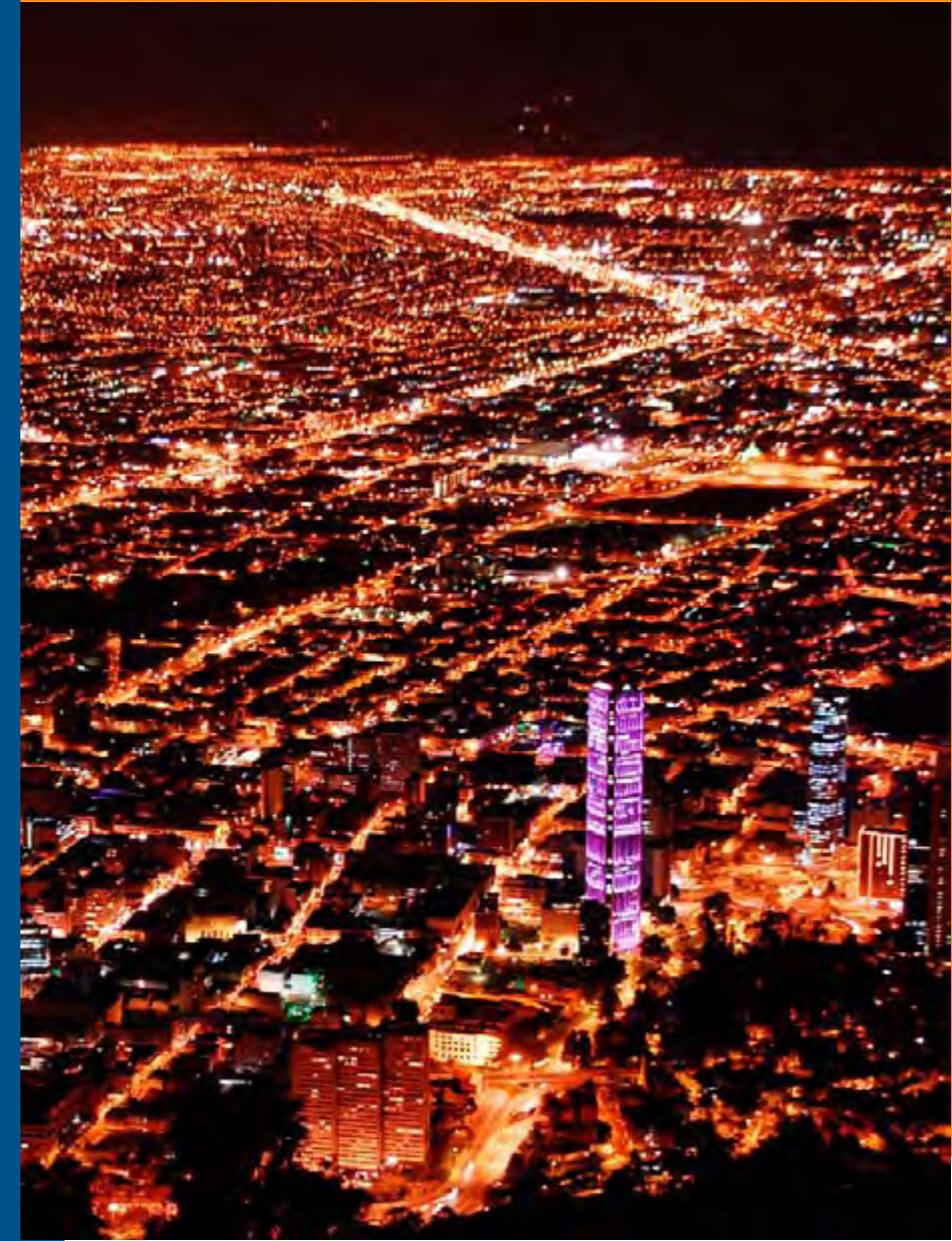


# CSR REPORT 2011



# Table of Contents

- FROM THE CEO
- 2011 REPORTING PARAMETERS
- STRATEGY AND ANALYSIS
- THE ORGANIZATION
- GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS
- PERFORMANCE INDICATORS
  - ENVIRONMENTAL DIMENSION
  - SOCIAL DIMENSION
  - FINANCIAL DIMENSION
- ANNEXES



CSR  
REPORT  
2011

## From the CEO



**FROM THE CEO**

We are pleased to share ISA's CSR Report for year 2011, which contains the major advances in a management based on actions that contribute to sustainability from the social, environmental and economic dimensions. Such actions result in gains for society and business involving permanence of resources over time, as an added value, in consideration of future generations.

Consistent with our strategic direction, we share a management that honors stated commitments to our stakeholders within a synergy that combines the generation of value, confidence and development ensuring the viability of ISA and its companies in such environments where it operates.

These practices, ensuring a competitive future for all, are leveraged in three main pillars: commitment to the Global Compact, the Millennium Development Goals and the climate change.

As a result of our performance in 2011, the Company now has a new Code of Ethics and a Declaration of Commitments on Human Rights, documents that invite our stakeholders, especially suppliers as the closest link in the chain of value, to join a good business practice management.



## FROM THE CEO

Likewise, we diagnosed ISA's management in CSR terms compared to ISO 26000 Standard (Social Responsibility Guide), which involved learning and measuring ourselves against an international reference that will guide our actions in the short and medium term. The Standard allowed identifying the main gaps from which we can design new strategies to minimize the impacts caused by corporate actions on society and the environment, within an ethical and transparent behavior.

In this sense, and in order to achieve a comprehensive vision that articulates the corporate and business strategy with our CSR philosophy, we approved the guidelines that provide ISA and its companies with a route for the development of a socially responsible management, based on the accomplishment of commitments to stakeholders and the adoption of sustainability practices that lead the Organization to keep motivation, commitment and productivity of its employees; to continue supporting the shareholders and investors, and the financial community; to provide services with high standards of quality to its customers; to keep long term relationships with

the State; a relationship based on fairness and clear rules with suppliers, and a solid contribution to the development of society.

In recognition of a socially responsible management, we obtained the 2011 ANDESCO prize to Corporate Social Responsibility, in the categories of social performance and corporate governance, and reached 89.97 points out of 100 in the measurement of policies and mechanisms for transparency, conducted by Corporación Transparencia por Colombia.

We deliver this report in testimony of the fulfillment of our commitments and as input to strengthen dialogue processes with our stakeholders under a spirit of collective construction that shows the institutional interest of improving performance and taking increasingly transforming actions.

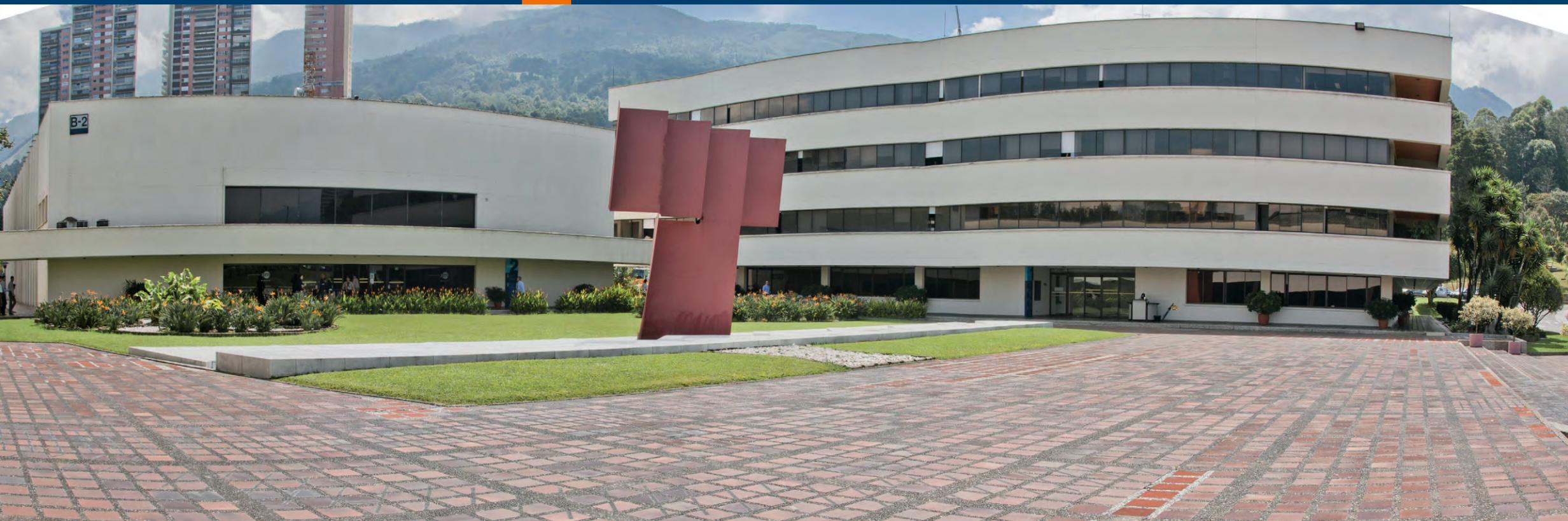


**Luis Fernando Alarcón Mantilla**

CEO

CSR  
REPORT  
2011

# 2011 Reporting Parameters



## 2011 REPORTING PARAMETERS

In compliance with the commitments to stakeholders, ISA publishes the Annual Sustainability Report for the January-December 2011 period.

This Report, prepared for second year in a row, is placed on level B of the Reporter Global Initiative-GRI-(G3) international guide, which entails for the Organization moving toward goals and outcomes that nurture the social, environmental and economic dimensions. It also means achieving a better understanding of the indicators and having an approach more open to stakeholders. It also involves making explicit such actions taken with regard to the management of the Global Compact principles, supported by measurable results that extend to the value chain.

The Report informs about the management of Corporate Social Responsibility-CSR- by ISA, the parent company, and includes a minimum set of indicators on aspects related to sustainability, which respond to the performance of subsidiaries and affiliates which may be consulted in the chapter of annexes. It should be noted that the performance of each of these companies is presented in the corresponding annual or CSR reports.

Also, this report describes the performance of ISA, parent company, with its stakeholders, addressing the following dimensions: the social dimension, from the actions taken with employees, suppliers, society, State and customers; the environmental dimension, evidenced in the stages of design, construction and operation of the Energy Transmission

Business; and the financial dimension expressed in the performance with shareholders and the financial results of the Company.

This Report identifies key issues in the CSR performance, both by ISA and some of its stakeholders. Some of the most relevant issues include Human Rights, ethics, environmental management, regarding climate change mitigation, and management of suppliers. This identification led to move forward in line with the expectations of the stakeholders.

## CONTACTS FOR QUESTIONS REGARDING THE REPORT:

ISA's CSR report may be consulted at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://a435be0c1e60a7fb92c4dce716f408b8>

### **Martha Ruby Falla González**

mrfalla@isa.com.co

### **Jimena Toro Valencia**

jmtoro@isa.com.co

CSR  
REPORT  
2011

## Strategy and Analysis



## STRATEGY AND ANALYSIS

### MAJOR ACHIEVEMENTS

During 2011, ISA launched a series of voluntary actions aimed at overcoming gaps and continuously improving on matters that strengthen the institutional capacity in order to implement in the day-to-day practice, under a strategic and measurable way, such concepts contained in its corporate framework. The most significant aspects were:

#### UPDATING OF CODE OF ETHICS

ISA launched its new Code of Ethics, updated in detail in the guidance of actions towards each stakeholder; it contains such initiatives proposed by the Company to address specific actions for the promotion and non-infringement of Human Rights, transparency and anticorruption practices.

The Code of Ethics may be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://901e18bf4ced4979156bbd2f86b1fdc7>

#### DECLARATION OF COMMITMENT ON HUMAN RIGHTS

Being aware that Human Rights are a matter of global concern, and that the operation of the Company's business takes place in complex environments, ISA created a roadmap for improving practices in this area. In this sense, it made a diagnosis along the value chain and identified the need to ratify the will and commitment to promote among the stakeholders (employees, suppliers, customers, shareholders, society and State), the in-

corporation of practices of respect and promotion of Human Rights, as well as its non-infringement and non-complicity.

To endorse this commitment, ISA signed in Medellin on September 29, 2011, the Declaration of Commitment on Human Rights. This paper traces the route to progressively implement the guiding principles on companies and Human Rights, reflected in the implementation of the UN "Protect, Respect And Remedy" framework.

The declaration may be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://33d30f4b86adb0bbdd60b7be07c91db7>

#### SUBSCRIPTION OF ANTIFRAUD CODE

A framework intended to formalize the strategic will of ISA and its companies with regard to fraud, by declaring a zero tolerance culture and establishing corporate guidelines and responsibilities for its prevention, detection, investigation and response. ISA and its companies define fraud as any act, or attempted act, or intentional omission to gain an undue advantage in detriment of the organizational interests and principles, and it identifies fraudulent actions under the following categories: false reporting, corruption, improper management of information assets, misappropriation or misuse of financial resources and other assets of the Company.

## STRATEGY AND ANALYSIS

### MEASUREMENT TRANSPARENCY FOR COLOMBIA

ISA was ranked fifth in the measurement of transparent policies and mechanisms, conducted each year by Corporación Transparencia por Colombia. The Company received 89.97 points out of 100 in the 2011 rating, among 24 Colombian utility companies, a significant figure considering it was the first time that its performance was evaluated voluntarily on these issues. Additionally, the measurement allowed the Company to make a benchmarking on its best practices and identify opportunities for improvement, seeking to specifically and effectively materialize the commitment in the fight against corruption.

The evaluation may be found at:

<http://www.transparenciacolombia.org.co/>

### REFERENCING ISO 26000

ISA made a diagnosis in which CSR management was compared with the ISO 26000, an international standard that provides guidance on social responsibility, designed for the use of all kinds of organizations, both public and private. The standard helps organizations in their efforts to operate in a socially responsible manner and thereby respond to an increasingly demanding society.

The diagnosis allowed learning about the expectations of stakeholders; providing the Organization's response to impacts caused by its decisions

and activities in the society and the environment, with content, relevance and legitimacy.

With regard to the principles of ISO 26000, the Company obtained an outstanding result in the respect of law and international rules of behavior, as well as ethical and transparent behavior; it identified the respect for stakeholders as an opportunity to improve, understood as a more open relationship and dialogue of the Organization with stakeholders.

Regarding the core matters, the diagnosis showed alignment on issues with consumers, active community involvement, organizational governance and environment. Improvement opportunities gravitated towards fair operating practices and Human Rights, noting the need for greater diligence and proactive attitude towards the promotion and dissemination of the latter in the value chain.

The result enabled setting a path of improvement and defining a gap plan with prioritized actions for 2011, with a wider horizon of projected performance from 2012 to 2013, enabling it to close the cycle raised by ISO 26000 in this first-phase alignment. The most important actions refer to:

- Design and implement an awareness strategy on Human Rights among stakeholders, employees and suppliers.

## STRATEGY AND ANALYSIS

- Disseminate and leverage the Code of Ethics as a management strategy with stakeholders.
- Implement CSR practices extensive to the value chain.
- Strengthen occupational safety, environmental and health aspects on suppliers.
- Create opportunities for dialogue with stakeholders.
- Move towards a commitment to climate change.
- Strengthen the knowledge and practices against corruption.

For further information you may visit:

<http://www.iso.org/mwg-internal/de5fs23hu73ds/progress?id=BfGy+clQNI>

### RESULTS ACHIEVED:

- Firm commitment and adherence to the Code of Ethics with a participation of about 1,000 employees from ISA, XM, INTERNEXA and representatives from all stakeholders,
- Preparation, signature and publication of the Declaration of Commitment on Human Rights, which includes the key aspects of the universal charter, guiding principles on business and Human Rights: implementation of the UN "Protect, Respect and Remedy" fra-

mework, and the expected behavior according to ISO 26000

- Awareness and education within the Organization on Human Rights, by setting the theme at ISA's headquarters and the launch of an online course aimed at employees, with projected impact on other stakeholders.
- Dissemination and promotion of the Declaration of Human Rights on news and participatory media available to the Organization: Internoticias Bulletin, Suppliers Bulletin, Customer Bulletin, CSR Bulletin and Online Bulletin.
- Strengthening of the environmental, safety and security management with the group of suppliers.
- Development of climate change strategy in the Energy Transmission Business.
- Strengthening of ability to prioritize socially responsible investment actions, based on the implementation of the territorial observatory of ISA's grid, which monitors the levels of viability of the territories, based on structural and cyclical variables.

The virtual course on Human Rights may be consulted at:

<http://ddhhisa.campusvirtualisa.com/course/view.php?id=2>

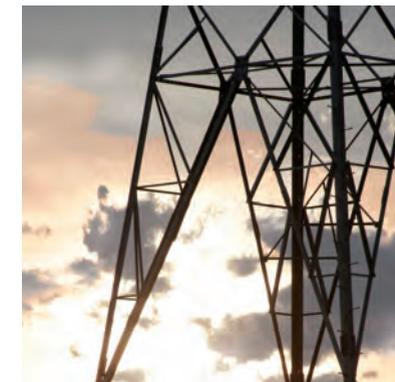
## STRATEGY AND ANALYSIS

### ESTABLISHING CORPORATE GUIDELINES IN THE MANAGEMENT OF CSR

As a strategy to strengthen CSR in ISA and its companies, the guidelines to facilitate the endorsement of practices and the construction of indicators and joint reports that account for the Organization's management in terms of CSR, were approved in 2011.

The objectives sought from the guidelines are:

- Communicating the strategy and mechanisms to ensure compliance with the CSR model.
- Providing ISA and its companies with guidelines for the management of compliance with commitments to stakeholders.
- Promoting at ISA and its companies the adoption of sustainability practices that improve their competitiveness and ensure long term viability.
- Establishing a methodology to measure and monitor the progress in implementing the commitments set with stakeholders.



