

**STRATEGY AND ANALYSIS**

ISA's growth, its presence in different Latin American countries, the expansion in different businesses and the consolidation of its own and its companies' competitive advantage have required developing a profile and a business management model guided by ethics, excellence, innovation and social responsibility.

Under the framework of Corporate Social Responsibility –CSR–, ISA understands sustainability as a set of long-lasting actions that build development, materialized in better life quality, higher social and environmental wealth, equitable distribution of income and increased economic capacity.

To achieve this objective, the Company has developed new areas of work, and has established partnerships and strategic alliances to better manage its environmental and social risks or impacts, according to the peculiarities of the countries that are part of the sphere of influence of its business.

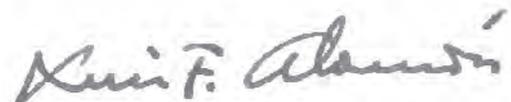
In this sense, ISA adopted the Social and Environmental Management Model 2010–2016, in order to responsibly contribute in addressing the social and environmental issues faced by the development of business in the globalized world, comply with the Global Compact principles and the Millennium Development Goals –MDGs– and address the effects of climate change.

The extreme climate changes that occurred in 2010 with the phenomena of El Niño and La Niña, seriously affected several countries where ISA is present. This vulnerability evidences the need to identify in greater detail the economic, social and environmental effects, as well as the impact on the business environment affecting the performance levels of the countries. This direct impact constrains the achievement of such targets outlined in the Millennium Development Goals, such as the contribution to poverty alleviation and environmental sustainability, basic issues to plan actions that allow the continuity and viability of their business.

Consistent with this new perspective, and a commitment to build sustainability and transparency, ISA publishes its first sustainability report under the international methodology of the Global Reporter Initiative –GRI– at level B, through which it identifies material issues that are significant for management and representative for interest groups, through which it is able to measure and communicate the main economic, environmental and social impacts between such stakeholders.

This approach, which constitutes a challenge for ISA and its companies, is only possible when an ethical, responsible, serious and committed business attitude is held towards global initiatives that allow the creation of economic, social and environmental value for stakeholders, business and future generations.

ISA's Management is grateful to all those who made achievements possible under the context of CSR management; it especially thanks the strong involvement of its groups of interest, and values defined strategic developments, which are expected to contribute to an improved quality of this report and a consistent response to their stakeholders.



Luis Fernando Alarcón Mantilla  
CEO

### MAIN ACHIEVEMENTS AND EVENTS

#### Territorial Observatory

In the process of building social sustainability and legitimacy, and strengthening management capacity in conflictive environments, ISA established the Territorial Observatory to manage the geographic, demographic, socioeconomic, political and cultural environments in which it operates, and, based on the same, direct the socio-environmental management and prioritize territorial presence, investment in resources and the qualification of management programs.

For further information consult:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://99243724938baabaf838fda22dcfbf6b>

#### Human Rights

As a fundamental part of the Company's Social Responsibility and the ethical performance of its businesses and in response to an express commitment of promoting and respecting Human Rights and implementing the Global Compact principles, ISA conducted during the period a risk diagnosis on Human Rights in the value chain of the Business and established a work plan for 2010–2012, highlighting two aspects: to disseminate the Human Rights topics inside the organization and strongly encourage the same in the supply chain. In the period, the Company began the awareness process with employees.

Also, with the assistance of the Regional Centre for Latin America and the Caribbean, and in support of the United Nations Global Compact and the Ideas for Peace Foundation (Fundación Ideas para la Paz, FIP), ISA advances in the construction of conceptual and methodological tools in Human Rights and Business Practices to meet the challenges of operating under complex environments, in line with international standards.

#### ISA – Office of the United Nations Development Programme (UNDP)

Concerned about the significant gaps to meet the Millennium Development Goals–MDGs, the UNDP developed a methodology to identify and analyze the obstacles that deflect the MDGs or that slows down the progress, called MDG Acceleration Framework (MAF).

This methodology, which may be applied by different players, diagnoses and recommends general and specific actions based on short-term “acceleration” solutions and becomes a real tool for institutional strengthening and a significant contribution to accomplish the commitment to the State.

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\* UNPD. MDG Acceleration Framework Project. Page 4

An agreement was signed with the UNDP to conduct actions at 29 municipalities located at the operating area of ISA and its companies, sites that are part of the 71 municipalities of the Colombian millennium. Under the framework of this agreement, ISA and UNDP invested \$910 million.

### Towards biodiversity

As part of the celebration of the Year of Biodiversity declared by the United Nations, in the past 15 years ISA developed the systematization of data from such works undertaken by the Company on biodiversity and strategic ecosystems.

Similarly, and in order to socialize the updating of its social sustainability model and promote opportunities for dissemination and discussion on this topic, it carried out the National Biodiversity Forum in Bogotá, so as to discuss the relationship between ecosystem protection and compensation measures for the impacts caused by development projects, and led to the discussion of alternate actions for sustainable management and social, legal and financial viability. As a study case, the Company introduced the Forestry Compensation Program (Programa de Compensación Forestal, PCF) of 500 kV transmission lines connecting the center of the country with the Atlantic Coast, which has contributed to the preservation of 1,137,049.39 hectares of strategic ecosystems at the areas under jurisdiction of 10 Regional Autonomous Corporations (Corporaciones Autónomas Regionales).

The event was attended by 66 people including officers from the Government and utility companies that work on the matter. In compliance with the National Development Plan and the action plans of the corporaciones autónomas regionales, ISA delivered the outcomes of this forum to the Ministry of Environment, Housing and Territorial Development (Ministerio de Ambiente, Vivienda y Desarrollo Territorial, MAVDT), as public policy recommendation to identify measures to apply more effective environmental compensations.

This information may be consulted in: <http://www.forobiodiversidad.com/>

### Climate change strategy

The Company adopted a series of initiatives to manage its carbon footprint so as to address not only the consequences of climate change but also the challenges involved in mitigation and adaptation.

The following actions evidence the work developed during the period to consolidate its responsible and committed position:

- It completed the inventory and measuring of Greenhouse Gases –GHG in the Electric Power Transport business developed by ISA in Colombia, deriving in a voluntary compensation plan.
- It carried out the design and application of the SF6 gas control protocol to mitigate emissions to the atmosphere.
- It supported the National Plan for Climate Change Adaptation (Plan Nacional de Adaptación al Cambio Climático, PNACC) giving priority to the Colombian Massif (Macizo Colombiano), and under this context, it made progress in the formulation and implementation of the risk management plan for the communities of Popayan, through an agreement signed under the UNDP framework.
- It carried out activities in order for the Colombia–Panama Electric Interconnection Project may deliver cleaner energy to Central America.

### EXPOPAZ Fair

The 19 Development and Peace Programs fostered by the Company, were sponsored to participate in the EXPOPAZ Fair, convened by the United Nations Development Program. The event, aimed at analyzing the companies' contribution to build peace from civil society, included an assistance of over 2000 people consisting in participants and visitors.

ISA participated in a discussion on Entrepreneurial Sector and Peace and Development Initiatives.

Netherlands Ambassador, Marion Kappeyne, expressed in the following terms in the opening ceremony: "the first condition for peace is the will to achieve it [...] Peace is more than the absence of violence. It means understanding that in order to have daily interaction we need shared definitions of truth, justice and democracy. Respect for each other. A dignified life for all. And the opportunity to live without poverty and without fear."

**CHALLENGES AND GOALS**

**Road concessions – A sustainable business**

Consistent with its strategic challenges, ISA ventured into the road concession business, by acquiring a 60% interest in Cintra Chile and signing an inter-administrative agreement with the National Institute of Concessions (Instituto Nacional de Concesiones, INCO) to develop the Autopistas de la Montaña project. This initiative represents an opportunity to diversify the Company's sources of income and to show a sustainable leadership, as long as the control on reputational, environmental and sociopolitical risks, associated with this type of projects, is strengthened.

**Dialogue with stakeholders**

To structure a prioritization and dialogue tool that consolidates transparency, consistency and efficiency of the management with stakeholders, since 2009 ISA has been creating spaces to advance with key players on a strategic dialogue that allows it to learn the impact of its management, the priorities concerning interested parties and the Company's response level.

**Keeping reputation**

Between late 2009 and early 2010, ISA carried out the biannual reputation survey to a 486-people sample, representing the Company's stakeholders.

The results show that ISA has a quite good reputation and is among the first places of companies most trusted by different stakeholders at each market it attends. In fact, it is the company that generates more confidence in all cases where its business of reference is inquired.

However, there are opportunities for improvement, for which the Company designed specific plans that seek optimizing the metrics, assessing the target groups that make up the sample, strengthening the relationship and supply of information in order to reduce the gaps between that projected by the Company and that perceived by its groups.

### Working in the value chain

In its objective of increasing the value of the interest group called society and mitigating the risks of outsourcing, the Company has been making a greater effort in the management of social, environmental and economic impacts on the value chain and the promotion of good government practices throughout the life cycle of the product or its supply chain.

### THE ORGANIZATION

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P ISA is a mixed-capital utility company, incorporated as a stock-held company (sociedad anónima) with domicile in Medellín, Colombia.

ISA, directly and through its affiliates and subsidiaries, conducts significant projects on linear infrastructure systems that drive development throughout the continent. To achieve this, it focuses its activities on Electric Power Transport, Telecommunications Transport, Road Concessions, Market Operation and Management and Infrastructure Project Construction.

ISA's linear infrastructure systems stretch from city to city, country to country, and point to point, contributing to the development of the people of Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama and Central America.

### Electric Power Transport

ISA expands, operates and keeps high-voltage energy transmission systems, for which it holds its companies ISA and TRANSELCA in Colombia; in Peru, with ISA Perú, Red de Energía del Perú –REP– and Consorcio TransMantaro –CTM–; in Bolivia, with ISA Bolivia; and in Brazil with subsidiaries Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– (acquired through its investment vehicle ISA Capital do Brasil), Interligação Elétrica Pinheiros, Interligação Elétrica Serra do Japi e Interligação Elétrica de Minas Gerais –IEMG–.

CTEEP, together with other regional partners, holds investment in Brazil on companies Interligação Elétrica Norte o Nordeste –IENNE–, Interligação Elétrica Sul –IESUL– and Interligação Elétrica do Madeira –IEMadeira–.

In addition, ISA holds a 11.11% interest on Empresa Propietaria de la Red –EPR–, which builds the Electrical Interconnection System for Central American Countries (Sistema de Interconexión Eléctrica de los Países de América Central, SIEPAC), and shares with Empresa de Transmisión Eléctrica S.A. –ETESA– (Panamá), the ownership on Interconexión Eléctrica Colombia–Panamá –ICP–.

Thanks to the 38,989 km of high-voltage circuit they operate, today ISA and its companies are renowned as one of the largest international transporters of energy in Latin America.

### Telecommunications Transport

ISA, through its subsidiary INTERNEXA, mobilizes signals comprising two or more points, through connectivity infrastructures on telecommunications supported in fiber optic, satellite and microwave transmission.

Through the integration of its networks in Colombia with TRANSNEXA's networks, its affiliate in Ecuador, INTERNEXA in Chile and Peru and with networks from other countries, is creating the Grand Network in the region allowing it to offer a portfolio of increasingly important services for transport, connections and Internet access.

As carrier of carriers, INTERNEXA has access to a 12,029-km fiber optics network integrating Colombia, Ecuador, Perú, Chile and Venezuela; and in the near future, it will consolidate as a telecommunication operator with the largest terrestrial network in South America, after acquiring 6,000 km of fiber optics in Brazil and Argentina.

In addition, ISA holds 11.11% stake in REDCA, the company in charge of managing the fiber optics assets of the SIEPAC Project.

### Road Concessions

Consistent with its strategic direction, ISA has entered this business, strengthened by a series of competencies related to its knowledge of linear infrastructure systems, with which it will soon be able to operate around 2,158 km of highways, a meaningful figure in terms of road infrastructure in Latin America.

In 2010, ISA materialized its entry into this business after formalizing an agreement with company Cintra Infraestructuras de España to acquire 60% of the interest such company held in Cintra Chile, the main Chilean road sector operator with 907 km of highways in Route 5 South. This infrastructure is operated by concessionaire companies Autopista del Maipo, Talca – Chillán, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos. In order to carry out this acquisition, the Company created the investment vehicle called ISA Inversiones Chile.

Meanwhile in Colombia, the Company is preparing feasibility studies for Autopistas de la Montaña Project; the work consists of four road corridors having a length of 1,251 km being executed under an inter-administrative contract between ISA and the National Institute of Concessions (Instituto Nacional de Concesiones, INCO). In order to conduct the pre-operative activities relating to this project, in January 2011 ISA created affiliate company Autopistas de la Montaña.

### Market Operation and Management

XM, Compañía de Expertos en Mercados, is responsible in Colombia for the operation of the National Interconnected System (Sistema Interconectado Nacional, SIN), the management of the Wholesale Energy Market (Mercado de Energía Mayorista, MEM) and the management of the International Electricity Transactions (Transacciones Internacionales de Electricidad, TIE) with Ecuador.

In 2010, XM and the Colombian Stock Exchange (Bolsa de Valores de Colombia, BVC) started operations of Derivex, a company managing the new trading system for energy derivatives in Colombia.

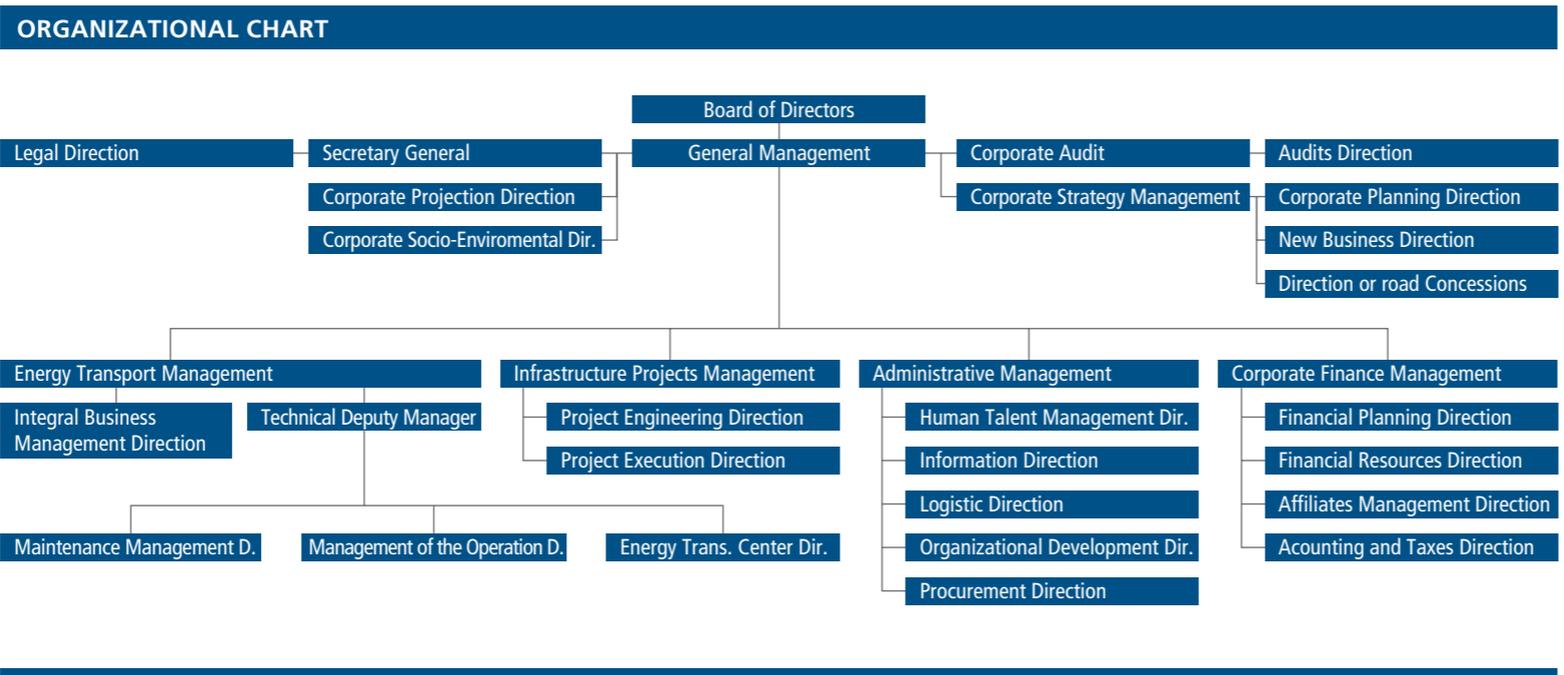
The experience and strength developed by XM in the operation of the electric power system and the management of the electricity market, enable it to offer technology and expertise to coordinate the operation and management of information on intelligent network infrastructures with high added value for diverse economy sectors.

In this regard, XM, UNE EPM Telecomunicaciones and the Medellín ITS Consortium, signed an administrative partnership to operate the control center of the Intelligent Mobility System of Medellín (Sistema Inteligente de Movilidad de Medellín, SIMM), to manage photo traffic tickets, closed circuit television and messaging panels and other devices that make response times from the Department of City Transit (Secretaría de Tránsito) more efficient.

### Infrastructure Project Construction

ISA offers to third parties and its affiliate companies and subsidiaries customized integral solutions for the development of projects pertaining to energy transmission lines and substations and the assembly of fiber optic cable.

This business is developed in Colombia through ISA, and in Peru, through Proyectos de Infraestructura del Perú –PDI–.



**SIGNIFICANT CHANGES**

**Code of Ethics**

In 2009, ISA began the renovation of the Code of Ethics to update such information on the subject contained in other documents of the Organization, and to integrate in the same the “must be” of managers, directives and collaborators and the variables of multiculturalism and regional diversity.

This process encompassed the active involvement of collaborators as focus groups, the significant participation of management, and the integrated work of the corporate areas in its construction.

The Code of Ethics of ISA and its companies is a framework of reference purported to materialize the philosophy, corporate values and criteria that guide corporate performance vis-à-vis stakeholders.

**Communication Line for CSR**

In order to foster a CSR culture and strengthen the corporate nature in this field, ISA developed a CSR communication line, to provide clear, consistent, direct and understandable messages towards its stakeholders.

This document derived from information thrown by a consulting process that summarizes CSR management practices conducted by ISA. Based on this work, it was recommended that communication with stakeholders should be supported in facts and data, derived from the compliance with commitments declared to them.

The CSR communication line is a guiding document that enables ISA to build and keep a solid character in this field before its stakeholders and give dynamics to the communication process with them.

### **Social and Environmental Management Model**

The Company designed this model to meet the challenges of the globalized world that could jeopardize sustainable development and viability of the Company. In itself, it provides a framework for ISA's action to carry out its commitment to sustainable Development by contributing to the Global Compact principles, the Millennium Development Goals and climate change.

Focusing on these three aspects of corporate responsibility, in the planning tools and in the corporate and business strategic direction, work will be made to include social and environmental issues into two areas of intervention:

Areas	Lines	Cross work lines
Socio-environmental management of surroundings	Institutional Strengthening. Contribution to reduce poverty. Support to improve quality of education, investigation and development. Human Rights. Support to climate change management.	Communications. Internal socio-environment education. Volunteering.
Socio-environmental management of the asset	Environmental management comprehensive system. Social management and participation Community involvement during life cycle of asset. Legal environmental management. Environmental and social studies. Implementation of handling measures for environmental aspects and impacts from projects during construction and operation phase. Real property management and management of easements. Culture and heritage. Biodiversity. Improvement of eco-efficiency of assets.	Communications. Internal socio-environment education. Volunteering.
<p>The lines of work have defined indicators articulated to a tracking and monitoring system, to measure the outcomes and impacts arising upon the implementation of the model.</p>		
<p><b>AWARDS</b></p>		
<p>ISA won the Award to Quality in Accounting and Corporation Information Disclosure (Premio a la Calidad en la Revelación de Información Contable y Corporativa)– First Version, granted by Universidad de Antioquia, which included the participation of 17 companies from the real sector with renowned national reputation and being part in 2009 of the Colombian Stock Exchange General Index (Índice General de la Bolsa de Colombia, IGBC).</p>		
<p>The following criteria were taken into account in the assessment process:</p>		
<ul style="list-style-type: none"> <li>■ Visibility and access to information.</li> <li>■ Social Responsibility Report.</li> <li>■ General purpose financial statements.</li> </ul>		

- Certification and opinion.
- Management Report.
- Additional information.

**REPORTING PARAMETERS**

In compliance with the commitments to stakeholders, ISA publishes the Annual Sustainability Report for the January–December 2010 period.

For the first time, the report is prepared under the methodology of the Global Reporter Initiative –GRI– (G3) international guide. According to the different levels of application, this report is set at level B and has represented for the Organization a great challenge as it included establishing a dialogue environment with stakeholders, validating methodologies for measurement, specifying the material issues, identifying impacts and clearly structuring information to facilitate understanding of the parties concerned. Most data are comparable with previous years’ reports and non-comparable data is due to the fact that they respond to changes in the management models or because their measurement began in 2010.

GRI has different levels of implementation:

GRI		C	C+	B	B+	A	A+
Information on company’s profile as per G3	Informs about 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Informs about all criteria listed in level C in addition to: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Same requirements of level B.				
Information on management approach as per G3	Not required	Information about the management approach per indicator category	Information about approach of direction per indicator category				
Performance indicators as per G3 and sector supplements	Informs about a minimum of 10 performance indicators, and at least one from each dimension: Economic, Social and Environmental.	Informs about a minimum of 20 performance indicators and at least one from each dimension: Economic, Environmental, Human Rights, Labor practices, society, product liability.	Informs about each G3 central indicator and indicators from sector Supplements, according to the principle of materiality either informing about the indicator or explaining the reason for its omission.				

\* Each of the levels above should be measured in function of its application scope, an external assessment is attributed by allocation of a +.

The report provides a view from the three dimensions of sustainability: Environmental: it presents the management on design, construction and operation; Social: it shows the management with stakeholders, collaborators, suppliers, customers, society and the State; and Economic: it presents the financial results and management with the shareholder interest group. And as annexes, at the end it records the management of Global Compact principles and ISA's contributions to the MDGs.

In previous years, reports presented the management by interest groups and the basis was the commitment declared to each of them, while this year, it presents the material information provided by those directly responsible for the management with each group. This is a challenge for the Company in 2011, and part of its work plan, is developing the process with representatives of stakeholders.

This report renders account of the Corporate Social Responsibility–CSR–management by ISA parent company and also relates to significant facts concerning the management of certain of its affiliates and subsidiaries, which standardize the CSR model (interest groups with their commitments) and each edits its publication articulated to its annual management or as a separate report.

Below are the most significant facts of CSR management by ISA's companies:

### XM

Consistent with its promise of value, which seeks to ensure the market's continued provision of service with high standards of safety, quality and reliability, XM Compañía de Expertos en Mercados initiated a plan to contribute to the formation of quality Engineers for the country.

This Plan, consisting of six initiatives to promote knowledge, highlights the XM Scholarship Program, signed as a pilot project with the Universidad Nacional de Colombia–Sede Medellín, aimed at low-income students of Electrical Engineering that stand out for their academic achievement and linked to the lines of interest for the Company.

XM will cover the student's tuition for maximum four semesters or the equivalent in credits, provide monthly maintenance assistance and provide an opportunity to develop their professional practice in the Company. In addition, if required, they will be accompanied by an adviser for the development of their degree work.



Students wishing to participate in the selection process must meet the following requirements: be enrolled between sixth and tenth semester of Electrical Engineering at Universidad Nacional–Sede Medellín; not having made their professional practice, have an academic average equal than or above 3.8 in every semester; belong to socioeconomic strata 1, 2 and 3, according to the stratification made by the university; and belong to the emphasis in Power Systems.

In future, it is expected to extend the benefits of the XM Scholarship Program to Electrical Engineering students from other universities in the country, along with other initiatives already in place to increase the availability of engineers in the sector, upgrade and improve the quality thereof and encourage research, development and innovation.

**RED DE ENERGÍA DEL PERÚ –REP–**

The Huertos en Línea program, implemented by REP in partnership with the GNOs IPES Promotion of Sustainable Development for Lima and Institute of Development and Environment (Promoción del Desarrollo Sostenible para Lima y el Instituto de Desarrollo y Medio Ambiente, IDMA) for Huánuco, with the purpose of promoting activities that contribute to the development of disadvantaged people, obtaining resources and technical assistance from the United States for school gardens in Huanuco and structuring a model center in agriculture in Pachacamac. Under this alliance, which has earned the recognition of international technical cooperation and the Peruvian government as an example of cooperation on behalf of society, the following actions were carried out with the support of subsidiary ISA Peru and affiliate TransMantaro:

- REP’s economic support to GNO Sembrando, for the implementation of 500 gardens in the high Andean zone and to support self–consumption of low–income families with nutrition deficit.
- Kitchen improvement in 60 households, with the installation of systems to conduct smoke to the outside of the households, led by REP and TransMantaro and accompanied by GNO ADRA.
- Distribution of nearly 40,000 notebooks and school kits to schools located in the influence areas of projects conducted by REP, TransMantaro and ISA Perú–.
- Involvement of the three companies in 400 communities with prevention and development messages on feeding security, and support to schools (wawa wasis) and elementary schools (pronoeis).

The social management of REP, TransMantaro and ISA Perú encompasses international standards and criteria (Global Compact, MDGo and GRI), and their programs have become benchmarks for the electricity sector in that country.

The efforts of these companies, under corporate social responsibility, are focused on the development and mobility of society, and to do so, they have formal communication channels to listen stakeholders.

### CTEEP

CTEEP's education programs involve environmental matters and a high cultural component through music formation:

#### Cultural Circuit

This project, aimed at children and young people from public schools near to transmission lines, is implemented in partnership with the State Department of Education to strengthen curriculum aspects, knowledge of the grid, sustainable development, social responsibility and education and culture of energy. Sixty schools became part of this initiative, from six cities of the State of São Paulo (São José dos Campos, Taubaté, Sumaré, Osasco, Embu Guaçu e São Paulo capital), in addition to the Circuito Cultura Cine in the school where children and youngsters wrote stories on topics announced to take them to the movies.

In total, about three thousand people from the educational community participated, 900 hours of training were provided, and 240 activities were developed for the production of six short films made by students, which films had 60 exhibitions at schools and seven outdoors. The latter were attended by 1,690 people.

Guri Project and Musical Youngster Group of Santa Marcelina: [www.gurisantamarcelina.org.br](http://www.gurisantamarcelina.org.br)

With support from social workers and social networks, this program is developed as a strategy for social inclusion through musical education of children and youngsters from vulnerable populations in the regions of São Paulo. Given the social conditions of the participants, workshops and academic reinforcement were developed besides music.

Grupo Jóvenes: [www.emesp.org.br](http://www.emesp.org.br)

It encompasses three thousand students from the Coral Juvenil del Estado, Orquesta Juvenil del Estado, Orquesta Juvenil Tom Jobim and Banda Sinfónica Juvenil, which made 40 presentations in the whole state of São Paulo during the period.

### INTERNEXA

Within the management of collaborators, this company developed during the period the internal institutional campaign Nuestra Fibra, which included a series of activities aimed at generating non-remunerative benefits, opportunities for integration and recreation, sports promotion, health management, family outreach and emotional incentives for collaborators.

On the other hand, it is important to highlight the process undertaken to integrate CSR as a company's cross matter, reflected in its 2009 management report.

### TRANSELCA

CSR actions with stakeholders were strengthened during the period: inside the company for the welfare of collaborators and under the socio-environmental management in favor of the area of influence of the Company.

To offset the environmental impacts caused by the construction of the 819 Valledupar-Cuestecita line, the Ministry of Environment, Housing and Territorial Development -MAVDT requested this company to plant 51 hectares, and TRANSELCA proposed to implement a social plan to benefit the people located in the area of direct action of this corridor.

Thus "Proyectos Agro-Productivos comunidades Wayúu" (Wayuu communities Agro-Productive Projects) was born, which purpose was to improve the agro-production sector of the communities belonging to reservoirs Lomamoto, Rodeito, Zahíno, Cerrodeco, Mayabangloma and Potrerito, located in the Guajira. To implement the same, studies were conducted on the sources of income for communities, its environment and its resources; the best practices were defined to achieve the highest advantage, and land, cattle and goats, supplies for crafts and other items were purchased, to improve the infrastructure of the settlements.

Contacts for any report-related matters:

ISA's CSR report may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://435be0c1e60a7fb92c4dce716f408b8>

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### GOVERNANCE

#### COMMITMENTS AND INVOLVEMENT OF STAKEHOLDERS

The Company's governance structure is composed by the Regular Shareholders' Meeting, the Board of Directors and the Chief Executive Officer (CEO).

