.955.997	$ 334.375.537	$ 849.331.534	$ 1.506.232.438	$ 1.106.354.093	$ 907.687.827	$ 162.364.060	$ 3.682.638.418
Bank loans (principal + interest)	–	40.350.822	40.350.822	73.530.006	65.476.566	–	–	139.006.572
Financial lease obligations (principal + interest)	677.647	1.622.533	2.300.180	194.828	–	–	–	194.828
Commercial accounts payable and other payables	390.931.680	–	390.931.680	–	–	–	–	–
Total	**$ 906.565.324**	**$ 376.348.892**	**$ 1.282.914.216**	**$ 1.579.957.272**	**$ 1.171.830.659**	**$ 907.687.827**	**$ 162.364.060**	**$ 3.821.839.818**

Credit Risk

The Company performs a detailed follow-up of credit risk.

Commercial Accounts Receivable

The company 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 Company'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 Company.

The minimum risk rating of their financial counterparties must be long-term international investment level, or its equivalent at local scale, taking into account the minimum international rating in foreign currency for the Republic of Colombia. The investment can be made only in counterparties with lower ratings, within the limits established for counterparty's risks, level of investment or prior approval through 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. When a Financial Counterparty has more than one rating, the lowest one will be considered for the purposes in this section.

The liquidity surplus operations must meet the following general criteria:

» **Safety:** In order to preserve the value of the investment portfolio, the available resources for placement must meet the credit rating requirements set forth herein.

» **Liquidity:** The instruments that are part of the investments must have high liquidity in the market.

» **Profitability:** Within the risk limits allowed for, the highest possible return on investment must be sought.

» **Diversification:** Risk concentration must be avoided in a given type of issuer or counterparty.

» **Transparency:** All operations and commitments undertaken for management of available resources must be explicitly registered and supported, and shall be governed by the norms and procedures in force.

Risk Measurement

The Company adopted IFRS 9 as of 1 January 2018, which introduced a new hedge accounting model, with the objective of aligning accounting more closely with the companies' risk management activities and establishing an approach more based in principles.

Under the new approach, a hedging relationship is effective if and only if it meets the following criteria:

(a) There is an economic relationship between the hedged item and the hedging instrument

(b) The effect of credit risk does not predominate over the changes in value that come from that economic relationship

(c) The hedge ratio, understood as the relationship between the notional of the hedged item and the notional of the hedging instrument, is the same as the one used by the Company for risk management purposes and this ratio is adequate for hedge accounting purposes.

IFRS 9 eliminated the quantitative requirement of the effectiveness tests contemplated in IAS 39, under which the results should be within the range of 80% -125%.

37. Fair Value

The fair value of financial assets and liabilities is presented for the value at which the instrument could be swapped in a current transaction between the parties, by mutual consent rather than in a forced transaction or liquidation, in accordance with the defined policy.

Below are the financial assets and liabilities with variations between the book value and the fair value as of 31 December 2018:

	Book value	Fair value
	As of 31 December 2018	
Financial assets (1)		
Integrated Housing	$ 5.145.081	$ 4.777.974
Conventional Housing	12.546.781	8.029.166
Pensioned housing	87.616	78.010
Other loans	3.502.723	2.961.897
PSJ Housing	574.566	430.618
Total assets	**$ 21.856.767**	**$ 16.277.665**

	Book value	Fair value
	As of 31 December 2018	
Financial liabilities (2)		
Bonds issued	$ 3.601.606.275	$ 3.815.842.555
Club Deal Loans	150.313.620	157.743.744
Securitisation	47.669.218	47.905.383
Lease obligations	2.311.246	2.483.466
Total liabilities	**$ 3.801.900.359**	**$ 4.023.975.148**

(1) The Company 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. For this base measurement parameters are used such as the lower interest rates of the market of products with characteristics similar as of December 2018, 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 catalogued under level 1 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 discounting future cash flows using the rates available for debts with similar conditions, credit risk and maturities. The Company 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.