## STRATEGY AND ANALYSIS

### CHALLENGES AND GOALS

The greatest challenge for 2012 will be advancing on the implementation of actions identified as priorities to achieve the alignment with ISO 26000. This involves the construction of conditions for dialogue with stakeholders, with a pedagogical emphasis on employees and suppliers. Thus, they are expected to take ownership of and implement the Code of Ethics and the Declaration of Commitment on Human Rights, under a learning environment that allows the construction of a strong organizational culture in these issues, a strong culture capable of permeating suppliers as the closest link of the value chain.

Also, ISA must work on the amendment made to the contracting documents, which binds under a clause to the mandatory knowledge of the Code of Ethics and the Declaration of Human Rights. This decision

requires actions encouraging suppliers to accept and implement the Company's performance framework. From this perspective, ISA has decided for 2012 to strengthen its management with these stakeholders to realize the issues involved in the Declaration and thus progressively obtain more positive impacts on the sustainability of the sphere of influence of its business.

Regarding the environment, the challenge is to move towards the consolidation of a preventive management in the design and construction stages of projects under ISO 14001 Standard. The legal management is a strength standing out that allows the company to learn and identify legal and regulatory risks common to business in the energy sector in Latin America.

CSR  
REPORT  
2011

# The Organization



## THE ORGANIZATION

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P –ISA- is a mixed-capital utility company, incorporated as a corporation (sociedad anónima) with domicile in the City of Medellín, Colombia.

## ISA AND ITS BUSINESS

ISA, directly and through its 30 affiliates and subsidiaries, carries out major projects in linear infrastructure systems that drive the development in the continent. To achieve this, it focuses its activities in Energy Transmission, Telecommunications Transport, Roads Concessions and Intelligent Management of Real-Time Systems.

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

For nearly 45 years, the Company has been featured by its efficient and reliable services within a framework of respect for human rights and environmental protection, in order to promote regional competitiveness and sustainability, the improvement of life quality and the development of the society where it operates, all thanks to a team consisting of 3,435 highly qualified and committed workers.

ISA is a socially responsible company, characterized by an ethical, serious approach and committed to initiatives like the Global Compact, the Millen-

nium Development Goals and climate change that allow creating economic, social and environmental value for its stakeholders, the business and future generations.

## ENERGY TRANSMISSION

ISA through its subsidiaries and affiliates expands, operates and maintains high voltage energy transmission systems, which positions such company as one of the largest international electricity carriers in Latin America. This, thanks to the 39,429 km of high voltage circuit it operates, to the international interconnections between Venezuela and Colombia, Ecuador and Colombia and Ecuador and Peru, and its 70,457 MVA of transformation capacity.

In Colombia, ISA relies on its companies ISA and TRANSELCA; In Peru it holds ISA Perú, Red de Energía del Peru –REP– and Consorcio Transmantaro –CTM–; in Bolivia, ISA Bolivia; and in Brazil relies on subsidiaries Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– (acquired through its investment vehicle, ISA Capital do Brasil), Interligação Elétrica Pinheiros –PINHEIROS–, Interligação Elétrica Serra do Japi –SERRA DO JAPI–, Interligação Elétrica de Minas Gerais –IEMG– and Interligação Elétrica Garanhuns –IE GARANHUNS–.

CTEEP, with other regional partners, holds investments in Brazil in companies Interligação Elétrica Norte and Nordeste –IENNE–, Interligação Elétrica Sul –IESUL– and Interligação Elétrica do Madeira –IE MADEIRA–.

## THE ORGANIZATION

In addition, ISA holds 11.11% interest in 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 binational company Interconexión Eléctrica Colombia–Panamá –ICP–.

In turn, affiliate Proyectos de Infraestructura del Perú –PDI–, is the company engaged in the construction of infrastructure projects, most of them belonging to ISA and its companies.

## TELECOMMUNICATIONS TRANSPORT

ISA's participation in this business is materialized through INTERNEXA, a company that in a decade of operations, has been able to extend 19,912 km of optical fiber, consolidating the same as the telecommunications operator that owns the largest continued terrestrial network in the continent; it crosses seven countries, connecting the Pacific coast with the Atlantic Coast and integrating the telecommunications of all South America.

In Central America, ISA holds 11.11% interest in REDCA, the company responsible for managing optical fiber assets of SIEPAC Project. And INTERNEXA, as ISA's subsidiary, in conjunction with other partners, is involved in the construction and future operation of 1,800 km of optical fibers, with which it will consolidate a continental network of 21,712 km in length.

INTERNEXA, convinced that the massive adoption of the broadband and the ready availability of internationally and locally produced contents are the key to improve people's life quality, has developed a strategy that will enable it becoming a leader in Latin America in the distribution of relevant digital contents. In this regard, it has set up a data center in Colombia (North Node) and one in Brazil (South Node) in which it stores the servers of international digital content distributors.

Thus, ISA's telecommunications affiliate is consolidated as a single provider, which allows having access to the contents that are most consulted by Latin American users on a direct and integrated manner. This ecosystem creates the conditions for large-scale development of a content industry in the region.

## ROAD CONCESSIONS

ISA structures, designs, builds, operates and maintains road infrastructures, in markets where it may be relevant. The operation and maintenance is performed in accordance with the standards set by the business regulator in each country where it operates, and is supported by processes that ensure operational excellence and safety for users.

ISA through INTERVIAL CHILE and five concessionaire companies (Ruta del Maipo, Ruta del Maule, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos) operates 907 km of highways in the southern country, stretching from Santiago to Rio Bueno city, representing about 40% of the network under concession in Chile and positioning it as the largest

## THE ORGANIZATION

operator of intercity roads in the country. These roads cross six major regions that account for 80% of the population, 70% of the Gross Domestic Product-GDP and 74% of the total fleet.

INTERVIAL CHILE was acquired through the investment vehicle ISA Inversiones Chile.

In Colombia, ISA submitted for evaluation by the National Institute of Concessions-INCO-(today Agencia Nacional de Infraestructura -ANI-) the engineering, environmental, traffic, legal and financial studies of Autopistas de la Montaña Project. These analyses will allow defining everything in connection with the construction, operation, maintenance, conservation and commercial exploitation of four roads located in the departments of Antioquia, Caldas and Risaralda, which will allow the continuity of national competitiveness corridors undertaken by the Central Government (Western Trunk Road and Magdalena Trunk Road).

### INTELLIGENT MANAGEMENT OF REAL-TIME SYSTEMS

ISA, through XM, undertakes the planning, design, optimization, commissioning, operation, administration or management of transactional systems or technology platforms that involve the exchange of information with added value, and markets for goods and services.

The experience developed by XM in the operation of the energy system

and the management of the electricity market, allow it to provide various sectors of the economy with intelligent solutions based on technology and knowledge acquired:

- **Energy sector:** XM is in charge in Colombia of 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.
- **Financial sector:** Along with the Colombian Stock Exchange (Bolsa de Valores de Colombia, BVC) it operates Derivex, the company that manages the country's energy derivative market and participates as investor in the Cámara de Riesgo Central de Contraparte, CRCC).
- **Traffic and transportation sector:** Company Sistemas Inteligentes en Red –SIR–, an XM affiliate, in partnership with UNE EPM Telecomunicaciones and consortium ITS, operate the Traffic Control Center (Centro de Control de Tránsito, CCT) of the Intelligent Mobility System of Medellín (Sistema Inteligente de Movilidad de Medellín SIMM).
- With such services provided through the Intelligent Management of Real-Time Systems, XM contributes to the evolution of cities, also improving the people's life quality and the efficiency and competitiveness of its companies.

## ISA IN LATIN AMERICA BUSINESS UNITS AND COMPANIES

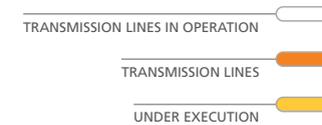


## TELECOMMUNICATIONS CONNECTIVITY INFRASTRUCTURES



Country	Company	Optic fiber km in operation
Colombia:	INTERNEXA	6,652
Ecuador:	TRANSNEXA	926
Perú:	INTERNEXA	2,598
Chile:	INTERNEXA	1,676
Venezuela:	In association with local operator	1,977
Argentina:	Internexa	2,577
Brasil:	INTERNEXA	3,506
<b>Total:</b>		<b>19,912</b>

Network in verification, adaptation and development	km
Central America	1,800
Chile:	787
<b>Total:</b>	<b>2,587</b>



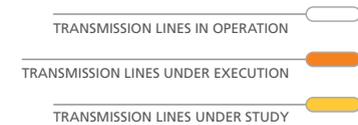
THE ORGANIZATION

ELECTRIC INFRASTRUCTURE



Country	Company	Operational circuit km
Colombia:	ISA	10,115
	TRANSELCA	1,560
Peru:	REP	6,041
	Transmantaro	1,716
	ISA Perú	393
Bolivia:	ISA Bolivia	588
Brazil:	CTEEP	18,842
	Subsidiarias	175
<b>Total:</b>		<b>39,429</b>

Country	Company	Transformation (MVA)
Colombia:	ISA	12,811
	TRANSELCA	2,848
Peru:	REP	2,186
	Transmantaro	2,476
	ISA Perú	235
Bolivia:	ISA Bolivia	370
Brazil:	CTEEP	45,174
	Subsidiarias	2,800
<b>Total:</b>		<b>68,900</b>



MENU ▲

## ROAD INFRASTRUCTURE

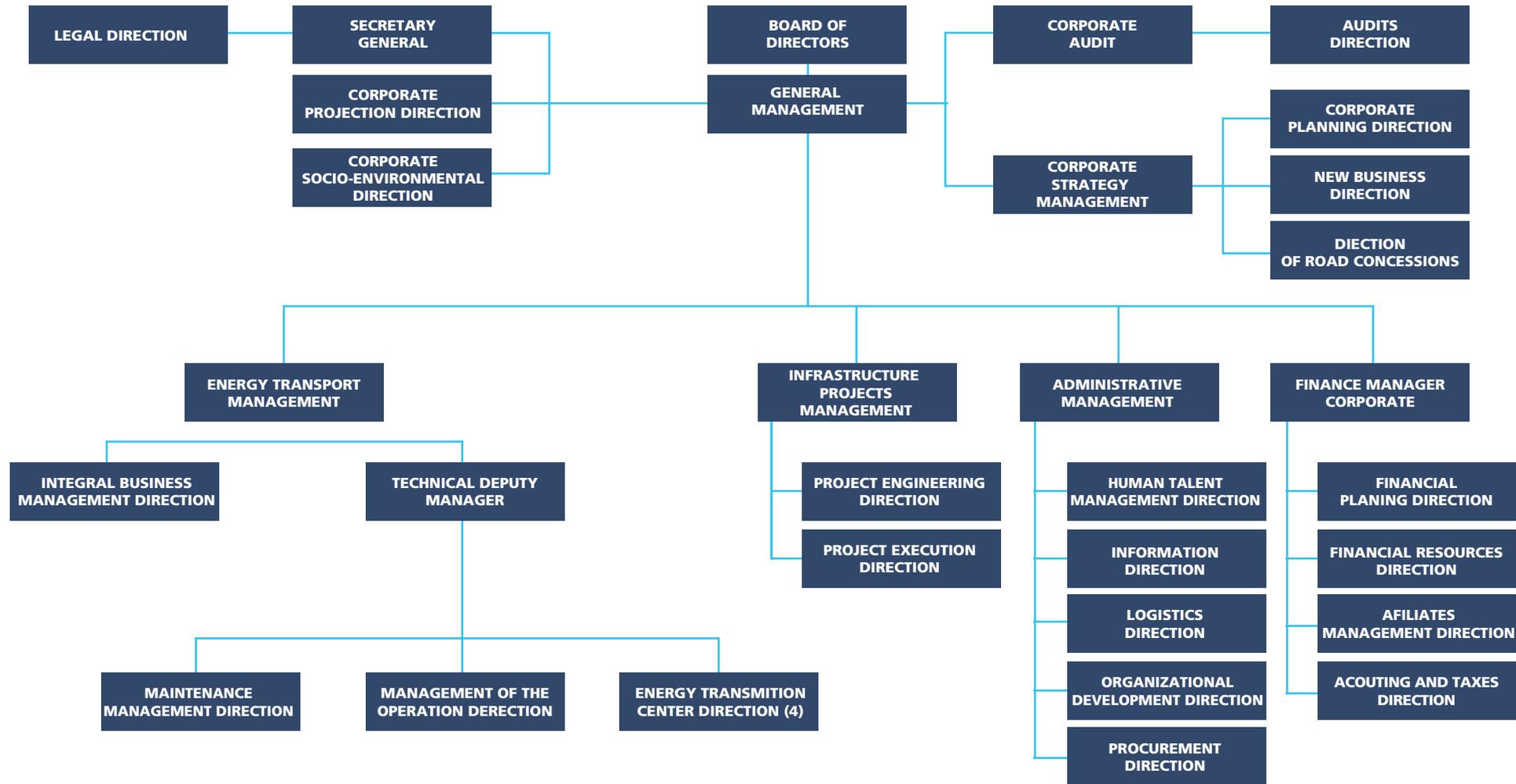


CHILE		in operation
<b>Concessions</b>		
		<b>km</b>
1	Ruta del Maipo	237
2	Ruta del Maule	193
3	Ruta del Bosque	161
4	Ruta de la Araucanía	144
5	Ruta de los Ríos	172
<b>Total:</b>		<b>907</b>

MENU ▲

ROAD INFRASTRUCTURE IN OPERATION

ORGANIZATIONAL CHART



THE ORGANIZATION

SIZE OF ORGANIZATION

ISA has a solid business base related to its dominant topic, clearly supported by a good technical and financial performance. The creation of value so far achieved, has made of ISA a world-class company with a high capacity to face challenges: since 2005, ISA and its companies have managed to increase their revenues in 3.9 times and their EBITDA in 4.3 times, consistent with its large and ambitious goal of being in 2016 a business corporation worth U.S. \$ 3.5 billion in revenues, of which 80% are to be generated outside Colombia and 20% in other businesses other than transmission; these targets are close of being met. This positive balance is covered by a strategy that understands the importance of promoting growth and gaining new markets, responding to the changing conditions in the surroundings, exploiting synergies and transferring best practices between companies, managing the set of intangibles and promoting sustainability practices to improve business competitiveness, ensure the viability of operations and create value for stakeholders. The achievement of strategic objectives at all levels is ensured through monitoring tools such as indicators, goals, strategic initiatives and a variable compensation system that aligns the interests and goals of employees with those of the Organization.

STRATEGIC DIRECTION		
<b>Corporate</b>	<b>STRATEGY</b> Strategic Map	<b>MANAGEMENT INSTRUMENTS</b> Development Plan
<b>Business</b>	Financial	Comprehensive management chart
<b>Company</b>	Markets	Variable compensation system
	Productivity & Efficiency	
	Learning & Development	

Supplementary tools to perform actions and monitor the achievement of strategic objectives

STRATEGIC DIRECTION



complementary tools to implement actions and monitor the achievement of strategic objectives

SIGNIFICANT CHANGES

The promotion and education on the Code of Ethics as well as the strengthening of tools for its management were factors that allowed mobilizing CSR actions that achieved positive responses among stakeholders. According to the information contained in the Report, the strengthening of the Organization was evident within the period in terms of transparency and must be. In turn, the foray into new businesses constitutes a specific response to its commitments undertaken with the stakeholders, consistent with the fulfillment of the MEGA and the initiative of growing with profitability and value.

## THE ORGANIZATION

### CODE OF ETHICS

A framework that seeks to materialize the corporate philosophy and values of the Organization, through guiding criteria for the performance of all its employees and members of their boards. Their approach means that day-to-day decisions made by ISA and its companies affect their stakeholders, which requires a relationship based on values, policies and commitments to strengthen the corporate identity and institutional coherence.

### THE MANAGEMENT OF ETHICS

Two initiatives were developed to manage ethics throughout the Organization: the Ethics Committee and the Compliance Line, which establish a communication channel between the Company and its stakeholders.

- **Ethics Committee:** The monitoring on the compliance with the Code of Ethics is a function that the CEO has delegated to an Ethics Committee, a body that defines the objectives and strategies to support the ethical management in the Company and ensure its implementation, develop mechanisms, campaigns and/or programs to foster awareness of the Code and its experience in the Company; likewise, it is responsible for the objective, critical, balanced and fair analysis of such situations brought to its consideration.
- In 2011, the Committee held four meetings to review some of the cases received through the Compliance Line and define criteria to support the implementation of the Code.

- **Compliance Line:** : A communication space provided with a set of channels (phone line, email and website), through which different stakeholders may post questions, complaints or claims, in accordance with the Code of Ethics. 11 possible complaints, 18 inquiries on the Code of Ethics and two effective charges were raised in 2011.

### FORAY INTO NEW BUSINESSES

ISA signed an inter-administrative contract with the Government, which enables it to perform the first phase feasibility studies for the Autopistas de la Montaña project. Once this phase of studies is concluded, and the relevant approvals are obtained, the second phase will begin, in which ISA will build, operate and maintain four road corridors (1,250 km), connecting the department of Antioquia, with the main roads of the country.

### AWARDS

ISA was awarded with the 2011 ANDESCO prize to Corporate Social Responsibility, in the categories of social performance and corporate governance. The award was granted by the National Association of Utility and Communications Companies -ANDESCO- under the XIII National and IV International Congress of Utilities and TIC. This award is audited by PricewaterhouseCoopers and has the support of the UN Global Compact.