- According to the bylaws, ISA's Board of Directors is made up by seven principal members, each with a personal alternate, elected at the Regular Shareholders' Meeting by the electoral quotient system. They may be elected without the electoral quotient system when vacancies are filled out by unanimous vote.
- No ISA employee may be a member of the Board of Directors.
- Control mechanisms of the Board are made through self-assessments. The following aspects are assessed: individual participation, group performance from the Board; rating categories are: superior (80% – 100%), normal (60% – 79%) and low (0% – 59%). The main results obtained in the self-assessment corresponding to the period of the report were: individual participation 92.5%, group performance 80.4%, management performance and participation in the Board 77.0%.
- According to Agreement 76 of May 2009, the Regular Shareholders' Meeting is in charge of fixing the fees of assistance to the meetings of the Board of Directors. Public servants elected by the Meeting to become part of the Board will be responsible for informing ISA's General Secretariat of the restrictions

they might have to receive the corresponding remuneration. The remuneration set for 2010 was 3 monthly legal minimum legal salaries in effect per assistance to the Board of Directors and the Board's Committees.

- The CEO of the Organization does not hold any other executive position.

The Board has certain committees: work groups made up by members of the Board of Directors in consideration to their knowledge and expertise, in order to analyze in detail with the Management, such matters entrusted to the Board of Directors for decision or endorsement of any recommendation made by the corresponding committee.

Board committees	Topics
Corporate Governance and Board Committee.	Accompany and monitor the Management on topics related to the compliance with the Good Governance Code. Assess the CEO, financial and human talent affairs, and perform other functions or activities entrusted by the Board of Directors. Assess the operation of the Board.
Audit Committee.	Analyze and recommend the Group's policy to the Board and ensure its compliance. Ensure that the Company has an effective Internal Control System. Monitor the compliance with the Code of Ethics. Ensure that control is made under an environment of transparency and independence and that the necessary resources are available. Monitor the presentation of the Company's financial reports. Ensure there are procedures to receive and process complaints and track them.
New Business Committee.	Analyze any new business and investments of ISA. Monitor any business under execution.

The agreements from the Board of Directors clearly define the positions on conflict of interests, and the definition of this topic, the performance and resolution, are contained in the Good Governance Code, which may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://a6ec13ddfb31350577410b9129680fa9&LightDTNKnobID=263774763>

### WHAT DO WE WANT AND HOW ARE WE ACHIEVING IT

In 2016, ISA will be a business corporation worth USD 3,5 billion in income, of which 80% will be generated outside Colombia.

To reach this inspiring goal, our mission is the development of markets by the design, construction and operation of linear infrastructure systems, by acting under balanced relations between ISA's companies and their stakeholders to add value, generate trust and contribute to the sustainable development of such communities where it is present.

The values supporting this performance are ethics, social responsibility, innovation and excellence, which meaning is being redefined to adjust it to corporate reality and to become inspiring elements for reaching the MEGA.

The corporate strategy developed by ISA pretends, with its actions, to comply with commitments to stakeholders; it is worth mentioning the corporate initiatives and the Comprehensive Management Chart (Cuadro de Gestión Integral, CGI), the inclusion of the promotion of sustainability practices to improve competitiveness and ensure business viability. These actions are duly monitored by ISA's Board.

### ASSOCIATIONS TO WHICH ISA BELONGS

The Company supports the network of Peace and Development Programs (Programas de Desarrollo y Paz, PDP), which gathers 20 foundations present in 520 municipalities in the country. Likewise, it is a founding member and actively participates in the boards of directors and technical committees of Prodepaz in Eastern Antioquia, Central Magdalena, Low Magdalena, Cordupaz (Córdoba and Urabá), and Canal del Dique and the coast zone.

This information may be consulted in: [www.prodepaz.org/](http://www.prodepaz.org/)

Development and Peace Programs are defined as groups of citizens, male and female, for a nation project built upon the bottom of conflicts [...], committed with the efforts of achieving a sovereign country for men and women with dignity and in harmony with nature [...] The purpose of the programs is: to contribute with the construction of a nation in peace, by promoting sustainable comprehensive human development, and citizen's outreach, based upon local and regional processes for development and peace (Redprodepaz, 2008).

With the participation in the Regional Centre for Latin America and the Caribbean (Centro Regional para América Latina y el Caribe), and therefore support UN Global Compact, ISA affirms and incorporates Global Compact principles to its performance. The Centre operates in Colombia with the purpose of generating ideas and tools to strengthen Social Responsibility in Latin America and the Caribbean under the principles of Global Compact and the Millennium Development Goals.

Action lines in the promotion of CSR:

- Support and dissemination of actions from Latin American networks and companies as regards to Global Compact.
- Contribution to consolidate, from the Global Compact view, a Latin American and Caribbean agenda for competitiveness, by projecting the same in the international context as a strategy for development.

This information may be consulted in: [www.centroregionalpmal.org](http://www.centroregionalpmal.org)

The Company is a member of Proantioquia and participates in the Centre for Social reflection (Centro de pensamiento Social), which purpose is promoting the formation of a social reflection, documented opinion, critical analysis and research to contribute with the construction of solid public policies and CSR practices. Likewise, it has an Agreement to carry out actions on education quality.

ISA and Ideas for Peace Foundation (Fundación Ideas para la Paz) are strategic partners to develop Human Rights issues and entrepreneurial practices in conflict zones. The Foundation is the center of independent reflection created by a group of Colombian entrepreneurs with the mission of generating objective knowledge and proposing initiatives that contribute to defeat armed conflict in Colombia and the construction of sustainable peace, based on respect of human rights, plurality and prevalence of public interest.

This information may be consulted in: [www.ideaspaz.org](http://www.ideaspaz.org)

The different sector and cross chambers of the National Association of Utility and Communication Companies (Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones, ANDESCO) promote interinstitutional work for growth of the utility sector, with the purpose of improving life quality of communities under corporate social and environmental responsibility principles, and promoting good business practices and competitiveness of the sector.

Relevant information may be consulted in: [www.andesco.org.co](http://www.andesco.org.co)

The Company is member of the Regional Electrical Integration Commission (Comisión de Integración Eléctrica Regional, CIER): a non-government organization with diplomatic status recognized by Uruguay, encompassing electricity companies and non-for-profit organizations joined to national electricity sectors from ten Ibero American countries, which purpose is fostering and encouraging the integration of regional electricity sectors.

Having an interest for the role that electricity companies might play to protect environment and achieve sustainable development, the CIER created in 2006 the Environment Group (coordinated by Colombia) to propose the environmental guidelines and criteria using reference guides, methodological guides, technical reports and construction of indicators that support sustainable development of the electricity sector in South America.

Relevant information may be consulted in: [www.cier.org.uy/](http://www.cier.org.uy/)

### DIALOGUE WITH STAKEHOLDERS

Although ISA has not implemented a systematic process for dialogue with its stakeholders, it has progressed in the development of opportunities for exchanging practices, experience and joint construction of concepts:

#### Collaborators and Human Rights

The first phase for raising awareness and harmonizing information on Human Rights and Company's responsibility to promote and respect them was conducted inside ISA with a group of 50 collaborators.

During the celebration of the Company's social and environmental week, activities with 322 collaborators were conducted for raising awareness in connection with the Company's support to Human Right promotion initiatives, as the case of Telemap program that provides training to medical staff, military

authorities and community organization on the early attention to those who have been conflict victims of Antipersonal Mines (Minas Antipersona, MAP) or Unexploded Ammunition (Munición sin Explotar, MUSE)

With the support of the Ideas for Peace Foundation (Fundación Ideas para la Paz, FIP), opportunities for discussion were created on the following topics: Company's commitment to Human Rights, guides and voluntary principles that support responsible entrepreneurial management in high risk and conflict areas and guide of the International Committee of the Red Cross –ICRC–: Business and International Humanitarian Law –IHL–. It had the participation of 40 collaborators belonging to the Corporate Social–Environmental Direction, the Supply Direction, the Human Talent Direction, the General Secretariat, the Corporate Planning Direction, the Socio–Political Risk area of the Technical Sub–Management of Energy Transport and the Comprehensive Performance Direction of the Business.

These opportunities, to be completed by 2011 with two more work sessions, complement the goals achieved with the society as a whole by means of the Development and Peace Programs, which purpose is fostering Human Rights and the handling of tools that allow ensuring their enforcement and participation.

### Encounter with Customers (Encuentro Clientes)

The Encounter with Customers, held by the Company during the report period in Bogotá, Medellín, Barranquilla, Manizales and Cali, was attended, in total, by 168 representatives from 52 electricity carriers of the country.

At such meetings, ISA shared the advances on the Mega, information about linear infrastructure systems, achievements and projects, and the productivity and growth strategy focused on care and service excellence. Also, it addressed topics such as: handling of relations with communities present at influence zones of the projects, social corporate responsibility policies and the Colombia– Panama electrical interconnection, among others.

In attention to the responsibility on the value chain, and in line with global communication trends based on technology evolution and Internet, ISA developed a virtual communication strategy with its customers, including digital pieces for promotion and invitation to the encounters and creation of a Website to host the memoirs. The Company currently and permanently has 350 contacts with customers and 400 contacts with ISA's staff through the interactive bulletin.

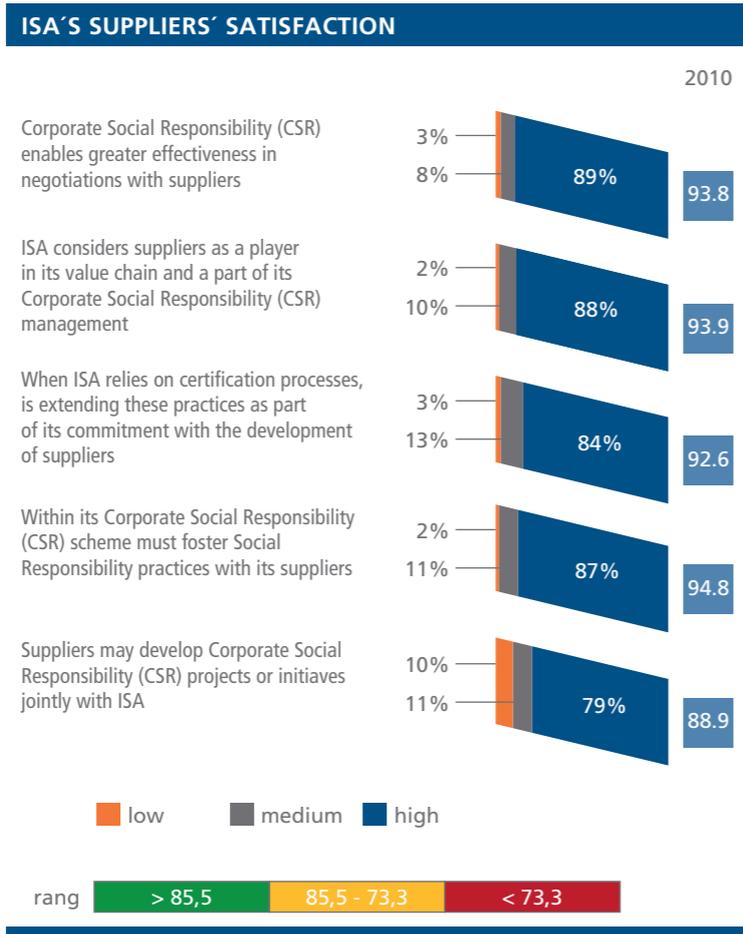
### Encounter with Suppliers (Encuentro Suppliers)

It was held in Bogotá and Medellín and 245 companies with relevant contracting processes in 2009 and 2010, were invited. This encounter, attended by 183 people, addressed matters in connection with Strategic Direction, as well as OHSAS 18001–ISO 14001 and their effects on suppliers, CSR, growth experience with ISA–FUNDALCO, regulations and contracting tips, contracting/project statistics.

The suppliers' satisfaction survey, conducted by IPSOS Napoleón Franco in December with 90 companies to measure suppliers' perception on goods and services negotiation processes with ISA and to determine the impact level of such processes that determine such satisfaction, showed the following results:

- General satisfaction with ISA'S relations: 90.6%.
- Suppliers that desire to keep performing contracts for ISA: 95%.
- Suppliers that would recommend ISA to carry business: 97.9%.
- Satisfaction on the way how ISA manages the processes for request of tenders and subscription of contracts: 91.7%.
- Satisfaction with the performance and management of contracts by ISA: 92.1%.
- Satisfaction with ISA's environment to make business: 93.9%.

Suppliers 'perception on ISA's responsibility with society and environment point out the following:



**Rounds for relationship with local authorities**

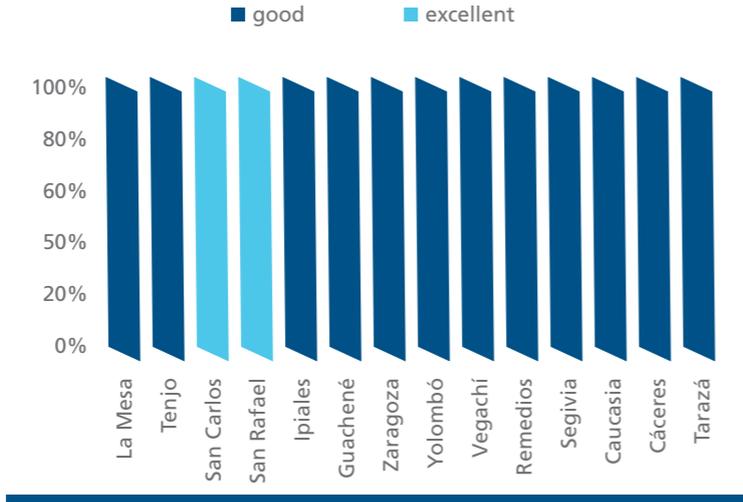
During the reported period, the Educational Transformation Program for Life received feedback, with the attendance of 71 officers from the country's department and municipal administrations.

In the 26 rounds conducted, information was provided on the Company, its CSR management and progress of the Program and guidelines to ensure the synchronization of the priority needs with the programs of municipal development plans, based on management support and leverage of resources to educational institutions participating in this process.

In addition to the above, a survey was made to 14 mayors on the perception of the Program, and the results show a positive overview and 100% of them appreciated the joint work carried out regarding the educational quality issue, which made the difference with previous years. As regards to the relevance and consistency of the Program, two municipal officers considered it good and the remaining 12 considered it was excellent.

It is worth noting the strategic shift with respect to the investment of each of the municipalities, as a result of the exercise of ISA and its partners:

**MAYORS' PERCEPTION REGARDING RELEVANCE AND CONSISTENCY OF THE EDUCATIONAL PROGRAM**



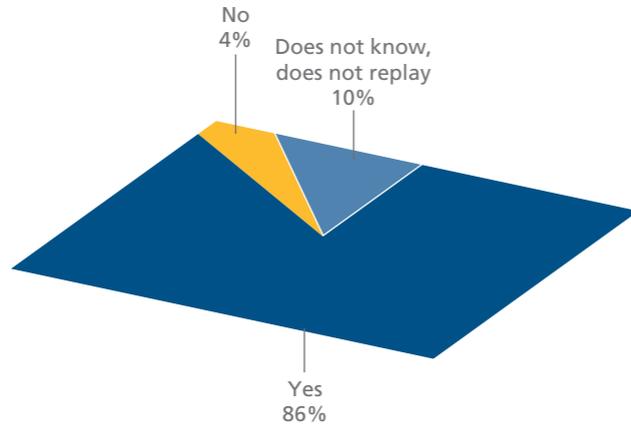
The dialogue developed under the Program made possible, among others, to create synergy, adjust investment schedules, work in coordination with the local education departments in the preparation of the Municipal Accompaniment Program (Programa de Acompañamiento Municipal, PAM) and work with local governments on improvement of plans.

**ISA and communities**

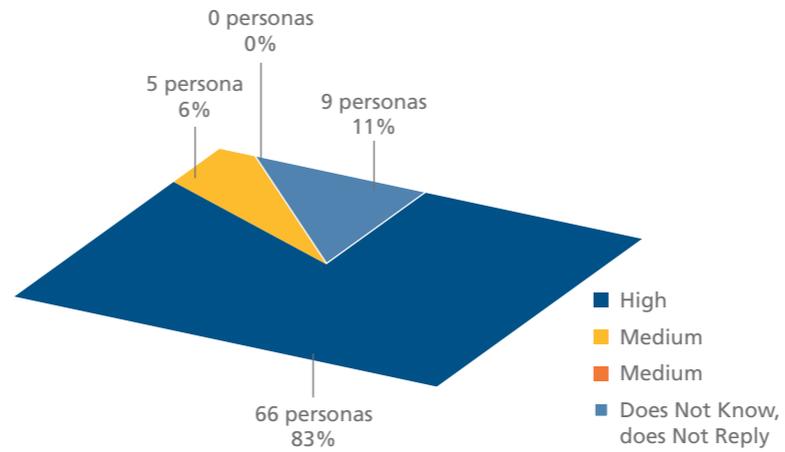
For ISA, it is essential learning the community perception on the implementation of projects undertaken and the contribution to the development of the regions where it operates. For this reason, it initiated, within the period, a feedback process with the communities benefiting from the PDP, which included 80 respondents from five programs: Cordepaz, Prosierra, Vallenpaz, Prodepaz and Magdalena Centro.

To learn the results of the projects undertaken by the ISA REGIÓN program, the Company applied a closing survey as a measuring instrument.

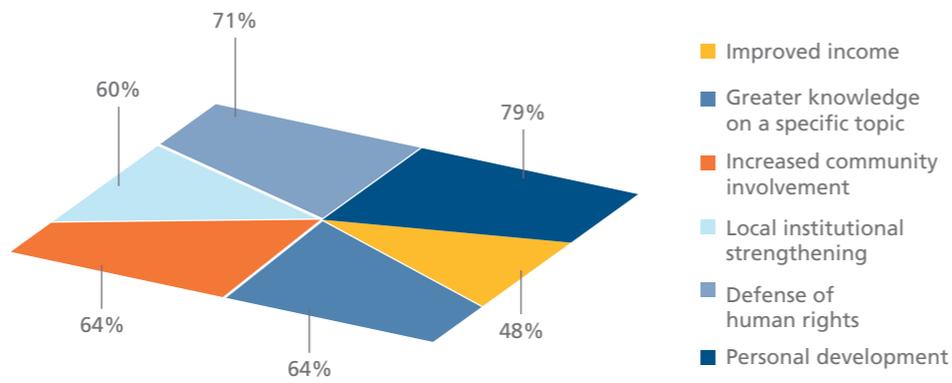
**DID ISA COMPLY WITH THE COMMITMENTS, BASED ON THE RESULTS OF THE PROJECT?**



**WHICH IS YOUR DEGREE OF SATISFACTION WITH THE BENEFIT ACHIEVED?**



**DID LIFE CONDITIONS IMPROVE WITH THESE RESULTS?**



**Regular Shareholder’s Meeting**

The Regular Shareholder’s Meeting ordinarily takes place once a year, within the first three months, on such date, time and place set out in the call made with fifteen business days in advance. Extraordinary meetings take place by call from the CEO, the Board of Directors, and the Statutory Auditor whenever unforeseen or urgent needs of the Company so warrant, or as requested to such officers from a number of shareholders representing at least twenty percent (20%) of the shares subscribed, called with five calendar days in advance. No call will be required when all subscribed shares are represented.

Both, regular and extraordinary meetings require a deliberation quorum made up by a plural number of shareholders representing at least an absolute majority of subscribed shares. Decisions will be made by a majority of votes present, unless the law or the bylaws require a special majority.

The last Regular Shareholders’ Meeting held on March 29th 2010, had a quorum of 84.99% and was broadcasted on Internet, which allowed around 458 visits.

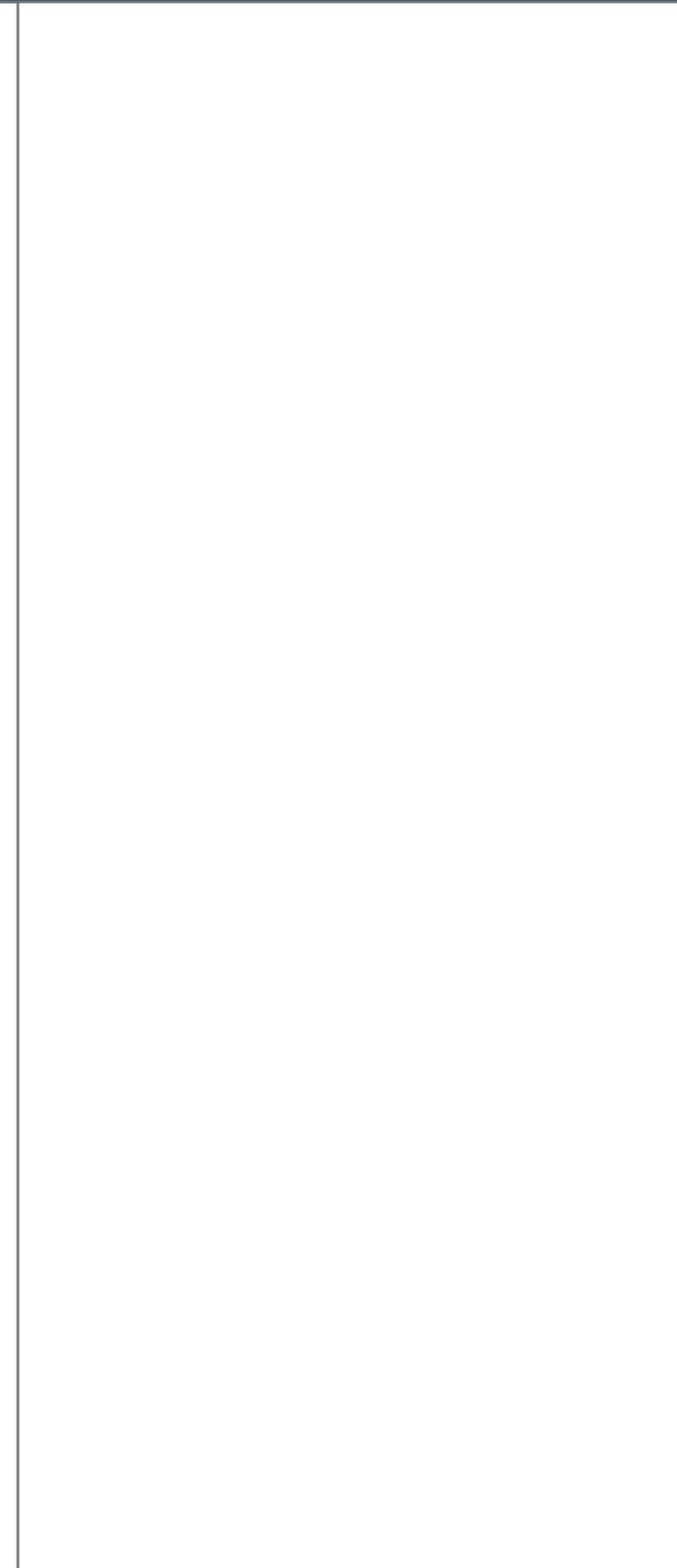
**Communication with stakeholders**

Stakeholders	Media	Participatory Media
Collaborators	Bulletin Internoticias. Environment Bulletin. Online Bulletin. IT Bulletins. ISANET newsletters. Emails. Annual and sustainability reports.	ISANET Primary groups. Performance assessment. Organizational environment surveys. Biannual reputation surveys.
Suppliers	Website “Services to suppliers”. Annual and sustainability reports.	Encounter with suppliers. Contact addresses: contratacionweb@isa.com.co proveedores@isa.com.co Biannual reputation surveys. Biannual perception measuring in general quality and satisfaction. Performance assessment. Website.

## CSR Report

Society	<p>Website. Multimedia. Letters to authorities and communities. Press releases. Community radio. Radio program: ISA Conecta Regiones. Flyers. Posters. Wall newspaper. Annual and sustainability reports.</p>	<p>Letters for requests and inquiries. Rounds for building relations* Educational and informative workshops. Briefings and meetings to raise awareness. Línea amiga ISA: 018000941341 E-mail boxes isa@isa.com.co eloisa@isa.com.co Website. Biannual reputation surveys.</p>
State	<p>Reports and information to regulatory bodies. Quarterly results. Regular Shareholders' Meeting. Press releases. Website. Annual and sustainability reports.</p>	<p>Biannual reputation surveys.. Letters for requests and inquiries. Workshops with State entities. Board of directors meetings.</p>
Customers	<p>Customer Bulletin. Performance indicators report. Website "Negocios ISA". Customer assistance directory. Promise of service. Advertising and marketing. Annual and sustainability reports.</p>	<p>Customer Service Center –CAC–: (57-4) 315 7143 – 315 7317 E-mail: gestioncomercial@isa.com.co Customer satisfaction evaluation. Biannual reputation surveys. Encounters with customers. Visits to customers. Website.</p>
Shareholders and investors	<p>Regular Shareholders' Meeting. Bulletin, tax certification and statement of account. News, highlights and quarterly results. Annual and sustainability reports. Meetings personally attended by institutional investors, brokerage firms and stock exchange analysts. Website (online stock price, stock exchange indicators, financial results, ADRs, news, events, bonus programs and others).</p>	<p>Shareholder's assistance offices. Regular Shareholders' Meeting. Meetings with investors. Correspondence receipt centers at main cities in the country. Electronic mailbox: accionesisa@isa.com.co Toll-free shareholder's assistance line: 01 8000 11 5000 Local Medellín line: (957) (4) 360 24 72 Fax lines in Medellín: (957) (4) 2686880 y (957) (4) 3170858 Website.</p>

\* Spaces to build and strengthen relations with people where ISA is present.



**PERFORMANCE INDICATORS**

**ENVIRONMENTAL DIMENSION**

Both in the Environmental Policy and the CSR definition, ISA expresses its commitment to hold a corporate management that enables it to carry out operations under an environmentally sustainable development framework, and supported by environmental regulations in force in Colombia and international agreements and conventions signed by the country in this area.

**Criteria**

To promote the new model of social and environmental management with corporate reach to ensure the viability of business in the life cycle of assets, and consequently, business growth, by implementing appropriate processes of community participation, environmental licensing, land management, compliance in the implementation of environmental management plans, minimizing of legal risks, improved eco-efficiency of assets under standard ISO 14001.

**2011 Challenges**

Consolidating The Integrated Management System.

Establishing GHG reduction goals or consolidating a voluntary compensation project.

<b>Investment</b>	<b>\$</b>
Environmental management on design	344,606,874
Environmental management on construction	677,998,142
Environmental management on operation	1,676,004,522

**Management**

It is focused on implementing and monitoring the management measures of environmental aspects and impacts of projects during the construction and operation phase, which are embodied in the programs

called Environmental Handling Plan and Environmental Management Plan, with an integral perspective of the life cycle of assets under ISO 14001.

In its framework of initiatives, it addresses:

- Tools for due audit or supervision of the execution of the Environmental Handling Plan (Plan de Manejo Ambiental, PMA).
- Operational control applied to geotechnical aspects, biodiversity and management of wildlife, forestry, archaeological rescue, resettlement of population, integrated management of water, waste, emissions, materials, chemicals and fuels.
- Tools for the proper execution of environmental and social compensation plans and measures.
- Emergency and contingency plans.

**Design and construction**

Implemented to mitigate, prevent and compensate for environmental and social impacts arising from projects, and to ensure proper information, participation and co-management by communities in the area of influence.

During the period, the Company made progress in the following projects:

Project	Environmental management in design	Environmental management in construction	Amount of hazardous waste (*) disposal	Amount of waste (*) non-recyclable –ordinary, non-hazardous disposal
Environmental Impact Study Cauca–Nariño (low voltage)	Environmental Impact Study (Estudio del Impacto Ambiental, EIA) of the interconnection line. Formulation of Environmental Handling Plans (Planes de Manejo Ambiental , PMA) of substations. Prior consultation with black and indigenous communities. Execution of information and community participation program (programa información y participación comunitaria, PIPC).	NA	NA	NA
Contract for connection and works at substation Caño Limón–Caricare	NA	Hiring of non-skilled workforce: 130 people. Control on vegetation cleaning. Handling of solid waste. Attention to community complaints: 1. Community Benefit Projects (Proyectos de Beneficio Comunitario, PBC): nine veredas receiving benefits (\$92 million). Environmental training: 86 training sessions and lectures. Forestry Compensation: reforestation of 10.5 hectares.	NA	210 Kg ordinary, non-recyclable waste (OXY landfill***) 40 Kg of wood, reels –non-recyclable (OXY landfill)

# CSR Report

La Mojana	NA	PIPC	NA	NA
Project suspended by bad weather in the area of influence.		Procurement of 60 environmental training workshops for schools located in the area of influence.		
Construction of substation and associated lines Cira-Infantas at 230 KV	NA	<p>Hiring of unskilled workforce: 150 people from 27 veredas and two neighborhoods from municipality of Barrancabermeja.</p> <p>Vegetation clearing control.</p> <p>Handling of solid waste.</p> <p>Attention to community complaints: one.</p> <p>PBC: 11 veredas and three neighborhoods benefited from municipality of Barrancabermeja (\$163 million).</p> <p>Environmental training: 212 training sessions and lectures.</p> <p>Forestry Compensation: reforest process in advance for 69 hectares.</p>	<p>261 Kg of empty containers of paint, tow impregnated with grease and gloves impregnated with oils and fats (discarded at the OXY – Barrancabermeja landfill)</p>	<p>1.926 Kg ordinary, non-recyclable waste (disposed of at OXY landfill– Barrancabermeja)</p> <p>250 Kg of wood reels fiber–non–recyclable (discarded at the OXY landfill– Barrancabermeja)</p> <p>2.970 Kg of empty cement bags –non–recyclable (discarded by Serviambiental).</p>

# CSR Report

<p>Construction of substation and associated lines Porce III at 500 KV</p>	<p>NA</p>	<p>Hiring of unskilled workforce: 550 people from 13 veredas of municipalities of Anorí and Guadalupe. Vegetation clearing control. Handling of solid waste. Attention to community complaints: 10 PBC: 13 veredas from municipalities of Anorí and Guadalupe (\$450 million) Environmental training: 130 training sessions and lectures. Forestry Compensation: not yet implemented. Request was made to MAVDT to change land reforestation for acquisition of land for preservation.</p>	<p>120 kg (discarded by ASEI)</p>	<p>720 kg ordinary, non-recyclable waste (discarded by COOGEM) 3.336 Kg of wood reels–non–recyclable (discarded by COOGEM and other delivered to communities).</p>
<p>Construction of substation and associated lines El Bosque</p>	<p>For construction of line: Environmental Impact Study (Estudio de Impacto Ambiental, EIA), workshops for information, consulting and community involvement, application for environmental license and prior consult process.</p>	<p>Only for construction of the substation. Hiring of unskilled workforce: eight Preliminary activities since November 17, 2010.</p>	<p>NA</p>	<p>105 m3 non-recyclables: debris (discarded at landfill authorized by CARDIQUE).</p>

(\*) Classification, ISA’s comprehensive waste management manual.

