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Statutory Auditor's Report

To the shareholders:
Interconexión Eléctrica S.A. E.S.P.

Opinion

I have audited the attached separate financial statements of Interconexión Eléctrica S.A. E.S.P., which include the separate statement of financial position as of December 31, 2020, and the corresponding separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying separate financial statements, taken from the accounting records, present fairly, in all material respects, the financial position of the Company as of December 31, 2020, the results of its operations and the cash flows for the year then ended in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by Contaduría General de la Nación.

Emphasis Paragraph

As described in Note 9 of the separate financial statements, CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, recorded a net balance of accounts receivable from the Sao Paulo State of approximately \$1.175.056 million, related to the impacts of Law 4.819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities to collect these accounts receivable. The accompanying separate financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified by this matter.

Basis for Opinion

I have carried out my audit in accordance with International Standards of Auditing accepted in Colombia. My responsibilities in complying with these standards are described in the *Auditor's Responsibilities in the Audit of the Financial Statements* section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the relevant ethical requirements for my audit of financial statements in Colombia, and have fulfilled other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to support my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of major importance in my audit of the accompanying separate financial statements. These matters were addressed in the context of my audit of the financial statements, at the time of substantiating the corresponding opinion, but not to provide a separate opinion on these matters. Based on the foregoing, I detail below how the key matter was addressed during my audit.

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I have fulfilled the responsibilities described in the *Auditor's Responsibilities in the Audit of the Financial Statements* section of my report, including in relation to this matter. Consequently, my audit included performing the procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including the procedures performed to address the matter mentioned below, form the basis of my audit opinion on the accompanying financial statements.

Key Audit Matter

**Estimation of the useful life of property,
plant, and equipment**

Audit response

Property plant and equipment in ISA amounts to \$ 7,186,883 million; the determination of useful lives for depreciation is carried out in accordance with the internal methodologies of the Company, and due to the specialty of its property, plant and equipment, this methodology implies judgments and significant estimates by management.

I consider it a key audit matter due to the magnitude of the balances, as well as the uncertainties and judgments used by management in determining the useful lives of property, plant and equipment.

The description of the methodology and the main assumptions used to estimate the useful lives of property, plant and equipment is presented in Note 3.2 to the accompanying financial statements.

Our audit procedures included, among others:

- Understanding the process of estimating and determining the useful lives of property, plant and equipment.
- Evaluation of the methodology and the reasonableness of the assumptions used by Management in the estimation of useful lives of property, plant and equipment.
- Evaluation of the quality and integrity of the information used in the estimation.
- Evaluation of the assumptions used by the company, comparing them with other entities of the energy sector to evaluate consistency with the market.
- Analysis of quantitative and qualitative variables in determining the percentage of service life, maintenance costs, among others.
- Verification of the consistency of the assumptions used historically, and the actual depletion of the assets.



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Concession Asset Measurement CTEEP Brazil

As disclosed in note 9, CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, has contractual assets recognized in relation to this matter. CTEEP estimates that even after the completion of the infrastructure construction phase of the transmission infrastructure, there is still a contractual asset corresponding to the construction revenues, since it is necessary to comply with obligations to operate and maintain the infrastructure to support the Company has an unconditional right to receive cash. As of December 31, 2020, the balance of concession assets in the consolidated amounts to R \$ 16,923 million (COP \$ 11,177,791 million).

The recognition of contractual assets and revenues in accordance with CPC 47 - Revenue from contracts with clients (IFRS15 - Revenue from contracts with clients) requires the exercise of significant judgment at the time the client obtains control over the asset. In addition, measuring the progress of the Company and its compliance with performance obligations that are met over time also requires the use of significant estimates and judgments by management, to estimate the efforts or contributions necessary to comply with the performance obligations, such as materials and labor, expected profit margins in each identified performance obligation and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component incorporated in future flows also require the use of judgment by management. Due to the relevance of the amounts and the significant judgment involved, we consider that measuring the revenue from contracts with clients is an important matter for our audit.

Our audit procedures included, among others:

- the evaluation of the internal procedures related to the costs incurred for the execution of the contracts;
- analysis of the margins determined for the projects under construction, whether related to new concession contracts or reinforcement projects and improvements to the existing electrical transmission facilities, verifying the methodology and assumptions adopted by the Company in the determination of the total estimated cost of construction, and the present value of future receipts flows, less the implicit interest rate that represents the financial component incorporated in the future flow of receipts;
- with the support of experts specializing in business valuations, analysis of methodology and calculations to determine the implicit discount rate;
- analysis of the concession contract and its modifications to identify the performance obligations in the contract, in addition to the aspects related to the variable components applicable to the contract price;
- analysis of the framework of the infrastructure already built under the concept of contractual assets, including the concession assets of Law 12,783 (RBSE);
- analysis of the allocation of income to each of the performance obligations present in the concession contracts;
- analysis of possible risks of penalties for delays in construction or unavailability;
- analysis of the possible existence of an onerous contract;
- analysis of the impacts derived from the Periodic price Review, through inspection of the technical notes and public consultations issued by the regulator, recalculation of the present value of the contractual flow of the concession assets, based on the new annual income allowed and verification of rejections and bases of remuneration of the project;