To show its social performance, ISA presented, as main Project, the Educational Transformation for Life Program, which seeks to design

## THE ORGANIZATION

and develop a comprehensive process to support educational institutions that surround the infrastructure, by transferring tools that contribute to quality improvement of education.

In terms of corporate governance, ISA underpinned the adoption of accountability mechanisms to access demanding markets, gain the trust of investors, expand businesses, achieve competitiveness, obtain better conditions from funders and insurers, as well as higher satisfaction ratings from its stakeholders.

This dual recognition constitutes a new challenge for the Organization, taking into account the interest in achieving positive contributions, marked by ambitious targets based on the adjustment and mitigation of climate change, the Global Compact principles and the Millennium Development Goals.

CSR  
REPORT  
2011

## Governance, Commitment and Participation of Stakeholders



## GOVERNANCE

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

## STRUCTURE AND COMPOSITION OF ISA'S BOARD OF DIRECTORS

On March 31st, 2011, the Regular Shareholders' Meeting appointed the positions and people to form the Board of Directors. Such elected people are recognized for their moral reputation and their knowledge and experience in management, economics, engineering, finance, public law, securities, corporate law, and others.

### PRINCIPAL MEMBERS:

- First line: Minister of Mining and Energy.
- Second line: Ministry of Finance and Public Credit – General Vice-Minister.
- Third line: Orlando Cabrales Martinez.
- Fourth line: Federico Restrepo Posada.
- Fifth line: Santiago Montenegro Trujillo.
- Sixth line: Luisa Fernanda Lafaurie Rivera.
- Seventh line: Luis Ernesto Mejia Castro.

Alternate members, in the same order:

- Vice-Minister of Mining and Energy.
- Ministry of Finance and Public Credit - Director General of Public Credit and National Treasury.
- Isaac Yanovich Farbaiarz.
- Jesus Arturo Guevara Aristizabal.
- Jorge Hernán Cárdenas Santamaría.
- Alejandro Linares Cantillo.
- Carlos Felipe Londoño Alvarez.

Except for the position as shareholder of Orlando Cabrales Martínez and Jorge Hernan Cardenas Santamaria, as of December 31st 2011, there are no working links between the members of the Board and the Company, or trade links between the Company and relatives of members of the Board within the first degree of consanguinity or affinity.

The following members hold public office in the central administration, and therefore are related to the Nation, majority shareholder of ISA:

- Minister of Mining and Energy.
- Vice-Minister of Mining and Energy.
- General Vice-Minister of the Ministry of Finance and Public Credit.
- Director General of Public Credit and National Treasury of the Ministry of Finance and Public Credit

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

The position as independent members was held, according to Law 964 of 2005, by Federico Restrepo Posada, Luis Ernesto Mejía Castro, Jesús Arturo Aristizábal Guevara and Carlos Felipe Londoño Álvarez.

The following individuals submitted their resignation to the Board of Directors:

- Jorge Hernán Cárdenas Santamaría, on September 21st, 2011.
- Federico Restrepo Posada, on December 16th, 2011.

The full Board, at meeting 706 of April 29 2011, ratified Mr. Orlando Cabrales Martínez as its chairman.

### BOARD OF DIRECTORS COMMITTEES

As stated in Agreement 76 of May 2009, ruling the operation of the Board of Directors, the Corporate Audit Committee, the Board and Corporate Governance Committee and the New Business Committee institutionally operate at ISA.

**Corporate Audit Committee:** : composed by Jesus Arturo Aristizábal Guevara (who presides), Carlos Alvarez Felipe Londoño, Maria Fernanda Suarez Londoño, Alejandro Linares Cantillo and Santiago Montenegro Trujillo. This Committee met on seven occasions during the period and its recommendations are related to the improvement of governance, administrative, financial, technical and computer controls.

**Corporate Governance and Board Committee:** composed by Germán Arce Zapata (who presides), Tomas Gonzalez Estrada, Orlando Ca-

brales Martinez, Santiago Montenegro Trujillo and Carlos Felipe Londoño Alvarez. The Committee met six times during the period and presented recommendations to the Board on the application of the long-term Incentives system for the first, second and third-level executive officers of ISA and subsidiaries, financial performance indicators, special projects (ISA's and its companies' management model, refurbishment of the headquarters and retiree benefits), among others.

**New Business Committee:** composed by Luisa Fernanda Lafaurie Rivera (who presides), Orlando Cabrales Martinez, Germán Arce Zapata, Tomás González Estrada (except UPME biddings), Luis Ernesto Mejia Castro, Santiago Montenegro Trujillo and Isaac Yanovich Farbaiarz. Its duty is to analyze and make recommendations on investment initiatives considered in ISA's growth strategy and monitor business performance. This Committee met on 18 occasions during the period, they analyzed the opportunities in different sectors and markets in which ISA has an interest and provided the Management with guidelines on these issues.

Those Board members whose functions or duties, or working or providing services to a company or entity that may have conflicts of interest, taking into consideration the business being analyzed or monitored, are not part of this Committee.

### REMUNERATION

In consideration for attending the Board and Committee meetings,

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

the members received such remuneration set by the Regular Shareholders' Meeting, which corresponds to three minimum monthly legal wages in effect per meeting.

### CONFLICTS OF INTEREST

When the Board members believed that there could be a conflict of interest in a specific topic discussed, they informed the others accordingly and abstained to participate in the discussion and decision, by temporarily leaving the room where the Board was holding the meeting while such topic was discussed and decided:

- The Minister and Vice-Minister of Mining and Energy left the meeting when the situation on the commissioning of project El Bosque substation was discussed.
- Federico Restrepo Posada and Jesús Arturo Aristizábal Guevara (directive officers from Empresas Públicas de Medellín) declared being unqualified and left the meeting when topics related to UPME bidding processes were discussed, taking into account EMP's participation as bidder in such processes.
- The Vice-Ministry of Finance declared being unqualified to participate in the analysis of Autopistas de la Montaña project.

The resolutions of the Board clearly defined positions on conflicts of interest, and the definition of this topic, the action and resolu-

tion are contained in the Code of Good Governance, which can be found at:

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

### BOARD'S SELF-ASSESSMENT

The Board members conducted a qualitative self-assessment using a questionnaire developed for this purpose. Information was collected between January 25 and February 22, 2012, and the sample size was 10 people, equal to 85.7% of the principal and alternate members encompassing the Board.

The topics were evaluated through the Top Two Boxes methodology, which considers the score obtained, according to the number of answers placed in the scale of excellent and very good. The results were as follows:

- Board members individual performance: 91.4%.
- Group performance: 78.3%.
- Performance and participation of management: 69.8%

Seriousness, responsibility and honesty, rigorous analysis, data quality and depth of discussions stand out as the Board's strengths. Experi-

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

ce and educational background of the Board members make a strong group, acquainted with the various administrative disciplines.

As points of improvement, greater time efficiency in the meetings and increased monitoring on strategic issues, were requested.

In addition to the self-assessment, the Board was evaluated considering the results of the indicators from the corporate comprehensive management and top level chart. Given the weights set by prospects, targets and indicators, compliance with the corporate comprehensive management box was 81.23% and the maximum level was 75.36%, above the lower target.

## COMMITMENTS

### WHAT DOES ISA EXPECT TO BE AND HOW WILL IT BE ACHIEVED

In 2016, ISA will be a business corporation worth \$ 3.5 billion in revenues, of which 80% will be generated outside Colombia. To achieve this inspiring goal, it is necessary growing in line with the corporate values based on ethics –value of values-, innovation, social responsibility and excellence.

In this sense, the corporate strategy in 2011 included, under its strategic objectives, to promote sustainable practices in the companies, so as to improve competitiveness and ensure viability. There was 100% compliance with the goals set, with actions focused on stakeholders, emplo-

yees and suppliers, based on a work plan built upon the closing of gaps identified in the referencing of ISA's CSR management vs. ISO 26000. These actions were properly monitored by the Board of Directors.

The first-level monitoring actions included the initiative to “propose legislative and regulatory changes on easements and environmental licenses in CIER Latin America”, which allowed the gathering of environmental authorities from CIER countries, an event which identified difficulties in the licensing processes and proposed coordinated actions.

## ASSOCIATIONS TO WHICH ISA BELONGS

ISA actively participates in spaces for the construction and discussion fostered by strategic partners, thereby encouraging actions for the promotion of responsible corporate management.

- From ISA Region, the Company leverages ten Programs for Development and Peace -PDP; ISA is a member of five of them (PRODEPAZ, PDP Magdalena Centro, PDP Bajo Magdalena, PDP Cordoba and Uraba and PDP Canal del Dique and Coast Zone); regarding the latter, participation in 2011 encompassed the attendance at its meetings, boards and technical committees. Under the same dynamics, ISA is a supportive entity for Redprodepaz, a national coordinating body of all existing PDP offices in Colombia; for which reason, it participates in the Strategic Committee, a body which generates actions for guiding the PDPs, coordination is encouraged as well as

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

public-private partnerships around strengthening the network and the social development of the country.

This information may be found at:

[www.redprodepaz.org/](http://www.redprodepaz.org/)

- The Company is a member of PROANTIOQUIA and participates in the Centre for Social reflection (Centro de pensamiento Social), which purpose is autonomously promoting the research, analysis and documented opinion; to foster the quality improvement of social public policies and CSR practices.

This information may be found at:

<http://www.proantioquia.org.co/>

- ISA is a founding member of the Regional Centre for Latin America and the Caribbean (Centro Regional para América Latina y el Caribe), an organization that strengthens the implementation of the ten UN Global Compact principles, through tools and spaces that encourage discussions, reinforce and build a favorable business environment for Corporate Social Responsibility in Latin America and the Caribbean under the Global Compact principles and the Millennium Development Goals.

As part of its virtual Diploma in Strategic Management of Corpora-

te Social Responsibility, the Regional Centre for Latin America and the Caribbean Region chose ISA Region Program as a best practice for benchmarking and case study for the management and implementation of Principles 1 and 2 of the Global Compact.

This information may be found at:

<http://www.centroregionalpmal.org/>

- ISA and Ideas for Peace Foundation (Fundación Ideas para la Paz) are strategic partners for the promotion and non-infringement of Human Rights issues in business development, and encourage good entrepreneurial practices in conflict zones. The Foundation is a centre for independent reflection that generates objective knowledge and proposes initiatives that contribute to defeat the 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 found at:

[www.ideaspaz.org](http://www.ideaspaz.org)

- ISA is a member of the National Association of Utility and Communication Companies (Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones -ANDESCO-), an entity organized by sector and cross chambers that promote inter-agency work for the growth in the utility sector, seeking to improve quality of life of the community, under the principles of corporate social responsibility

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

and environmental, promotion of good business practices and sector competitiveness.

This information may be found at:

[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 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. For the last year, ISA actively participated in this space by coordinating the International Environmental Group, which results may be consulted in the environmental chapter of this Report.

CIER-related information may be found at:

[www.cier.org.uy/](http://www.cier.org.uy/)

## PARTICIPATION OF STAKEHOLDERS

### MEETINGS, DISCUSSIONS AND AREAS FOR INVOLVEMENT

As a challenge for 2011, ISA proposed implementing a process of direct dialogue with stakeholders as a strategy to close certain gaps found in

2010 and the comprehensive communication exercise that transcends the simple reporting function.

While there were interesting developments in this process, and concerns and proposals of some stakeholders appeared regarding the commitments declared by the Company, further work is needed to consolidate this process in search of better feedback channels. The challenge for 2012 is to enhance the ability on relations and have explicit commitments and interests, for which work will be made with target groups to facilitate an increasingly assertive management.

Also, from the CSR view, a challenge is posed to strengthen the gatherings that the Company has formalized and positioned with Customers, Suppliers, Shareholders and Employees.

### ENCOUNTER WITH EMPLOYEES

ISA's CEO, Luis Fernando Alarcón Mantilla, in October 2011 led a discussion with the employees which purpose was recognizing the progress on Corporate Social Responsibility and reflecting on the challenges undertaken to achieve the highest standards, based on ISO 26000 definition.

This space was used to formalize the Company's willingness to undertake a pedagogical process of raising awareness on Human Rights to serve as support to the newly signed Declaration of Commitment, a document that incorporates Principles 1 and 2 of the Global Compact on support and respect of Human Rights and ensure not to be complicit

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

on the abuses thereof. Also, consistent with the challenge of improving the conversations, two institutional initiatives were announced in this space, which initiatives will be implemented in 2012: the celebration in April of the CSR week and regular dialogue with the CEO.

### ENCOUNTER WITH CUSTOMERS

They are opportunities to share knowledge about the business, and hear the concerns and needs of this stakeholder group. During 2011, meetings were held in the cities of Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Cucuta, Yopal, Pasto and Manizales, with participation of 265 customers from 52 companies, figures that report an increase in attendance, the result of a strategy of a direct and close call, and visits to the companies' headquarters.

The memoirs of the encounter with customers may be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8181e7dede61a8280103dbff28155f9a>

**Customer satisfaction survey:** To further improve the communication established with this stakeholder group at periodical encounters, ISA conducts a satisfaction survey used as a tool to manage relations and learn in detail and, on a case-by-case basis, the insight on services provided, and the compliance with stated

commitments. In 2011, the survey revealed a satisfaction of 87.2 out of 100, a value that describes ISA's performance as outstanding.

### ENCOUNTER WITH SOCIETY

In the month of April, a workshop was held in Medellin with partners and operators of social management programs with participation of 28 people representing 23 organizations. The encounter allowed establishing a reflective dialogue on the Company's performance in connection with the communities surrounding its projects. The main conclusions of this encounter were:

- The socio-environmental management model adopted by ISA in 2010 is consistent and relevant to the problems of the regions where its business are operated.
- Communities and operators perceive ISA as a strategic agent for the territory rather than an external agent that only funds projects.
- The investment criteria were, and are clear and meet the needs of the territories.
- The interests of both ISA and its partners have a strong relationship in the territory and with regional work, they are oriented towards the same goals and they work together to bring about development.

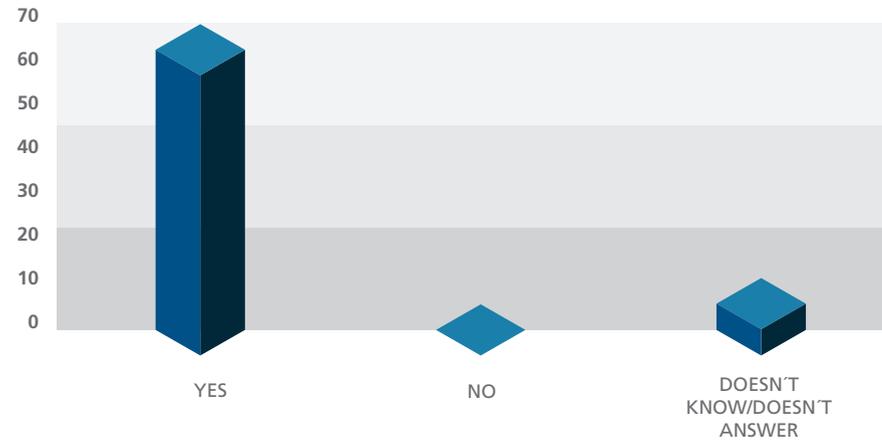
GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

DIALOGUES WITH COMMUNITIES

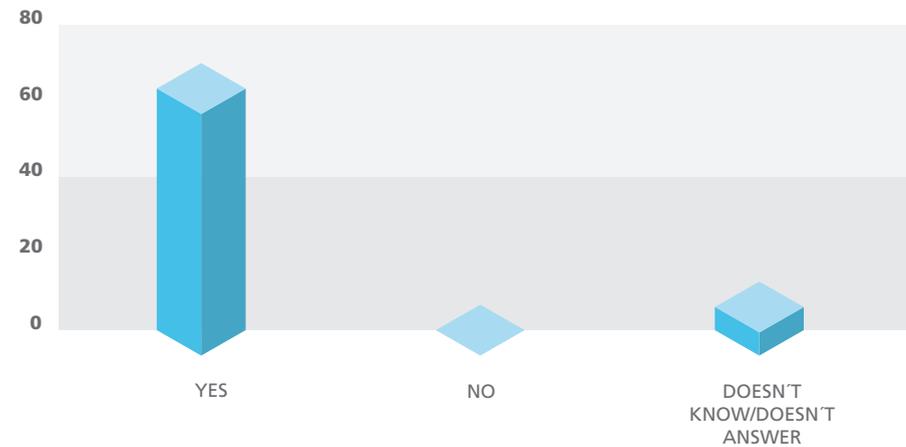
By the end of 2011, five meetings were held with communities and partners in the social management of ISA, which were aimed at awareness of the achievements of the projects supported by the Company under the ISA Region Program.

These meetings, held on the occasion of the closing of agreements, included 95 participants, who were surveyed for the purpose of measuring results.

WITH THE PROJECT RESULTS, DIS ISA COMPLY WITH ITS COMMITMENTS?