(\*\*\*) Data appearing for OXY, exclusively include such projects constructed by ISA for such company at Cira Infantas and Caricare. OXY has a landfill approved by MAVDT and operates in the Oil field of Barrancabermeja Caño Limón. For the other projects, disposal of non-hazardous waste is made at regional landfills, and hazardous waste is made through companies authorized by MAVDT.

NA: Not Applicable.

**Operation**

For this stage of energy transport service, ISA develops a methodology certified by ICONTEC\* (ISO 9001, as from 2000 and ISO 14001 and OHSAS 18001 as from 2008). During this period this methodology was confirmed (which forms the Integrated Management System –SIG–) for 25 substations with their associated lines and for two administrative offices, and the certification was renewed for seven substations with associated lines and two administrative offices, including Medellín.

To set the environmental aspects and most significant impacts, the Company develops environmental planning based on ISO 14001: defines objectives, goals and improvement programs each year, provides efficient management measures, continuously monitors operations, and identifies deviations and measurements with indicators.

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\* ICONTEC is a Colombian multinational company concerned about sustainable development of organizations throughout the continent that works since 1963 to Foster technical standardzation, metrology, conformity evaluation and quality management in Colombia, Central and South America.

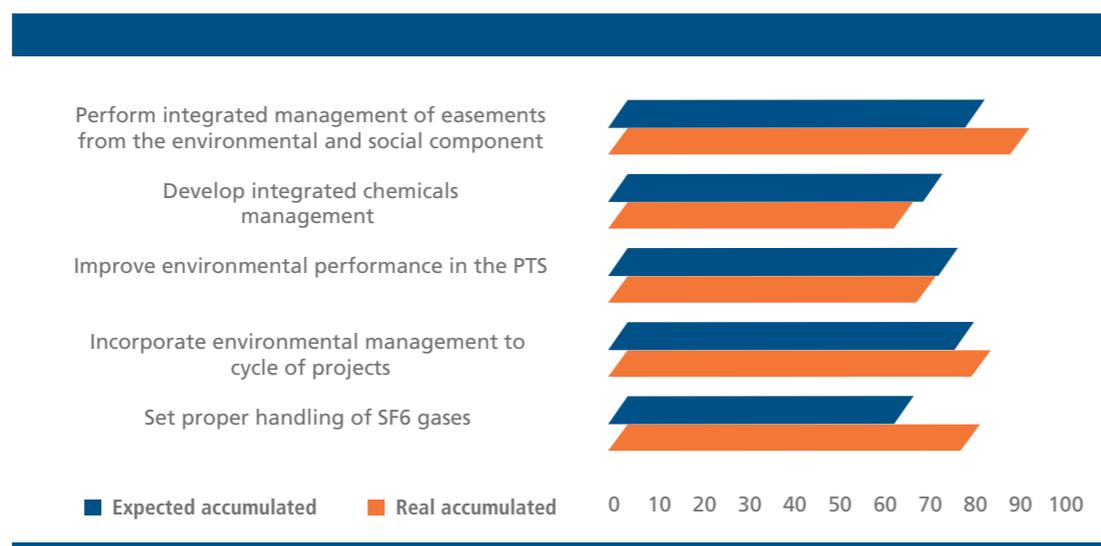


**ISO 14001 INDICATOR RESULTS**

Looking to improve environmental and business performance, ISA designed five programs assigned to the Environmental Management System:

<b>Program</b>	<b>Objective</b>
Perform comprehensive management of easements from the environmental and social component.	Standardization of management of easements to mitigate environmental, technical and socio-political risks.
Develop integrated chemicals management.	Decreased environmental and occupational health risks, by optimizing the amount of chemicals.
Improve environmental performance in the power transmission system.	Appropriate and rational use of natural resources.
Incorporate environmental management to the life cycle of projects.	Improve the environmental performance of the Infrastructure Project Management to ensure the viability of projects.
Set proper handling of SF6 gases.	Reduced environmental and occupational health risk related to the handling of SF6, by improving the skills of staff working in the maintenance of this equipment (maximization of care to prevent leakage) and the optimization of the levels of air emissions.

The implementation of the actions proposed in each program is measured by performance targets and program implementation rates. Targets are set in accordance with the findings of external audits and agreed with the likelihood of compliance by those responsible. The expected accumulated will be presented as ultimate goal of compliance and actual accumulated as an executed percentage of the program.



Primary environmental indicators	Measurement units	2008	2009	2010
Energy consumption	KwH/mes	9.082.343	9.333.814	39.3449.482*
Generated waste (hazardous)	Kg	166.703	55.863	23.30
Generated waste (non-hazardous)	Kg	182.488	156.011	116.82
Oil contaminated with managed PCB	Kg	3.600	9.725	225
Handled industrial surplus	Kg	550	988.8	32.792.50
Paper consumption per employee, Medellin office	Kg	9.63	9.60	6
Water consumption	m <sup>3</sup> annual	91.412	100.528	6.455.5
SF6 Emissions	tn CO2 equivalent	No record	36467.56	17368.25 (SF6 leaks)
Hydrocarbon consumption	Annual gallons	5.411	14.343	6.487
Impacted plant area	Hectares	No record	No record	No record
Oil and fuel disposal	# Environmental near misses	3	5	0

\* According to the statistical monitoring made to energy consumption in offices and substations since 2008, there is a monthly erratic behavior. Notwithstanding the foregoing, in the annual mean, they appear on a regular basis in the historical series, without witnessing downward trends in consumption. According to the above, it is concluded that the implementation of the URE (which aims to reduce indirect energy consumption) is not reflected in energy consumption, because consumption at ISA is generated mainly by domestic use, which have certain anual periodicity that enables having stable average.

**MITIGATING CLIMATE CHANGE**

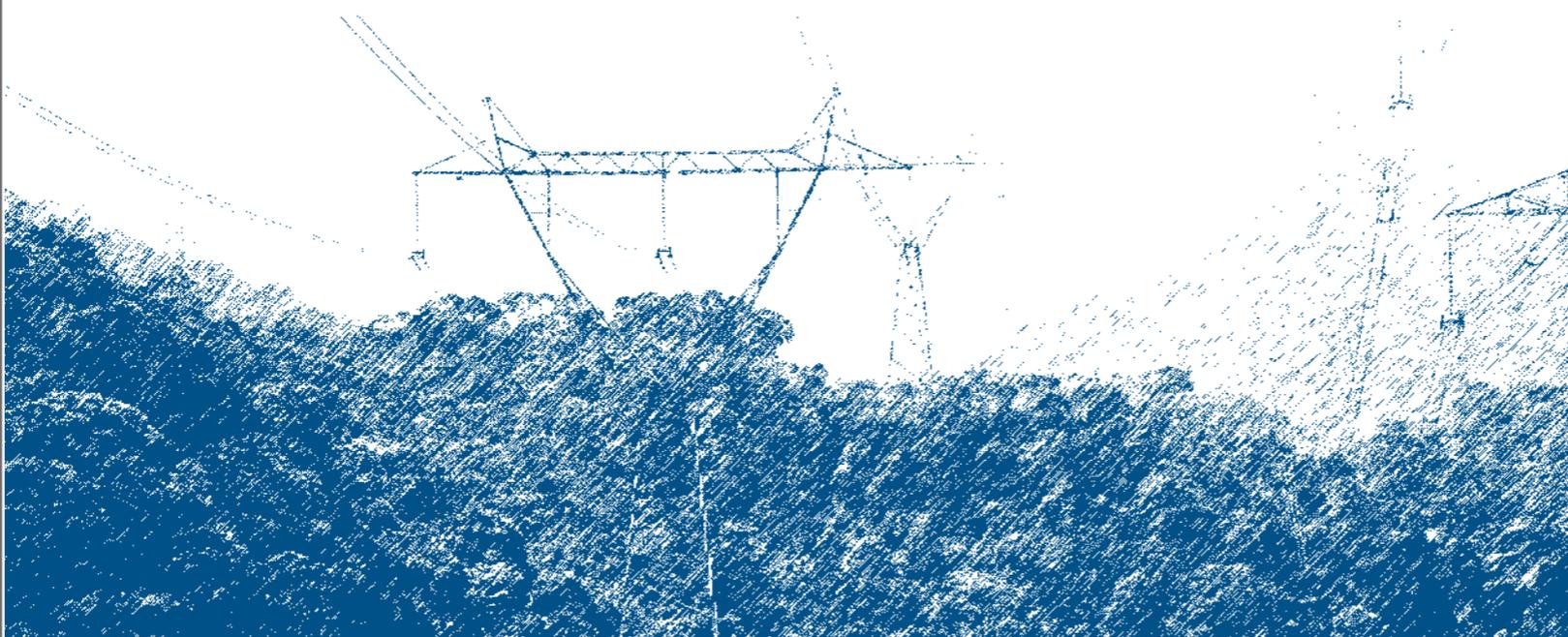
The inventory of Greenhouse Gases on the Power Transmission business of ISA in Colombia for 2009, held in the fourth quarter of 2010, was one of the most meaningful and effective actions for the Organization.

Its performance required evaluating the process related to management, operation and maintenance of the business; the planning matrix and environmental aspects and impacts were revised; the processes associated with GHG emissions were characterized; and followed the guidelines proposed in the GHG Protocol presented by the World Business Council for Sustainable Development, which includes the guidelines established in Standard ISO 14064.

The standards set by ISO 14000 include ISO 14064 and ISO 14065, aimed at giving credibility and assurance to GHG emission reporting and to the statements for reduction or elimination of them. The standards are not aligned with any particular scheme, rather they are independent and can be used by organizations involved in trade, in projects or voluntary mechanisms to reduce emissions.

Regarding the impact of business activities in Colombia, the inventory found that only 1% of the overall total of gases is generated by these activities, so it is not considered significant.

In 2011, the inventory will be endorsed with the technical areas and the 2012 reduction target will be established.



Improvements achieved in the management of SF6

SF6 is a greenhouse gas of most concern for ISA\*, and therefore since 2008 it holds a management program that has allowed:

- Making the inventory of equipment from the substations that contain SF6, where 14,670 Kg. are installed.
- Learning the state of the art in the handling of this product worldwide.
- Improving procedures and maintenance execution processes, which has meant substantial savings for the effectiveness in solving the problem of leakage and reduced gas purchases.

According to studies, the greatest loss of SF6 is due to maintenance work and not to leaks in the operation of equipment.

Allowable losses per year may not exceed 0.5% of the total volume of SF6 handled by the equipment in liters. It is estimated that in the business operation of ISA during the period, SF6 losses were 0.47%, which is lower than that prescribed by IEC 62271-303, 2008 (use and handling of sulfur hexafluoride).

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\* Power switches installed in the connection yards of its substations have the function of mitigating the electric arc generated by air ionization. To cushion the shock of electricity that can be generated as a result, the switches are encapsulated in SF6. Excellent dielectric properties of SF6 allow quick restoration of isolation, which prevents, for example small surges.

SF6 emissions to the atmosphere are due to the following:

- Associated to the operation of equipment (1% annual loss).
- Associated to equipment maintenance (75% of SF6 emissions occur in the maintenance of equipment).
- Associated to accidental SF6 leakage.
- Associated to dismantling of equipment (improper disposal of gases removed during dismantling).

**Diagnosis of current situation**

Establish a methodology for determining the condition of SF6 and clarify its potential use or disposal.

Develop an inventory of the number of cylinders in storage and set the amount of SF6 stored in them:

- Quantify the amount of SF6 in good and poor quality in the stores.
- Perform repackaging and labeling of cylinders (empty, filled with SF6 of good quality, to dispose with SF6, empty for disposal).
- Quantify SF6 amounts per gas features.
- Define the budget required for correct operation.

Define a methodology for the disposal of SF6 bearing poor quality and empty cylinders.

Perform a process for SF6 disposal.

**Identification of the state of the art in handling SF6.**

Investigate best practices to perform maintenance on switches with SF6.

**Improvement proposals**

Adjust maintenance and storage guidelines for testing, based on proposed improvements (including petrologic control).

**Monitoring indicators**

Report emission indicator (% gas emitted by substation and total ISA).

Fuel consumption

Substations of the power transmission system have diesel-operated electrogen equipment to supply emergency power. The consumption of this fuel during the period was 6,487 gallons, equal to an average consumption of 110 gallons per plant in the year, which is considered a very low value.

**A good practice in the maintenance of substations in ISA is the regeneration of dielectric oils for such equipment that contain them and which have lost their physical and chemical characteristics, consisting of a high-tech process of recovery of these characteristics, thus avoiding consumption of hydrocarbons.**

Energy savings

The Rational and Efficient Use of Energy Program (Programa Uso Racional y Eficiente de la Energía, URE), which seeks to ensure the rational and efficient use of energy in the processes, was established in the Company to optimize resource consumption associated with the activities, processes and business projects.

Activities undertaken:

- Inventory of networks, systems, equipment and facilities with potential for reducing energy consumption.
- Definition of action plans to realize the potential of reducing energy consumption.
- Replacement of system components at facilities and equipment with others having similar performance and greater efficiency, according to useful requirements and life cycle.
- Incorporation of component and system designs that provide good opportunities for energy saving in enlargement or construction of new infrastructure.

**The change of incandescent light bulbs and appliances, both in headquarters and substations, and energy-efficient fluorescent lights, is worth being mentioned.**

COMPREHENSIVE WASTE MANAGEMENT

Paper consumption

The average use during the period was 6 kg per employee per year: 38% less than in 2009 when it was 8.28 kg/employee. The paper used by the Company does not affect the environment as it is made of a fiber obtained from by-products of sugar cane crops and excludes the use of elemental chlorine. Therefore, it is a recyclable and biodegradable paper.



Number of users.	740
2010 average ream .	2160
Average reams per User.	3
Converted into Kgs.	6Kg

Day cup campaign

This activity, performed to change plastic cups for paper pulp (recycled type) cups, helped reducing the generation of this waste and consumption of units per person: during the year 375,404 units were consumed: 54% less than in 2009 when 808,800 were consumed. In addition, from year to year 13% in costs were saved.

Another positive environmental impact of this measure was to reduce the numbers of ordinary waste disposed of in the landfill of the city of Medellin.

Materials recovered

Recovery is made by the management of recyclable waste generated at Medellin headquarters, where an agreement is in place with a work association (cooperative) to use such material.

Statistics and annual savings, defined as the decrease in amounts sent to landfill disposal, are listed in the following chart:

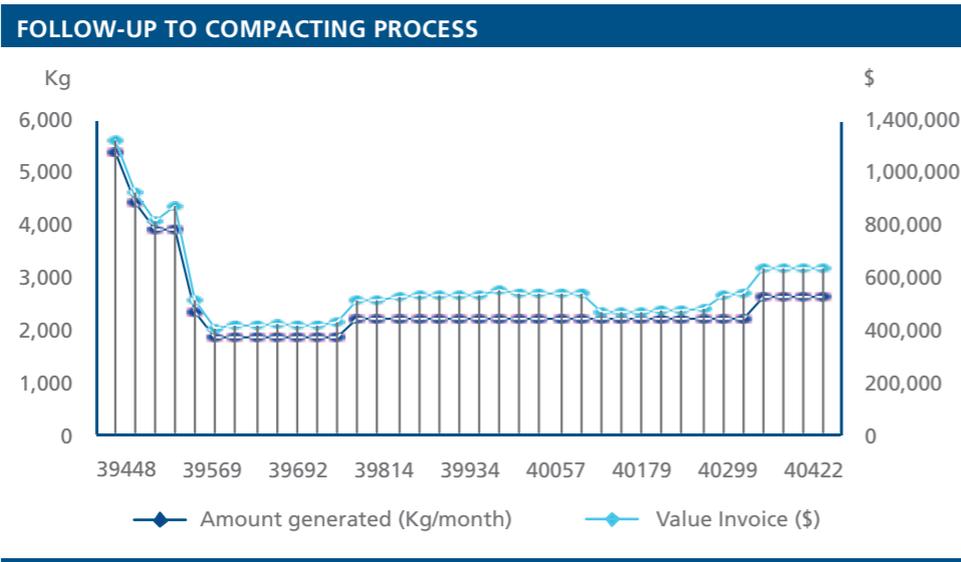
Recycling with the work association (cooperativa)

Type of recovered material	Amount generated (kg/year)			Income earned by cooperativa \$		
	2008	2009	2010	2008	2009	2010
Office paper	14,995	17,656	23,602	4,952,620	6,769,682	9,570,262
Newsprint	71	321	1,301	8,220	21,280	60
Carton	4,074	4,337	4,144	1,510,159	1,760,362	1,773,478
Plastic	3,878	1,391	1,430	2,826,709	608,364	743,513
White glass	3,022	3,292	3,629	325,764	401,624	459,793
Wood	42	78	119	7,145	15,288	24,126
Metals	3,823	2,082	1,560	1,366,250	540,604	323,388
Aluminum	247	66	90	785,218	141,927	287,111
<b>Total</b>	<b>30,152</b>	<b>29,223</b>	<b>35,875</b>	<b>11,782,084</b>	<b>10,259,130</b>	<b>13,181,731</b>

Note: Savings were calculated taking into account the respective year value per ton for collection, transportation and disposal of solid waste in landfill La Pradera, according to information from Empresas Varias de Medellín.

Through this agreement, ISA donates all the recyclable material generated in the administrative headquarters of Medellín, and the work association (cooperativa) retrieves and recycles the same. Thus, the company develops an environmental management activity that generates highly rated social, economic and environmental benefits.

Ordinary trash compactor



In August, Empresas Varias de Medellín measured ordinary waste of the first eight months of the year, which resulted in a 16.33 m3 monthly generation, higher than the number corresponding to the previous year, which monthly volume, also from January to August, was 13.76m3.

This increase was reflected in the billing rate for cleaning service increasing in 30%: from an average of \$ 484,190 in 2009, to \$ 630,617 in 2010.

Composting

Other practice in Medellin headquarters is the process of composting of 0.36 m3 of organic waste per day, from the restaurant and cafeterias.

Savings in the composting process

Organic matter (m3/day)		Business days per year		Organic matter (m3/year)		Final disposal value x m3 year 2009 \$		Savings \$	
2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
0,33	0,36	240	244	79,2	87.8	142,727	36,114	3,028,212	3,172,244

Note: the value of final disposal per m3 is the result of the average of values per m3 of the year's billing rate for cleaning service.

Industrial Surplus

To help saving natural resources and environmental preservation, ISA uses the vast majority of waste generated from the activities of replacement and maintenance of equipment as raw material in different processes.

During the year, the excess was properly stored and in the first quarter of 2011, they will be delivered to a manager expert in recovery and use of these products.

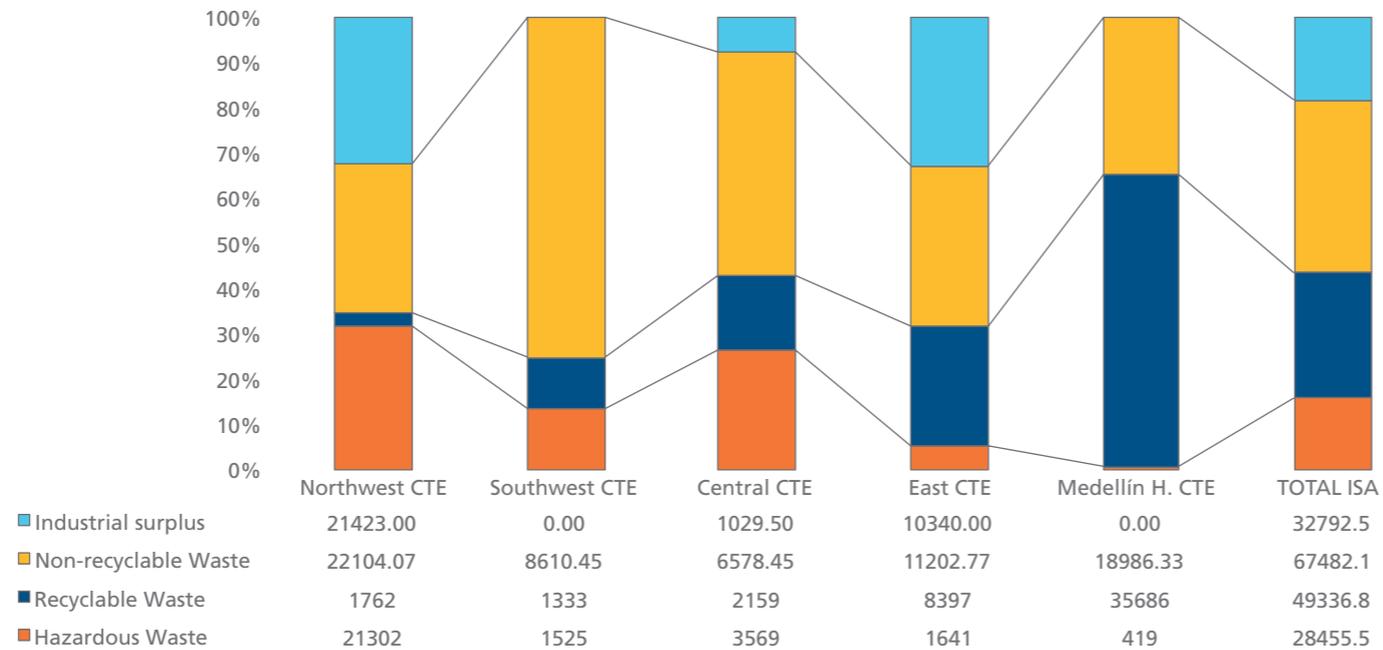
Equipment and materials generated were recorded as follows:

Description of material	Unit	Amount	Substation
Aluminum connectors	KG	1.330	San Carlos
Aluminum (locks and stairs)	KG	195	Torca
<b>Total</b>		<b>1.525</b>	
Aluminum cable with steel body	KG	220	Ancón Sur
Aluminum cable with steel	KG	1.052	Guatiguará
<b>Total</b>		<b>1.272</b>	
Oil	Gln	1.958	San Carlos
Scrap	KG	5.740	San Carlos
Scrap	KG	9.295	Ancón Sur
Scrap	KG	800	Torca
Scrap	KG	7.065	Guatiguará
Collapsed tower structure	KG	1.550	Guatiguará
<b>Total</b>		<b>24.450</b>	
Porcelain with metal content	KG	780	Ancón Sur
Porcelain	KG	2.100	Ancón Sur
<b>Total</b>		<b>2.880</b>	
Copper cable	KG	20	Guatiguará
Cards and electronic devices	KG	70	Guatiguará
Battery	KG	583	Guatiguará
Battery	KG	34	Torca
<b>Total</b>		<b>617</b>	
<b>Total</b>	<b>KG</b>	<b>30.744</b>	

Waste management at offices and substations

All waste that may cause risk or harm to human health and the environment, known as hazardous, are properly managed through the services of an expert provider, which holds environmental license for its management.

WASTE GENERATION - 2010



Transportation of hazardous waste

During the year, 225 kilograms of oil contaminated with polychloride biphenyl –PCB, were delivered to the supplier responsible for disposal in the EKOKEN incineration plant in Finland. It should be noted that after making the management of PCB, the company is released from such substances at any of its facilities.

In line with the Stockholm Convention, both operating and new equipment, necessary for the provision of service, are free from this gas.

### MITIGATION OF IMPACTS

#### Environmental risks and accidents

The analysis of environmental risks is an ongoing task part of ISA's daily chores, for which it relies on adequate tools to identify aspects and impacts associated with operation and maintenance works on lines and substations: operational control matrix, environmental planning matrix, locative maintenance matrix, and emergency drills. In addition, the Company prepares scenarios of risk factors in specific tasks.

During the period, 38 emergency drills were held at the administrative offices and 34 at the substations, which included aspects and environmental impacts in its early stages of planning and evaluation.

#### Emergencies accidents and near misses

During the year, a number of actions took place in all ISA's venues and facilities to strengthen the management of systems for prevention and emergency response, training and education to people that are part of the teams for emergency assistance, purchase of tools and equipment to meet such situations and development of new procedures and risk mitigation plans.

On the other hand, 35 drills were planned and executed in 32 facilities of the Company with the participation of neighboring businesses and local committees for disaster prevention and assistance, thus enabling the assessment of schemes designed for assistance and the measurement of their effectiveness. The results were the basis for the design and implementation of improvement plans.

#### Forestry Compensation at transmission lines

Since 2005, ISA develops its Forestry Compensation Program (Programa de Compensación Forestal, PCF) at 500-kV transmission lines Primavera-Bacatá and Bolívar-El Copey-Ocaña-Primavera and associated works (Unidad de Planeación Minero Energética -UPME-, bidding processes 01 and 02 of 2003), which purpose is to compensate the impacts caused to vegetation during the construction and operation of its works. For its implementation, \$14,657 million have been invested, and to this date \$10,500 million have been invested in the program. The investment for 2010 was \$1,187 million.

Through this program, the Company has positively intervened in 1,137,049.39 hectares of regional strategic ecosystems, supporting the work of 10 regional autonomous corporations (corporaciones autónomas regionales) and facilitating the direct and committed participation of the affected community.

The following table records the areas acquired for the consolidation of strategic areas for biodiversity conservation:

Intervened Corporaciones Autónomas regionales	Intervened municipalities	Hectares acquired in 2009	Hectares acquired in 2010	Proposed handling plans	Participants to socialization workshop on strategic Areas acquired
4	15	1.987.00	815.54	13	526

Hectares intervened to support public policies for biodiversity conservation:

Intervened corporaciones Autónomas regionales	Intervened municipalities	Hectares arranged in 2009	Hectares arranged in 2010
4	43	125.051.70	1.009.195.15

This way, ISA compensates the biotic impact caused, generates conditions to improve life quality of inhabitants from the intervened regions and provides labor opportunities in the performance of actions.

**MANAGEMENT OF EASEMENTS**

**Constructions at zones of easements**

A plan with the following objectives was prepared for the comprehensive management of easements:

- Determine the number of constructions on the easement area of ISA and set an indicator for each Energy Transmission Center (Centro de Transmisión de Energía, CTE).

- Standardization of premises of each substation, which involves updating of appraisals and troubleshooting.
- Update the database of owners with legalized easement.

Achievements of plan:

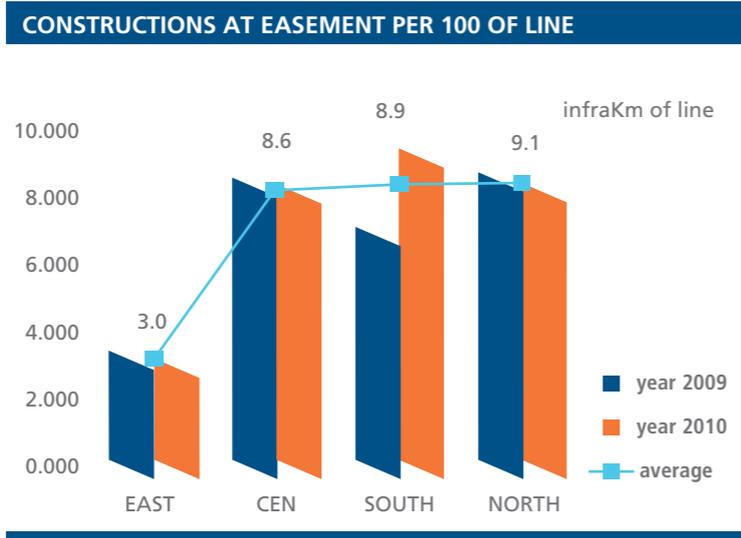
- Standardization of construction indicators in easement areas.
- Organized management of purchasing of constructions with three-year budget.
- Updating of commercial appraisals of each substation.
- Progress in the process of creating a reliable database of owners with legalized easements.