- with the support of professionals specialized in the evaluation of construction projects: (a) analysis of compliance with the physical schedule of the works in progress, as well as the verification of the existence or not of abnormal elements in the updated physical schedule of the work, with possible design changes, or supplier changes that may generate costs not captured by the Company's internal controls; (b) evaluation of the variations between the initial budget and the updated budget for the works in progress, and the justifications presented by the management for the deviations; and (c) if applicable, verification of indications of sufficiency of the costs that will be incurred, to complete the construction stages of the project;
- analysis of communications with regulatory entities related to electricity transmission activity and the securities market; and the evaluation of the disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Other information

The Administration is responsible for the other information. The other information comprises the non-financial information included in the Integrated Report - ISA 2020, but does not include the financial statements or my corresponding audit report.

My opinion on the financial statements does not cover the other information and I do not express any form of conclusion about it.

In connection with my audit of the financial statements, my responsibility is to read the other information that I identify above and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or the knowledge obtained by me in the audit or if there appears to be a material misstatement of the other information for any other reason. If, based on the work that I have done on the other information that I obtained before the date of this audit report, I conclude that there is a material misstatement of this other information, I am obliged to report it. I have nothing to report on this.

Management's Responsibilities and of Those Responsible for the Governance of the Company in Relation to the Financial Statements

Management is responsible for the preparation and correct presentation of the separate financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the Contaduría General de la Nación; to design, implement and maintain the relevant internal control for the preparation and correct presentation of financial statements that are free from material misstatements, whether due to fraud or error; to select and apply the appropriate accounting policies; and to establish reasonable accounting estimates in the circumstances.



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In preparing the separate financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to this matter and using the going concern basis of accounting, unless Management intends to liquidate the Company or cease its operations, or have no other realistic alternative to doing so.

Those in charge of governance are responsible for the supervision of its financial information process.

Auditor's Responsibilities in the Audit of the Financial Statements

My responsibility is to obtain reasonable assurance about whether the separate financial statements taken as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with the International Standards of Auditing accepted in Colombia will always detect material misstatements when they exist. Misstatements may arise due to fraud or error and are considered material if, individually or combined, they could be reasonably expected to influence the economic decisions that users make based on the separate financial statements.

As part of an audit in accordance with the International Standards of Auditing accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the financial statements, whether due to fraud or error, design and execute audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to substantiate my opinion. The risk of not detecting material misstatements due to fraud is greater than that resulting from an error, since fraud may involve collusion, forgery, intentional omissions, false statements or override of the internal control system.
- Obtain an understanding of internal controls relevant to the audit, and to design audit procedures that are appropriate in the circumstances.
- Evaluate the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by the Management.
- Conclude whether it is appropriate for Management to use the going concern basis of accounting and, based on the audit evidence obtained, if there is any material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a going concern. If I conclude that a significant uncertainty exists, I should call attention to this on the auditor's report on the related disclosures included in the financial statements or, if such disclosures are inadequate, modify my opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of its report, however, subsequent events or conditions may indicate that an entity cannot continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements fairly represent the underlying transactions and events so that a reasonable presentation is achieved.

I communicated to those responsible for the governance of the Company, among other matters, the planned scope and timing of the audit, the significant findings thereof, as well as any significant deficiencies in the internal control identified during the audit.



I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated with them about all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

Among the matters that have been the subject of communications with those responsible for the governance of the Company, I determined those that have been of greatest significance in the audit of the financial statements of the current period and that are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit publicly disclosing the matter or, in extremely rare circumstances, it is determined that a matter should not be disclosed in my report because it is reasonably expected that the adverse consequences of doing so would exceed the public interest benefits thereof.

Other Matters

The separate financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia, adopted by the Contaduría General de la Nación, of Interconexión Eléctrica S.A. E.S.P. As of December 31, 2019, that are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with international standards of auditing accepted in Colombia, over which I expressed an unqualified opinion on February 28, 2020.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) keep the minute books, the shareholders' register and the accounting records according to the legal accounting technique; 2) carry out its operations in accordance with the by-laws and the decisions of the Shareholders' and the Board of Directors' meetings, and the rules related with the integral social security and; 3) retain correspondence and accounting vouchers.

Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's management, which includes management's representation on the free circulation of invoices with endorsement issued by vendors or suppliers.

In accordance with the requirements of Article 1.2.1.2 Decree 2420 2015, I issued a separate report on February 26, 2021.

The partner in charge of the audit that relates to this report is Mr. Cesar Colodete Lucas.

Patricia Mendoza Sierra
Statutory Auditor
Professional Card 78856-T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 26, 2021