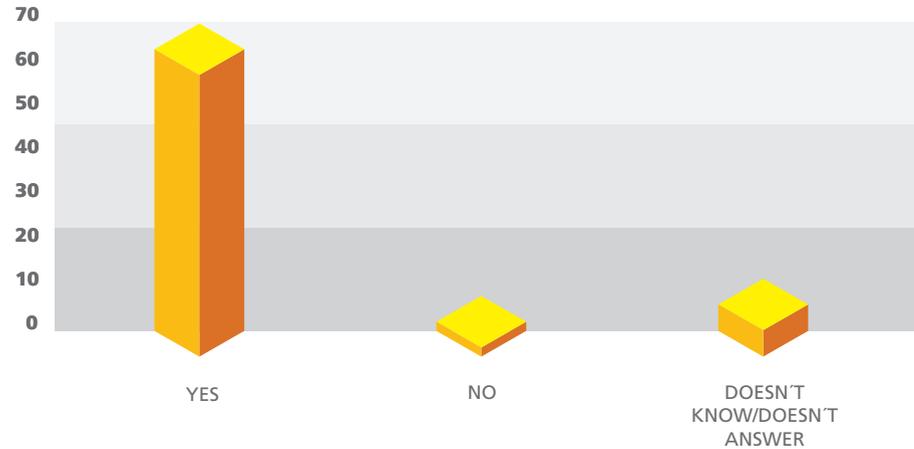


DID ISA RESPECT OR TAUGHT YOU ABOUT HUMAN RIGHTS WITH ANY OF THE PROJECTS ACCCTIONS?

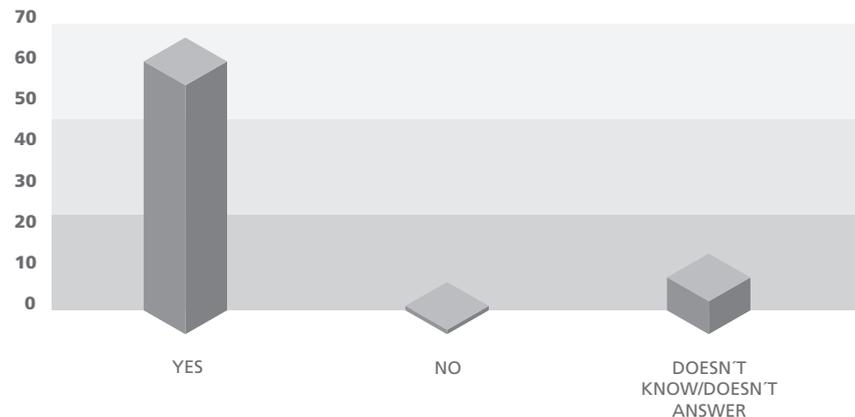


GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

DID ISA CONTRIBUTE TO YOUR SOCIAL WELFARE WITH ANY OF THE PROJECTS ACTIONS?



¿WAS ISA RESPONSIBLE, CAREFUL WITH THE ENVIRONMENT AND IN ADDITION DID YOU LEARN ABOUT ENVIRONMENT CARE WITH ANY PROJECTS ACTIONS?



DIALOGUES WITH MEDIA

A space was set in May in the city of Medellin to dialogue with the media. Journalists from various national, regional and local media accepted the invitation, with the understanding that they are part of an important segment of society that represents the voice of the community and generates public opinion. The dialogue with them transcended their role as mere informants and was unfolded from a relationship in which they were recognized as analysts of the Company's management and valid speakers in the communication process that ISA holds with society.

Additionally, this exercise allowed the journalists to recognize the results of the fulfillment of the commitments that ISA has with each stakeholder and thoughtfully address their role in the consolidation of a citizen culture that becomes an oversight of corporate social responsibility.

As a general conclusion, journalists highlighted the work being conducted by ISA in CSR terms; however, they raised important recommendations, which include:

- Conduct a more human and testimonial treatment to CSR information produced by the Company, using a simpler and closer language.
- Make the work conducted by ISA on Human Rights more noticeable, under the framework of Programs for Development and Peace.

## GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

- Give more prominence to independent media.
- Develop a closer relationship between stakeholders and the Company, revealing more detailed corporate results.

### ENCOUNTER WITH SHAREHOLDERS

The Regular Shareholders' Meeting is the space where the encounter with this stakeholder group is addressed. At the regular meeting, held on March 2011, the following proposal was approved:

- Firm Ernst & Young Audit Ltda. was reelected as statutory auditor for the period between April 1st 2011 and March 31st 2012,
- The profit distribution project for the 2010 period was approved.
- The Board of Directors was elected for the April 2011 - March 2012 period
- An amendment to the bylaws was approved on the following articles:

**A.** SECTION 12, ARTICLE 26: Powers of the Assembly. To authorize any issue and placement of stock and bonds convertible into stock, either common or preferential, issue of bonds to be placed by private offering and issue of bonds to be placed by public offering that exceed fifteen percent (15%) of the company's market capitalization".

**B.** SECTION 11, ARTICLE 34: Duties of the Board of Directors. To approve the issue of non-convertible bonds, to be placed by public offering not exceeding fifteen percent (15%) of the Market Capitalization, to rule any issue and placement of shares and bonds of the company and prepare the corresponding prospectus.

### PARTICIPATION IN EVENTS

**Congress of Auditors:** Between October 12 and 14, the audit areas of EPM, ISAGEN and ISA performed the first Effective Audit congress "An approach towards sustainability of the Energy Sector". This activity was planned and conducted as a result of the joint efforts of the three companies, under a collaborative network scheme.

**ISO26000:** ISA participated in the event "ISO 26000: the route to the socially responsible management – a year after the publishing of the Standard", organized in Chile by the Sociedad de Fomento Fabril –SOFOPA– and Pontificia Universidad Católica de Valparaíso. The event included the participation of the Undersecretary of Finance, Tomás Flores, the Director of ChileCompra, Felipe Goya; Hans Kroder, member of the ISO 26000 post-publication organization; Martha Ruby Falla, Corporate Social-Environmental Director of grupo ISA, Colombia; Gastón Urmenete, CEO for Masisa Chile and Juan Carlos Corvalán, Legal Affairs and CSR Manager for SODIMAC.

**GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS**

In November, ICONTEC held in Bogota the First Latin American Forum on ISO26000 learning, a space where ISA shared its experience on how its CSR management is being referenced towards the guidelines provided by the Standard.

**COMMUNICATION WITH STAKEHOLDERS**

In order to ensure transparency in its management, ISA provides fluid information to its stakeholders through a set of communication channels:

STAKEHOLDER	MEANS OF INFORMATION	MEANS OF PARTICIPATION
<b>Employees</b>	<ul style="list-style-type: none"> <li>■ Bulletin Internoticias.</li> <li>■ CSR Bulletin</li> <li>■ Environment Bulletin.</li> <li>■ Online Bulletin.</li> <li>■ IT Bulletins.</li> <li>■ ISANET newsletters.</li> <li>■ Emails.</li> <li>■ Annual and CSR reports</li> <li>■ Boards</li> <li>■ Duratrans</li> </ul>	<ul style="list-style-type: none"> <li>■ ISANET</li> <li>■ Primary groups.</li> <li>■ Performance assessment.</li> <li>■ Organizational environment surveys.</li> <li>■ Biannual reputation surveys.</li> <li>■ ISATV</li> <li>■ Educational and informational internal campaigns</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>■ Suppliers Bulletin</li> <li>■ Website "Services to suppliers"</li> <li>■ Annual and CSR Reports</li> </ul>	<ul style="list-style-type: none"> <li>■ Encounter with suppliers.</li> <li>■ Contact addresses: <a href="mailto:contratacionweb@isa.com.co">contratacionweb@isa.com.co</a> and <a href="mailto:suppliers@isa.com.co">suppliers@isa.com.co</a></li> <li>■ Biannual reputation surveys.</li> <li>■ Biannual perception measuring in terms of general quality and satisfaction.</li> <li>■ Performance assessment.</li> <li>■ Website.</li> </ul>

GOVERNANCE, COMMITMENT AND PARTICIPATION OF STAKEHOLDERS

Continued from previous page

STAKEHOLDER	MEANS OF INFORMATION	MEANS OF PARTICIPATION
<p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>■ Suppliers Bulletin</li> <li>■ Website "Services to suppliers"</li> <li>■ Annual and CSR Reports</li> </ul>	<ul style="list-style-type: none"> <li>■ Encounter with suppliers.</li> <li>■ Contact addresses: <a href="mailto:contratacionweb@isa.com.co">contratacionweb@isa.com.co</a> and <a href="mailto:suppliers@isa.com.co">suppliers@isa.com.co</a></li> <li>■ Biannual reputation surveys.</li> <li>■ Biannual perception measuring in terms of general quality and satisfaction.</li> <li>■ Performance assessment.</li> <li>■ Website.</li> </ul>
<p><b>Society</b></p>	<ul style="list-style-type: none"> <li>■ Website.</li> <li>■ CSR Bulletin</li> <li>■ Multimedia.</li> <li>■ Letters to authorities and communities.</li> <li>■ Press releases.</li> <li>■ Community radio.</li> <li>■ Radio program: ISA Conecta Regiones.</li> <li>■ Flyers.</li> <li>■ Posters.</li> </ul>	<ul style="list-style-type: none"> <li>■ Letters for requests and inquiries.</li> <li>■ Rounds for building relations</li> <li>■ Educational and informative workshops.</li> <li>■ Briefings and meetings to raise awareness.</li> <li>■ Línea amiga ISA: 018000941341</li> <li>■ E-mail boxes <a href="mailto:isa@isa.com.co">isa@isa.com.co</a> y <a href="mailto:eloisa@isa.com.co">eloisa@isa.com.co</a></li> <li>■ Website.</li> <li>■ Biannual reputation surveys.</li> </ul>

Continued on next page

<sup>1</sup> Spaces to build and strenghten relations with people in areas where ISA is present.

Continued from previous page

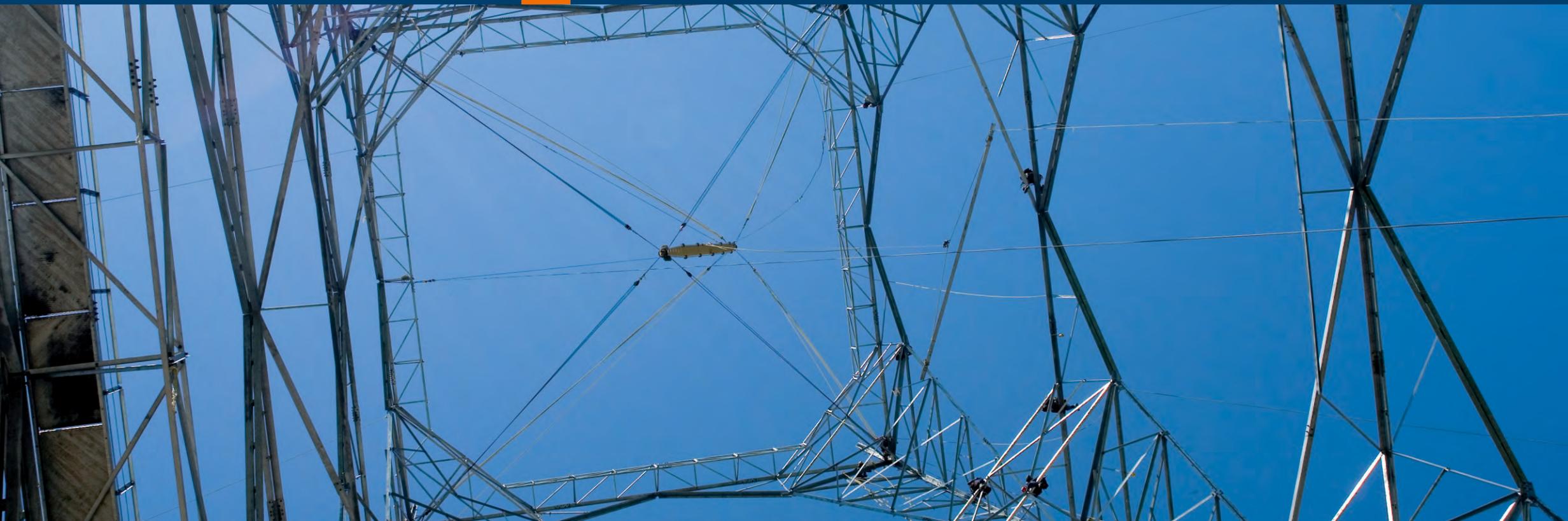
STAKEHOLDER	MEANS OF INFORMATION	MEANS OF PARTICIPATION
<p><b>State</b></p>	<ul style="list-style-type: none"> <li>■ CSR Bulletin</li> <li>■ Reports and information to regulatory bodies.</li> <li>■ Quarterly results.</li> <li>■ Regular Shareholders' Meeting.</li> <li>■ Press releases.</li> <li>■ Website.</li> <li>■ Annual and sustainability reports</li> </ul>	<ul style="list-style-type: none"> <li>■ Biannual reputation surveys.</li> <li>■ Letters for requests and inquiries.</li> <li>■ Workshops with State entities.</li> <li>■ Board of directors meetings.</li> </ul>
<p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>■ Customer Bulletin.</li> <li>■ Performance indicators report.</li> <li>■ Website "Negocios ISA".</li> <li>■ Customer assistance directory.</li> <li>■ Promise of service.</li> <li>■ Advertising and marketing.</li> <li>■ Annual and sustainability reports</li> <li>■ Twitter</li> </ul>	<ul style="list-style-type: none"> <li>■ Customer Service Center (Centro de Atención Clientes,CAC): (57-4) 315 7143 - 315 7317</li> <li>■ E-mail: <a href="mailto:gestioncomercial@isa.com.co">gestioncomercial@isa.com.co</a></li> <li>■ Customer satisfaction evaluation.</li> <li>■ Biannual reputation surveys.</li> <li>■ Encounters with customers.</li> <li>■ Visits to customers.</li> <li>■ Website.</li> <li>■ Twitter</li> </ul>
<p><b>Shareholders and investors</b></p>	<ul style="list-style-type: none"> <li>■ Regular Shareholders' Meeting.</li> <li>■ Bulletin, tax certification and statement of account.</li> <li>■ News, highlights and quarterly results. Annual and sustainability reports</li> <li>■ Meetings personally attended by institutional investors, brokerage firms and stock exchange analysts.</li> <li>■ Website (online stock price, stock exchange indicators, financial results, ADRs, news, events, bonus programs and others).</li> <li>■ Investor's Guide</li> </ul>	<ul style="list-style-type: none"> <li>■ Shareholder's assistance offices.</li> <li>■ Regular Shareholders' Meeting.</li> <li>■ Meetings with investors.</li> <li>■ Correspondence receipt centers at main cities in the country.</li> <li>■ Electronic mailbox: <a href="mailto:accionesisa@isa.com.co">accionesisa@isa.com.co</a></li> <li>■ Toll-free shareholder's assistance line: 01 8000 11 5000</li> <li>■ Local Medellín line: (957) (4) 360 24 72</li> <li>■ Fax lines in Medellín: (957) (4) 2686880 and (957) (4) 3170858</li> <li>■ Website.</li> </ul>

MENU ▲

CSR  
REPORT  
2011

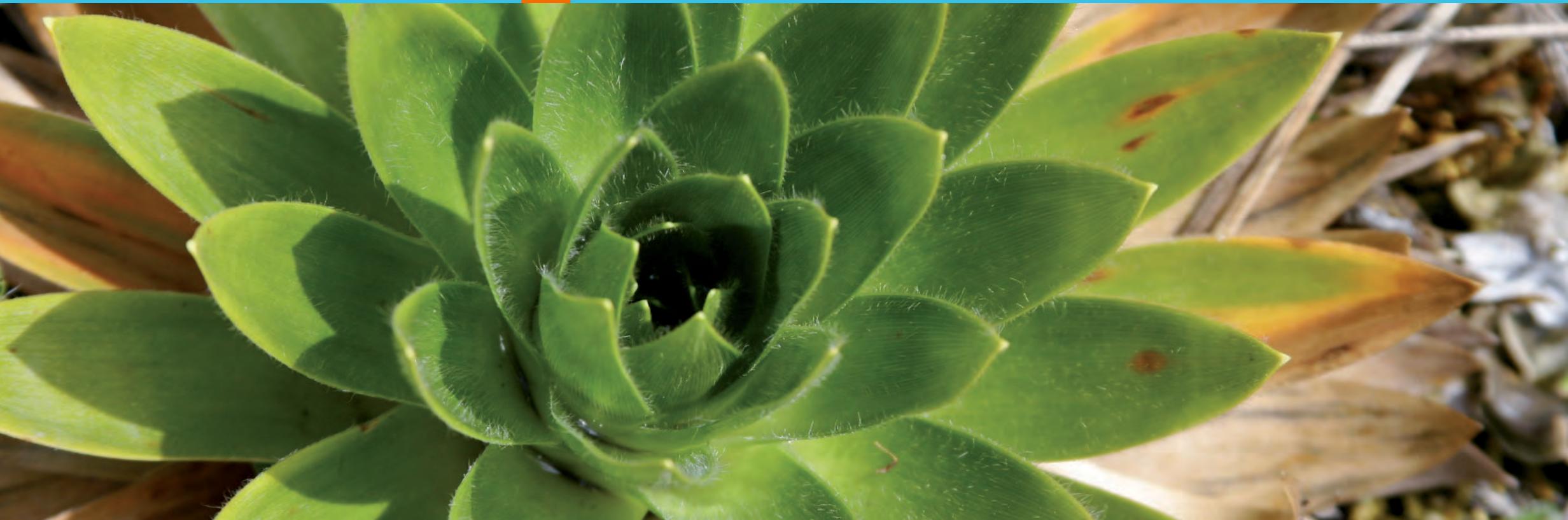


## Performance indicators



CSR  
REPORT  
2011

## Environmental dimension



PERFORMANCE INDICATORS

ISA is committed to sustainable development, as stated in the Environmental Policy, which expresses a 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.