In the year, 128 constructions in the easement area were negotiated. And at the end of the period, there were 555 of such constructions, of which 94, which are special cases because of the complexity in the negotiation, will not be relocated, but rather improved reliability will be generated on them to reduce risks. This will increase the frequency of maintenance works and will allow better securing of the cable to the tower.

<b>Centro de Transmisión de Energía –CTE–</b>	<b>General amount</b>	<b>Special cases</b>	<b>Amount without special cases</b>	<b>Negotiated in 2010</b>
East	61	7	54	10
Central	100	29	71	5
Southwest	192	49	143	16
Northwest	202	9	193	97
<b>Total</b>	<b>555</b>	<b>94</b>	<b>461</b>	<b>128</b>



Constructions at easement zones of lines:



The East CTE has the lowest number of constructions per 100 Km of line length, the others have 9 constructions in average on the same length.

The Southwest CTE increased about 39% in the number of constructions, due to the thorough inspection of its easement areas by the Company.

During the year, ISA launched the third wave of projects called Lean Six Sigma: “increasing effective and efficient management of land and easements,” which has the following objectives:

- 50% increase in speed for notices on logging, housing and relationships with owners, to increase the assistance percentage to 100%.
- Increase the recording of notices in the SAP system, with information to establish priority of attention and to control the process.
- 50% decrease reworks generated in this effort.

Thanks to the implementation of this project, the Company determined that the notices related to construction at easement areas and vegetation management are those that require more management

time, and therefore improvements were made in the process that will allow it to manage, on a more timely manner, environmental issues and get better quality information for decision-making:

- Design and implementation of a new management process for notices related to constructions, vegetation and other environmental issues.
- Unified and simplified process to record information in the SAP system.
- Planning, categorization and prioritization of the management of each of the notices.

### Vegetation management

ISA, with the environmental team of the Technical Assistant Management, advanced considerably in order to minimize the impact on plant resources. For this purpose, it carried out:

- Review and amendment of manuals, guides and forms related to the vegetation component, to conform to regulations.
- Training and design of tools to ensure proper handling of vegetation layers during maintenance activities.
- Processing of 141 requests for information required for the management of permits, compensation and estimation of the impact.
- Construction of forest indicators.

On the other hand, the Company published the "Handbook on common plant species in ISA's grid." This field tool, which allows for proper identification, registration and management of vegetation and plant diversity in the maintenance of the easement areas, addresses topics such as:

- Classification of vegetation cover.
- Types of growth and species threatened with the close season.
- Guidelines for felling and pruning.
- Location of protected areas.



To see the document, goto the folder **“CARTILLA”** in this DVD.

In parallel, the Company led negotiations with the MAVDT, in order for such Ministry to establish a specific silviculture management plan to be executed in the maintenance of the easement areas of transmission lines.

It also identified the infrastructure that is located in protected areas (environmentally sensitive) to make a maintenance plan in accordance with current environmental regulations and thus avoid any risks in these ecosystems.

### LEGAL MANAGEMENT

In order to consolidate a reliable system for environmental legal management, the Company developed the following actions:

- Managed the legal commitments for lines and substations derived from licensing and environmental permitting and ensured compliance thereof.
- Obtained eight water permits water for six substations (San Carlos 230 kV and 500 kV, Jamondino, Cuestecitas, Jaguas and Samoré) and eight permits for logging and forestry use.
- It advanced in the implementation of action plans on environmental standards and radioactive and minor changes, issued in 2009.
- It structured 19 action plans to meet standards on waste, air, licensing, radioactive and fines, issued in 2010.

### Trade association actions

In its attempt to contribute to the growth of the electrical and environmental sector, ISA participated in ANDESCO's Environmental Chamber, in the MAVDT (Ministry of Environment), in the Ministry of Mines and Energy (Ministerio de Minas y Energía, MME), in the Energy–Mining Planning Unit (Unidad de Planeamiento Minero Energético, UPME):

- Support to the development of the ANDESCO–MAVDT Environmental Agenda.
- Participated in UPME's consulting workshops, under the Strategic Environmental Assessment Study on the Electricity Sector.
- It participated in the workshop to disseminate the Manual on economic valuation of environmental impacts (MAVDT and other companies).
- It formulated the draft resolution on the Rural Silviculture Management Plan, agreed upon with ANDESCO and proposed to MAVDT.
- It supported the formulation of the draft decree on Management of PCBs (polychlorinated biphenyls).
- It submitted comments to ANDESCO and to the MAVDT on 23 regulatory projects processed in 2010: Forestry, biodiversity, waste, environmental licensing, and dumping.
- It shared its experience in forestry compensation at ANDESCO's Congress.
- It participated in the debates at Universidad Externado on law and climate change.

### ISA – Regional Electrical Integration Commission (Comisión de Integración Eléctrica Regional, CIER)

Along with the CIER environmental group, ISA participated in the following efforts:

- The Legal observatory operational tool for monitoring and tracking trends from the countries on environmental regulations.
- The environmental policy framework document of the CIER countries.
- Formulation of the “CIER position paper” of consensus on the issue of climate change, presented to the COP 16 in Mexico.
- Formulation of the methodology for the benchmarking study of environmental indicators.
- The preparation of the International Congress on Electricity Industry Sustainability (Congreso Internacional de Sostenibilidad de la Industria Eléctrica, CISLE), held in Medellin in April 2011.



## SOCIAL DIMENSION

It comprises the performance with stakeholders called collaborators, suppliers, customers, State and society. Each item shows their characteristics, commitments and most relevant facts of the performance in the period.

### COLLABORATORS

#### Commitment and characterization

ISA recognizes human talent as the main driver of organizational objectives. Its Human Management Policy sets a mutual commitment to create a work environment that fosters development of people in the human, social and work aspects, and on the basis of constructing identity with the strategic direction: vision, mission, goals and corporate strategy.

It is also committed to creating a work environment of mutual trust, based on respectful, clear, equal and fair working relations, and comprehensive development of individuals and the group and its companies on a shared basis.

#### Strategic Objectives

To have the human talent for mobilizing business management, taking into consideration that the challenge on management is focused on recruiting, retaining and developing human talent required to achieve the objectives.

#### Criteria

- Promoting participation.
- Developing knowledge and contributing to comprehensive development.
- Granting recognition.
- Protecting health and welfare of collaborator and his/her family.
- Keeping effective communication.

#### Challenges 2011

To have the human talent available to support the assurance of current business and the development of new ones.

Provide leaders with skills to lead, inspire, mobilize, transform and achieve results through their behavior and support.

Align goals and mechanisms to promote superior performance.

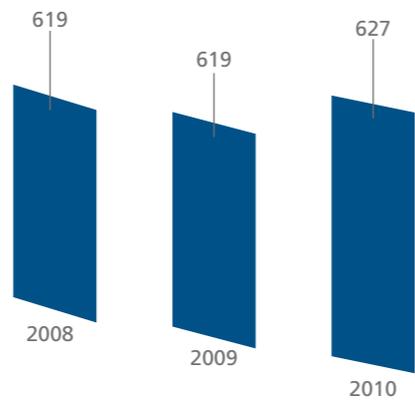
Encourage collaborators to have a balance between personal life and work activities.

Comply with the work plan for the ISO 14001 and OHSAS 18001 certification related to the infrastructure project construction.

**HUMAN TALENT MANAGEMENT**

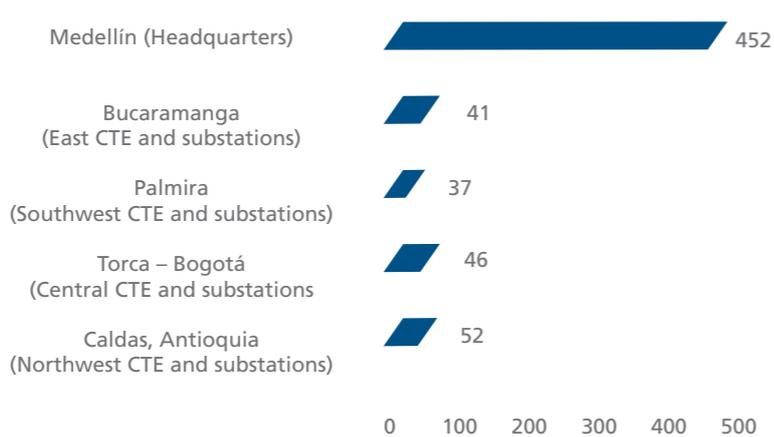
At the end of the year, the Company was formed by a team of 627 collaborators, with an average age of 42.4 years and 15.2 years of service. During the period, 45 people entered and 34 left the Company (between departures and retirements).

**STAFF**

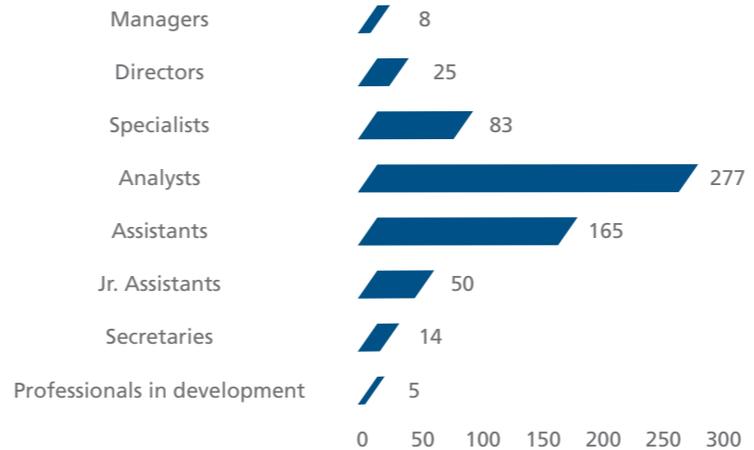


From 627 collaborators, 72% were located in Medellín and the remaining 28% was located at the Centros de Transmisión de Energía –CTE– in the center, southwest, east and northeast of the country.

**DISTRIBUTION OF COLLABORATORS PER REGION**



**DISTRIBUTION OF COLLABORATORS PER POSITION**



The Company has two employment schemes:

Regular fixed. There are 514 collaborators under this scheme who are able to join the collective agreement of their choice: National Union of Interconexión Eléctrica S.A. (Sindicato Nacional de Trabajadores de Interconexión Eléctrica S.A. ISA, SINTRAISA) or Collective Agreement. Thus, the Company complies with Global Compact principle three which guarantees participation and freedom of association.

Comprehensive salary. There are 113 collaborators under this scheme, whose employment conditions are provided under individual agreements.

As for the term of employment, of 627 workers, 622 have an indefinite term contract (99%) and five have a fixed term contract (1%).

**Distribution of collaborators per regime**

Regime	Type	Number of collaborators	Distribution by gender		%
			M	F	
Comprehensive salary		113	68	45	17.99
Fixed regular salary	Collective Agreement	448	305	143	71.50
	Collective Convention	66	58	8	10.51
<b>Total</b>		<b>627</b>	<b>431</b>	<b>196</b>	<b>100.00</b>

The Company has a wage policy above the SMLMV (minimum legal wage), in terms of reference: the minimum salary wage of ISA is \$ 1,121,000 and the ratio with the SMLMV is 2.18 times more, and the average salary is \$ 3,130,961 and the ration with the SMLMV is 6.08 times more\*.

Salaries, corresponding to the level of responsibility that recognizes differences in the competencies and performance, are applied on equal terms to all collaborators, regardless of any discrimination by race, gender, religion, national origin, among others.

\* Cited values are used as basis for fixed ordinary regime.

The following table, showing the classification of collaborators by gender and age, highlights the 31% of women involved in the organization.

Range of age	Male	Female	Total
18 – 25	11	2	13
26– 34	54	41	95
35 – 45	161	71	232
45 and older	205	82	287
<b>Grand Total</b>	<b>431</b>	<b>196</b>	<b>627</b>

Of 34 people in management positions, 10 are women and 24 are men, and this assignment does not have any gender considerations, but is based on the guidelines of the Human Resources Management Policy of the Organization:

- Identify and develop the skills necessary to strengthen the recognition of ISA and its companies in their markets.
- Create opportunities, spaces and conditions for acquiring, implementing, documenting, sharing and transferring experience and knowledge.
- Assess production experience, self-education processes and development of creativity and innovation.

	Women	Men	Total
Directives	10	24	34

**Labor turnover rate**

At the end of the period, ISA recorded 45 entries and 35 withdrawals, of which 22 were for retirement.

The Company has the following controls with the labor turnover rate:

- Number of withdrawals on the average plant: in the period stood at 5.36% and 2.07% without retirements.
- Turnover rate (percentage ratio between admissions and withdrawals with respect to the average number of collaborators of the Organization), stood at 6.36%.

<b>Year</b>	<b>Staff entering</b>	<b>Staff leaving</b>	<b>Rotation %</b>	<b>Benchmark companies with income of USD 300 to USD 700 million (annual) %</b>	<b>Benchmark Latin America (annual) %</b>
2008	35	48	6.7	–	–
2009	49	48	7.6	6.30	3.8
2010	45	35	6.36	6.40	5.7

**HUMAN TALENT ATTRACTION AND MANAGEMENT OF SKILLS**

Consistent with its principles, the Company offers equal opportunities to fill positions and relies on technical criteria, i.e., academic grades, experience, job performance and personal characteristics.

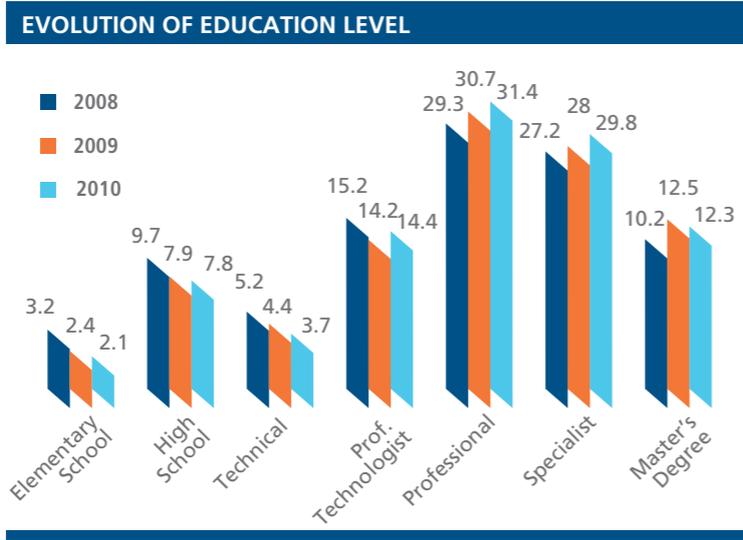
The Company also develops calls for individuals reviewing and identifying the processes of their interest and appearing voluntarily if they meet the requirements and if they believe that such positions offer personal and professional development. During the period, eight calls were made to fill ten jobs: two were assigned to internal candidates, seven to external candidates and one is in process.

Training and management of skills

Human talent is highly qualified at ISA, and this is highlighted as a seal of excellence:

The Company invested USD 538,000 in a training program for directive and non-directive staff; in post-graduate studies and travel expenses, it invested in average USD 854 per employee, which is more than up to three times the benchmark of the Study of Saratoga\* for human management, which is USD 283, and the average hours of training per employee, which benchmark is 31.6 hours per employee, rose to 74.3 hours.

Also, with an investment of \$ 186.5 million, equal to 10% of the budget approved for the Education Plan, it financed 14 postgraduate courses (eight in business areas and six in corporate areas) on the following topics: power transmission and distribution, business law, seismic engineering, management for engineers, among others.



\* Service offered by PricewaterhouseCoopers to measure human capital, benchmarking and strategic application of work-force information.

Educational Plan

To develop and strengthen technical and human skills, and close gaps in the knowledge required for the achievement of objectives, since 2009 a process aligned with corporate strategy has been implemented under the Annual Education Plan, which will enable the articulated development of competences required by the Organization and the effective contribution of its people in positions, roles or functions they perform.

**EDUCATIONAL PLAN BUDGET EXECUTION AND % OF PARTICIPATION**



Investment in educational options amounted to \$ 2,352 million, for a total of 46,689 hours of training, corresponding to an average of 74.3 man-hours.



During the period, diploma courses, internal courses, external courses, sponsorship for postgraduate studies and foreign language training, and internal and external events, were conducted in the period, being the most significant:

<b>Activities</b>	<b>Topics</b>	<b>Number of attendants</b>
Professional skills	Working at heights.	161
	Business continuity management under International Standard Business Continuity Management –BCM–.	11
	Dissolved gas analysis.	16
	Maintenance Focused on Reliability.	72
	Electrical risk.	148
	Training on platforms.	25
	Training on power systems.	8
	Positioning of the recruitment process.	38
	Training on recurrent management of error at the Center of Supervision and Maneuvers –CSM–.	18
	Qualifying program on works with high-voltage.	15
	Commercial Law seminar.	18
	Seminar on road concessions.	62
	Program for secretaries.	23
Leadership	Workshop on development of integrating skills for people playing integrating roles as team coordinators.	52
	Strengthening of managerial leadership “contributing through others”: <ul style="list-style-type: none"> <li>■ Management skills.</li> <li>■ Development of space.</li> <li>■ Feedback based on trust.</li> <li>■ Developing and retaining talent.</li> <li>■ Leadership and team: key variable in the TOP model and change leadership.</li> </ul>	34 directive officers
Languages	English and Portuguese	78

Additionally, 49 coaching sessions were held, 31 for directive officers and 18 for coordinators; continuity was provided to the program called multipliers of knowledge; and 11 teams were intervened, comprising 321 people, on working environment issues and performance, among others.

**Internships**

The internship program between ISA and its companies is aimed to manage the technical knowledge through learning and sharing of best practices, strengthen skills and participate in research activities in the Company or other entities or suppliers and thus, enhance the organizational learning curve, providing people with skills consistent with the challenges of productivity and growth.

In the period, there were 34 internships between the subsidiaries and the parent company to transfer knowledge, especially of the processes of maintenance and operation of the Power Transmission business.

Also, the program called students in practice continued, a program implemented under the contract of apprenticeship scheme, which allows students to enter the Company to develop a work plan incorporating their academic skills with the reality of the Organization.

Electrical engineering, followed by administrative and social pregraduate areas prevailed in the selection of 74 students who will develop their academic practice during the year.

**Seedbed for professionals**

Its objective is to identify, attract and early develop technical talent for eventually filling any future vacancies, both in maintenance and operation of the system and infrastructure projects.

Participants, professionals selected from around the country, encounter a one year experience on everyday processes of business and hold a position called professional in development. Once the training cycle ends and after an assessment of the learning process and the needs of the Company regarding vacancies, ISA decides whether or not to hire them in the Organization.

In the past three years ISA has developed four groups with 19 professionals, of which 17 are linked in business positions and only two are close to hold other jobs; and during the period, three professionals in development were employed by the Company and five new professionals joined the program.

### Deployment of business issues

With this initiative, high-impact issues for the business are reported by managers to their team members. Its development, which began in 2008, is carried out through face-deployment modules, allowing for greater rapprochement between the leaders and his team for the interaction.

The following are the topics covered during the year:

- Strategic direction: it was in charge of the area managers, attended by 325 people and worked in 10 sessions.
- Reorganization of ISA and its businesses with an emphasis on decision flows: conducted by area managers in 17 sessions and attended by 220 people.
- Deployment of the model of competencies: it was conducted in primary groups and was attended by 235 people.

### Performance assessment and professional development

It is a comprehensive program of participation that includes activities designed to develop technical and human skills.

Participation of collaborators is determined by the performance goals that fall under the definition of strategic achievements expected in the unit to which they are assigned. During the period, 97% of collaborators participated in performance management. The work as performance leaders was made by 97 people, of which 69%, equivalent to 67 people, belong to non-managerial positions.

The participation of collaborators is determined by the performance goals that fall under the definition of strategic achievements expected in the unit to which it is assigned.

Performance management is one of the most important processes of participation of the Company. For this reason, in its early stages of defining, monitoring and closure it is required for the performance leader to set a dialogue with the collaborator on topics such as: how to develop work, successes and failures, improvements to be made and prospects for personal development. All this from the perspective of both the leader and the collaborator.

As a result, ratings of very good or excellent were granted to 88% of staff on outcome goals (8.6% more than in 2009) and 60% on development goals (10% more than in 2009).

### SATISFACTION AND RECOGNITION

#### Measuring organizational climate

With the aim of ascertaining the opinion of collaborators on different aspects of working in the company, ISA made this measurement with 95% of collaborators under four dimensions:

- Commitment
- Company's effectiveness
- Individual effectiveness
- Effectiveness in work recognition

Among other factors, it measures autonomy, communication, benefits, workload, direction, satisfaction with the job, availability of resources, immediate superior, commitment, remuneration and development opportunities.

The measuring scale of results is as follows:

- Clara strength: above 75%.
- Moderate strength: from 50% to 75%.
- Opportunity for improvement: from 20% to 50%.
- Alert: less than 20%.

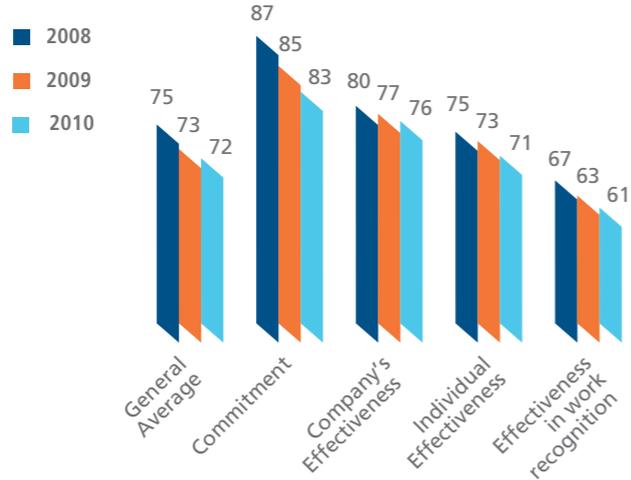
Results obtained:

- Commitment: (83% favorability). It refers to the willingness of collaborators to meet the challenges of the Company and the satisfaction in performing their work (clear strength).
- Company’s effectiveness: (76% favorability). It refers to the satisfaction and pride in working at ISA; the quality of guidance received with the plans, programs and projects developed by the Company; the perception of the steering group and its activities; ISA’s focus on innovation; and attraction and retention of talent by the Company (clear strength).
- Individual effectiveness: (71% favorability). Dimension which highlights the strength on resources and the superior manager and it is classified as moderate strength and support, communication and autonomy.
- Effectiveness in work recognition: (61% favorability). It is the recognition, autonomy; remuneration and benefits; career development, workload and balance; and opportunity for improvement in attracting and retaining talent. (Moderate strength).

These results show that the following strengths stood out in the period: direction, values, external image, commitment, satisfaction with the position and resources; and as opportunities for improvement, career development, autonomy, recognition, remuneration and benefits, balance and workload, and attracting and retaining talent.

To improve the aspects considered critical in this measurement, the Company designed development paths to intervene these areas, starting from the identification of the real causes of the problems revealed: in first place, some individual coaching sessions were held with managers to structure comprehensive answers, and, secondly, the management worked with its team on the following topics: alignment of groups of people with the mission and vision of the unit, conflict resolution, review of processes and workloads and alignment of performance expectations.

**EVOLUTION ON PERCEPTION OF FAVORABILITY OF ORGANIZATIONAL ENVIRONMENT VARIABLES**



**Qualification and certification**

To meet the new challenges of MEGA, ISA is advancing on the development and maintenance of technical skills of people in the long term, through the preparation and qualification of maintenance personnel.

This qualification, a practice of world class companies, aims to train workers in best practices through the development of knowledge, skills and ability to perform critical functions or positions, with standards that allow for adaptation to the regulations in each country. This qualification is valid for three years and is renewable.

To date, 132 people are qualified to work as foremen, 15 in Works with Voltage –TcT–and 21 in both subjects.

The certification of labor competencies, in turn, is accomplished by workers once they pass demanding job performance tests and demonstrate the performance of their work according to the requirements of the Standard of Labor Competency or the Performance Quality Standard.

**At the end of year, ISA had 92 people certified in safe work at heights, 43 in NCL 280101061 safe maintenance, four in Execution of Standard TCT–NCL–280 101 032 Job Competency and one in Planning of TCT NCL 280101031.**

Salary movements and others

To contribute to the retention, development and promotion of human talent, recognizing the performance of collaborators and keeping a high level of competitiveness and fairness in pay, in addition to the collective adjustments on wages, the Company makes salary increases on an individual basis taking into account the adjustment to the job and the worker's performance:

Year	No Workers	No Movements	Salary increase average (thousands of \$)	Amount (million \$)	Worker annual salary increase average (thousands of \$)	Amount (million of \$)
2008	94	104	1.103,3	114,7		
2009	119	128	2.588,8	308,1	10.430,2	1.241,2
2010	40	41	497,1	19,9	8,776,7	351,1

Promotions

Promotions are other way of recognition within the Organization:

From	To	Total movements
Jr. Assistant	Assistant	1
Assistant	Analyst	9
Analyst	Specialist	4
Specialist	Director	1

SOCIAL BENEFITS

The Company made the following investments: COP \$6,830 million in complementary health plans, health prevention and promotion programs, aid for health expenses (extensive to the worker's family) and aid for the education of the worker's children; COP \$1,074 million in health plans and aid for the retired; COP \$224 million in educational aid for the children of pensioners; and COP \$751 million in medicines, first aid

kits, vaccines, medical evaluations, clinical exams (at the entry, retirement and periodical), occupational executive check-ups, recreational programs, personal protection elements, and endowment of job posts.

In order to improve performance of occupational risk and maintain collaborators healthy, the Company developed the following actions:

- Obtaining certification for the risk prevention program for working at heights.
- Obtaining certifications for labor competencies in Work with Voltage (Trabajos con Tensión, TcT), safety in maintenance at electric substations and labor competencies in operation at control centers, in the framework of the electrical hazard prevention program.
- Welfare programs for workers.
- Brain/ Cardio /Pulmonary Prevention Program.
- Medical evaluations for the entry and occupational and retirement periodical exams.
- Psychological evaluations and training with emphasis on self-care.
- Preventive medicine actions: vaccination against yellow fever and tetanus.
- Programs to stimulate development of sport activities and musculoskeletal injuries.
- Health fair and training courses.
- Family school: health preventive, cultural, training and recreational activities.

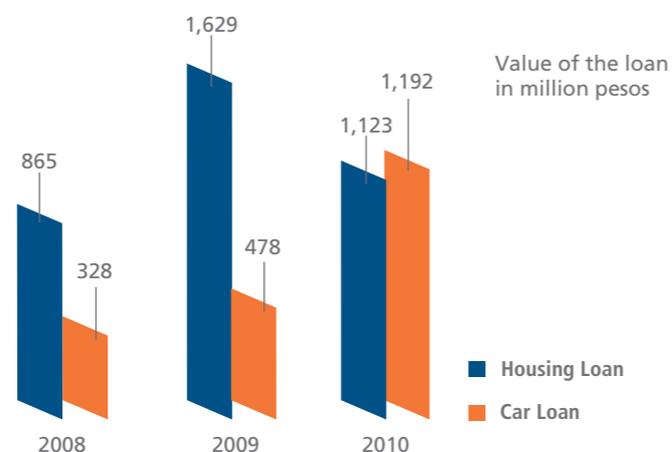
On the other hand, the following extra-legal benefits were granted:

- Subsidy to health plans for retirees, active workers and their family groups.
- Aid for glasses.

- Health aid for all retirees and active workers with their family groups.
- Aid in events of decease, birth and marriage.

The aforementioned initiatives and programs, added to the performance in safe processes, permitted the ratification of rule OSHAS 18001 for the Power Transport Business.

**LOANS FOR HOUSING AND VEHICLE**



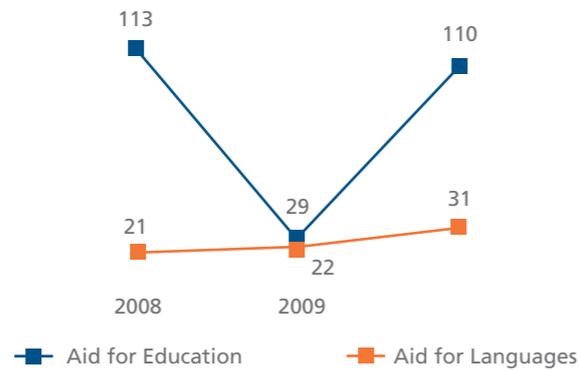
**Education and Language Aid**

The Company invested COP \$110 million to benefit 56 collaborators with aid for education, and COP \$31 million to benefit 31 collaborators with aid for languages.

Additionally, an investment was made in education aid for children of employees and pensioners as follows:

Type of Aid	No. of Aids	Value of Aid (million COP \$)	Benefited
Education to employees' children	571	\$ 832,3	311
Education to children of retired	203	\$223,6	121

**SUMMARY PAYMENT AID FOR EDUCATION - LANGUAGES**



From the Employees Fund (Fondo de Empleados, FEISA), the Organization encourages savings through a 4% contribution of the regular salary by workers and 2.5% of the integral salary by Officers. As counterpart to the above, the Company contributes with 3% for the former and 1.9% for the latter, representing a total contribution of COP \$1,134 million for the year.

