



Medellin, September 17, 2019

Insurance Company Announces it will Cover EPM's Contingency Costs on the Ituango Project

- **The confirmation was received after a transparent and rigorous review process by a group of the insurance company's national and international experts.**
- **Mapfre indicated that the cause of the contingency is covered by the insurance policy coverage**
- **Coverage applies to public works, infrastructure and equipment repairs, as well as lost profit due to delayed commissioning, subject to the policy terms and conditions**

On the afternoon of Monday, September 16, EPM received a positive response from the company Mapfre Seguros Generales de Colombia S.A., in which it reported its decision, in accordance with the "All Risk, Construction and Assembly" policy, to cover the contingency costs for the Ituango hydroelectric project, that took place in April 2018.

EPM CEO, Jorge Londoño De la Cuesta, said "The positive response of the insurer to EPM's request to obtain reimbursement, was based on the insurer's autonomous investigations and findings, which concluded that the cause of the contingency is covered by the terms and conditions of the policy and that the costs will be reimbursed." In this regard, once the extent of the loss has been determined, pursuant to the conditions and limits set forth in the insurance policy, reimbursement will be made to EPM and the funds will be recorded in the project's financial statements.

It is important to note that the insurer appointed a number of national and international experts (engineers, geologists and geotechnicians who specialize in dams and underground works, lawyers, and others) to review the technical information of the main aspects of the project works, including tunnels, caverns, dam and landfills. They also reviewed designs, plans, technical specifications, construction processes, work logbooks, the risk matrix, and pre- and post-contingency studies.



The work of this group of experts also included 12 project visits, multiple meetings and in-depth interviews with the EPM technical team, with the main contractors and the board of experts. The confirmation to provide indemnification has occurred as a result of this information analysis and field work.

The policy issued to EPM by Mapfre, subject to the terms and conditions thereof, covers infrastructure, public works, project equipment and lost profits arising from the delay in commissioning.

EPM's policy includes a maximum indemnification of \$2.556 billion USD to cover material damage to infrastructure and equipment. It also includes cover for the delay in commissioning (money not received due to contingency damages) to the amount of \$628 million USD, which are the maximum liabilities of the insurer. The amount to be paid by the insurer, and its corresponding payment schedule, will be calculated based on a rigorous analysis of the extent of damages, in accordance with the terms of the policy. This will include a calculation of deductibles, limits, sublimits, extra coverage and exclusions, among other things. In an effort to honor EPM's commitment to provide information to the country in a transparent and timely manner, these results will be reported as soon as this stage is completed.

As it has been doing since the start of the contingency, today EPM reaffirms its total commitment to the Ituango hydroelectric project, going forward. It is a vital construction project for the country's development and is integrated sustainably with quality of life solutions and opportunities for community development, in an area whose people have the wish and the full potential to make economic, social and environmental progress.

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