MANAGEMENT OR APPROACH CRITERIA	2012 CHALLENGES
<p>Consolidate the model of social and environmental management of ISA and its companies based on the development of actions to implement the Integrated Management System under ISO 14001. This initiative will enable managing appropriate processes of community participation, conduct an appropriate environmental licensing, make its land management, comply with the environmental management plans, minimize legal risks and improve eco-efficiency of the assets, ensuring, by the way, the viability of businesses in the life cycle of assets, and therefore, business growth.</p>	<ul style="list-style-type: none"> <li>■ Promotion at ISA and its companies of corporate guidelines for the legal environmental management to implement a compliance action plan.</li> <li>■ Advance towards the implementation of the environmental management system for the infrastructure construction process, based on ISO 14001 Standard.</li> <li>■ Set goals for reducing Greenhouse Gases –GHG- or consolidating a voluntary compensation project at ISA’s Energy Transmission business.</li> <li>■ Strengthen social and community management in the asset life cycle.</li> </ul>

PERFORMANCE INDICATORS

ENVIRONMENTAL INVESTMENT	COP
<b>Environmental management in design</b>	COP 493,000,000
<b>Environmental management in construction</b>	COP 594.000.000
<b>Environmental management in operation*</b>	COP 3,497,578,154

\* Value taken from SAP on January 23, 2012. This value is subject to adjustment once the 2011 accounting cut-off is made. Accounts associated to PLANAMBI

The environmental challenges proposed at the corporate level for 2011 made dramatic gains:

- Ratification at ISA of the Integrated Management System (Sistema Integrado de Gestión –SIG–) for the energy transmission service at the operation and maintenance stages. The measure is applicable to 32 substations, its associated lines and two administrative offices, and it is made based on a work methodology certified by ICONTEC encompassing Quality standards ISO 9001, ISO 14001 and OHSAS 18001.
- Advance on SIG implementation on ISA’s and its companies’ businesses.



PERFORMANCE INDICATORS

BUSINESS	COMPANIES	ISO 9001	OHSAS 18001	ISO 14001	ISO 27001
<b>Electric Energy Transmission</b>	ISA	■	■	■	■
	CTEEP	■	■	■	■
	REP	■	■	■	■
	TRANSELCA	■	■	■	■
	ISA Bolivia	■	■	■	■
<b>Telecommunications Transport</b>	INTERNEXA	■	■	■	■
<b>Road Concessions</b>	INTERVIAL CHILE	■	■	■	■
<b>Market Operation and Management</b>	XM	■	■	■	■

Conventions	Certified	■	In process	■	To be defined	■	Does not apply	■
-------------	-----------	---	------------	---	---------------	---	----------------	---

<sup>2</sup> ICONTEC is a Colombian multinational company concerned about sustainable development of organizations throughout the continent that works since 1963 to foster technical standardization, metrology, conformity evaluation and quality management in Colombia, Central and South America.

The indicator of affected vegetation, for ISA's 2011 CSR Report, corresponding to the summatory of forest use permits processed in the year, is as follows:

Grid under operation: permits processed with two Regional Autonomous Corporations (Corporaciones Autónomas Regionales) (CorpoChivor and CorAntioquia).

ISA's Headquarters: permit for logging, processed with the Metropolitan Area

For 2012, the SAP tool will be used to record the vegetation intervention during maintenance of easements.

The electric power switches installed in the connection yards of ISA's substations have the function of mitigating the arc caused by air ionization. To mitigate the discharges of electric power that might be generated, the switches are encapsulated in SF6, a gas with excellent dielectric properties that allows quick recovery from the isolation. This property prevents, for example, small surges.

SF6 emissions to the atmosphere are due to:

Emissions associated to the operation of equipment (losses 1% annual)

Emissions associated to maintenance of equipment (75% of SF6 emissions are produced in the maintenance of equipment).

Emissions associated to accidental SF6 releases.

Emissions associated to dismantling of equipment (improper final disposal of gases removed during dismantling).

Special case: situations which complex negotiation does not result in relocation but rather an opening reliability improvement is made in order to diminish risks, increasing the frequency of maintenance works, as well as other technical activities that provide more safety of the cable to the tower.

It refers to two retired people with seniority pension and the other with invalidity pension. The turnover rate will consider the two retired people.

The cited values are based on the Fixed Ordinary Regime.

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

PERFORMANCE INDICATORS

- Inventory on Greenhouse Gases –GHG- concluded for ISA’s Energy Transmission business and mitigation strategy is proposed.

- Diagnosis on the environmental management of ISA and its companies, upon which a work plan is proposed to close gaps at ISA and its companies, with the following results:

DIAGNOSIS COMPONENT	COMPANY	1. ISA COLOMBIA	2. CTEEP BRASIL	3. REP PERÚ	4. INTERNEXA COLOMBIA	5. ISA BOLIVIA	6. TRANSELCA COLOMBIA
	Specific criteria						
<b>3.1 Corporate framework</b>	3.1.1 Communication of the environment policy	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
	3.1.2 Framework of social action	Aligned	Aligned	Aligned	Opportunity for improvement	Opportunity for improvement	Opportunity for improvement
	3.1.3 Framework of environmental action	Aligned	Aligned	Aligned	Opportunity for improvement	Aligned	Opportunity for improvement
	3.1.4 Framework of supplier’s environmental management	Aligned	Aligned	Aligned	Opportunity for improvement	Opportunity for improvement	Opportunity for improvement
<b>3.2 environmental performance</b>	3.2.1 Water use	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
	3.2.2 Energy use	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
	3.2.3 Climate change use	Aligned	Aligned	Opportunity for improvement	Opportunity for improvement	Opportunity for improvement	Opportunity for improvement
	3.2.3 Residues and materials management	Aligned	Aligned	Aligned	Opportunity for improvement	Aligned	Aligned
	3.2.4 Social management in the asset’s life cycle	Aligned	Opportunity for improvement	Opportunity for improvement	Aligned	Aligned	Opportunity for improvement
3.2.5 Noise, electromagnetism, environmental liabilities and biodiversity management	Aligned	Opportunity for improvement	Aligned	Aligned	Aligned	Opportunity for improvement	
<b>3.3 advance in the environment management system</b>	3.3.1 Environmental planning	Aligned	Aligned	Aligned	Opportunity for improvement	Aligned	Aligned
	3.3.2 objectives, goals and indicators	Aligned	Opportunity for improvement	Opportunity for improvement	Aligned	Aligned	Opportunity for improvement
	3.3.3 System implementation and operation	Aligned	Aligned	Aligned	Aligned	Aligned	Opportunity for improvement
	3.3.4 System verification	Aligned	Aligned	Aligned	Opportunity for improvement	Aligned	Aligned

Conventions	Aligned	Aligned	To enhance	Opportunity for improvement
-------------	---------	---------	------------	-----------------------------

PERFORMANCE INDICATORS

## ENVIRONMENTAL MANAGEMENT IN DESIGN AND CONSTRUCTION

The Environmental Management at these stages considers the criteria for implementing management measures of environmental aspects and impacts associated with the projects; also, it is directed to perform or supervise the management measures set forth in the programs of the Environmental Handling Plan (Plan de Manejo Ambiental -PMA-).

Its framework of initiatives includes:

- Tools for the proper auditing or monitoring of the PMA implementation.
- Mitigation, prevention, control and compensation for environmental and social impacts from projects and ensuring of proper information,

mation, participation and co-management by communities in the area of influence of the projects.

- Operational control applied to geotechnical aspects, biodiversity and wildlife management, forestry, archeology rescue, resettlement of population, integrated management of water, waste, emissions, materials, chemicals and fuels.
- Tools for the proper execution of plans and environmental and social compensation measures.
- Emergency and contingency plans.

The following projects were conducted in 2011:

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
Sogamoso Department of Santander	Amendment of environmental license of ISAGEN and assignment to ISA. Environmental Impact Study (Estudio de Impacto Ambiental –EIA–) is prepared.	D.A.	D.A.	D.A.	D.A.

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
El Bosque Department of Bolívar	In Colombia, ISA received in the first quarter of 2012, the order of environmental licensing granted by the Ministry of Environment and Sustainable Development, the document authorizing the start of construction in Cartagena of the double circuit transmission line associated with project UPME 02-2008 – El Bosque Substation at 230 kV. The substation is completed.	D.A.	D.A.	Cylinders of SF6 gas storage and 50 kilograms of hazardous waste impregnated with isopropyl alcohol, paint and containers. The disposal is made by Ingeambiente del Caribe -Cartagena. (fourth quarter 2011). Total as of 2011: 943 kg.	D.A.

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
Interconexión Eléctrica Colombia Panamá –ICP–	Preparation of the Environmental Assessment of Alternatives (Diagnóstico Ambiental de Alternativas –DAA-) in the region of Darién Panameño. Start of EIA preparation process. Socialization of project at department, municipal and rural levels.	D.A.	D.A.	D.A.	D.A.
Porce III Department of Antioquia	Approval of environmental license amendment. Community projects delivered to the Dirección Socioambiental Corporativa. Adjustments to the legal matrix for delivery to the Energy Transmission Management Execution of program Forestry compensation (75%). Resettlement of five families in the villages of El Roble and El Retiro, municipality of Anorí (Antioquia).	D.A.	Under closing	D.A.	D.A.

MENU ▲

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
DISPAC	Formulation of PMA, phase 1 of project. Formulation of forest use plan. Prior consultations conducted (75%). Review of PMA of substation.	D.A.	D.A.	D.A.	D.A.
Electric Interconnection Costa Pacífica Caucana Nariñense	Formalization of prior consultation. Formulation of PMA. Submission of Environmental Impact Study (Estudio Impacto Ambiental-EIA) to Corporación Autónoma Regional del Cauca –CRC-. Authorization for construction of substations with CRC in Cauca. Execution of program: information and community participation.	Environmental monitoring on accesses to substations at municipalities of Guapí, in Nariño and Olaya Herrera and Mosquera in Cauca.	D.A.	Waste was disposed by companies DESCONT Ltda. and EMAS, which hold environmental permit for such handling and disposal. The process was conducted on 2011 third quarter and it was 100% achieved.	D.A.
Caño Limón Caricare Department of Arauca	D.A.	D.A.	Under closing: execution of forestry compensation (10,5 Has) is being completed.	D.A.	D.A.

MENU ▲

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
Cira Infantas Department of Santander	D.A.	D.A.	Under closing: Review of preliminary report. Definition of new lots to complete area of forestry compensation corresponding to this project. Second year of maintenance was completed on 20,5 Has.	D.A.	D.A.
Banadía Department of Arauca	Assessment and monitoring visit with CORPORINOQUÍA, which issued order to start process for forestry use permit.	D.A.	Under closing	D.A.	D.A.
Piedecuesta Department of Santander	Environmental authorization before Corporación Autónoma para la defensa de la meseta de Bucaramanga – CDMB-.	Execution of PMA	Under execution	D.A.	D.A.

MENU ▲

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
Guatiguará Santander	Formulation of PMA. Delivery of information to the Ministry of the Environment and Social Development on the construction of the second stage of the substation, covered under Resolution 1260/95.	D.A.	D.A.	Waste was 100% disposed by companies DESCONT Ltda. and EMAS, which hold environmental permit for such handling and disposal. The process was conducted on 2011 third quarter and it was 100% achieved.	D.A.
Enlargement of substation Cerromatoso Department of Córdoba	Formulation of PMA	D.A.	D.A.	D.A.	D.A.
Enlargement of substation Chivor Department of Cundinamarca	Formulation of PMA	D.A.	D.A.	D.A.	D.A.
Enlargement of substation Chinú Department of Córdoba	PMA was submitted	D.A.	D.A.	D.A.	D.A.

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
Central Hidroeléctrica de Sogamoso Department of Santander	Delivery of CAPEX Preparation of document with reasons for amendment of environmental license. Preparation of EIA. Procurement of environmental license.	D.A.	D.A.	D.A.	D.A.
Mitú Department of Vichada	Preparation for the trust of the Integrated Plan of Handling of Environmental Measures (Plan Integrado de Manejo de Medidas Ambientales – PIMMA-). Workshops for socialization with indigenous communities of Mitú. Verification of existence of licenses and PMA for construction. Meetings for startup with contractor and auditor.	D.A.	Under construction	Waste was 100% disposed by companies DESCONT Ltda. and EMAS, which hold environmental permit for such handling and disposal. The process was conducted on 2011 third quarter and it was 100% achieved.	D.A.

MENU ▲

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS	AMOUNT OF HAZARDOUS WASTE (*) – DISPOSAL	AMOUNT OF NON-RECYCLABLE –ORDINARY NON-HAZARDOUS WASTE (*) –DISPOSAL
La Mojana Department of Sucre	Forest use permit for the project. Reforest (10 Has), workshops and booklets, following the PMA EIA monitoring	Reforest of 10 Has at municipalities of the influence area of the project.	D.A.	D.A.	D.A.

**ENVIRONMENTAL MANAGEMENT IN OPERATION**

As defined by the Integrated Management System –SIG–, the Energy Transmission business develops the environmental planning based on ISA140001 Standard, for which it identifies the environmental aspects and significant impacts, characterized objectives, targets and programs improvement per year, provides efficient management measures, continuous monitoring of operations, identifying deviations and measurement with indicators.

**ISO 14001 PROGRAMS**

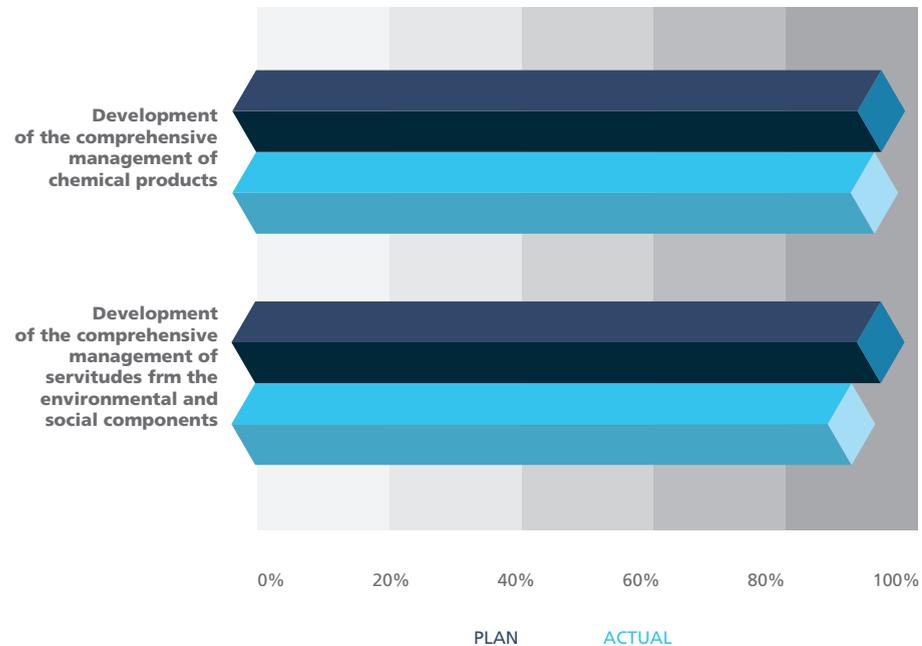
During 2011, two environmental programs were designed, ascribed to the management system through which environmental and corporate performance is intended to improve in the following steps:

PROGRAM	INITIATIVE
Comprehensive management of easements from the environmental and social component.	Standardization of management of easements to mitigate environmental risks.
Develop integrated chemicals management	Decreased environmental and occupational health risks, by optimizing the amount of chemicals

MENU ▲

## PERFORMANCE INDICATORS

The implementation of actions raised at each program is measured through performance implementation targets of the program percentage, which have been established in accordance with that reported by external audit, and agreed with the possibilities of compliance by those responsible. We present the expected cumulative maximum goal fulfillment, and the real accumulated as an executed percentage of the program:



## RESULTS OF ENVIRONMENTAL PERFORMANCE INDICATORS

The environmental performance attributed to the use and consumption of resources, substances and production of waste includes a series of indicators used for a quarterly follow-up. In this regard, the results for the 2011 management show:



PERFORMANCE INDICATORS

MAJOR ENVIRONMENTAL INDICATORS	MEASURE UNIT	2009	2010	2011
<b>Energy consumption *</b>	KwH/month	9,333,814	10,040,987	11,351,783
<b>Generated waste (hazardous)</b>	Kg	55,863	23,301**	13,288
<b>Generated waste (non-hazardous)</b>	Kg	156,011	116,819	28,571
<b>Contaminated oil with processed PCB</b>	Kg	9,725	225	0
<b>Handling of industrial surplus</b>	Kg	989	32,792	632,735
<b>Consumption of paper per employee (Medellin headquarters)</b>	Kg	9,6	6	6
<b>Water consumption.</b>	m <sup>3</sup> annual	100,528	86,886	96,642
<b>SF6 Emissions.</b>	tn CO <sub>2</sub> equivalent	1,445.95 ***	1,647.88 ***	1,564.99 ***
<b>Consumption of hydrocarbons (ACPM)</b>	Kg annual	14,343	6,487	9,225
<b>Dumping of oils and fuels</b>	(# Environmental near-misses)	5	0	0
<b>Vegetation affected</b>	m3/há			0.25 m3/ há

According to statistical monitoring conducted since 2008 to energy consumption in offices and substations, there is a monthly erratic behavior; however in the annual mean there is consistency in historical series, without witnessing trends toward decreased consumption. This situation is associated to the fact that at Interconexión Eléctrica, consumptions are generated mainly by domestic use, having certain regular periodicity to keep stable annual averages.

\*\* The values associated with hazardous waste quantity are corrected in 2010 value as the reported value was recalculated.