**HEALTH AND SECURITY**

ISA has participation instances for the promotion, control and advice in health and security that ensure the preservation and care of the health of its collaborators, such as the Joint Committee on Occupational Health (Comité Paritario de Salud Ocupacional, COPASO) and the emergency brigade. Likewise, it has a Safety and Occupational Health Performance System, certified with the OSHAS 18001 international standard.

**The Joint Committee on Occupational Health (Comité Paritario de Salud Ocupacional, COPASO)**

This Committee, understood as a participation method of the Organization, is intended to promote and monitor compliance with the rules and regulations stipulated by the Company in the field of occupational health.

There is one committee for the main seat and one for each Transmission Center of Power (Centro de Transmisión de Energía, CTE), comprising representatives, in equal numbers, both of the Company and collaborators. Currently, 28 persons make up such committees.

Representatives of collaborators are chosen among themselves, through voting in each seat, and the Company is responsible for naming their own. The president of COPASO for the main seat is named by the Administrative Management and that of CTE, by the respective director.

**Functions**

Submit proposals to the Company and participate in activities that seek and maintain health in the places and work environments.

Propose occupational health training activities addressed to collaborators and officers, and actively participate in the same.

Monitor the development of activities of the comprehensive health program.

Assist in the investigation on work accidents and evaluate the corrective programs and actions made.

Conduct periodical inspections.

Study and consider the suggestions submitted by collaborators.

Serve as coordinating body between employer and collaborators.

Periodically request reports from the Company on accident rate and professional illnesses.

Collaborate with officers of government entities.

Keep a file of the minutes of each meeting and other activities.

**Emergency Brigade**

In all venues and facilities, ISA developed different actions to strengthen performance on prevention schemes and attention of emergencies: training the teams of attention of emergencies, acquiring tools and equipment to attend such situations and developing new risk mitigation plans and procedures.

Furthermore, it planned and executed 35 drills in 32 facilities of ISA, where neighbor companies and local committees for the prevention and attention of disasters participated, which permitted an evaluation of the schemes designed for the attention and measure its effectiveness, and design and implement improvement plans departing from results.

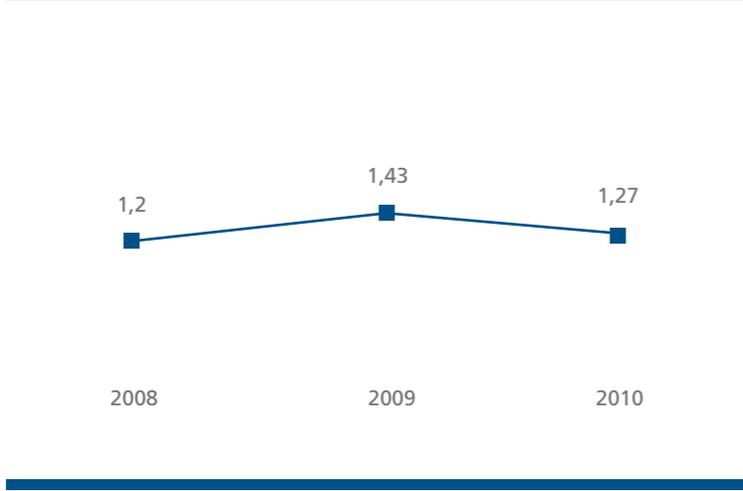
**Absenteeism and Accident Rate**

During the period 2,164 days of absences were registered due to general illness and work accidents, reflecting an annual absenteeism index of 1.27% (0.16% less than in 2009, when it was 1.43).

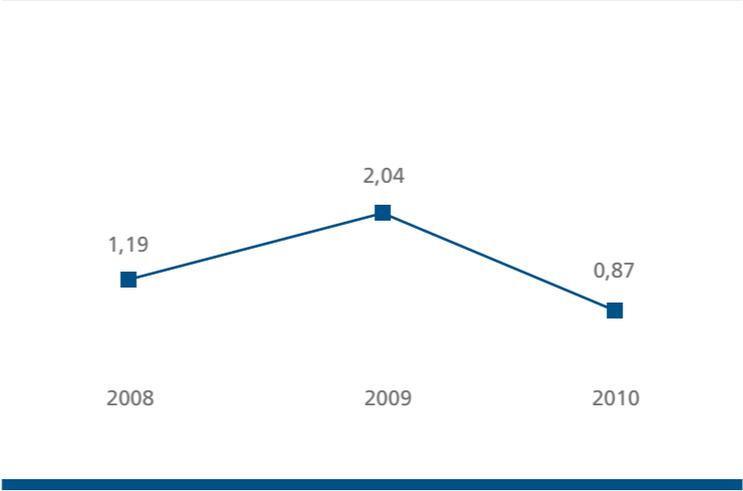
Considering an average plant with 629 collaborators, the indicator of absenteeism days by employee stood in 3.4, quite higher than the value of reference of the Saratoga Study, which is 1.6 days/employee.

As to the accident index, it decreased from 2.04 in 2009 to 0.87 in 2010.

**ABSENTEEISM INDEX (NO PATERNITY OR MATERNITY LEAVE)**



**ACCIDENT INDEX**



THE HUMAN RIGHTS IN THE ORGANIZATION

Participation and free association

In virtue of the freedom of association, two collective agreements co-exist in the Company: A Collective Agreement subscribed between the Company and the non-unionized workers, and the Collective Convention of Work, subscribed between the Company and the unionized workers.

The following table sets out the distribution of the workers according to labor system:

Collective Work Relation	No. Workers		
	2008	2009	2010
Collective Agreement	501	448	448
Collective Convention	51	65	66
Comprehensive Salary	67	106	113
<b>Total</b>	<b>619</b>	<b>619</b>	<b>627</b>

ISA respects the free association and provides the guarantees implied in this right: union immunity, union permits, and negotiation and subscription of collective conventions.

Of all collaborators, 10.5% are associated to Interconexión Eléctrica S.A. National Workers' Union (Sindicato Nacional de Trabajadores de Interconexión Eléctrica S.A., SINTRAISA, the Company's union), with whom a Work Collective Convention was held, standing until March 31.

Of the 66 workers, 40 are affiliated to the Union of Workers of Electric Power Companies of the Republic of Colombia (Sindicato de Trabajadores de Empresas de Energía Eléctrica de la República de Colombia, SINTRAENERGÍA)- (Industry Union), and 43 to the Union of Power Industry (Sindicato de Trabajadores de la Industria Energética, SINTRAE) (Industry Union), created in September, 2009.

**Union Permits and Immunity**

ISA acknowledges union immunity of the collaborators associated to SINTRAISA, SINTRAE and SINTRAENERGÍA, complying with the established in the Collective Convention of Work for the former and with the standing regulations for the second.

During the period, 743 union permits were granted to collaborators associated to SINTRAISA: for members of the National Board of Directors (544) and for union management, general permits and training (199). Collaborators associated to SINTRAENERGIA did not request permits while 52 were granted to those of SINTRAE.

No complaint, suit or protection of rights action was filed by a collaborator with union immunity who would have claimed dismissal, transfer or deterioration of working conditions, and without having previously requested authorization from a judge; this means that for the union leaders no adjustment can be made to their labor conditions without express authorization from a labor judge. This is called union immunity.

**Right of Association**

The negotiation of the Collective Convention and the Work Collective Pact abides by the provisions of the labor law as to form and procedure and the benefits conferred are similar, the latter being autonomously and independently negotiated by the Company with each entity.

For negotiation there are work tables that permit reaching agreements on the procedures for the application of the agreed, tracking commitments and building pre-agreements that facilitate a process of relation and interaction.

During the period no suits or protection of rights actions were filed against ISA for the violation of the right of association or its implicit guarantees.

**Significant Risk: episodes of forced or not consented work**

ISA does not accept forced labor or work done under coercion.

The Company respects the agreements on child exploitation of the International Labor Organization, ILO, the Universal Declaration of Human Rights and the Universal Declaration on the Rights of the Child, and for this reason, the retaining of its collaborators is directly made with citizens of legal age.

The result, zero complaints, claims or denounces indicating discrimination account for the fulfillment, by ISA, of the commitment of providing equal opportunities to collaborators, customers, suppliers and individuals generally, regardless race, religion, gender, civil status, age, nationality, social condition or political ideology, as consigned in its Code of Ethics.

The selection and retaining of collaborators to cover vacancies is made in capital and intermediate cities of the departments where the Company operates, and in accordance with the Human Management policy and principles: equal opportunities and based on eminently technical criteria (academic quality and experience), labor performance and personal characteristics.

Generally, collaborators of the Company have a labor journey of 41.25 weekly hours. less than the established by the Colombian law which is 48 hours, and they are given two business days, additional to the 15 legally established, for their annual break.

**Training in Human Rights**

In each CTE, the Company conducted a training seminar on socio-political risk management (extortion, kidnapping, assault, among others) that included policies and procedures defined and related to such issues, where 71 collaborators participated.

Likewise, protocols were updated on risk prevention and attention of the armed conflict and the social conflict, which may be internally consulted by collaborators in Intranet.



## SOCIETY

### Commitment and characterization

To respect Human Rights, provide efficient and quality services, provide timely information of public interest and contribute to a sustainable development and social welfare.

For ISA, the society is constituted by human groups influenced by the activities and services in their various organizational forms, cultural expressions and territorial scales.

Currently, ISA is present, with its infrastructure, in 338 municipalities, located in 22 departments of the center, southwest, northwest and north of the country.

These municipalities group a total of 26,176,496 people: 51% are women (13,425,639) and 49% are men (12,750,857).

In the urban centers of these municipalities 22,319,055 people live (Bogota and the intermediate cities outstand) and 3,857,441 in rural areas, which represents 58% of the total population of the country.

### Strategic Objectives

To articulate and perform building relations with the society group of interest.

### Criteria

- Institutional Strengthening.
- Contribution to poverty reduction.
- Support to the improvement in the quality of education, research and development.
- Human rights.
- Support to the climatic change performance.

### 2011 Challenges

To implement the Territorial Observatory of ISA Network, as a tool that will permit the processing of the demographic, socioeconomic, political and cultural information of the social environment where the Company operates, aiming at having the appropriate information that guides social management in such aspects as prioritization of territorial presence, the investment of resources and the qualification of the management programs, significantly affecting the building of social feasibility and legitimacy, to improve the operating conditions of ISA in Colombia and supporting the purpose of the global society: Millennium Development Goals, Global Compact and Climatic Change.

In 2011, the Company will apply the new social and environmental management model in the settings of the transmission lines, which will be supported in the ongoing monitoring conducted through the social module that will be articulated to the Territorial Observatory of the ISA Network.

With the observatory, the Company will manage and analyze the context and will do follow-up to the social management carried out from ISA. For the context analysis structural data will be taken into account as reported by the official entities, local and international, on the social, economic, political and cultural conditions, and the short-term data related with particular facts that may affect the operation of the Company: the armed conflict, violation of human rights or natural disasters.

The Company gathered the structural and short-term data during the period and designed the Feasibility Index, which contains information on the quality of life, education, public administration, health, economy, Human Rights, armed conflict, presence of illegal crops and climatic change.

By the end of the year, this observatory allowed ISA to have a general vision of the situation of 338 municipalities affected with the Power Transport service. Towards the future, the Company must face the challenge of obtaining the information of the remaining 49 municipalities, until completing the 387 where it currently operates in Colombia.

Information gathered will enable the prioritization of municipalities that will receive attention in 2011 and approach the line of social performance, through the following programs: Institutional Strengthening, Contribution to Poverty Reduction, Support to the Improvement in the Quality of Education, Research and Development, Promoting and Respecting Human Rights, and Support to the Performance of the Climatic Change.

SOCIAL INVESTMENT

Program	\$
ISA Region	1,857,763,997
Co-existing	20,000,000
Solidarity*	84,993,060
Support to the quality of education	442,000,000
ISA scholarship	219,300,000
<b>TOTAL INVESTMENT</b>	<b>2,628,017,924</b>

\* The Company contributed with COP \$2,000 million to the Colombia Humanitaria program of the Presidency of Colombia, for the attention of public calamity caused by the Winter.



**ISA AND THE ENVIRONMENT**

Recognizing the difficulties and complexity of the social context of the 338 municipalities monitored, and on the grounds that planning social management must obey to the need of building a favorable environment that permits legitimizing and making viable the power transport business, ISA developed the following programs:

<b>Program</b>	<b>Description</b>
ISA Region	To contribute to the building of a national and regional environment favorable to the viability and sustainability of the Company, performing social processes and inter-institutional alliances designed to impact structural problems.
Co-existing	To favor the creation and strengthening of permanent links with the communities neighbor to the infrastructure and seats of ISA, as a point of support for the sustainable building of social feasibility; and to improve the conditions for the operation of the infrastructure, through joint participation in works and actions that improve the quality of life of the community.
Communication, culture and Society	To build spaces of mutual acknowledgment between the Company, the Society and the State, locally and regionally, framed within the respect and collaboration for the provision of public services; institutional presence and participation, building relations with neighbor communities and promotion of social responsibility.
Solidarity	To participate with resources to attend situations of humanitarian crises, high vulnerability and social marginality, that call for solidarity as an expression of corporate value of social responsibility.
Support to the Quality of Education	To design and develop a process of comprehensive accompaniment (directives, family, and the administrative and academic community) to the educational institutions surrounding the infrastructure, that permit the transfer of tools that contribute to the quality improvement of the education from the perspective of sustainability, contributing to the quality of life and welfare of boys, girls and the young, their families and all members of the educational communities.

Institutional Strengthening

To contribute to the formation of technical capabilities in public administration, in order to facilitate the fulfillment of responsibilities in terms of participatory planning, social control, public finance and territorial organization, which will inure in a decrease in the punctual requests for support and will bind the State in the sustainability of the outcomes of the social and environmental performance.

To guide investment and qualify social performance, the Company has established territorial priorities and the generation of strategic alliances:

**Territorial Prioritization**

ISA identifies the municipalities where it invests through a matrix that considers the following variables:

- Social conflict database 1999–2009.
- Attacks against ISA infrastructure 1988–2009.
- NBI DANE, 2005 census.
- Number of contributions to the Co-existing program 1999–2009.
- Land management issues.
- Presence – Number of towers per municipality.
- Number of requests, complaints and claims per municipality.

With this information, the matrix becomes a management tool that permits detecting the municipalities requiring early and greater attention, considering the demands of the social and environmental context of the Company, that also feature a particular dynamics and changing conditions. Since its implementation in 2008, 28 municipalities have been selected each year.

## CSR Report

The following were the prioritized municipalities during the period:

Caceres Caucasia Puerto Nare Sabanalarga San Carlos San Rafael Turbo (Antioquia)	El Copey (Cesar)	Ocaña (Norte de Santander)
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Arauca (Arauca)	Inzá Popayán (Cauca)	Barrancabermeja Cimitarra (Santander)
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Cartagena El Carmen de Bolívar Santa Rosa de Lima (Bolívar)	Montelíbano Tierralta (Córdoba)	Ibagué (Tolima)
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La Dorada Norcasia Saravena Chinchiná (Caldas)	Ipiales (Nariño)	Yumbo (Valle)
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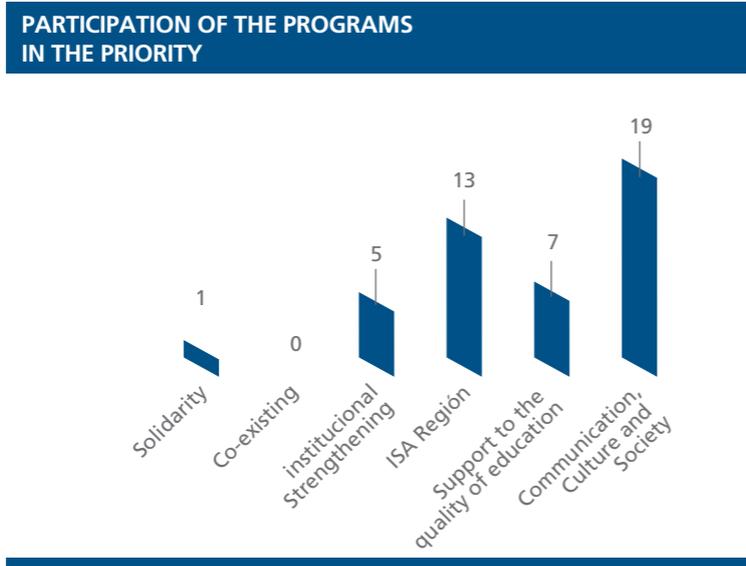
Bogotá La Mesa (Cundinamarca)
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**Of the prioritized municipalities 28 were assisted with actions or programs pertaining to social management, which permitted the reporting of a 100% fulfillment in the Municipal Presence Indicator.**

Strategic Alliances

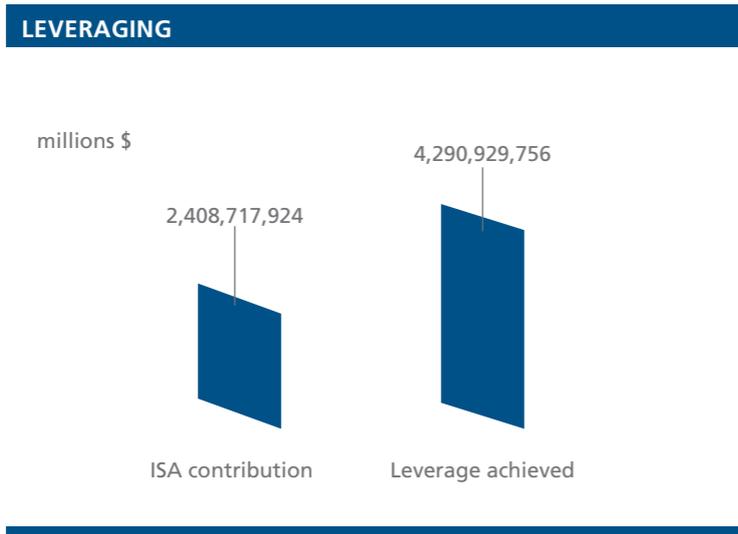
With the rest of the municipalities where ISA has presence, a leverage strategy was established through the creation of synergy and relations with strategic partners; with the purpose of strengthening the actions of the programs and their results and ensure a positive and long-term impact in the regions.

The following investment was distributed by the Company in each program of the social management during the period:



In executing social performance ISA leveraged COP \$4,290,929,756 coming from different organizations, territorial entities, international cooperation offices and other partner companies.

The Leverage Indicator as of the closing of the year was 89.07%, and is registered in the following graph:



In 2010, 257 municipalities were covered, from a total of 338 located in the vicinity of the company. During this period, 29.8% more municipalities were served, as compared to 2009. As to the social programs, 59 additional municipalities were covered in the previous year, which shows the way attention has increased in terms of social performance.

**RESPECT FOR HUMAN RIGHTS**

ISA understands human rights as moral attributes inherent in each person, undeniable and of universal character. For this reason, the respect for them is a moral and ethical imperative, which is ratified in its policies; in the daily life; in the active participation in local, regional and national spaces for discussion; in the establishment of agreements for the action, such as the Mining and Energy Committee in Security and Human Rights of the Vice–Presidency of the Republic of Colombia; and in the subscription of international agreements such as the Global Compact.

Among the actions conducted while developing its business, in order to fulfill its commitment with the Human Rights, the following outstand:

- Human Rights Diagnosis.

- Agreement with the Ideas for Peace Foundation, which purpose is to build strategies and methodologies in the field of Human Rights and business practice in complex environments for ISA.
- Training Journeys in socio-political risk management, with eight hours duration and 71 participants.
- Updating of prevention protocols and attention to the armed and social conflict risks.
- Monthly report to the United Nations High Commissioner about events that violate Human Rights and elaboration of an ISA Reference Document and Human Rights (“Documento de Referencia ISA y los Derechos Humanos”).
- Updating of the business risk map in the field of socio-political risk performance, from its identification to the adoption of administration measures, its follow-up and communication.

From the ISA Region program and through the line of Peace and Human Rights of the Development and Peace Programs, the Company continued supporting processes, not only to promote awareness and respect for Human Rights in the territories where it operates, but also to restore them in the communities where they have been violated.

**On the other hand, and through 282 actions in Human Rights carried out under alliances with other organizations, 5,228 people received training or attention in East Antioquia, Central Magdalena, Tolima, Low Magdalena, Meta, Valle del Cauca, Cauca and Montes de María:**

- Regional forums for the protection and defense of Human Rights and the routes for its enforcement.
- Schools of Democracy and Leadership for municipal officers, specially ombudsmen and community leaders.
- Training in educational institutions, on violence in schools.
- Casa de la Mujer (The women’s home).
- Schools for development and peace.
- Family encounters on the topic of violence within the family and promotion of rights at the interior of the same.

The POLITEIA leadership school is worth mentioning, which is responsible for the design and implementation of the Peace and Development Program of the Central Magdalena Region, because it has been configured as a training space for citizen participation and political advocacy, and is working in such topics as: territory, State, participatory planning and social control, and participation in decisions of public incumbency such as right and duty.

The Peace and Development Programs continued to receive the support provided by the Company, and the Redprodepaz that, during the period, produced a document on Human Rights from the practices of the Development and Peace Programs, in order to influence the dialogue of public policy led by DNP. The document was based on the systematization of Human Rights experiences in Human Rights of the Programs on Peace and Development, of which five were set as priorities:

Region	Initiative	Component	Promoting Entity	Project Period
East Antioquia – 23 municipalities	Strengthening of the local and regional institutional presence in Human Rights. Human Rights Mobile Unit in East Antioquia	Promotion and prevention	Prodepaz Corporation	2005–2009
Middle Magdalena Region – 30 municipalities	Humanitarian Spaces	Protection and attention	Middle Magdalena, Peace and Development Program Corporation	2000–2010
Norte de Santander	Juan Atalaya Cultural Network	Transformation of conflict	CONSORNOC Corporation	2009–2010
Montes de María	Route for life	Symbolic Repair	Montes de María Foundation	2006–2010
Valle del Cauca, Center and North Cauca	Skills for the raising and pacific co-existence in township N° 8 of Buenaventura	Conciliation	VALLENPAZ Corporation	2007–2010

The learning process of systematizing that contribute to the public policy dialogue in Human Rights refer to the communities, as these are acknowledged both as victims of the conflict and as main actors with the capacity to propose alternative development models, thanks to the acting and accompaniment of the Peace and Development Programs and Redprodepaz.

Regarding the Peace and Human Rights policy, such document explains the reasons for the National Government and the State to be able to learn from experience:

- Because they are part of the social and inter-sector dynamics of networks with national, regional and local presence, through the Development and Peace Programs.
- Because they have the ability to confer legitimacy, because their citizenship practices complete limitations and gaps in the law via the Constitution.
- Because they do not assume a contradictory position or attack on regulations, even though necessarily they do not depart therefrom, as the social process has the capacity of presenting reality as a source of law and nourishes the dimension and application of the public policy.
- Because experiences may become a bridge between the society and the State and between the center of the country and its regions.

Given the responsibility of promoting the right to life, ISA strengthens the attention to people who are victims of the Antipersonal Mines (Minas Antipersona, MAP) and Unexploded Ammunition (Munición sin Explotar, MUSE). With this purpose and in the framework of the Antioquia University-MAP MUSE agreement, it participated in the assembly and pilot test of the telemedicine and in the training of personnel of support for the attention of emergencies in hospitals of the first level and in the more advanced medical centers.

Results of TELEMAT – MUSE 2007–2010 Agreement:

- 150 local units of health
- 320 trained doctors and nurses
- Using the model platform of the School of Medicine an online diploma course on comprehensive handling of the armed conflict victims is offered, containing 18 videos with medical-surgical procedures and a video on safety regulations in the field.

- • Training of 8,273 community members, EXDE groups of the National Army and the National Police agents, as first community respondents and in all regions of the country.
- • Training of 214 professional technicians in pre-hospital attention, through the articulation of the training program of nurses at combat, of the National Police, the Army and the Navy, as well as for members of the relief entities, with 250 students enrolled.
- • Training of 627 health professionals and other disciplines of the hospitals in the various departments of the country in a course on the handling of the armed conflict victims and reduction of the individual vulnerability, with the support of the International Committee of the Red Cross.
- • Attention to 130 victims of the anti-personal ammunitions.
- • Training of 100 agents of the National Police in the Metropolitan Area as first respondents.
- • Graduation of the first group from the diploma course on Comprehensive Attention to Victims of the Armed Conflict, comprising 25 students.
- • Conduction of an International Seminar on Assistance to Victims of MAP and MUSE, to which 240 persons attended.
- • Design of a didactical game on education for the risk on mines, and delivery of the original to representatives of the Comprehensive Action Program Against Antipersonal Mines (Programa Acción Integral Contra Minas Antipersona –PAICMA) of the Vice Presidency of the Republic–The Restrepo Barco Foundation.

### Solidarity Actions

With COP \$ 2,000 million to attend the public emergency due to winter, ISA supported the Colombia Humanitaria Program of the Presidency of the Republic. Likewise, the municipality of San Fernando – Bolívar– was attended with a provision of 500 markets for the most affected populations, through an agreement with the Mayor's Office and the Program of Peace and Development of Low Magdalena that operates in the area.

ISA complies with principles 1 and 2 of the Global Compact:

- 1. To support and respect the protection of internationally proclaimed Human Rights, within its scope of influence.
- 2. Make sure they are not complicit in human rights abuses .

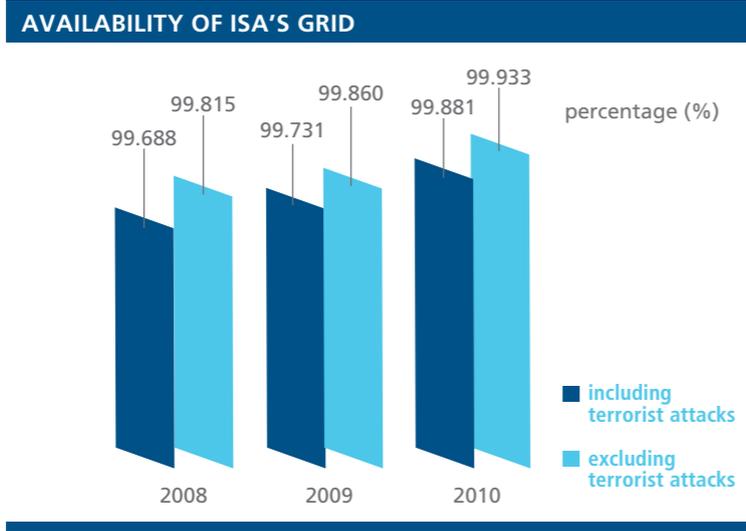
In Human Rights, ISA trained 5,793 people, and as result of its practices the indicator of events marked zero human rights violation events caused or facilitated in developing its business.

TO PROVIDE HIGH QUALITY AND EFFICIENT SERVICES

Services provided by ISA are associated to the quality of life, the economic development and the institutional stability. For this reason, and complying with its corporate purpose, the Company fulfills the responsibility of providing them with quality, efficiency and timeliness.

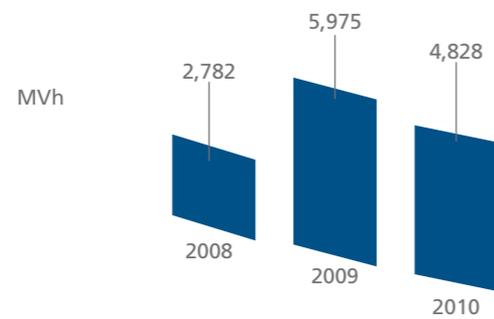
During the period, total availability of the assets to provide the power transport service, without attacks, was 99.933% (exceeding in 0.337 the one set by the Power and Gas Regulation Commission (Comisión de Regulación de Energía y Gas –CREG–); and with attacks the percentage was 99.881%.

The following chart shows the behavior of availability in recent years:



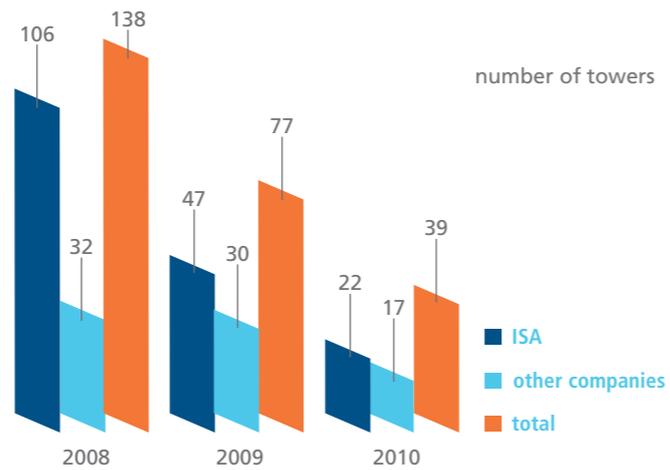
The indicator of power not provided, basic for the fulfillment of a reliable service provision commitment, was 4,828 GWh (0.008% of the total demand of the National Interconnected System, (Sistema Interconectado Nacional –SIN–) largely due, to scheduled maintenance.