Emgesa S.A. E.S.P.
Notes to the Financial Statements - Separate
(In thousands of pesos)

As of 31 December 2018, the Company keeps in its Financial Statement the following financial assets and liabilities, measured at their fair value, classified by levels, in accordance with the defined policy 3.2.1.3. Debts (Financial obligations):

Financial Assets	Level 3
Financial investments - unlisted companies or that have little liquidity	$ 1.923.593

The fair value measurement of this equity instrument was based on the Company's equity interest in Electricaribe, which is the most appropriate method to measure the investment due to the conditions of the counterparty, given that there is no comparable entity in the market.

This methodology is the same as applied in the previous period.

	Level 2
Derivative instruments (See Note 5)	$ 582.398
Financial liabilities	
Derivative instruments (See Note 13)	$ 1.922.833

38. Categories of financial assets and financial liabilities

The categories under IFRS 9 of financial assets and financial liabilities are as follows:

Financial Assets	As of 31 December 2018 Current	As of 31 December 2018 Non-Current	As of 31 December 2017 Current	As of 31 December 2017 Non-Current
Amortised cost				
Cash and cash equivalents	$ 634.767.165	$ -	$ 563.551.759	$ –
Commercial accounts receivable and other receivables	152.986.102	16.979.005	274.644.719	17.663.575
Accounts receivable from related entities	135.427.801	-	2.733.906	1.136.816
Other financial assets	85.387.200	-	60.670.320	–
Total financial assets at amortised cost	**$ 1.008.568.268**	**$ 16.979.005**	**$ 901.600.704**	**$ 18.800.391**
Fair value through profit or loss				
Other financial assets	582.398	-	3.690.097	–
Total Financial assets at fair value through profit or loss	**$ 582.398**	**$ -**	**$ 3.690.097**	**$ –**
Fair value through OCI				
Other financial assets	-	1.923.594	–	3.266.532
Total financial assets at fair value through OCI	**$ –**	**$ 1.923.594**	**$ –**	**$ 3.266.532**

Financial liabilities	As of 31 December 2018 Current	As of 31 December 2018 Non-Current	As of 31 December 2017 Current	As of 31 December 2017 Non-Current
Amortised cost				
Other financial liabilities	$ 759.721.448	$ 3.042.178.911	$ 457.709.908	$ 3.723.182.711
Commercial accounts payable and other payables	390.931.680		216.871.528	–
Accounts payable to related entities	189.108.090		156.864.411	–
Total financial assets at amortised cost	**$ 1.339.761.218**	**$ 3.042.178.911**	**$ 831.445.847**	**$ 3.723.182.711**
Fair value through profit or loss				
Other financial liabilities	1.922.833	-	4.872.195	–
Total financial liabilities at fair value through profit or loss	$ 1.922.833	**$ –**	**$ 4.872.195**	**$ –**

39. Approval of Financial Statements

The general-purpose financial statements of the Company as of 31 December 2018 were approved by the Board of Directors as per Minutes No. 441 of 16 February 2017 for presentation to the General Shareholders' Meeting, pursuant to the Code of Commerce.

40. Subsequent Events

Intercompany loan repayment:

On 11 February 2019, Codensa S.A. E.S.P. paid the loans granted in December for $81,000,000 at a rate of 6.93% E.A. the interest paid corresponds to $910,745

Auction of Long-Term Energy Contracts

In January 2019, the bidding documents for the auction of long-term average energy contracts and the minutes of the contract were published by UPME and the Ministry of Mines and Energy. On 31 January, the prequalification envelopes were delivered to the auction by the agents involved, both supply and demand.

A total of 22 wind, solar and biomass generation projects of 15 generating agents and energy purchase offers by 12 marketers were presented. On 26 February 2019 the award hearing will be held.

Reliability Charge Auction

In January 2019 the general rules of the auction were published by the CREG and the operational rules with the final schedule by XM, which is the manager of the auction. On 25 January, the parameters of the plants participating in the assignment were reported, which will be carried out on 28 February.

Payment of dividends

On 16 January 2019, the excess of the dividends corresponding to the 2017 profit for $154,284,402 was paid.

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