\*\*\* The values associated with SF6 emissions were corrected, with the equivalent value 23.9 kg / ton of CO

## PERFORMANCE INDICATORS

### IMPROVEMENTS ACHIEVED IN THE HANDLING OF SF<sub>6</sub>

SF<sub>6</sub> is a greenhouse gas of most concern to ISA ; since 2008 the Company has a management program that optimizes the procedures and processes for executing maintenance, through which an inventory has been raised on substation equipment containing SF<sub>6</sub>. At the end of 2011 there were 14,882 Kg installed, representing a decrease of 212 kg compared to 2010.

According to studies, the greatest loss of SF<sub>6</sub> is due to maintenance work rather than leaks in equipment operation. These analyzes determined that allowable losses per year must not exceed 0.5% of the total volume of SF<sub>6</sub> handled by the equipment in liters. In this sense, it is estimated that losses of SF<sub>6</sub> in ISA's business operation were 0.47% in 2010 and 0.44% in 2011, lower values as established by the IEC 62271-

<sup>4</sup> The electric power switches installed in the connection yards of ISA's substations have the function of mitigating the arc caused by air ionization. To mitigate the discharges of electric power that might be generated, the switches are encapsulated in SF<sub>6</sub>, a gas with excellent dielectric properties that allows quick recovery from the isolation. This property prevents, for example, small surges.

SF<sub>6</sub> emissions to the atmosphere are due to:

Emissions associated to the operation of equipment (losses 1% annual)

Emissions associated to maintenance of equipment (75% of SF<sub>6</sub> emissions are produced in the maintenance of equipment).

Emissions associated to accidental SF<sub>6</sub> releases.

Emissions associated to dismantling of equipment (improper final disposal of gases removed during dismantling).

303, 2008, use and handling of sulfur hexafluoride. The storage, transportation and handling of cylinders containing SF<sub>6</sub> shows improvement resulting from investigations of the different methodologies that define the disposal and recycling, and optimize the use and existence of the gas in the maintenance process.

### ENERGY SAVING

ISA has a program of Rational and Efficient Use of Energy Program (Programa Uso Racional y Eficiente de la Energía, URE) which seeks to ensure the proper use of this resource in the processes developed by optimizing its use in the activities, processes and projects in the business.

### ACTIVITIES UNDERTAKEN:

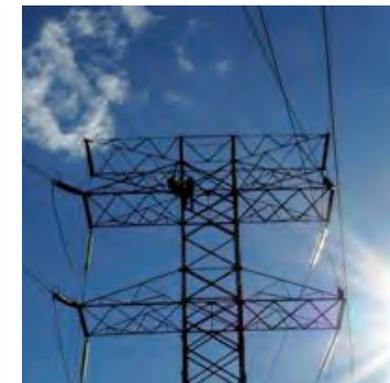
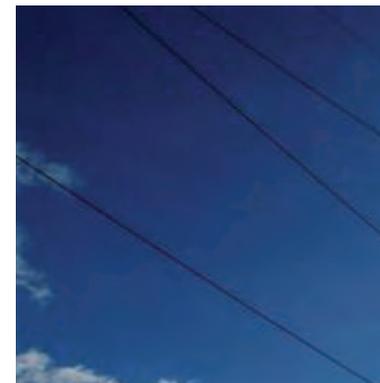
- Inventory of grids, systems, equipment and facilities with the potential to reduce energy consumption.
- Replacement of system components at facilities and equipment with others bearing similar performance and greater efficiency, according to requirements and life cycle.
- Incorporating designs with components and systems that provide good opportunities in energy savings in the construction or extension of new infrastructure.
- Change incandescent light bulbs and appliances, both in headquarters and substations, by more energy efficient fluorescent lights.

PERFORMANCE INDICATORS

PAPER CONSUMPTION

In the exercise of its daily activities, ISA uses recyclable and biodegradable paper made from processes that preserve the environment through the responsible use of a fiber obtained from byproducts of sugar cane crops that exclude the use of elemental chlorine. Paper consumption at ISA in the past two years shows the following results:

	2010	2011
<b>Number of users</b>	740	826
<b>Average reams / year</b>	2160	2737
<b>Average reams / user</b>	3	3
<b>Converted into Kg</b>	6	6



## COMPREHENSIVE WASTE MANAGEMENT

**Day cup campaign:** This campaign continued for 2011, in order to make use of cups from recyclable paper pulp, instead of plastic. During the period, consumption of cups was 349,411 units, 7% less than the preceding year and 57% compared to 2009 (808,800 units). Obviously, this is a positive environmental impact, given that this measure reduces the numbers of ordinary waste disposed in the landfill of the city of Medellin.

**Materials recovered:** The recovery of materials is made through the management of recyclable waste in the Medellin headquarters, where there is an agreement with Cooperativa Recuperar for the use of recyclable material generated.

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

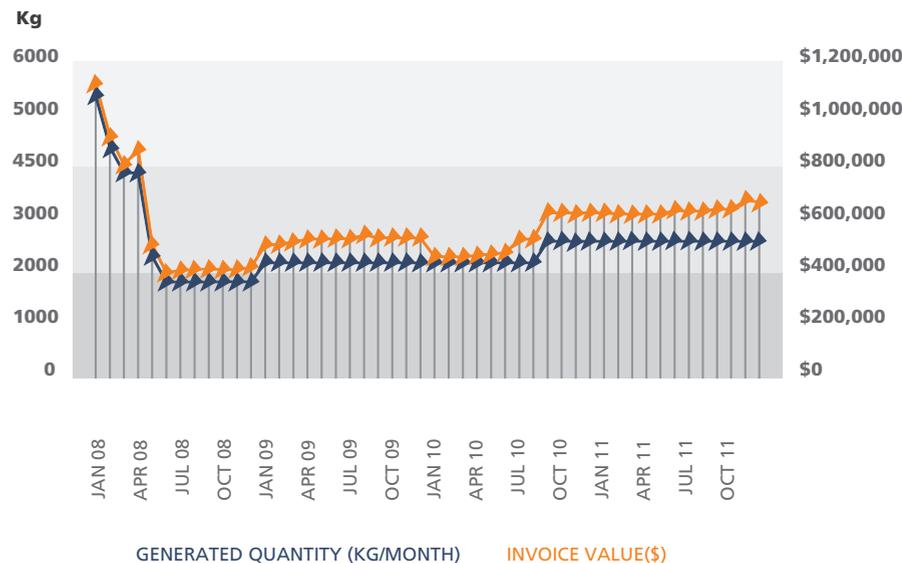
RECYCLING WITH COOPERATIVA RECUPERAR						
TYPE OF MATERIAL RECOVERED	AMOUNT GENERATED (KG/YEAR)			REVENUES GENERATED TO THE COOPERATIVA COP		
	2009	2010	2011	2009	2010	2011
Office paper	17.656	23.602	30.729	6.769.682	9.570.262	12.211.298
Newspaper	321	73	118	21.280	60	24.456
Carton	4.337	4.144	7.439	1.760.362	1.773.478	2.950.767
Plastic	1.391	1.430	1.875	608.364	743.513	656.816
White glass	3.292	3.629	3.436	401.624	459.793	435.340
Wood	78	119	114	15.288	24.126	23.112
Metals	2.082	1.560	2.394	540.604	323.388	496.276
Aluminum	66	90	211	141,927	287.111	656.400
<b>Total</b>	<b>29.223</b>	<b>35.875</b>	<b>46.316</b>	<b>10.259.130</b>	<b>13.181.731</b>	<b>17.454.465</b>

PERFORMANCE INDICATORS

The recovery and use of solid waste represents a benefit for both Cooperativa Recuperar and ISA, as it reflects a positive impact on the turnover of final disposal of solid waste generated at the Company.

**Ordinary waste compactor:** Since 2008, a regular solid waste compactor has been operating at ISA's headquarters in Medellin, which has reduced the volume of unusable waste generated in the Company. This process contributes to increasing the life of the landfill.

FOLLOW - UP TO COMPACTING PROCESS



In August 2010, Empresas Varias de Medellín measured ordinary waste of the first eight months of the year, which resulted in a 16.33 m3 monthly generation, a figure that has been constant. A variation is observed in the bill value due to the collection of service; however, such variation is not quite significant and represents important savings for the Company.

**Composting:** This is an activity that contributes to the Company's environmental management. In 2011, ISA improved the composter in order to optimize the reception capacity and maturity of organic waste and to control lixivate generation and prevent the maximum entering of vectors and pests in the process of composting organic waste from the headquarters restaurant. It is expected that the efficiency in the reduction of organic material will correspond to a ratio where each 100 kg of organic waste generate approximately 20 kg of compost.

The consolidated organic solid waste treated in 2011 was as follows:

PERFORMANCE INDICATORS

ORGANIC RESIDUES PROCESSED IN COMPOSTING



TOTAL ORGANIC RESIDUES TREATED IN COMPOSTING (KG)

Since August 2011, the amount of organic waste that ISA had treated in the compost was reduced due to the change of the catering provider at the headquarters. In this sense, the generation of 0.4 m<sup>3</sup>/day was reduced to approximately to 0.2 m<sup>3</sup>/day.

**Industrial surplus:** Another valuation method is the management of industrial surplus from the replacement and maintenance of equipment, which generates mostly reusable waste that is returned as raw material for other processes. In 2011 the properly stored surplus was collected and in the first quarter of 2012, it will be delivered to a manager expert in recovery and use. This way, it contributes to the savings of natural resources and environmental preservation.

Equipment and materials generated were:

SAVINGS OBTAINED IN THE COMPOSTING PROCESS								
ORGANIC MATTER (M <sup>3</sup> /YEAR)			VALUE FINAL DISPOSAL X M <sup>3</sup> /MONTH YEAR \$COP		SAVINGS	AHORRO\$COP		
\$COP	2010	2011	2009	2010	2011	2009	2010	2011
79.2	87.8	102.86	142.727	36.114	39.830	3.028.212	3.172.244	4.096.913

PERFORMANCE INDICATORS

RETRIEVE THE COOPERATIVE RECYCLING						
TYPE OF MATERIAL	CTE. NORTHWEST	CTE. SOUTHWEST	CTE. CENTRAL	CTE. EAST	MEDELLÍN	TOTAL
Scrap	107.821,00	22.492,00	37.428,00	93.890,00	0,00	261.631,00
Porcelain with metal	148.645,00	15.137,00	55.630,00	16.150,00	0,00	235.562,00
Aluminum with steel	24.460,00	0,00	5.445,00	1.510,00	0,00	31.415,00
Pure aluminum	2.010,00	4.975,00	0,00	1.380,00	0,00	8.365,00
Dielectric oil (gallons)	2.167,40	2.475,00	258,00	0,00	0,00	4.900,40
Batteries (lead)	1.125,00	0,00	90,00	3.351,00	0,00	4.566,00
Electronic components	12.389,00	1.635,00	1.960,00	2.230,00	5.248,00	23.462,00
Pure copper	560,00	90,00	4.354,00	0,00	0,00	5.004,00
Dirty copper	1.960,00	0,00	0,00	2.310,00	0,00	4.270,00
Transformers	23.280,00	0,00	0,00	0,00	0,00	23.280,00
Metallic structure	30.280,00	0,00	0,00	0,00	0,00	30.280,00
<b>TOTAL WEIGHTS</b>	<b>354.697,40*</b>	<b>46.804,00*</b>	<b>105.165,00*</b>	<b>120.821,00*</b>	<b>5.248,00*</b>	<b>632.735,40</b>

\*Measuring unit is in Kg

MENU ▲

**Waste management at offices and substations:** Hazardous waste management at substations and lines is made throughout the infrastructure life cycle; it starts with the analysis of all chemicals used in ISA, where the hazardous components thereof are reviewed and the management measures required are informed, taking into account the impacts on the environment and the people who handle them.

To do this, and with the support of the safety data sheets of chemicals, known as MSDS -Material Safety Data Sheets- an emergency card is produced for each of the chemicals, which card is used for storage, incompatibility, transport, handling and final disposal of the product. Thus, all staff in contact with the chemical is aware of the handling and is clear on the process of classification of the waste.

PERFORMANCE INDICATORS

The statement of hazardous waste RESPEL must be recorded annually before the Institute of Hydrology, Meteorology and Environmental Studies (Instituto de Hidrología, Meteorología y Estudios Ambientales –IDEAM). The registration is made annually in arrears and should be made by point of generation, that is, by energy substation.

All residues known to be dangerous, that is, those that can cause risk or harm to human health and the environment, are properly managed through the services of expert providers who hold environmental license for management thereof.

The graph below shows the 2011 consolidated.

CONSOLIDATED RESIDUES 2011

percentage %



**PCB oils management:** ISA has started a program that allows adjusting equipment for sampling of those units that might contain contaminated Polychlorinated Biphenyl -PCB-. This initiative will allow the Company to provide the environmental authorities with the respective reports, upon effectiveness of the regulation formulated by the Colombian state to implement the Stockholm Convention.

## PERFORMANCE INDICATORS

**CONTRIBUTION TO THE MITIGATION  
OF CLIMATE CHANGE**

For ISA, climate change management is an important initiative, as this phenomenon could have environmental and social impacts caused by effects such as changes in the availability of water resources, ecosystems, agriculture, human health, desertification and drought. The scale of these impacts will depend on the degree of vulnerability of ecosystems, the level of community development and the capacity of institutions to develop an appropriate and timely risk management.

The climate change strategy of ISA and its companies includes programs and actions to reduce or mitigate emissions of Greenhouse Gases -GHG- generated in the development of their processes. Additionally, it provides risk adjustment programs, which allow decreasing the vulnerability of businesses and communities in their areas of influence

The GHG inventory for ISA's Power Transmission business was updated for 2011, by assessing the processes developed in the Organization to manage, operate and maintain the business, besides the review of planning matrices and environmental impacts and aspects.

Second, the processes associated with GHG emissions were characterized, following the guidelines proposed in the GHG Protocol submitted by the World Business Council for Sustainable Development, which includes the guidelines established by ISO 14064.

Regarding the impact of activities related to energy transmission in Colombia, the results showed that only 0.66% of all gas is generated by this activity, a value that was validated with the technical areas and that it is not considered significant; proposals to manage the impact are expected for 2012.

Based on the provisions of the GHG measurement protocol, GHG Protocol and ISO14061-1 Standard, the main sources of emissions, direct and indirect, were identified. From this identification, and from the percentage of assessed emission processes, the objectives, action lines and strategies for mitigation, adaptation and vulnerability to climate change for ISA, were developed.

The processes evaluated for the energy transmission, for years 2009 and 2010 were as follows; it should be clarified that in 2011 the inventory validation process was carried out:

PERFORMANCE INDICATORS

SCOPE	PROCESS	2009		2010		2011	
		t CO <sub>2</sub> e	% Total	t CO <sub>2</sub> e	% Total	t CO <sub>2</sub> e	% Total
Scope 1	SF <sub>6</sub>	1550.4	46.25%	1550.4	40.63%	2397.19	55.30%
	Refrigerants R-134A	0	0.00%	2.02	0.05%	0	0.00%
	Diesel SE	141.09	4.21%	82.02	2.15%	93.05	2.15%
Scope 2	Energy - Substations	619.77	18.49%	987.76	25.88%	648.97	14.97%
	Energy Headquarters	303.53	9.06%	543.46	14.24%	316.07	7.29%
Scope 3	Air	220.6	6.58%	310.5	8.14%	598.37	13.80%
	Buses	300.02	8.95%	135.65	3.55%	135.65	3.13%
	Private	101.45	3.03%	70.07	1.84%	70.17	1.62%
	Comissions	103.84	3.10%	72.46	1.90%	50.18	1.16%
	Refrigerants R-22	0	0.00%	50.9	1.33%	15.27	0.35%
	Taxis	11.28	0.34%	10.92	0.29%	10.18	0.23%
<b>GHG emissions</b>		<b>3351.98</b>	<b>100%</b>	<b>3816.16</b>	<b>100%</b>	<b>4335.1</b>	<b>100%</b>

According to the methodology of the GHG Protocol and ISO14061-1 Standard, scope two includes indirect GHG emissions for electricity consumption and losses associated with energy transmission. In this sense, emissions from electricity generation acquired, consumed during transmission and distribution, must be reported in scope two by the company, owner or controller of the transport and distribution operation.

According to the above, and understanding a different market structure in Colombia raised for the measurement in European markets, emissions associated with energy losses in electricity transmission lines in Colombia

ISA are NOT included in the GHG inventory, because in the business model between the government and ISA, planning and regulation control operation in the energy transport is performed by the Colombian government, therefore these emissions are considered unmanageable by ISA.

In this way, ISA will develop their actions to reduce, mitigate or offset the emissions identified as manageable, about 4,335 tons annually. The GHG Management strategy and the Company's contribution to mitigate Climate Change derive in mandatory and voluntary initiatives. Here, we present the following progress:

PERFORMANCE INDICATORS

ENVIRONMENTAL MANAGEMENT OF ASSETS

<p>Increased energy efficiency</p>	<p>Program focused on improving the processes associated with GHG emissions from electricity consumption. It shows the analysis of the possibilities for improving the efficiency of existing processes and also the evaluation of innovative and economically, technologically and environmentally sustainable alternatives:</p> <ul style="list-style-type: none"> <li>■ Colombia Inteligente.</li> <li>■ Ventures Prize</li> <li>■ Architectural change of the Headquarters under leed criteria</li> </ul>
<p>Handling of sulfur hexafluoride - SF6.</p>	<p>Program aimed to decrease the losses of this gas in the processes associated with its use.</p>

SOCIO-ENVIRONMENTAL MANAGEMENT OF THE ENVIRONMENT

<p>Voluntary compensation</p>	<p>Study and analysis of the purchase of bonds or loans in proportion to the tons of CO2 emitted in product development or activity of the organization.</p>
<p>Vulnerability assessment and adaptation in areas surrounding infrastructure</p>	<p>With the assistance of the UNDP, it applies the "Methodology for Vulnerability Assessment and Analysis of Risks Associated with Climate Variability in the Upper Basin of the Cauca River," and it will continue with the vulnerability assessment and analysis of risk associated with climate variability in linear infrastructure systems.</p>
<p>Mitigation and adaptation</p>	<p>Agreement between ISA, CORPOCESAR and the National Forest Office of Andean France -ONF- Colombian Branch of the National Forest Office of France -ONF- to develop REDD + -Reducing Emissions from Deforestation and Degradation-</p>

PERFORMANCE INDICATORS

**MITIGATION OF IMPACTS**

**Risk and environmental accident:** The analysis of environmental risks is an ongoing work for ISA; in this sense, tools have been established to identify aspects and impacts associated with those tasks of operation and maintenance of lines and substations. In 2011, six emergency drills were developed in the four administrative offices and 34 drills at substations for which planning and assessment included environmental aspects and impacts generated.