**UNSERVED LOAD**



Although the International Humanitarian Right protects electric infrastructure as a civil good destined to provide a public service, attacks continued to the towers that support the conduction lines: of 77 structures affected in 2009 (22 owned by ISA), 39 were registered in 2010. However, this result shows a significant reduction in the period.

**SIN'S DAMAGED TOWERS**



In order to prevent the loss of the service and the extra costs to customers, the Company makes significant efforts to promptly repair the towers affected by the attacks. In such regard, and thanks to the coverage and insuring of the areas by the Army to protect the personnel performing such tasks, 86.4% of the infrastructure was recovered.

### PROVIDING TIMELY INFORMATION OF PUBLIC INTEREST

The power cuts scheduled for maintenance were communicated by giving timely prior notice to those affected. And when suspensions of the service were caused by attacks, ISA maintained updated and available information in its Website [www.isa.com.co](http://www.isa.com.co) as it considered the situation a matter of public interest.

On the other hand, the Company developed a Communication Manual for Risk Mitigation and Reputational Crisis, a basic tool to administer risks that directly impact the resource of corporate image, considering that ISA is an organization sensitive to critical events that may affect its reputation. The Manual has adequate communication flows and tools that permit facing and performing situations of crisis in a timely and strategic way.

### COMMUNICATION CULTURE AND SOCIETY

The Communication, Culture and Society Program, which potentiates spaces of mutual recognition between the Company, society and the State in the local and regional levels, had the following results:

#### Rounds for building relations

These are spaces for dialogue with the local administrations to track actions that, in social and environmental terms, are carried out in the different territories; to consolidate alliances that enable a greater positive impact on surrounding communities to infrastructure; and to listen first hand concerns with regards to the Company.

During the year, 150 officers participated in the rounds carried out in 46 municipalities, from five departments (Antioquia, Cundinamarca, Cesar, Cauca and Nariño), which showed the following results:

- The elaboration of commitment acts to support plans of improvement of the educational institutions belonging to the Educational Transformation for Life program of ISA, which were signed by the local

administrations of 24 municipalities of two departments (Antioquia and Cundinamarca) and the secretaries of education of two departments, particularly education and planning.

- Collaboration in the relocation processes of housing nestled in the easement areas of the lines of the Caceres, La Pintada and Zaragoza municipalities by the Secretaries of planning and community development.
- Accompaniment to the Forestry Compensation Program, by the secretariats of the environment and planning of Ocaña (Norte de Santander), Cimitarra and Barrancabermeja (Santander).

**ISA Positioning through its Allies**

ISA established a communication clause in the agreements with the Peace and Development Programs, consisting in the inclusion of their corporate image in events and encounters with populations, interactive media, printed materials and audiovisuals. Messages positioned were related with the social responsibility and the social and environmental performance carried out by the Company, which contributed to show ISA as a company committed with the human, comprehensive and sustainable development.

Communication with Communities within the Scope of Influence of the Assets

In order to provide clear and timely information on the impact of the construction and operation of the infrastructure of the public utility to the communities surrounding ISA infrastructure, the following actions were conducted:

<p>Campaign to prevent fires.</p>	<p>Based on the declaration of environmental emergency due to El Niño Phenomenon and the alerts originated in IDEAM, and in support to local authorities and village communities of the municipalities close to their areas of influence, in 320 municipalities ISA displayed a prevention campaign of forestry burnings and fires, with preventing purposes and to provide training for the early attention of emergencies caused by fire along open fields, specially near the transmission lines.</p> <p>The feedback of this activity revealed the satisfaction of mayors with the didactical material sent (letters, posters, flyers), which became effective tools in the municipal performance of prevention and training:                  Seventy municipalities out of all reported by IDEAM were object of the ISA infrastructure, other 19 were included which were marked in Decree 023, 2010 that declares emergency due to the existence of a situation of department and district disaster.                  Five hundred posters were delivered with information on where to inform in case of fire. 30,000 fliers were distributed among the 89 municipalities.                  Three ISA radio programs were broadcasted connecting regions dedicated to the topic, each with four monthly releases, in 80 municipalities with ISA infrastructure.</p>
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<p>ISA CONNECTS REGIONS</p>	<p>Radial Program in five minute format that reaches 293 municipalities in Colombia (118 with ISA infrastructure) belonging to 11 departments. Eloísa Latorre, a corporate character engaged in the transport of energy business in Colombia, is in charge of spreading topics of interest for ISA and the communities. During the period, 10 programs were produced that were broadcasted 480 times in 12 community radio stations, on the following topics: education and fire prevention, care of the hydric resources, environment education, human rights, productive employment, corporate social responsibility and quality of education.</p>
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<p>Building relations with owners</p>	<p>Two thousand notepads were handed (souvenir) to owners located near the areas of influence of the Company where maintenance was carried out, with information about ISA, the easement and the good practices for co-existing with infrastructure.</p>
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### Learning with Eloísa Latorre

School materials were distributed to 25 thousand preschool and primary boys and girls, belonging to 254 schools close to ISA substations in 28 municipalities. Such material contained messages alluding to the importance of the energy service, the safe co-existence with ISA electric infrastructure and the energy chain.

Likewise, a survey was made to 1,015 children from 4th and 5th grades, with the following results:

- 97.8% are aware that ISA is a company that transports energy.
- 54.4% think the material received from ISA is very useful.
- 45.3% think the material received from ISA is necessary.
- 83.7% know that kites must not be raised under the towers.
- 84.1% think that recommendations for harmonic living with lines are important.
- 63.9% consider it is important to know that fires must not be built under the lines or constructions made, under the energy towers.
- 91.7% knows that energy is a service which is necessary for the development of the country.
- 82.6% grades with five (in a scale of five) the activity that accompanied the delivery of the school material.

### Promotion of Values Practices and Commitments of CSR (Corporate Social Responsibility)

The Company develops different activities to communicate the actions conducted with stakeholders and to highlight, not only the value of the social responsibility in business and day to day management, but also the performance made in the frame of the corporate social responsibility.

### Support to Local and Regional, National and International Events.

During the period, ISA actively participated in the spaces of dialogue of the groups with whom it relates, as main objective of its social performance:

- It joined seven electronic means of its Peace and Development Programs allied in different regions, and supported the performance of more than 75 thematic events and local and regional workshops, made to achieve common goals.
- Participated in the First Subregional Encounter of the Bajo Cauca Antioqueño, organized by the Inter-Association Committee of Antioquia and conducted in Cauca. This event, attended by 40 people, had as objective the formulation of the strategic plan of the Bajo Cauca Antioqueño, which aims at the convergence of public and private initiatives in the territory, to build the basic inputs that permit the development of the subsequent phases of the planning process carried out by the government of Antioquia.
- Participated in the first international event organized by the Indigenous Regional Council in Cauca from November 8 to 12, Continental Summit of Indigenous Communication of Abya Yala, carried out in the indigenous ancestral territory of Naza and Misak (Cauca) towns.
- Attended five national events:
  - The Forum Colombia: An Environmental Power Threatened, organized by the Botanical Garden of Medellín on September 3, on the International Year of Biological Biodiversity, attended by near 1000 people. ISA participated in the panel on environmental responsibility.
  - The Encounter of Communicators of the Peace and Development Programs–PDP–, where 12 PDP representatives participated, which objective was to strengthen the institutional image and the capacities of the units of communications of these programs.
  - Expopaz, conducted in Bogota between October 27 and 29. Pioneer encounter in the country, not only for being the first fair for the building of peace, but also due to the innovating methodology used which gave leadership to the representatives of the local initiatives of peace. The participation of the Company, as entity supporting Redprodepaz and partner in six Peace and Development Programs and strategic ally in other 11, consisted in describing the meaning of being part of this initiative and how is it possible for the business sector to contribute to the building of peace and strengthening the social responsibility of the companies.

**Publications in Intranet**

- Three reports on the performance of the Peace and Development Programs, supported on ISA social performance, Human Rights, productive employment and institutional strengthening. Information related with Human Rights was also provided to the regional and national communication media.
- 25 articles for Internoticias replicated in the website of the Corporate Socio–environmental Direction; and others, such as the subscription of the ISA agreement with UNDP, was replicated in several Colombian national media.
- Six articles for the ISA Customer Bulletin.
- One article for the Online bulletin, during the Socio–Environmental Week.

**Internal Campaigns**

ISA contributed to the creation of an environmental culture in the daily activities of the Company, and in this way to the sustainable development and the social welfare, with the celebration of the Socio–Environmental Week between October 19 and 23, departing from the question “What impression you want to leave?”. 322 collaborators attended.

**CONTRIBUTING TO SOCIAL WELFARE**

Social welfare is a set of converging factors for each and all people to have quality of life: tangible (income, housing, health and a healthy environment, among others) and intangible (conditions and freedoms that make individual development and contribution to society by the individual, a reality.)

In this direction, ISA supports community productive initiatives and food security projects for highly vulnerable populations, and contributes to the strengthening of base organizations and public administrations of the localities where it operates, through its ISA Region, and Quality of Education programs.

### Productive Projects

Through agreements established with the Peace and Development Programs in the various regions of the country and with UNDP (area of poverty and sustainable development in the inclusive economic development component), ISA has materialized its support in working capital, strengthening of the productive infrastructure, technical training, transfer of technology, and support to food security projects as key matter for the survival of rural populations:

- 121 productive projects were set in operation in 23 municipalities of Valle del Cauca, the Center of the Cauca, the Eastern Antioquia, Center of Magdalena, Norte de Santander and Llanos Orientales: of agrarian and cattle raising type and transformation and marketing of goods and services (planting and fruit processing, food production and marketing of agrarian and cattle raising products).
- 1.112 families benefited (5560 people in total).
- Benefits consisted in an increase in incomes; technical learning processes on production, transformation and marketing; administration and accounting; and handling of production and communication technologies.
- Provided training and advice for the feasibility and sustainability, considering the limitations of the context where projects are developed.

Likewise, such projects permitted the structuring of social networks and learning processes for the collective work, given that these are developed with organizations and not individually. As of this date, five networks of producers and marketers, who gain every day more negotiation capacity in the local and regional markets and work with scale economies generating savings in production, were established mainly in Montes de María, East Antioquia, Valle and Central Cauca and Central Magdalena.

On the other hand, ISA supported the Peace and Development Program VALLENPAZ and the Redprodepaz in the negotiation with the National Government, from the financing of the productive initiatives to the discussion and analysis of proposals, for which the ISA General Manager participated with other business leaders in a forum on the importance for rural populations to progress in negotiations and on the establishment of this productive strategy based on associative models.

In order to support income generation and contribute to improve the poverty conditions of vulnerable populations, the Company established with UNDP an alliance of support to its strategy of Inclusive Economic Development that permits the strengthening of the Enterprise Centers (Centros de Emprendimientos, CEMPRENDE) currently being implemented by UNDP in alliance with the local mayor's offices in the cities affected by a high unemployment index: Cartagena, Sincelejo, Riohacha and Santa Marta. During the period the CEMPRENDE centers of Cartagena were strengthened, through the creation of a microcredit fund to support the populations it has been attending, and advanced in the building of fund's policies and the management of resources to expand it.

Another purpose of this synergy is to produce the capacity to promote public-private alliances with an inclusive business approach. In this line, possible companies were identified with which alliances may be established in the department of Guajira and the municipalities of Sincelejo, Cartagena and Pasto; and advice was obtained for the formulation of three profiles of productive alliances to submit them to the Ministry of Agriculture, specifically in broccoli production, yellow potato and physalis in the city of Pasto.

**Food Security**

Through the Peace and Development Programs, the Company promotes urban agricultural projects aiming at ensuring food safety; it provides support to 3,046 projects on food security (poultry, pork and vegetable gardens) for the same number of families, located in Tolima (2,704 families), Valle del Cauca and Cauca (162), Low Magdalena (120) and West Cundinamarca (60) for a total of 9,644 people. These projects improve the food diet and offer families the opportunity to reallocate resources to other needs, since part of the basic products of the commodity basket are supplied with the family project.

**Community Organizational Strengthening**

ISA contributed to the strengthening of 123 community organizations that have been working with the Peace and Development Programs in 205 municipalities, in such themes as: administrative performance, strategic planning, participation, community development, leadership and democracy. These organizations that exist in all regions receiving support from the Peace and Development Programs, exercise their activity articulated in networks: of producers, fishermen, artisans, women, young people and leaders who work to improve the conditions of their communities and influence the formulation and development of public policies that favor them. Among these networks, the following outstand: Montes de María, Vallenpaz, Magdalena Center, Santanderes and East Antioquia.

Furthermore, with the support of ISA 68 new organizations were created in the municipalities of the Low Magdalena (Pijiño del Carmen, Cerro de San Antonio, Plato, Pivijay and Salamina), Magdalena Center and Tolipaz; the Redprodepaz (as well as the Peace and Development Program) conducted actions to strengthen organizations and programs; and with the coordinators of the administrative areas of the 18 Peace and Development Programs, two encounters were developed with the purpose of providing training in accounting, tax, legal and human development topics.

It is worth noting that these organizations strengthen the civil society because they ensure effective and transparent compliance, of state policies and government programs; they co-manage and administer their own development; ensure a relation of mutual benefit with the companies operating in the national territory; and minimize the socio-political risks that entail the implementation of new projects of the Company and the operation of the already existing. This is the result of a strengthened social tissue, with informed communities and management capacity.

### Support to the Quality of Education

ISA implemented the Educational Transformation for Life in eight new schools, thereby increasing coverage to 100 educational facilities. The number of students benefiting with this program increased from 18.311 to 28.249 (35% more than in 2009) and the number of teachers passed from 622 to 901 (31% more than in 2009).

Furthermore, with the 100 educational premises a participatory process and of accompaniment was conducted that included diagnosis, training in management, improvement plans formulation and creation of committees for its execution, and prioritization of investments. The majority of the facilities prioritized the purchase of materials for the improvement of infrastructure, didactical material and audiovisual media. By the end of the year, an evaluation was initiated in 24 schools that began in 2009, and this process will be extended to the 76 remaining facilities during the first semester, 2011.

At the closing of the process, the joint perception is that the program has significantly contributed to build possibilities to guide the development of the educational institutions and the community, from the resource management benchmarks and the community organization.

### Alliances to Improve the Quality of Education

During the period alliances were consolidated with ISAGEN, SIEMENS, the Secretary of Education and Culture of Antioquia (Secretaría de Educación y Cultura de Antioquia, SEDUCA), PROANTIOQUIA, The

Telephone Foundation (Fundación Telefónica) in Ipiales, CORPOCESAR and TRANSELCA, in order to create synergy with those administering knowledge, social responsibility and resources, or share similar spaces or a common interest in the educational topic.

The investment executed during the year was COP \$863,391,066: ISA contributed COP \$442,000,000; the Restrepo Barco Foundation, COP \$100,000,000; and strategic allies, COP \$196,156,286. On the other hand, under the agreement ISA-PROSIERRA for the execution of the Forestry Compensation program in Cesar Department, ISA contributed COP \$125,234,780 for the program execution in the 20 schools from the nine municipalities. Results obtained until now motivated mayors' offices to keep reserves of near COP \$465,000,000 to invest in improvement plans.

**As to the Quality in Education program, 28,249 children benefited from it.**

**ISA supports compliance of principle 5 of the Global Compact: companies must support the abolition of child labor.**

### ISA Scholarship

In the frame of the agreement with the National University, the Company invested resources for the Masters degree in Environment and Development and Systems with emphasis on Operations Research and a specialization on Power Markets.

On the other hand, it supported three scholarship holders in 2010 and two for the first semester, 2011. The benefit is represented in the payment of the tuition during four semesters and an aid for expenses per semester.

For research projects in the various Masters Degree programs resources were allocated in the following themes:

- Growth rates of tree species in 10 areas of life in Colombia and its potential in the operation of the power transmission system.
- Pilot simulator of the hydric supply and demand in a rural basin for the validation of methodologies and evaluation of policies of sustainable management of water resources.
- Energy, social and environmental potential from the use of surplus materials for the building and maintenance of transmission lines.

- Comparison of mechanisms for allocating transmission capacity of electric interconnection networks.

Contribution to the Millennium Development Goals (MDG)

Agreement ISA–UNDP allowed for the progress in the identification of the most critical MDG in the selected municipalities from the Cundinamarca, Cesar and Cauca departments. The methodology used has as purpose to identify bottlenecks of the prioritized MDG and its respective interventions, and to strengthen the territorial entities in order to develop the required actions in this purpose.



Selection by municipality:

<b>Municipalities of Cundinamarca</b>	<b>MDG Prioritization</b>	<b>CONPES Indicator 91</b>	<b>Prioritized Sector</b>	<b>Identification of project or action of fast gain for its formulation</b>
Guataquí	MDG 1: Eradicate extreme poverty and hunger.	% of persons with an income below the national line of poverty.	Rural	Rural and agrarian and cattle raising production for peasant women
Yacopí*	MDG 2: Achieve universal primary education.	Gross rate of coverage in mid-education.	Rural and urban	Comprehensive improvement of the educational quality for eight private schools and 100 public schools.
Vergara	MDG 1: Eradicate extreme poverty and hunger.	% of people with an income below the national poverty line.	Rural	Production, marketing and commercialization of agrarian and cattle raising products.
Quebrada Negra	MDG 7: Ensure environmental sustainability.	% of rural basic sanitation coverage.	Rural	Building of 150 family sanitary units and 50 in complete educational premises (with septic tank).
Topaipí	MDG 7: Environmental sustainability.	% of coverage of rural sanitation.	Rural	Building of 800 complete family sanitary units (with septic tank).
El Peñón	MDG 7: Environmental sustainability.	% of homes in living in slums.	Rural	Building of 200 complete ecology kitchens.

Municipalities in Cesar	Prioritization MDG	Project identification or action of fast gain for its formulation
El Paso	MDG 7: Environmental sustainability.	Infant mortality.
Chimichagua	MDG 7: Environmental sustainability.	Qualitative housing deficit.
La Gloria	MDG 7: Environmental sustainability.	Qualitative housing deficit.
González	MDG 7: Environmental sustainability.	Qualitative housing deficit at rural level.
<b>Municipalities in Cauca</b>		<b>MDG Prioritization</b>
Santander de Quilichao	MDG 1: food security. MDG 2: middle education and repetition. MDG 7: coverage rural aqueduct.	
Caldono	MDG 1: food security and income generation. MDG 5: maternal mortality and sexual and reproductive health.	
Patía	MDG: 1: poverty due to income. MDG 5: maternal mortality.	
Tambo	MDG: 1: poverty due to income. MDG 5: adolescent pregnancy.	
During 2011 the building of strategies will be continued to overcome obstacles that impede the fulfillment of these objectives.		



**SUPPLIERS**

**Commitment and characterization**  
Clarity, transparency and clear rules.  
Suppliers are individuals or legal persons that may offer or provide a service.

**Strategic Objectives**  
Build relations of trust.  
Act with transparency.  
Equity in information  
Look for quality standards in the whole productive chain.  
Have clear rules in the processes of procurement of goods and services.

**Criteria**  
Maintaining honest relations, constructive and suitable.  
Ensuring transparency in the process of acquisition of goods and services.  
To develop contracting processes, under objective selection procedures and clear rules that ensure impartiality and equal opportunities.  
Provide timely and appropriate information on business plans and programs.  
Demand the fulfillment of the national and international quality standards and regulations.

**Challenges 2011**  
To progress in the development of suppliers through an online induction course for contractors.  
Quarterly publication of the electronic bulletin of suppliers as from March, 2011.  
Implement suppliers' software performance in Occupational Health, and Environmental Performance –SOGA– for the adequate follow-up of the state of the occupational health and environmental performance processes, by suppliers and the contract administrators of ISA.

A main achievement was the characterization and segmentation of suppliers for the Transport of Energy Business and for the support of the business, as it enabled the identification of critical contractors according to environmental impacts and of occupational health and to identify the acting focus to establish actions of improvement in the performance and development of suppliers in 2011: surveillance services; passenger land transport; and electric maintenance, locative, air conditioning, diesel plants, closed television circuit, and edge lighting.

For Power Transport business suppliers, in particular, special support was given to equipment maintenance companies in substations, technical specifications in occupational health and environmental performance for the acquisition of equipment and tools for the service; and communication channels were produced that permitted the Organization to get closer to the needs of these contractors.

#### GOODS AND SERVICES ACQUISITION POLICY

Commitments established with suppliers are contained in the Goods and Services Policy, the Occupational Health Policy and the Environmental Policy, and are materialized through the performance with stakeholders:

- Updating of legal requisites in occupational health and environmental performance: two publications in the Website.
- Fulfillment of System requisites for Money Laundering Prevention and Terrorism Financing, SIPLA.
- Updating of the rule of contracting.
- Access to proprietary information of each company, from the Website, in the suppliers' minisite and with customized password.
- Application of procurement cards, sent to contractors as part of the contract, in order for the legal requisites in occupational health and environmental performance to be didactically specified which need to be fulfilled before and during the execution of the critical contracts.
- Verification of the international lists of the contracting companies' representatives.
- Publication of contracting regulations in the Website for consultation by suppliers.

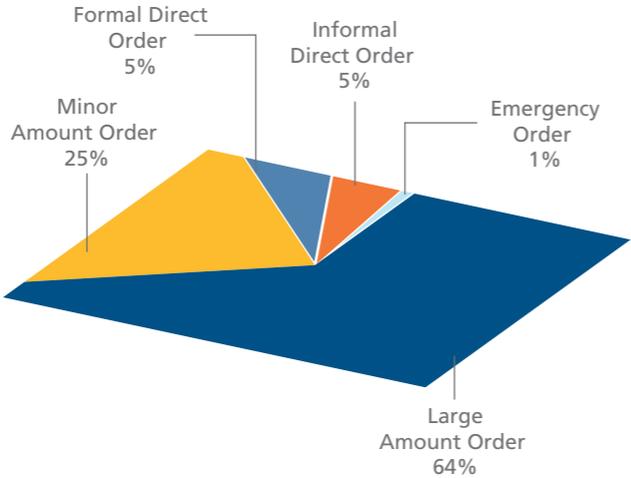
Consult the Policy and information:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://cfc54bc16dbbb2fd5b3f3e27bf60de4d&LightDTNKnobID=610679598>

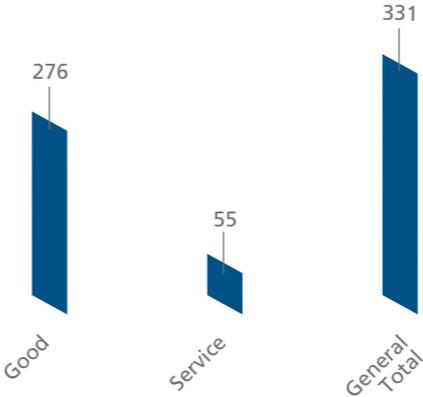
Economic Distribution of the Agreements

The following graphs show the categories used by ISA to distribute the agreements and its behavior during the period:

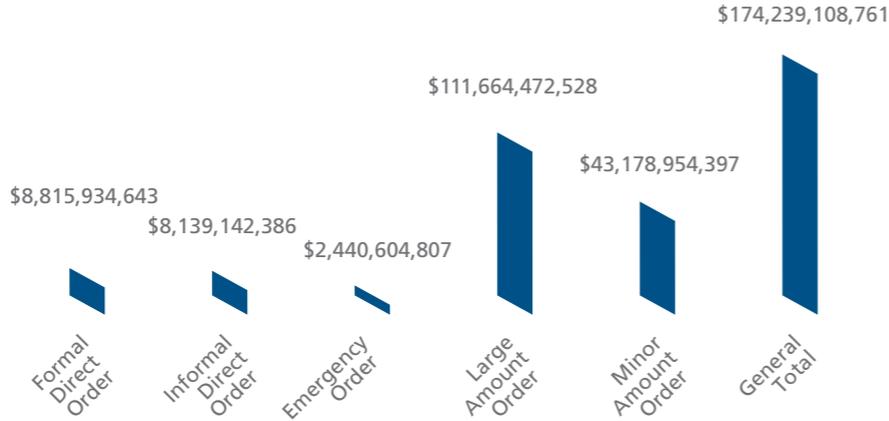
KIND OF AGREEMENT BY AMOUNT



RETAINED SUPPLIERS



VALUE OF AGREEMENT COP INCLUDING VAT



**Procedures for local contracting**

The Company initiated a strengthening process to feed the SOGA indicators, in order to permit: 1) a better follow-up to retained collaborators and identify the number of employments created by the contracting company; and 2) the register and follow-up to accidents at work, environmental accident rate, generation of hazardous waste or debris, use of wood, hydrocarbon and stone resources, use of chemicals, dealing with community complaints, employment generation and deforestation.

Specifically, 31 critical agreements were revised and contractors received feedback with a detailed report on aspects to be improved in their performance. For 2011 these data are expected to be consolidated with the implementation of the suppliers' software.

**SUPPLIERS PERFORMANCE AND DEVELOPMENT**

**Performance Evaluation**

Suppliers performed 133 agreements during the period, and its performance was evaluated on an ongoing basis. Upon finalizing their activities a communication was sent to them with results obtained and aspects to be improved for participation in future offers.

<b>Agreements</b>	<b>Quantity</b>	<b>Satisfied 80-100</b>	<b>Conditioned 60-79 Plan to Improve</b>	<b>Deficient &lt; 60 Do not contract</b>
2008	117	110	3	4
2009	176	168	6	2
2010	133	127	4	2

Improving the evaluation process of supplier performance of the agreements is a challenge for the Company as well as creating a mechanism for them to consult their qualification in the website.

**Improvement Plans**

The resulting improvement opportunities of the internal and external audits of the Comprehensive Performance System were set out as plans for improvement.

**Publishing of open and transparent bids for bidders**

The website published information of 104 procurement processes of lesser or greater amount, and documents of request for tender were sent to suppliers requiring the information.

**Contracting Information**

Meetings were held with 22 contractors in the main seat to deal with topics related with the fulfillment of the SOGA requisites, emphasizing the correct filling out of the risk factors outlook.

**Software suppliers**

This tool permitted the validation of the quality of goods and services, environmental aspects, security and occupational health.

**Clear contracting processes**

To mitigate risks, the Company pursued the following actions: 1) for each contracting process, requisites to be evaluated were specified as well as the methodology used in such evaluation, ensuring equity, transparency and clear rules; 2) an adequate selection of suppliers was made, appropriate structuring of negotiations and contracts, and a final verification of the fulfillment of the general conditions; and 3) 31 suppliers were analyzed and pre-qualified that could be immediately retained to provide goods and services under emergency situations.

**Communication of results**

To improve and automatize the publication system of the information of the contracting processes, so as to provide more information of interest to prospective interested suppliers, becomes a challenge for the Organization. This Direction made and sent 18 cards to contractors, specifying legal requisites of SOGA to be fulfilled by contractor, before and during the performance of the critical agreements and at the closing of the same.

Likewise, evaluation reports of processes were published that exceeded 500 monthly legal minimum salaries (SMLM), and timely answers were given to consultations of suppliers in the stage of bid elaboration with addenda, which were also sent to all suppliers.

### Encounter with Suppliers

In November, ISA conducted an Encounter with Suppliers in Bogotá and Medellín, with total attendance of 183 representatives from 245 companies with relevant contracting processes in 2009 and 2010 and who were invited by the Company. The meeting addressed matters of Strategic Direction, as well as OHSAS 18001–ISO 14001 and their effects on suppliers, CSR, growth experience with ISA–FUNDALCO, regulations and contracting tips, contracting/project statistics. The grade obtained in terms of satisfaction level was 4.6 out of 5 points.

This information may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://d3b0cc9cc845e7ad12eb2f0a4ec7f5e1>

Contact e-mails [suppliers@isa.com.co](mailto:suppliers@isa.com.co) and [contratacionweb@isa.com.co](mailto:contratacionweb@isa.com.co)

### The Website

Actions developed and spaces of communication with suppliers have allowed the direct contact, training processes, and the use of a virtual platform that streamlines processes and accounts for the transparency and clear rules of the Organization regarding tenders and announcements.

The site provides access to the following information:

- Virtual training.
- Business group results.
- Updating of the legal requisites in occupational health and environmental performance.
- Results of supplier evaluation.
- SIPLA Requisites.

- Contracting Regulations.
- Access to proprietary information of each company.

Website:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://3b0cc9cc845e7ad12eb2f0a4ec7f5e1>

#### HUMAN RIGHTS IN THE VALUE CHAIN

In order to identify any violation of Human Rights in the Company, ISA made a diagnostic of the performance with its stakeholders (suppliers among them), and its results will derive in an improvement plan 2011–2012.

In the agreements with the Police, the Company evaluates respect for Human Rights, and with suppliers it controls the standard fulfillment required for their operations in occupational health, safety and environmental principles. Likewise, and so as to ensure the suitability of supplier, the Company applies SIPLA to the analysis of information for the elaboration of the agreement, and before ordering the performance of the same, it verifies that contractor is updated with the payment of payroll tax obligations of its employees.