**Emergencies, accidents and near misses:** In 2011, programs were developed to strengthen prevention and emergency response systems currently implemented at all ISA sites and facilities. The indicator is measured by number of environmental near-misses. Topics such as training

and formation to groups available for emergency care, the acquisition of tools and equipment that respond to such situations and the development of new procedures and risk mitigation plans, allow providing effective elements for the prevention and care of any risk that might take place.

**Forestry compensation in transmission lines:** as part of the commitments associated with the allocation of the environmental license, ISA continued to develop its forestry compensation program in 500 kV Primavera - Bacatá and Bolívar – El Copey - Ocaña - Primavera transmission lines and associated work, UPME 01 and 02 of 2003. The program has executed COP 1,882.8 million in the following actions, which are distributed by Corporación Autónoma:

CORPORATION	PURPOSE
Corporación Autónoma Regional de Cundinamarca -CAR-	Forestry maintenance and auditing of plantations at the municipalities of Supatá and El Peñón, in the Department of Cundinamarca.
Corporación Autónoma Regional del centro de Antioquia -CORANTIOQUIA-	Formulation agreed for seven PMAs for the protected areas acquired in the municipalities of San Francisco, Vergara, Yacopí and El Rosal, in the Department of Cundinamarca.
Corporación Autónoma Regional del centro de Antioquia -CORANTIOQUIA-	PMA lot María Auxiliadora in the municipality of Maceo, Department of Antioquia.

*Continued on next page*

PERFORMANCE INDICATORS

Continued from previous page

CORPORATION	PURPOSE
Corporación Autónoma Regional de Boyacá –CORPOBOYACA–	Continuance of agri-forest program in CECPAS, municipality of Otanche, Department of Boyacá.
Corporación Autónoma Regional de Santander –CAS–	Ajuste al PMA del Parque Natural Regional Serranía de las Quinchas, de la reserva forestal protectora del Minero y de su zona amortiguadora.
Corporación Autónoma Regional del centro de Antioquia –CORANTIOQUIA–	Adjustment of PMA for Regional Natural Park Serranía de las Quinchas, of the protective Mining and forestry reserve and its buffer zone.
	Establishment, auditing and maintenance of 123 hectares of forestry plantations in the municipalities of Cimitarra, Puerto Parra, Simacota and Barrancabermeja, Department of Santander.
	Formulation of plan for organization, auditing and handling of swamps from Cachimberos and La Chiquita -El Encanto wetland complex, in the Municipality of Cimitarra-Santander.
Corporación Autónoma Regional de la Frontera Nororiental –CORPONOR–	Purchase of land Ramo de los Olivos in the municipality of Ocaña. Formulation of PMA for the protected area acquired as forestry compensation in property El Tranquilo, municipality of Abrego, rural zone La María, in the Department of Norte de Santander.
Corporación Autónoma Regional del Cesar y del Magdalena –CORPOCESAR y CORPAMAG–	<p>Through the agreement with PROSIERRA Foundation to manage forestry compensation projects in the jurisdiction of CORPOCESAR and CORPAMAG, the following was achieved:</p> <ul style="list-style-type: none"> <li>■ Implement as environmental classrooms for educational institutions of Cesar, four nurseries equipped with adequate infrastructure and equipment to carry out activities and non-formal educational programs and the production of fruit trees and native forest.</li> <li>■ Produce and plant 16,000 seedlings of fruit trees and native forest, under the implementation of environmental education programs in Cesar.</li> <li>■ Build an environmental classroom as a setting for bird watching and conservation of wetland complex Zapatos.</li> <li>■ Design the methodology guide for the development, implementation, monitoring and evaluation of School Environmental Projects –PRAES–.</li> <li>■ Formulate 19 PRAES with educational institutions of Cesar.</li> <li>■ Implement three nurseries as environmental classrooms of educational institutions of Magdalena, for the production of fruit trees and native forest, with adequate infrastructure and equipment to carry out activities and non-formal educational programs, for environmental education.</li> </ul>

Continued on next page

PERFORMANCE INDICATORS

Continued from previous page

CORPORATION	PURPOSE
Corporación Autónoma Regional del Cesar y del Magdalena -CORPOCESAR y CORPAMAG-	Agreement with CORPOCESAR and ONF Andina to further actions for preventing deforestation of natural forests and carry out recovery activities, and restoration of ecosystems, conducting a pilot avoided deforestation process under the REDD+ strategy -Reducing Emissions from Deforestation and Degradation- in the jurisdiction of the Regional Autonomous Corporation CORPOCESAR.
Corporación Autónoma Regional del Atlántico –CRA–	The forestry compensation commitment in the Atlantic was completed, for which a 70-ha. property was acquired to create the protected Area of Luriza in the municipality of Usiacurí. Also, the handling plan of the zone of Rosales in the municipality of Luruaco was formulated.

This program has been developed since 2005 and has reached an investment of COP <sup>5</sup> 16,539.8 million in ten Autonomous Corporations.

## MANAGEMENT OF EASEMENTS

### CONSTRUCTIONS ON EASEMENT ZONES FOR LINES

ISA has a plan for the Comprehensive Management of Easements, which was created with the intention of relocating the constructions located at areas of easements. Additionally, the Company has standardized its service times.

<sup>5</sup> Special case: situations which complex negotiation does not result in relocation but rather an opening reliability improvement is made in order to diminish risks, increasing the frequency of maintenance works, as well as other technical activities that provide more safety of the cable to the tower.

During 2010, ISA negotiated 128 constructions at easement areas and ended the year with an inventory of 555 constructions, of which 94 are special cases. At the end of 2011 there were 504 notices, comprising 47 constructions not reported in areas of easements, and 94 which remained as special cases. In addition, during 2011, a direct agreement was reached with 121 owners of constructions for relocation.

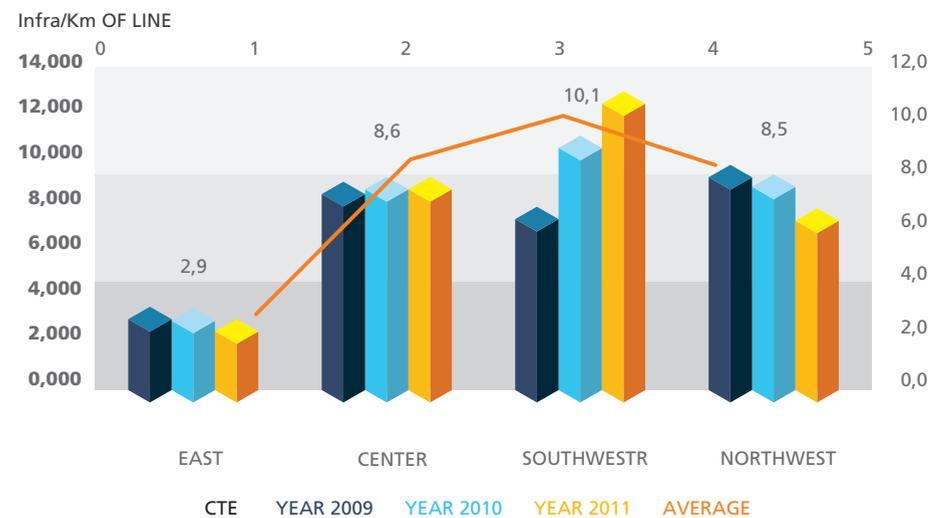
For the attention of special cases, reliability was improved of those openings which easement zone had constructions bearing physical and economic conditions that hinder the process for agreement with the owners. In this sense, for 2011 inspections were increased at 18 openings and improvement actions were implemented, by installing anti-escalators and reinforcement of iron fittings in other 16 openings.

PERFORMANCE INDICATORS

CONSTRUCTIONS AT EASEMENT ZONES

CTE	CONSTRUCTIONS WITH NO SPECIAL CASES 2010	SPECIAL CASES 2010	RELOCATED IN 2010	AMOUNT NOTICES WITHOUT SPECIAL CASES 2011	NOTICES WITH SPECIAL CASES 2011	RELOCATED IN 2011
East	54	7	10	62	7	23
Central	71	29	5	87	29	0
South -west	143	49	16	104	49	23
North-west	193	9	97	157	9	75
<b>Total</b>	<b>461</b>	<b>94</b>	<b>128</b>	<b>410</b>	<b>94</b>	<b>121</b>

CONSTRUCTIONS AT EASEMENT PER 100 KM OF LINE

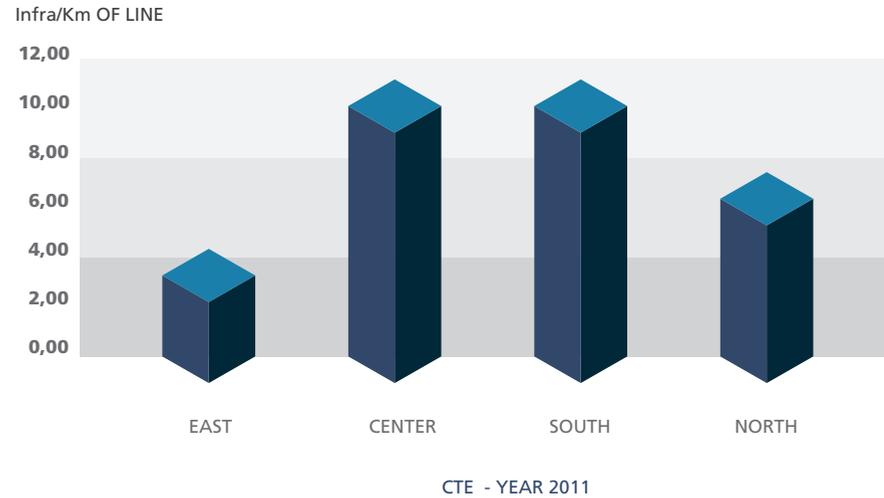


CONSTRUCTION IN EASEMENT AREA LINES YEARS 2009 - 2010

Derived from the process of improvement made in 2011, which sought to optimize the management of constructions through the issuance of notices of maintenance and integration of these with constructions associated to the same owner, it was possible to independently represent the constructions and notices per km of line so that the system can identify the transition generated by the migration of the constructions.

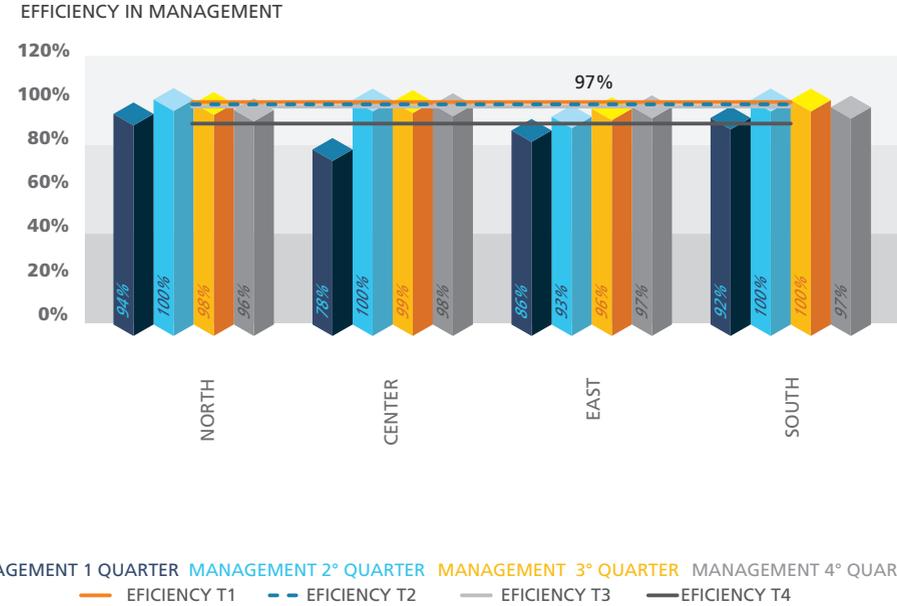
PERFORMANCE INDICATORS

N4 NOTICES FOR CLOSURE, CONSTRUCTIONS PER 100 KM OF LINE



As a result of Lean Six Sigma project “Increasing the effectiveness and efficiency of management of land and easements” it was possible to improve the effectiveness in serving notices of logging, housing and relationship with owners. The results in this field were the following:

EFFICIENCY OF ENVIRONMENTAL MANAGEMENT EN EL TRIMESTRE

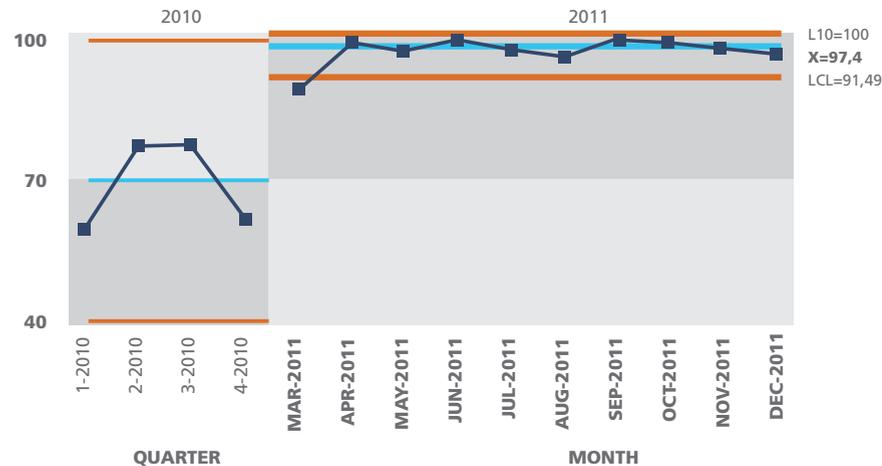


As illustrated by the above graph, the progressive improvement of the implementation of the project increased the efficiency of the management of notices.

## PERFORMANCE INDICATORS

### % EFFICIENCY ON ENVIRONMENTAL REQUIREMENTS

percentage %



## VEGETATION MANAGEMENT

The following advances were achieved in 2011 regarding the vegetation management component in the operation and maintenance of transmission lines:

- Management of forestry use permits for maintenance of easement areas.
- The environmental team of the Energy Transmission Management advanced considerably to minimize the impact to the vegetation cover, for which it undertook the following actions:

- Integrated management of easements, through the configuration of SAP's PM maintenance module, that administers the technical management of assets and environmental, property and social feasibility of the operation and maintenance of transmission lines.

- SAP notices were created and amended for the environmental management that has improved the system. As a result, today there are three specific types that allow tracking the environmental management, under an optimization and improvement framework.

- An environmental management of the maintenance process executed pursuant to the reference documents and records of ISA's environmental management system: Environmental Management Matrix Plan for Lines, Matrix for Operational Control and Monitoring of Environmental Management, guides, standardized technical manuals, technical cards and other formats.

- Ongoing training of transmission line maintenance workers in environmental issues related to vegetation management.

- Management of 97 applications for processing of permits, compensation and estimation of impacts.

- Construction of forest indicators.

- Seven forestry use permits for individual trees were obtained for vege-

## PERFORMANCE INDICATORS

tation management in maintenance of easements at places where environmental regulations so required it. These applications included 429 individual trees, which, in turn, represent an estimated volume of 397 m<sup>3</sup>.

In 2011 the dissemination and implementation of the booklet on plant species common at ISA's grid was carried out among the line maintenance workers; this is an important field tool for the proper identification, registration, management of vegetation and floristic diversity in the maintenance of the easement areas.

Since 2010, ISA has been leading before the Ministry of Housing, City and Territory the steps required to have a regulation that mitigates the regulatory gaps on forest management in unlicensed lines. In this sense, it has made some achievements such as the Formulation of the silvicultural management plan for maintenance of easement areas of electricity transmission lines, for which it developed a pilot line in each of its Power Transmission Centers (Centros de Transmisión de Energía -CTE-).

## LEGAL ENVIRONMENTAL MANAGEMENT

For the Company, 2011 was a year of progress in the consolidation of a reliable legal environmental management system:

- Corporate guidelines for legal environmental management of ISA and its companies were formulated.
- An analysis was made on the difficulties arising upon the regulation of the environmental licensing process and the management

of easements for transmission projects of ISA and its companies; this document was presented in the International Sustainability and Electric Industry Congress (Congreso Internacional de Sostenibilidad e Industria Eléctrica – CISLIE–), organized with CIER and held in Medellín in April 2011. Under the framework of this event, a meeting was procured with the environmental authorities of Brazil, Peru, Colombia and Panama, to discuss licensing issues in Latin America.

- Legal management indicators were consolidated under the framework of the Energy Transmission Committee of ISA and its companies –CTEGE–.