## CUSTOMERS

### Commitment and characterization

To provide timely and quality services and at competitive costs, compared with the international standards. Build sustainable relations, based on trust and respect. Have permanent and reliable communication and with excellent service attitude, based in the knowledge of the market.

Customers are companies belonging to the electrical sectors (power generators, transporters, dealers and marketers), energy (oil and mining) and industrial (big consumers).

### Strategic Objectives

To maintain acknowledgment in the market.  
Ensure a trustable, available and safe service.  
Increase incomes profitably via additional infrastructure.

### Criteria

Building of sustainable relations.  
Providing quality and timely services.  
Reliable and permanent communication.  
Competitive costs services.

### Challenges 2011

Maintain high levels of recognition by customers. Make an improvement plan 2011–2012, based on results of survey to customers made in 2010.

- Between June and August, the Company carried out the Encounter with the Client in Bogota, Medellin, Cali, Barranquilla and Manizales, with a historical attendance of 168 representatives of 52 companies, as a result of a virtual communication strategy that included digital pieces for the promotion and invitation to the event and the creation of a website to host the memories. This strategy obeys to ISA adjustment to the new trends of global communication (“less paper” culture).
- New website.
- Disclosing the strategy of the Power Transport Management to customers.

**PROGRAMS OF THE COMMERCIAL AREA**

<b>Plans</b>	<b>What are they about</b>
Annual Client Performance Plan	Program of the commercial area in compliance with the Comprehensive System of Performance, liability in the Power Transport Management as part of the quality performance.
Client Improvement Plan	<p>To continuously improve the commercial area processes from the PHVA cycle perspective, which objective is to improve satisfaction of ISA Transport Management customers.</p> <p>Considers the following activities among others:</p> <ul style="list-style-type: none"> <li>Yearly encounters with client providing communication sceneries.</li> <li>Publishing the ISA Client Bulletin, as a communication and interaction means with customers.</li> <li>Programming and execution of the Contact Plan with customers of the connection service.</li> <li>Satisfaction evaluation, every two years, of services provided by the Power Transport Management</li> <li>Applying PHVA cycle to the commercial process chain, especially with the results of: SIG Audits and the evaluation of 2010 external customers' satisfaction.</li> </ul>

**TARGETS ACCOMPLISHED**

- Indicators client perspective:
  - Claims due to invoicing: fulfilled
  - Opportunity in claim attendance: fulfilled
  - Customer satisfaction evaluation TE: results are delivered on April 2011.
  
- ISA future revenues from new businesses:
  - “Annual Increase in Future Revenues from the Power Transport Business”: 2010 Target: lower limit USD 1,8 million, higher limit: USD 2,5 million, value obtained by the closing of the period: USD 4,016,420, exceeding target.

- Customer satisfaction index: data are still not available (results from survey, pending).
- New processes, products and structure ISA commercial area.
- Improvement Plans:  
Audits improvement plan.  
Performance of two external audits and one internal  
The Nonconformity (NC) and Comments indicators scored zero.
- 2010 Customers Performance Project:  
Customer encounter satisfaction survey:  
Revision and adjustment of connection agreements with network operators  
Complaints from customers:  
Timely attention of four claims: Cerromatoso (April 28), EMEC Ltda (May 12), Electrohuila (May 19 and September 13).
- Bimonthly Customers' Bulletin:  
Five bulletins and two extras: New project in Peru and ISA –10 year actions.

### CUSTOMERS BY SEGMENTS

#### Power Transport Service

Transport of high voltage power, network operation and maintenance, and expansion of the National Transmission System (Sistema de Transmisión Nacional, STN)

This service is rendered to market agents for power marketing and interconnection of the regional electric systems. ISA has 58 customers doing electric power marketing in Colombia and the National Center of Power Control (Centro Nacional de Control de Energía, CENACE), in Ecuador. Of all customers of the Company 20 represent near 90% of the revenues from this service.

#### Connection Service to the National Interconnected System

Access to the National Interconnected System –SIN– of generators, dealers, regional transporters and big consumers, in such a way they can receive or deliver the electric power required or generated. ISA has 24 customers distributed in five generators, 15 network operators and four major consumers.

**Services Associated with the Transport of Energy**

Electrical and energy studies and chemical analysis tests of insulating materials (Análisis Químico de Materiales Aislantes, AQMA). ISA has 120 customers in Colombia and 24 customers outside the country, mainly in Bolivia, Ecuador, El Salvador, Panama and Peru.

**Construction Service of Infrastructure Projects**

Comprehensive solutions for project development of lines and substations of power transmission and fiber optics networks, tailored to the needs of customers. During the period, ISA served five customers: UPME, Ministry of Mines and Energy, Empresa Públicas de Medellín –EPM–, Power Transport Management (ISA) and Empresa Distribuidora del Pacífico –DISPAC–.

**SUSTAINABLE RELATION WITH CUSTOMERS**

For the transport of power, regulation demands the reporting and clear identification of the commitments and responsibilities related to the availability goals of assets as part of the quality scheme, and in case of default by supplier, charges for the service are reduced.

Currently, ISA has a complete portfolio of services and products, and an information and communication system that may be accessed by customers: ISA Customer Bulletin and website; and, likewise, at the time of formalizing the offer and accepting the established order or agreement, the client specifically receives the information on the product, as needed, considering the scope of the same.

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8f2989311ecebd4f847cef8eca8e2b80&LightDTNKnobID=278483387>

The service portfolio may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://6e646a38e82a3efcb37390a1b78fed4c>

Practices for Customer Satisfaction

Promise of service

Supported on the particular requirement of customers and signs of improvement, as indicated in the evaluation processes of satisfaction carried out every year. It is comprised by objective and subjective elements of the service: quality indexes in STN, information with value added and opportunity in responding to requirements.

Measurements

The service provided is measured through a customer satisfaction evaluation. During the period, it was identified that a better use of the invoices could be achieved as an information means of ISA performance in the various fronts, among which CSR and the contribution to the environment best practices outstand. Spaces of encounter with customers and bulletins should be elaborated on what is the Organization, its business, structure and presence in Latin America.

Encounter with customers

Event of ISA-TRANSELCA commercial area with its customers that takes place during the second semester of each year. Refers to a space of mutual trust to hear the voice of customers and strengthen business relationships, conducted in the form of discussion group, and where the Company shares topics of interest agreed or suggested by customers. During the period, the main concerns by customers arose from the definition of ISA businesses, services and companies.

Customers Bulletin

The ISA-TRANSELCA integrated trade area edits the ISA Customer Bulletin every two months (also posted on the websites of both companies). This is an interactive digital communication means where customers from both companies, with relevant information on services (presented through technical, commercial and social-environmental topics) and others related with the innovations of both companies improve processes and services. Directly mailed to customer contacts and a database of ISA and TRANSELCA personnel.

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl:/80b50401711c0ade7b50e3ec34563ea5>

Customer Service Center (Centro de Atención Clientes, CAC)

Communication window with customers, leveraged in a promise of service: "to have a permanent and trustable communication with an excellent attitude of service and supported on market knowledge", and which responsible is the team of the commercial area within the comprehensive performance direction of the business, Power Transport Management of the Company.

Assistance phone No.: +57(4) 315 7317 – 315 7143

### Relevant aspects in customer management

- Execution with works with voltage, a milestone for ISA

**October 18 marked the history of ISA: For the first time in Colombia the Company succeeded in doing maintenance with the energized line of three transformers with main bar potential in San Bernardino stations at 220 kV, without affecting the provision of energy in the southwest of the country or the interconnection with Ecuador.**

- The success of this procedure permits continuing with its implementation in future interventions in the ISA substations, without interrupting the power service.
- Three years of research allowed the development of a mechanical, electrical and risk analysis, complying with the business commitment to rigor and excellence in the operation and maintenance.

- Set in operation of Porce III Hydroelectric Central

On September 30, ISA set in operation the works to integrate Porce III Hydroelectric Central to the National Transmission System (Sistema de Transmisión Nacional, STN). The project included the construction, installation, commissioning administration, operation and maintenance of the Porce Substation at 500 kV and two line circuits at 500 kV, with a length of 19 km each.

- ISA advances in the construction and operation of El Bosque substation.

The project consists in the sectioning of the current line Bolívar–Ternera 220 kV, owned by TRANSELCA, which would be reconfigured as Bolívar–El Bosque 220 kV and Ternera–El Bosque 220 kV lines. The new sections include an air line in double circuit of approximately 14 km and an underground section of approximately 2 km. Furthermore, it includes the construction of a substation of the encapsulated type GIS (Gas Insulated Switchgear) 220 kV in plots of the current El Bosque substation, owned by ELECTRICARIBE. The benefits of this type of structure are reflected in a lower visual impact to neighboring surroundings because constructions are smaller and greater protection to the equipment as it would not be outdoors.

- ASOCODIS – CNO– prize to research and development

In the frame of the VI Journey of Electric Power Distribution, ISA won the third place in the first version of “ASOCODIS –CNO– prize to Research and Development”, with the work on methodology for the comprehensive handling of corrosion in electric power transmission lines (“Metodología para el Manejo Integral de la Corrosión en Líneas de Transmisión de Energía Eléctrica”) performed by Juan Guillermo Maya Montoya, analyst for the Direction of Maintenance Management.

- The formation for the future: talent, training and experience

The seed program “Developing Professionals”, enables the Company to early identify, attract and strengthen the technical and human talent in order to have qualified and suitable people for the coverage of vacancies produced in its areas of maintenance, operation and projects of the National Interconnected System (Sistema Interconectado Nacional, SIN).

- Technical Journeys

The ISA III Technical Journey took place with remarkable success: the academic event conducted every two years, this time with a participation of around 400 people, among speakers, expositors, customers and guests from Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Spain, Italy and Peru.

This event outstood for its rigor and excellence, trends followed by the Company to comply with national and international protocols, procedures and standards: the implementation of the operation and maintenance activities with quality and timeliness and the insuring of people, equipment, and the system.

- Substations renewal

Strengthening the reliability of the power transport service is a permanent activity of ISA in its various processes. Upon concluding the project of reliability on the National Transmission System, (Sistema de Transmisión Nacional, STN), the Company advanced in the planning process for the renewal of six substations for 2011: Betania, Jaguas, La Esmeralda, La Mesa, San Mateo and Yumbo.

### ■ Commercial Plans

- Continuous process improvement.
- Customer satisfaction evaluation.
- Training in the commercial area of ISA.
- Report of commercial management in the assessment of ISA-TE business.
- Monitoring the negotiation of the OR connection agreements and attending other agreements.
- Project implementation and monitoring.
- Design of new portfolio of associated services, centered in electrical studies and dark fiber.
- Implementation of the new regulatory scheme: Resolution 097-08 and 011-09: revenues and quality of service.
- Preparation of the Client Improvement Plan ISA 2011.



**QUALITY OF SERVICES**

Based on the targets of service availability established for the period, the unattended demand for causes attributable to the Company, which was 4,828 GWh, evidences the high quality index of the ISA service.

Activity	Result	Lower Goal	Higher Goal	Performance		
				Inferior	Range	Superior
Power– Not Provided	4.828 MWh	7.783 MWh	7.241 MWh			X
Failure Rate per 100Km 500KV	2.27	4.50	3.50			X
Failure Rate per 100Km 230KV	3.19	4.50	3.50		X	
Network availability	99.933%	99.653%	99.888%			X
Not selective or needed outputs	4.91%	9.00%	6.00%			X
Effectiveness re–closure	77.54%	77.67%	81.13%	X		

**ASPECTS OF HEALTH AND SECURITY**

**OHSAS18001 and RETIE**

Maintenance staff was fitted in physical, technical and psychological tests necessary to participate in the selection of Working with Voltage (Trabajos con Tensión, TcT) performers. With this measure, not only complies with RETIE and OSHAS18001, regulations but meets the rigor and excellence objective: having personnel with more and better skills to conduct safe activities for people, equipment and the system.

To be noted, since the initiation of activities of Work with voltage or powered line, no accidents have been produced at ISA in maintenance activities.

### Industrial and Electrical Safety Regulations

The company designed guidelines and technical maintenance of tools and equipment used in the TcT, and performed works with voltage procedures. Likewise, it developed a Unified Manual for Safe Operation and Maintenance, as an online course and carried out works with voltage procedures. Likewise, it made both the Unified Manual for the Safe Operation and Maintenance, and the online course for its implementation and assimilation by all staff.

As pioneer of TcT in Colombia, ISA gets continuous training and does research in the topic and offers this service to customers.

### Fulfilling Technical Regulations

ISA progressed in the revision of the equipment and assets with customers who are present in their facilities, which enabled it to share information and take actions that contribute to the culture of the optimal quality in service provision.

- This review is made to comply with ISO 14001 and OHSAS 18001 standards for quality service provision.
- A total of 13 client companies have assets in ISA facilities.
- The number of assets or goods of customer companies in ISA facilities amount to 83.

### Implementation maneuver protocols

This system, developed for the work plans of the CTE Center, was implemented in March and set in production for all work plans of ISA in May, became a pilot project at the Center of Supervision and Maneuvers (Centro de Supervisión y Maniobras, CSM).

### Calculation of failure rate and survival analysis

This methodology enables ISA to provide a service with high quality standards and carry out an excellent performance on its assets.

**Maintenance Evaluation**

By applying a methodology for determining the technical condition of the substation equipment and define actions to extend its useful life and minimize the unavailability of the service.

**Unified Operation and Maintenance Manual SIG Internal Regulations**

Safety practices are established to be followed by ISA collaborators and contractors in the programming of activities and maintenance performance; and in the operation and supervision of the power system equipment.

**RELIABLE COMMUNICATION**

In order to ensure reliable communication and preserve confidentiality with customers the following preventive activities took place:

- Determination of confidentiality clauses in agreements.
- Preparation of the Unified Manual of Operation and Maintenance (chapter on “protocol for the provision of information in case of unmet demand, or energy not supplied”).
- Record indications in the labor agreement on the use of information.
- Training in the handling of information.

**Marketing Communications**

ISA’s communication policy and code of ethics establish the guidelines for the relations with stakeholders, and identifies dissemination of good practices through communication mechanisms as an action of improvement, to make them extensive to the value chain and properly transfer them to the liability practices.

### Service Portfolio

Through a highly qualified service portfolio, the Company puts at current and future customer disposal all the experience and knowledge gained in over 40 years experience, with the single purpose of meeting customers' needs and comply with the business goals.

### Customer Assistance Directory

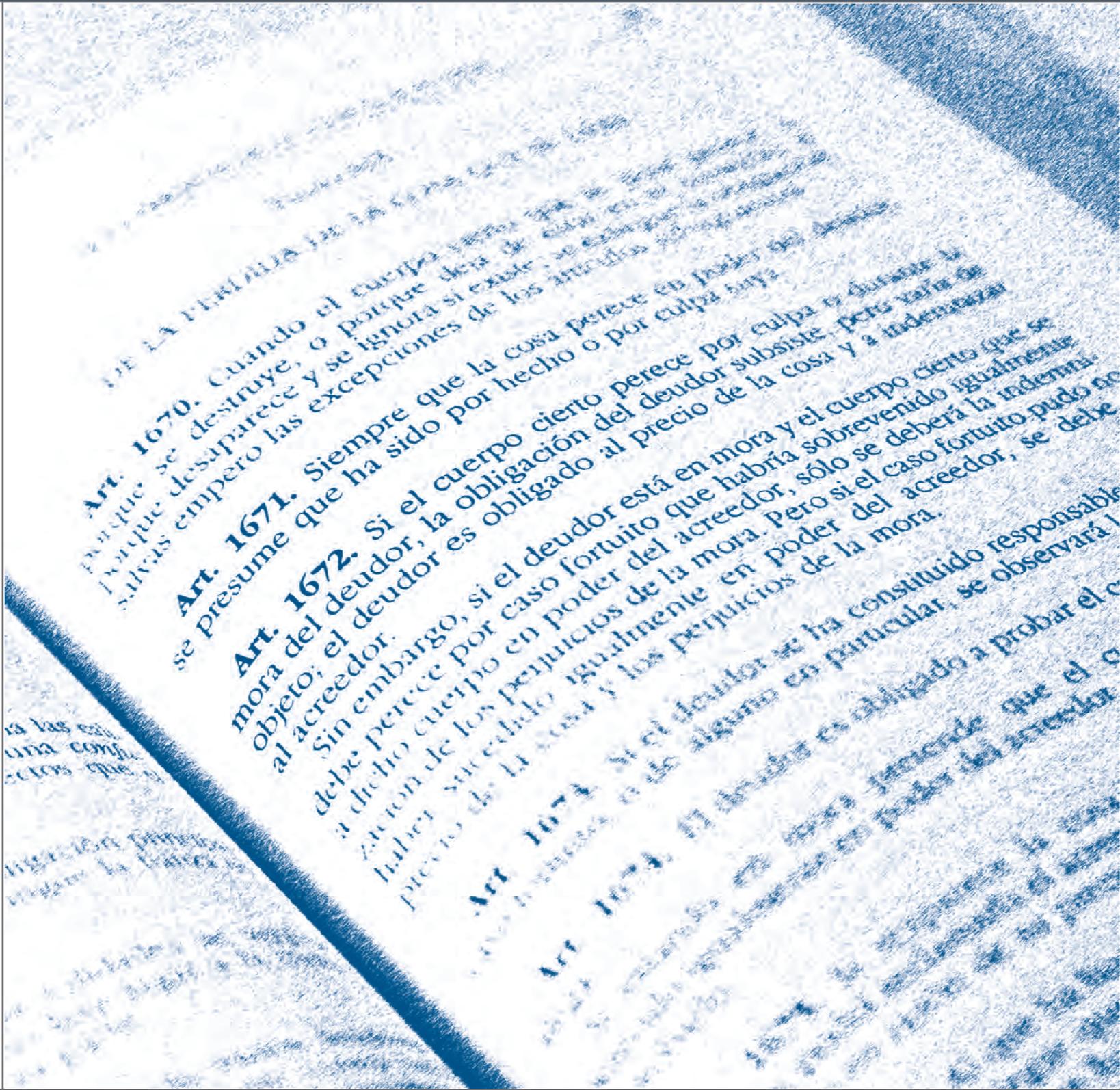
Conceived as a tool to facilitate communication with customers and strengthen business relations with them.

### Attending Suggestions and Claims

To increase customer satisfaction, the ISA-TRANSELCA commercial area has tools to timely respond to complaints and suggestions regarding services, this information can also be found in the directory for customer attention published in the websites of the two companies.

These products may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8f2989311ecebd4f847cef8eca8e2b80&LightDTNKnobID=278483387>



**Art. 1670.** Cuando el cuerpo cierto perece por culpa o por fuerza mayor, o porque se destruye, o porque deja de existir, se extingue la obligación, salvo en las excepciones de los artículos siguientes.

**Art. 1671.** Siempre que la cosa perece en poder del deudor, se presume que ha sido por hecho o por culpa suya.

**Art. 1672.** Si el cuerpo cierto perece por culpa o durante la mora del deudor, la obligación del deudor subsiste, pero vale en su favor el precio de la cosa y a indemnizar al acreedor.

**Art. 1673.** Si el deudor está en mora y el cuerpo cierto que se le debe perece por caso fortuito que habría sobrevenido igualmente al acreedor, sólo se deberá la indemnización de los perjuicios de la mora. Pero si el caso fortuito pudo haber sucedido igualmente en poder del acreedor, se debe el precio de la cosa y los perjuicios de la mora.

**Art. 1674.** Si el deudor se ha constituido responsable por caso fortuito, o de algún modo particular, se observará lo dispuesto en el artículo anterior.

**Art. 1675.** El deudor es obligado a probar el caso fortuito, cuando se trata de indemnizar los perjuicios de la mora.

STATE

**Commitment and characterization**

To respect and promote the Rule of law

ISA considers the State as the set of institutions responsible for ensuring rights of individuals, looking after the general interest and protecting public property. In addition to complying with State obligations, the Company contributes to the strengthening of institutions through agreements with public and private entities, seeking to improve governance and sensitize population about the adequate use of natural resources and living with infrastructure works in the Municipalities of its areas of influence.

**Strategic Objectives**

To respect the Rule of Law.  
To promote the Rule of Law.

**Criteria**

The relationship of ISA with the State is based on the constitutional principle that establishes that the State must ensure the efficient provision of public utilities to the inhabitants of the national territory. To meet this goal, the State assumes the regulation, control and monitoring of such services.

ISA respects and promotes the Rule of law:  
Strict compliance of the law (respect for regulations).  
Provision of timely information  
Institutional building relations.  
Institutional strengthening.

**2011 Challenges**

ISA supports the local administration because it is strategic for the development of its business. With this objective, the Company implemented the Institutional Strengthening program, which seeks to intervene in such matters as: comprehensive performance index, ability to leverage resources from central government and multilateral banking, efficiency and efficacy in resource management of the general system of participation and the standard of living of inhabitants.

### RESPECT FOR THE RULE OF LAW

#### Vigilance and control

The following entities received timely and consistent information from the Company:

#### General Accounting Office

- General report with account catalog, movements of accounts payable, reciprocal operations, property items real estate, cash flows, internal control report, financial statements and notes to financial statements
- Three quarterly interim reports with information corresponding to chart of accounts, accounts payable movements, reciprocal transactions, property items, real estate, cash flows, balance sheet and statement of financial and economic activity.
- Two-half year reports for the State Defaulters Bulletin.

#### Comptroller General (Contralor General de la República, CGR)

- Government auditing with comprehensive approach, carried out from January to June by CGR.
- Annual Report on account surrendering with contract, environment, indicators, financial statements, debt and internal audit information.
- Intermediate report on account provisions.
- Two reports on progress of the improvement plan.
- Twelve reports on debt to the Unified Statistical System of Debt (Sistema Estadístico Unificado de Deuda, SEUD).
- Twelve monthly reports on contracts signed, reported to the State Contracting Information System (Sistema de Información de Contratación del Estado, SICE).
- Annual Report on contracting budget as reported to SICE.

- Four quarterly reports on ISA budget information to the Consolidating System of Finance and Public Financial Information (Sistema Consolidador de Hacienda e Información Financiera Pública, SCHIP).

### The Financial Superintendence of Colombia

- Information before and after the Annual Regular Shareholders Meeting: date of the meeting and profit distribution project, and copy of the minutes of the meeting and the annual report (financial statements).
- Twelve reports on document placement, and evolution of each issue of ISA outstanding securities standing in the primary market .
- Annual financial report, with notes to the financial statements and report from Statutory Auditor.
- Quarterly financial statements.

### Domiciliary Public Utilities Superintendence (Superintendencia de Servicios Públicos Domiciliarios, SSPD)

- Attending information requirements from the External Audit of Management and Results (Auditoría Externa de Gestión y Resultados, AEGR) from SSPD.
- Three updates of the Public Utilities Suppliers Record (Registro de Prestadores de Servicios Públicos, RUPS).
- Two half-year reports on accidents of electrical origin.
- Annual financial information (chart of accounts, costs and expenses).
- Submission of signed financial statements.
- Report on annual financial complementary information.
- Report on half-year financial complementary information.
- Four quarterly reports on investment in infrastructure.
- Delivery of annual report and the minutes of meeting

### DANE

- Four quarterly surveys of import and export of services.

### The Administrative Department of the Public Service

- 12 reports on the application of the Single Personal Information System (Sistema Único de Información de Personal, SUIP), on personal service provision agreements.

### National Planning Department

- Delivery of annual report.

Paying taxes

ISA reports the payment of taxes as part of its transparent management and so as to consolidate an appropriate social control over State resources.

List of taxes paid

Concept	2008 Million COP \$	2009 Million COP \$	2010 Million COP \$
Income tax (income provision expenditure).	92,692	145,471	108,637
FAER Contribution.	44,169	50,454	48,076
Tax on financial transactions.	1,030	993	1,049
Industry and commerce tax.	6,519	6,812	6,803
Estate tax.	20,173	20,173	20,173
Transfer to UPME.	2,743	2,881	3,178
PRONE contribution.	48,191	37,238	34,536
CGR share of fiscal control.	1,109	1,245	1,145
Contribution Superintendencies and regulatory commissions.	1,073	1,280	1,974
National stamp tax.	876	25	0
Unified estate tax.	726	361	818
Tax on Ads and Boards.	49	61	54
Tax on street lighting.	568	579	630
Firemen surcharge.	117	124	142
Contribution to power service.	166	35	163
Tax on public works contracts.	0	0	120
Vehicles tax.	8	5	6
Surcharge for disaster prevention.	1	1	0
Stamps	2,047	2,178	2,038
<b>Total</b>	<b>222,255</b>	<b>269,919</b>	<b>229,543</b>

**Anti-corruption and Human Rights Practice**

The System for the prevention of money laundering and terrorism financing (Sistema para la Prevención del Lavado de Activos y Financiamiento del Terrorismo,SIPLA), implemented in ISA since 2009, was strengthened during the period in such aspects as : updating of third parties information with whom the Company has trade relations: awareness of collaborators administering such system; relations with competent authorities; and automatization of procedures that support the process for greater coverage, flexibility, timeliness and quality of information.

To strengthen and promote Human Rights in the value chain, the Company has an agreement with the National Army, consisting of a resource allocation for the training and implementation of Human Rights actions.

It also coordinates with the authorities the registration of actual or suspected minefields, which are executed by specialized groups, and provides additional support to the State security agencies to further actions to improve security in the regions, always within a frame of respect for Human Rights and the standing law.

On the other hand, it submits a monthly report to the High Commissioner of the UN on events related to the activities of ISA (of which it had direct knowledge), with relation to human rights violation, kidnapping, assault and attacks against electric infrastructure, and, periodically, enters the Sociopolitical Risk Information System (Sistema de Información de Riesgos Sociopolíticos, SIRS) of the Vice Presidency of the Republic to find information on public order events, propitiated by illegal actors and the actions of the police.

The socio-political risk management cycle shown in the map of business risk, from the identification to the adoption of administrative, monitoring and communication measures, was updated by ISA during the period, thus complying with the established in the Policy for Comprehensive Risk Management and the methodology defined by the Company.

**PROMOTING THE RULE OF LAW**

**Institutional Strengthening**

Considering that the strengthening of public administrations is a complex topic that basically competes to the State, and not the private enterprise, but with the clarity that to facilitate the operation of the Company, strong local governments are needed, in 2010 an analysis was made on what could be the

content, methodology and partners to implement this initiative. The various programs were revised that are being developed by the state, universities, NGOs, the companies and the international cooperation on this topic, knowing their conceptual and methodological tools and the implementation strategies.

From this review, a decision was made of pursuing a program that aimed at improving the performance indexes of the selected municipalities compared with the measurement made by the National Planning Department (Departamento Nacional de Planeación, DNP). For this, it was agreed with DNP, that it would provide its methodology, installed capacity and technical equipment for the completion of the strengthening program; ISA, in turn, provides resources and the municipalities of interest to develop the actions.

### Trade Association Management

ISA actively participated in the various chambers of ANDESCO:

#### The Power Chamber

- Analysis on credit risk and guarantees for the Wholesale Energy Market (Mercado de Energía Mayorista, MEM).
- ANDESCO Prospective Study–Public Utilities – Electric Power (Sector de Energía Eléctrica, SEE).
- Work Table – PCBs.
- Balance of regulatory measures of MME and CREG during El Niño Phenomenon.
- Continuity in Transfer Performance of the Fund of Financial Support for the Electricity Supply of Rural Areas (Fondo de Apoyo Financiero para la Energización de las Zonas Rurales, FAER) charges for the use of STN.
- Presentation to DNP of the principles of PND Law.

#### Chamber of Communications and CSR

- Development and dissemination of the Corporate Social Responsibility model for utilities and communication. Through the Chamber members’ teamwork, the model is in its application phase in a pilot company. According to the results of this experience, the model will be at disposal of any company affiliated to the association.
- Participation in the CSR room, in the frame of the Congress of Public Utilities and TIC, a sector-related event where the neutral carbon activity is applied, which seeks the greenhouse gases, its compensations or captures, to counteract so that their difference is zero.

Environmental Chamber

Its activity is centered in the development of the environmental agenda of ANDESCO and the Ministry of Mines and Energy, with emphasis in the regulatory performance focused on technical and legal comments to make adjustments and recommendations during the definition of the regulatory projects underway, which were reviewed in the chapter on sustainability of the trade association's actions.

**SUPPORT TO INSTITUTIONS**

In the frame of the business feasibility strategy in the midst of the armed confrontation, in its line of interinstitutional coordination, the Company develops analysis with State entities, especially with the security bodies and the Attorney General's Office, to define administration measures of socio-political risks.

**Mining and Energy Committee of Security and Human Rights**

This space, led by the Vice-presidency of the Republic to share the best practices in the prevention of the Human Rights Violation, the Company participated in three sessions with the group of relations with the Police, in two, with the group of risk analysis, in two with that of Indicators and in four sessions of the Directive Committee, of which ISA is part.

**Committee of Analysis of Sociopolitical Risks of Antioquia**

ISA is part of this committee along with other companies, with the National Commission of Repair and Reconciliation of the National Government and the Peace Counselor of the Antioquia Government, and guests attending were the Mission of Support to the Peace Process of OAS and the High Commissioner's Office for the United Nations for Human Rights.

On the other hand, it has subscribed a collaboration agreement with the Ministry of Defense to support the National Army in its constitutional mission of providing security in regions where the Company conducts operations. Support provided by ISA, favoring the National Army Command, six divisions and 14 brigades, was materialized during the period, in the implementation of campaigns of institutional communications led by the Army and Navy, for the prevention of attacks against energy infrastructure and landmine accidents in two regions of the national territory.



**FINANCIAL DIMENSION**

**MAIN INVESTMENTS AND REVENUES**

Investment in Infrastructure and Service Provision\*  
 Figures in million Colombian pesos

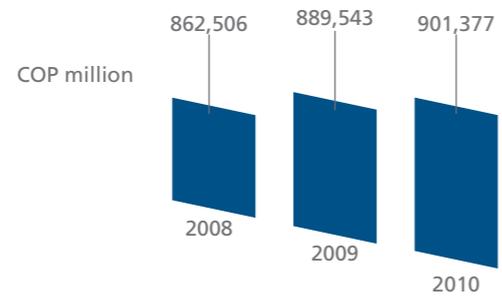
I-POA	Asset Optimization	7,453
I-BETA	Renewal of Betania Substation	663
	<b>Subtotal Asset Reposition</b>	<b>8,116</b>
I-UPME01	UPME 01 Project	1
I-UPME07	UPME 07 Project	44,010
I-UPME08	El Bosque Project	5,572
I-CONFIAB	Stage 3 Reliability	764
	<b>Subtotal UPMES</b>	<b>50,348</b>
I-S/ELIMON	Caño Limón Substation Extension	107
INFANTAS	Infantas Project	11,716
CARICARE	Caricare Project	15,181
I-SANCCHIVOR	San Carlos Chivor Project	512
	<b>Subtotal Transmission Projects</b>	<b>27,516</b>
<b>Total</b>		<b>85.979</b>

\*ISA Cash Investments

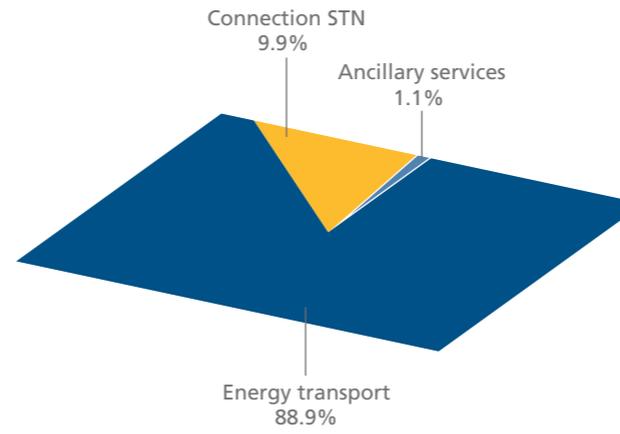
**ISA Results during the period**

<b>Million COP \$</b>	<b>2010</b>	<b>2009</b>	<b>Variation</b>	<b>% Variation</b>
<b>Results</b>				
Revenues	941,971	932,107	9,864	1.1
Costs and Expenses	(469,363)	(460,174)	(9,189)	2.0
EBITDA	623,946	625,204	(1,258)	-0.2
Operating Profit	472,608	471,933	675	0.1
Non-Operating Profit	(20,075)	(11,584)	(8,491)	73.3
Profit Before Taxes	452,533	460,349	(7,816)	-1.7
Tax Provision	(108,637)	(145,471)	36,834	-25.3
Net Profit	343,896	314,878	29,018	9.2
<b>Balance</b>				
Assets	9,033,380	8,521,132	512,248	6.0
Liabilities	2,593,684	2,401,248	192,436	8.0
Equity	6,439,696	6,119,884	319,812	5.2
<b>Indicators</b>				
EBITDA Margin (%)	66.2%	67.1%		
Operational Margin (%)	50.2%	50.6%		
Net Margin (%)	36.5%	33.8%		
Asset Profitability (%)	3.8%	3.7%		
Equity Profitability (%)	5.3%	5.1%		
Indebtedness (%)	28.7%	28.2%		
Net Debt / EBITDA	2.3	1.4		
EBITDA / Interest	5.4	3.4		

REVENUE FROM SERVICES



REVENUE BY SERVICE



SHAREHOLDERS

**Commitment and Characterization**  
 Growth with profitability and value generation.

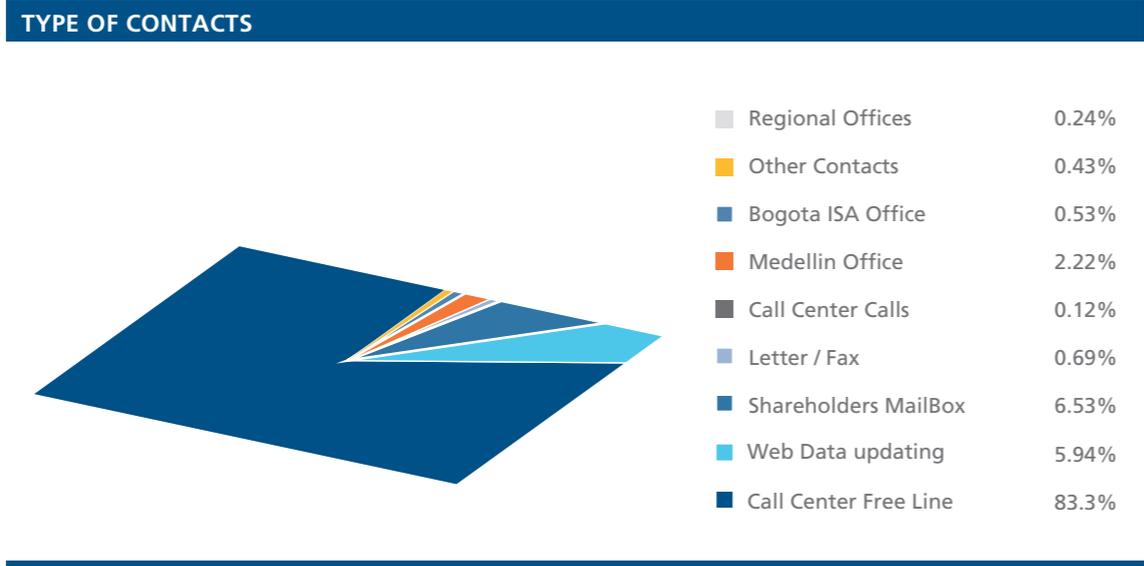
**Strategic Objectives**  
 Ensure increase in value.

**Criteria**  
 Reliable communication with shareholders.  
 Establishment of measurements for the improvement in attention to shareholder.  
 Growth with profitability and value generation.

**Challenges 2011**  
 In the framework of commitment with these stakeholders, to maintain good practices so as to contribute to business growth.

Center of Information for Shareholders

The center of attention for shareholders registered a level of service of 98% (8% more than as agreed), equivalent to a total of 35,601 contacts during the period, classified in the following categories:



Toll-free shareholder’s assistance line: 83% of requirements (29,657 calls), which were answered with a 95% level of service (exceeding the 85% agreed). Customized Assistance Offices in Medellin: 790 requirements (188 in Bogota and 85 in other regional offices)

At year end, ISA had 51,204 shareholders: in Bogota (35.51%), Medellin (19.34%), Cali (6.93%), Barranquilla (3.19%), Bucaramanga (2.15%) and the rest of the cities (32.88%). In total, these shareholders made 2,324 requests through the mailbox: accionesisa@isa.com.co

**Geographical distribution of shareholders as of december 31, 2010**

<b>Cities</b>	<b>Shareholders</b>	<b>Percentage</b>
Bogotá	18,181	35.51
Medellín	9,905	19.34
Cali	3,549	6.93
Barranquilla	1,635	3.19
Bucaramanga	1,099	2.15
Other Cities	16,835	32.88
<b>Total</b>	<b>51,204</b>	<b>100.00</b>

During the period 312 “congratulations and thank you notes” were registered and 8 cases of “Complaints”.

Through Bancolombia Fiduciary, ISA retained the services of INVAMER S.A. (an entity in charge of conducting the service satisfaction survey to shareholders) to assess the quality of the shareholder service line. The grade obtained, 4.79, is placed by Quality Service Audit S.A. in the range of “excellent” in the international scope.

To maintain permanent relations with shareholders and investors, the Company carried out the following activities related with a timely information provision:

The General Manager of ISA submitted the management report to the Regular Shareholders’ Meeting, which had a quorum of 84.99% and took place on March 29; and the Performance Report and Financial Results, to stock exchange broker companies and institutional investors, in six face meetings held in Bogota,

Cali and Medellin Furthermore, he received around 50 visits of international investors, participated in six events, and carried out quarterly telephone conferences with international investors.

On the other hand, the Company sent two bulletins to shareholders (63,641 physical mailing and 40,248 electronic), which were also published in the investors section of the website; and 22,427 tax certificates (10,017 printed and 12,410 electronic).

To implement new services and generate value for shareholders, ISA made available a mechanism of electronic consultation in its website that permits knowing, month by month, the value of the investment through an account extract of ordinary shares. This virtual mechanism not only provides speedy and timely information, but promotes the wise use of natural resources under a socially responsible management.

This information is obtained by entering:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://697bba91bf366caf16307a47572daba2>

Complying with a commitment towards shareholders, of “growing with profitability and generating value” and with the Corporate Social Responsibility objectives, ISA continued with the publication of the Guide for the Investor with the support of the Colombian Stock Exchange (Bolsa de Valores de Colombia, BVC), its nature being essentially educational in the Stock Exchange world. The 2010 edition, where 29,159 printed Guides were mailed and 21,103 were sent electronically, offered information on the various alternatives of investment with minimum amounts of resources, whether through commission firms, collective portfolios or share purchase through the e-trading system.

The “Guide for the Investor” may be consulted in:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://b838bb64b6ac6dd465e15c2c159d169d>

ISA has kept its website updated with news, relevant facts, reports of quarterly financial results, certificates, bulletins, half-year extracts and other generic pieces, among other types of information.

### Dividend Policy

The Regular Shareholders’ Meeting, that took place on March 29, approved the proposition on profit appropriation and distribution for year 2009 that consisted in distributing profits amounting COP \$177,228

million to pay a dividend at COP \$160 per share. Payment was made in four equal quotas on a quarterly basis, at COP \$40 per share: on April 19, July 19, October 19, 2010 and January 27, 2011.

Direct retribution to shareholder in the form of dividends was COP \$160 (5.26% more than the dividend paid in 2009 that was COP \$152).

<b>Year</b>	<b>Annual dividend</b>	<b>%</b>	<b>Decreed dividends (million pesos)</b>
2006	120		115,241
2007	128	6.67	130,466
2008	140	9.38	150,593
2009	152	8.57	163,501
2010	160	5.26	177,228

As of the closing of the year, ISA had 1,107,677,894 outstanding shares, of which 31.42% corresponded to free float.

It is worth noting that Empresa de Energía del Pacífico was included in the category of public and private capital, as shown in the following table of shareholding composition.

Shareholder	Number of Shares December 31–10	%
<b>State investors</b>	<b>682,078,108</b>	<b>61.58</b>
The Nation	569,472,561	51.41
EEPPM	112,605,547	10.17
<b>Companies with public and private capital</b>	<b>77,577,007</b>	<b>7.00</b>
ECOPETROL S.A.	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Empresa de Energía del Pacífico	203,477	0.02
<b>Private investors</b>	<b>348,022,779</b>	<b>31.42</b>
Institutional	210,447,090	19.00
Individuals	93,621,269	8.45
Legal persons	21,699,213	1.96
F.I. foreign	20,658,682	1.87
ISA ADR Program	1,596,525	0.14
<b>Outstanding subscribed and paid-in capital</b>	<b>1,107,677,894</b>	<b>100.00</b>

The closing price of the share was COP \$14,100, which equals an appraisal of 8.63%, while market appraisal was 33.57%. The closing price of ADR, on its part, represented an appraisal of 15.58%.

The company stock exchange capitalization amounted to 15,618,258 million (USD 8,160 million), while the average volume traded was 4,490 million (41.82% more than what was negotiated in 2009).

The ISA share ranked 10 in the category of high marketability.

**Stock Exchange Information**

	2008	2009	2010
Outstanding shares (No.)	1,075,661,374	1,107,677,894	1,107,677,894
Free-float (%)	29.70%	31.44%	31.42%
Shareholders (No.)	56,539	53,215	51,204
Par value (COP)	32.8	32.8	32.8
Book value including appreciation (COP)	4,470.98	5,528.96	5,813.69
Average Annual Volume Negotiated (million Cop \$)	2,582	3,166	4,490
Closing Price (\$)	7,100	12,980	14,100
Stock exchange capitalization (million USD)	3,404	7,033	8,160
Total Profitability	1.97%	84.96%	9.86%
Closing price ADR (USD)	78.94	158.84	183.59
Average price ADR (USD)	93.89	114.83	173.70
IGBC (points)	7,560.68	11,602.14	15,496.77
Colcap (points)	851.35	1,366.85	1,823.70
Col20 (points)	701.23	1,115.43	1,452.68

**APPRECIATION ISA STOCK – IGBC**



**ECONOMIC AND FINANCIAL PERFORMANCE**

**Growth with Profitability and Value**

EBITDA decreased 0.2% (from COP \$625,204 million to COP \$623,946 million), basically due to the increase in the administration, operation and maintenance expenses – AOM due to the reclassification as operational, of the expenses by way of the towers affected by attacks and the increase in expenses due to actuarial calculation due to the higher life expectancy in Colombia. These facts led costs and operating expenses to increase in 2,0% in 2010, exceeding the variation in revenues, which was 1.1% with respect to year 2009.

As to EVA, it shows a positive behavior by closing the year in COP \$95,479 million (156% more than in 2009). This increase was mainly caused by the behavior of the macroeconomic variables that favor asset profitability.

<b>Indicators</b>	<b>2.008</b>	<b>2.009</b>	<b>2.010</b>
EBITDA	602,485	625,204	623,946
Variation (%)		3.7	-0.2
EVA	26,197	37,324	95,479
DELTA EVA (\$)		11,128	58,154
Variation (%)		42	156

### Credit Risk Rating

The corporate risk rating and of local and international note issues, granted by the specialized agencies, ratified the strength and financial soundness of ISA and its companies and the controlling position as transporter of energy in Colombia, Peru and the Brazilian State of São Paulo, as well as a new participant in the Road Concession Business in Chile.

Fitch Ratings of Colombia ratified with AAA grade and with a stable outlook the third note issue and the ISA Note issuance and allocation program; likewise, Standard & Poor's ratified ISA with a grade of BB+, stable perspective, for foreign and local currency long term corporate credits (equal to the sovereign ceiling of the Republic of Colombia.)

For the first time, ISA acquires the degree of investment by Moody's Investor Service by obtaining a grade of issuer in local and foreign currency of Baa3 with a stable perspective. Likewise, Fitch Ratings assigned a BBB issuer grade in local and foreign currency with stable perspective.



### ANNEXES

#### Global Compact

In August, ISA adhered the Global Compact, which ratifies the trend of social responsibility in which the Company has entered and that means to keep adapting its responsible behavior to new demands of the contemporary society, which claim a concept that integrates business competitiveness and its financial sustainability, with a new social dimension that potentiates, guarantees and makes sustainable our effective participation in the transformation of the country.

In this framework ISA has pursued actions that have allowed working in the interests of the principles defined in the Global Compact from its management with the various groups of interest and from the Regional Center for Latin America..

#### Principles:

Principle 1 Support and respect.

Principle 2 Not being complicit.

Principle 3 Freedom of association and collective bargaining.

Principle 4 Elimination of forced labor.

Principle 5 Abolition of child labor.

Principle 6 Eliminate discrimination in employment and occupation.

Principle 7 Precautionary approach to favor the environment.

Principle 8 Undertake initiatives to promote greater environmental responsibility.

Principle 9 Development and diffusion of environmental friendly technology.

Principle 10 Work against corruption in all its forms, including extortion and bribery.

#### The Millennium Development Goals

In the Summit of the Millennium of the United Nations that took place in the seat of the United Nations (New York, 2000), the heads of State and the Government of the world signed the Declaration of the Millennium. Here, commitments were assumed in the field of peace and security, human rights, protection of the environment and special attention to poverty. Based on such Declaration, the Millennium

Development Goals MDG were agreed, that include eight objectives, 18 goals and more than 40 indicators that must be a reality by 2015. "The Millennium Development Goals constitute a pact between nations to eliminate human poverty" \*.

ISA contributes with the MDG through agreement ISA-UNDP in the identification of the most critical MDG in the municipalities where ISA has presence to implement actions that permit advancing in these targets.

- Objective 1 Eradicate extreme poverty and hunger.
- Objective 2 Achieve universal primary education.
- Objective 3 Promote gender equality and empower women.
- Objective 4 Reduce child mortality.
- Objective 5 Improve maternal health.
- Objective 6 Combat HIV/AIDS, malaria and other illnesses.
- Objective 7 Ensure environmental sustainability.
- Objective 8 Global Partnership for development.



\* In: <http://www.UNDP.org.co/sitio.shtml?apc=aKa020101--&m=a&e=A>

**ÍNDICE**

"Guidelines GRI G3"	Global Compact	Millenium Development Goals MDG	"Chapter/comment"
<b>1 STRATEGY AND ANALYSIS</b>			
"1.1 Statement from the most senior decisionmaker of the organization"			CEO's letter.
1.2 Description of key impacts, risks, and opportunities.			Its appears along the memory.
<b>2 ORGANIZATIONAL PROFILE</b>			
2.1 Name of the organization.			
2.2 Primary brands, products, and/or services.			
2.3 Operational structure of the organization			
2.4 Location of organization's headquarters.			Calle 12 sur No 18-168 Medellín, Colombia
2.5 Number of countries where the organization operates			
2.6 Nature of ownership and legal form.			
2.7 Markets served.			
2.8 Scale of the reporting organization.			
2.9 Significant changes during the reporting period.			Ethic code update, structure by stakeholders. Approval of the new Social and Environmental Management Model
2.10 Awards received in the reporting period.			
<b>3 REPORT PARAMETERS</b>			
3.1 Reporting period			Reporting 2010 period
3.2 Date of most recent previous report			The previous memory was for the year 2009
3.3 Reporting cycle			It's an anual reporting cycle

3.4 Contact point for questions regarding the report or its contents.

**Report Scope and Boundary**

3.5 Process for defining report content

This is the first GRI report. The contents were defined from the identification of significant matters for the Company as for sustainability.

3.6 Boundary of the report

3.7 State any specific limitations on the scope or boundary of the report

All the matters are about the environmental, economic and social performance, significant for the stakeholders and the Organization

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations

3.9 Data measurement techniques and the bases of calculations.

It's appears along the memory

3.10 Explanation of the effect of any re-statements of information provided in earlier reports.

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

**GRI content index**

3.12 Table identifying the location of the Standard. Disclosures in the report.

Annex 1, GRI G3 index

<b>Verification</b>	
3.13 Policy and current practice with regard to seeking external assurance for the report.	An internal check exists and the indicators mostly correspond to the Integrated Management System, which was audited to the ISO14001 y OHSAS 18001 recertification
<b>4 GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>	
4.1 Governance structure of the organization.	Governance's Company esturcture
4.2 Indicate whether the Chair of the highest governance body is also an executive officer	Governance's Company esturcture
4.3 Estructure of the highest governance body	Governance's Company esturcture
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Economic performance, shareholders chapter
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	Defined for a Board of directors, decision number 76
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Good Governance Code
4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Board Committees

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.				“What do we want and how are we achieving it “
4.9 Procedures of the highest governance body for overseeing the organization’s				Autoevaluation
4.10 Processes for evaluating the highest governance body’s own performance				2010 evaluations results
<b>Commitments to External Initiatives</b>				
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Principles 7 y 8	Goal 7		Integrated Management System, environmental performance
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 y 10	Goal 1, 2, 3, 4, 7 y 8		“Enviromental performance
				Social performance, employees, sociaty, suppliers, clientes and state chapters”
4.13 Memberships in associations		Goal 8		Associations to which ISA’s belongs
<b>Stakeholder Engagement</b>				
4.14 List of stakeholder groups engaged by the organization.”				“Dialogues with stakeholders The stakeholders defined for ISA are: employees, clients, society, shareholders, suppliers and state”
4.15 Basis for identification and selection of stakeholders with whom to engage.				Dialogues with stakeholders

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group			Dialogues with stakeholders
4.17 Key topics and concerns that have been raised through stakeholder engagement.			Dialogues with stakeholders
<b>5 MANAGEMENT APPROACH AND PERFORMANCE INDICATORS</b>			
<b>Economic Performance</b>			
<b>Economic Performance Indicators</b>			
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	Principle 7	Goal 7	Environmental performance, environmental management chapter
EC3 Coverage of the organization's defined benefit plan obligations.	Principles 1 y 2	Goal 1 y 2	Social performance, society chapter
EC4 Significant financial assistance received from government.			ISA did not receive financial helps of the government
<b>Market Presence</b>			
EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Principles 1 y 6	Goal 3	Social performance, employees chapter
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			Social performance, suppliers chapter (suppliers' software and SOGA)
EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Principle 6	Goal 1	Social performance, employees chapter

<b>Indirect Economic Impacts</b>			
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Principles 1 y 2	Goal 1 y 2	“Environmental performance, environmental management chapter
<b>Social performance, employees chapter”</b>			
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.			Economic performance, shareholders chapter
<b>Environmental performance</b>			
<b>Materials</b>			
EN1 Materials used by weight or volume.	Principles 8 y 9	Goal 7	Environmental performance, environmental management chapter
EN2 Percentage of materials used that are recycled input materials.	Principles 7 y 8	Goal 7	Environmental performance, environmental management chapter, waste management
<b>Energy</b>			
EN3 Direct energy consumption by primary energy source.	Principles 7 y 8	Goal 7	Environmental performance, environmental management chapter, climate change mitigation
EN5 Energy saved due to conservation and efficiency improvements.	Principles 8 y 9	Goal 7	Environmental performance, environmental management chapter, climate change mitigation
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	Principio 8 y 9	Goal 7	Environmental performance, environmental management chapter, climate change mitigation

<b>Water</b>			
EN8 Total water withdrawal by source.	Principles 7 y 8	Goal 7	"Is not material"
			Se lleva control del consumo, para las sedes y subestaciones con concesión de aguas.
			Fórmula actual: (valor consumo promedio año anterior CPP/valor consumo trimestral)*100"
EN9 Water sources significantly affected by withdrawal of water.	Principles 7 y 8	Goal 7	Is not material. ISA doesn't affect water sources in the development of his business
EN10 Percentage and total volume of water recycled and reused.	Principles 7 y 8	Goal 7	Is not material
<b>Biodiversity</b>			
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Principles 7 y 8	Goal 7	Is not material
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Principles 7	Goal 7	Is not material. ISA's management does not generate negative impacts in areas of high biodiversity
EN13 Habitats protected or restored.	Principles 7 y 8	Goal 7	Environmental performance, environmental management chapter, impacts mitigations
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	Principles 7 y 8	Goal 7	"Environmental performance, environmental management chapter, servitudes managment."

## CSR Report

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Goal 7	Is not material
<b>Emissions, Effluents, and Waste</b>			
EN16 Total direct and indirect greenhouse gas emissions by weight.	Principles 8	Goal 7	Environmental performance, environmental management chapter, climate change mitigation.
EN17 Other relevant indirect greenhouse gas emissions by weight.	Principle 8	Goal 7	Environmental performance, environmental management chapter, climate change mitigation
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principles 7, 8 y 9	Goal 7	Environmental performance, environmental management chapter, climate change mitigation
EN19 Emissions of ozone-depleting substances by weight.	Principle 8	Goal 7	Environmental performance, environmental management chapter, climate change mitigation
EN20 NO, SO, and other significant air emissions by type and weight.	Principle 8	Goal 7	Is not material. Nevertheless, ISA implemented a methodology for his measurement.
EN21 Total water discharge by quality and destination.	Principle 8	Goal 7	Is not material. ISA doesn't affect water sources in development of his business
EN22 Total weight of waste by type and disposal method.	Principle 8	Goal 7	Environmental performance, environmental management chapter, waste management

EN23 Total number and volume of significant spills.	Principle 8	Goal 7	Environmental performance, environmental management chapter, impacts mitigations
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Principle 8	Goal 7	Environmental performance, environmental management chapter, waste management
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Principle 8	Goal 7	"Is not material. ISA doesn't affect water sources in development of his business.  Nevertheless, these matters are defined in the operational control matrix"
<b>Products and Services</b>			
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principles 7, 8 y 9	Goal 7	Environmental performance, environmental management chapter, impacts mitigations
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	Principles 8 y 9	Goal 7	Environmental performance, environmental management chapter, waste management
<b>Compliance</b>			
EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Principle 8	Goal 7	"ISA had no sanction or fine in 2010."

**Transport**

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Principle 8	Goal 7	"Is not material."
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There was a pilot program of this initiative in 2010 and the emissions results were 1%"

**Overall**

"EN30 Total environmental protection expenditures and investments by type."	Principles 7, 8 y 9	Goal 7	Environmental performance. Environmental investment
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**SOCIAL PERFORMANCE INDICATORS**

**Labor Practices and Decent Work Performance Indicators**

**Employment**

LA1 Total workforce by employment type, employment contract, and region, broken down by gender.	Principle 6		Social performance, employees chapter, human talent management.
LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Principle 6		Social performance, employees chapter, human talent management.
LA3 Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.	Principle 6		ISA's employees have the same benefits. Social performance, employees chapter, human talent management.

**Labor/Management Relations**

LA4 Percentage of employees covered by collective bargaining agreements.	Principles 1 y 3		Social performance, employees chapter, human talent management.
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<b>“Salud y seguridad laboral Occupational Health and Safety”</b>		
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Principle 1	Social performance, employees chapter, human talent management. Health and safety
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Principle 1	Social performance, employees chapter, social benefits
LA9 Health and safety topics covered in formal agreements with trade unions.	Principle 1	Social performance, employees chapter, social benefits, health and safety
<b>Training and Education</b>		
LA10 Average hours of training per year per employee by gender, and by employee category.		“Social performance, employees chapter, human talent attraction and management of skills”
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Social performance, employees chapter, human talent attraction and management of skills.
LA12 Percentage of employees receiving regular performance and career development reviews, by gender.		“Social performance, employees chapter, human talent attraction and management of skills”
<b>Diversity and Equal Opportunity</b>		
LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Principles 1 y 6	Social performance, employees chapter, human talent management.

LA14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Principles 1 y 6	Goal 3	Social performance, employees chapter, human talent management.
<b>Human Rights Indicators</b>			
<b>Investment and Procurement Practices</b>			
HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Principles 1 y 2		
	Principle 5		Social performance, suppliers chapter, human rights in the value chain.
HR2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	Principles 1 y 2		
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Principles 1, 2, 3, 4, 5, 6		Social performance, chapter employees, human rights in the organization
<b>Non-discrimination</b>			
HR4 Total number of incidents of discrimination and corrective actions taken.	Principle 6		“There were none incidents of discrimination.”
			Social performance, employees chapter, human talent management.”

**Freedom of Association and Collective Bargaining**

HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.

Principle 3

Social performance, employees chapter, human rights in the Organization

**Child Labor**

HR6 Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

Principles 1, 2 y 5

Social performance, employees chapter, human rights in the Organization

**Forced and Compulsory Labor**

HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

Principles 1, 2 y 4

Social performance, chapter employees, human rights in the organization

**Security Practices**

“HR8 Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations.”

Principles 1 y 2

“Social performance, chapter employees, human rights in the organization”

**Indigenous Rights**

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.

Principle 1

“Ministry Decree 720, Article 5, law enforcement 21 of 1991 and Law 170 of 1993”

Society Performance Indicators			
Local Communities			
SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Principles 4, 5 y 6	Goal 1 y 2	Social performance, chapter society.
Corruption			
SO2 Percentage and total number of business units analyzed for risks related to corruption	Principle 10		"Social performance, chapter state, respect the Rule of Law (Anti-corruption and Human Rights Practice)"
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	Principle 10		Social performance, chapter employees, human rights in the organization
SO4 Actions taken in response to incidents of corruption.	Principle 10		"There were no corruption incidents."
Public Policy			
SO5 Public policy positions and participation in public policy development and lobbying.	Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10		Environmental performance, environmental management chapter, legal management
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Principle 10		"ISA does not participate or endorse political parties or candidates for public office, and none of his employees can."
Compliance			
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.			There were no sanctions or fines

**Product Responsibility  
Performance Indicators**

**Customer Health and Safety**

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Principles 1 y 7	“Not applicable due to the nature of the business. However the environmental dimension refers to the management of PCB”
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PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Principle 1	“There were no penalties or legal breaches in the period .”
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**Product and Service Labeling**

PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Social performance, customers chapter
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PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		There were none incident of non-compliance.
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**Social performance, clients chapter**

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Social performance, clients chapter.
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**Marketing Communications**

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Social performance, clients chapter.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

There were none incident of non-compliance

**Customer Privacy**

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

There were none incident of non-compliance

**“Compliance”**

PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

There were none incident of non-compliance