## ENVIRONMENTAL PERMITS:

- Dumping permit was obtained for substation Copey, as well as renewal of permits for water concession for Medellín headquarters and Primavera substation.
- Renewal of dumping permit was requested for substations Chivor, Torca Cerromatoso, Chinú, Jaguas Bolivar, San Marcos, San Bernardino and Paez and military bases Cerro 3 and 4. These renewals are pending.
- Renewal of water concession permit was requested for substation Chinú.

## PERFORMANCE INDICATORS

- Four forestry use permits were obtained (Primavera –San Carlos line with CORNARE; Virginia – San Marcos line with CARDER; Chivor – Sochagota line with CORPOCHIVOR and Betania – San Bernardino line with CAM). There are three permits in process for Ancón Sur-Esmeralda lines, Ancón Sur substation and Medellín Headquarters.

## ACHIEVEMENTS:

- Formulation of legal guidelines for ISA and its companies.
- Development of a study on the difficulties associated with regulating the process of environmental licensing and management of easements of transmission projects of ISA and its companies.
- Analysis and action plan for implementation of 11 new environmental regulations related to land issues, Criminal Code, URE, subtraction of reserves, environmental summons, national development plan, environmental licensing and reform of environmental authorities.
- Implementation of action plans for new rules and those issued in 2010 concerning dumping, licensing, air, punishments, plans for post-consumer waste, radioactive materials, protected areas and chemicals.
- Development and updating of the matrix to identify legal requirements for energy transmission projects under construction and

operation, and also for road projects.

- Management of legal commitments for lines and substations, from licenses and environmental permits, and the monitoring of their implementation.

## SECTOR MANAGEMENT:

ISA conducted the following actions with the Environmental Chamber of ANDESCO, the ministries of the Environment and Mining and Energy, the Energy Mining Planning Unit (Unidad de Planeación Minero Energética –UPME) and the environment group of the Regional Electric Integration Commission (Comisión de Integración Eléctrica Regional –CIER):

- Support the development of environmental agendas with ANDESCO and the ministries of the Environment and Mining and Energy.
- Development of a document for the Ministry of Mining and Energy on the issue of easements for electric transmission projects and environmental difficulties for expansion.
- Comments for ANDESCO and sectoral bodies on nine drafts of environmental regulations, issued in 2011 on issues related to: National Development Plan, Contingency Plan on Dumping, Geodatabase Structure environmental studies, CAR reform, CONPES, Climate Change, Mining Code, Risk Policy, PCBs Decree, Agrarian Law, Forest

## PERFORMANCE INDICATORS

Management, Action Plan for RESPEL Policy, parameter on dumping, green government procurement and Citizenship Statute.

- Support for the Formulation of UPME document on Strategic Environmental Assessment of the Electricity Sector.
- Updating of CIER Environmental Monitoring and Regulatory Framework Document –CIER Countries 2011.

CSR  
REPORT  
2011

## Social dimension



PERFORMANCE INDICATORS

It encompasses the performance of the Company with stakeholder groups: employees, suppliers, customers, State and society. For the purposes of this report, this chapter will show its characterization, commitment and highlights of the management during the period.

EMPLOYEES HIGHLIGHTS	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
<p>ISA recognizes human talent as the main driver to foster and achieve organizational objectives. Its Human Management Policy sets a mutual commitment between the company and workers to create a work environment of mutual trust based on respectful, clear, fair and just working relationships, as well as to jointly achieve the comprehensive development of people and their companies.</p>	<p>To have the human talent for mobilizing business management, taking into consideration that in order to achieve the objectives, it is required to have a management focused on the recruiting, retaining and developing of human talent.</p> <p>Having the best people, constitutes a competitive advantage when people's results are aligned with the company's.</p>
CRITERIA	2012 CHALLENGES
<ul style="list-style-type: none"> <li>■ Promote participation</li> <li>■ Develop knowledge and contribute to comprehensive development.</li> <li>■ Recognition</li> <li>■ Protect the health and welfare of employees and their families.</li> <li>■ Keep effective communication</li> </ul>	<ul style="list-style-type: none"> <li>■ Have intellectual capital in place for productivity and growth in order to rely on:                             <ul style="list-style-type: none"> <li>■ Suitable and motivated people to act at the time and place required, at competitive costs</li> <li>■ Adaptable organization and developed side skills.</li> <li>■ Services, technology systems and portals that contribute to the business, support mobility and cooperation environment and accompany decision-making.</li> </ul> </li> </ul>

PERFORMANCE INDICATORS

In 2011, ISA and its companies raised a number of challenges related to human talent management, which achievements are summarized below:

<p>Having human talent available to support the assurance of the current and development of new business.</p>	<p>Accompanying the business in terms of management of skills and achievement of the human and technical resources required to meet the objectives. During the period, 71 people joined the organization, which from their different positions, leverage the achievement of MEGA.</p> <p>Preparation of the Organization for development of the Road Concessions business, by achieving:</p> <ul style="list-style-type: none"> <li>■ The necessary management for project Autopistas de la Montaña to be developed in compliance with the relevant objectives of the business.</li> <li>■ Develop a deep understanding of the schemes and road concession contracts in the world.</li> <li>■ Promote the approval of business practices and the use of synergy.</li> </ul> <p>Work was performed during the whole year for the pre-operating stage of project Autopistas de la Montaña.</p>
<p>Enable leaders capable of addressing, inspiring, mobilizing, transforming and achieving results through their behavior and support.</p>	<p>Development of the training contribution program through others, aimed at executives with strategic and mobilizing roles, and coordinators with integrating role.</p>
<p>Align goals and mechanisms to promote superior performance.</p>	<p>Presentation of two proposals from the Directorate Human Resource Management and an outside consultant.</p>

PERFORMANCE INDICATORS

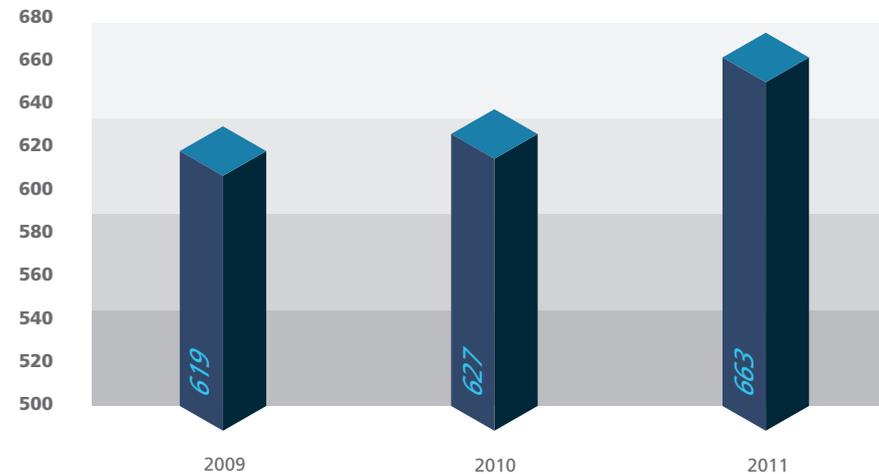
Continued from previous page

<p>Encourage employees to have balance between their personal lives and work activities.</p>	<p>Creating spaces that facilitate the physical and mental health of employees and their families, with the development of cultural, sporting, recreational and leisure activities, which are able to improve the lifestyle and healthy habits.</p>
<p>Comply with the work plan for ISO 14001 and OHSAS 18001 certification for Construction of Infrastructure Projects.</p>	<p>Development of diagnosis to determine the implications and effects on the implementation of ISO 14001 (Environment Management) and OHSAS 18001 (Management Industrial Safety and Occupational Health) on the business of Construction of Infrastructure Projects. As a result, the project team was formed and the implementation schedule of standards for 2012 and 2013 was prepared.</p>

**EMPLOYMENT AND HUMAN TALENT MANAGEMENT AT ISA**

At the end of 2011, ISA had a team of 663 employees, with an average age of 43.6 years and 14.9 years of service. Of the total, 5% are executive officers and 95% are non-executive officers.

No. OF EMPLOYEES

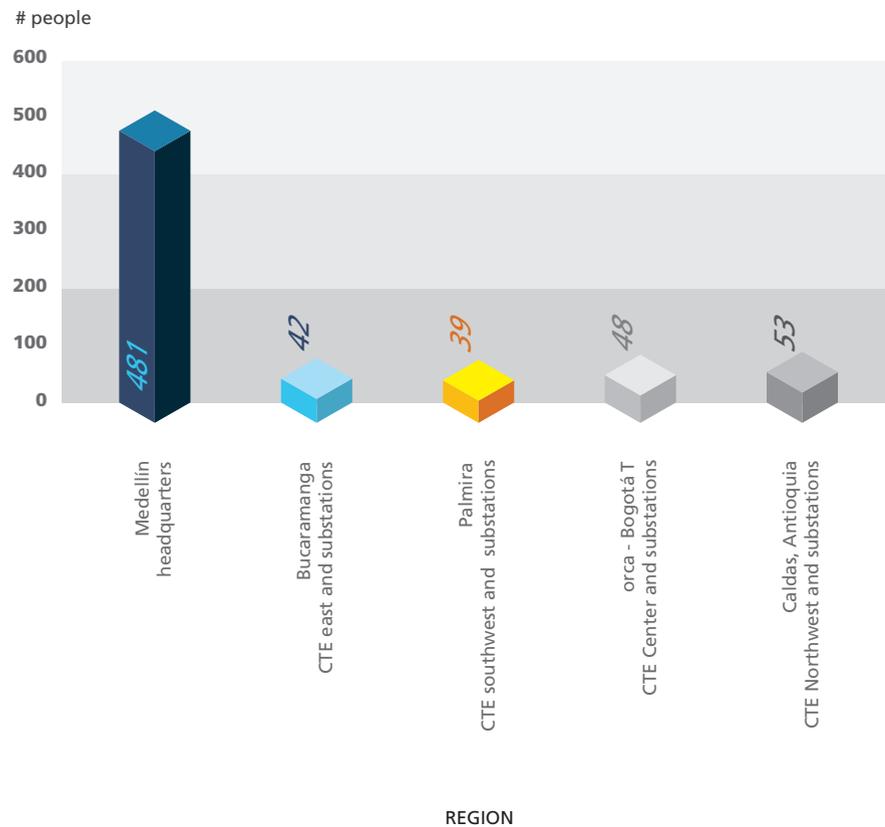


MENU ▲

PERFORMANCE INDICATORS

Of 663 employees, 73% work in Medellin and the remaining 27% is located in the Centers of Energy Transmission -CTE- in central, southwest, east and northwest of the country.

EMPLOYEE DISTRIBUTION BY REGION



During the year, 71 people joined ISA, 32% to the business and 68% to corporate areas; 37 employees left, three of whom were retired with pension<sup>6</sup>. Of the remaining 34, 30% belonged to the business and 70% to corporate areas.

Of 663 employees, 303 work as analysts, the most common position in the Organization. The distribution by positions is as follows:

	No. OF EMPLOYEES	% PARTICIPATION
Manager	8	1%
Sub-Manager	1	0%
Director	24	3%
Specialist	86	13%
Analyst	311	47%
Assistant	166	25%
Support	67	10%
General total	663	100%

<sup>6</sup> It refers to two retired people with seniority pension and the other with invalidity pension. The turnover rate will consider the two retired people.

PERFORMANCE INDICATORS

**COMPANY-WORKERS RELATIONSHIP**

The Company has two employment schemes: regular fixed and comprehensive salary; 81% of the plant belongs to the first regime and the remaining 19% belongs to the second.

**Regular fixed:** There are 536 employees 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 Covenant. Thus, the Company complies with Global Compact principle three which guarantees participation and freedom of association.

**Comprehensive salary:** There are 127 employees under this scheme, whose employment conditions are provided under individual agreements.

DISTRIBUTION OF EMPLOYEES PER REGIME					
			DISTRIBUTION BY GENDER		
REGIME	TYPE	NUMBER OF EMPLOYEES	M	F	%
<b>Comprehensive salary</b>		127	81	46	19.16%
<b>Regular fixed salary</b>	Collective Covenant	440	281	159	66.37%
	Collective bargaining agreement	96	85	11	14.48%
<b>Total</b>		<b>663</b>			

As for the term of employment, of 663 workers, 657 have an indefinite term contract (99.1%) and six have a fixed term contract (0.9%).

The following table registers the classification of workers per age and seniority in the company.

PERFORMANCE INDICATORS

AYEARS IN COMPANY								
AGE RANGE	MORE THAN 0 AND LESS THAN 5	MORE THAN 5 AND LESS THAN 10	MORE THAN 10 AND LESS THAN 15	MORE THAN 15 AND LESS THAN 20	MORE THAN 20 AND LESS THAN 25	MORE THAN 25 AND LESS THAN 30	MORE THAN 30	TOTAL
More than 20 and less than 25	8							8
More than 25 and less than 30	51							51
More than 30 and less than 35	71	14						85
More than 35 and less than 40	35	23	10	15				83
More than 40 and less than 45	18	12	19	35	10			94
More than 45 and less than 50	4	13	9	59	41	20	2	148
More than 50 and less than 55	4	5	2	18	16	45	45	135
more than 55		1		8	3	17	30	59
<b>Total</b>	<b>191</b>	<b>68</b>	<b>40</b>	<b>135</b>	<b>70</b>	<b>82</b>	<b>77</b>	<b>663</b>

## PERFORMANCE INDICATORS

As to gender, 33% (216 workers) are women, while from the total plant, 1% are women and hold management positions.

MEN		WOMEN	
Management	No. Management	Management	No. Management
4%	64%	1%	31%
67%		33%	

Of 33 people in management positions, 8 are women and 25 are men, and this assignment, since the recruitment, has no 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.

<sup>7</sup> The cited values are based on the Fixed Ordinary Regime.

DIRECTIVE OFFICERS	WOMEN	MEN	GENERAL TOTAL
<b>Managers</b>	3	5	8
<b>Directors</b>	5	20	25
<b>General total</b>	<b>8</b>	<b>25</b>	<b>33</b>

For filling vacancies in directive positions, potential successors are identified in ISA and its companies, and if necessary, a search is made in the market for candidates that fit the required profile. In ISA, 88.6% of executive officers have a successor ready to take office in less than two years.

The valuation methodology Hay is used at ISA and its companies, which takes into account three factors: acquaintance: knowledge and experience; thinking: problem-solving and acting: responsibility. Wage assignments are made in recognition of skills and performance and they are applied on equal terms to all employees, regardless of any discrimination by race, gender, religion and origin, among others.

Concerning wages, the minimum wage of ISA is COP 1,157,000 and its ratio to the legal minimum monthly wage -SMMLV- is 2.16 times above; likewise, the average wage is COP 3,204,487 and the ratio to the SMMLV is 5.98 times<sup>7</sup>.

PERFORMANCE INDICATORS

LABOR TURNOVER RATE

At the end of the period, ISA recorded 71 employees joining the company and 37 leaving the company, of which 2 were for retirement.

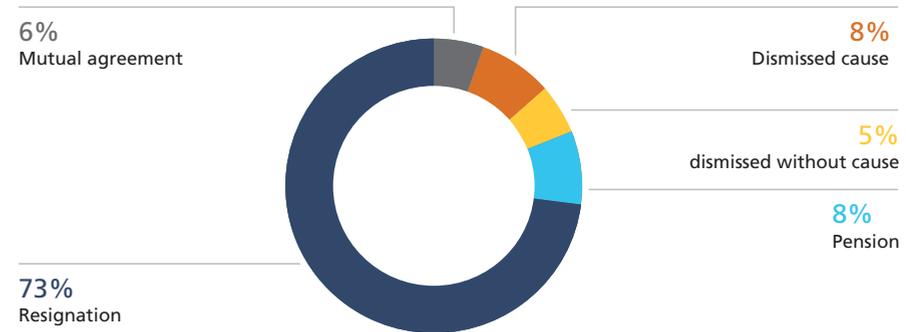
The number of people that left the plant was in average 5.75%, and 5.3% without pensions. Now, if the indicator is calculated as the percentage relationship between admissions and withdrawals with respect to the average number of employees of the year, the result is 8.38%. The following table shows this evolution and the comparison with the international benchmark.

YEAR	PEOPLE JOINING THE COMPANY	PEOPLE LEAVING THE COMPANY	TURNOVER	SARATOGA INSTITUTE BENCH-MARK*
2009	49	48	7.6%	6.30%
2010	45	35	6.36%	6.40%
2011	71	37	8.38%	6.40%

\* Companies with revenues of USD 300 to USD 700 million (annual).

73% people retired through resignation and 8% was dismissed with cause.

RETIREMENT CAUSES 2011



DEVELOPMENT AND TRAINING OF HUMAN TALENT

Human talent is highly qualified at ISA, a condition that stands as a hallmark of excellence.

DEVELOPMENT OF MANAGERIAL AND TECHNICAL TALENT

Performance and professional development assessment: participation program that includes actions aimed at developing technical and human skills. The participation of employees is determined by performance targets, which fall within the definition of strategic achievements expected in the assigned unit.

## PERFORMANCE INDICATORS

Performance management is one of the most important processes of participation of the Company. For this reason, in its stages of defining, monitoring and closure it requires for the performance leader to set a dialogue with the employee on issues such as how to develop the work, successes and failures, improvements to be made and prospects for personal development.

In the achievement of performance targets, under the category of excellent or very good, it scored 90%, corresponding to 505 people, out of 560 who completed the process. Regarding the achievement of development goals, under the category of excellent or very good, a score was obtained of 68%, corresponding to 379 people, out of 560.

**Talent mapping and succession planning:** This process focuses on developing internal talent as an alternative to external recruitment. It is applied to both management and technical level and promotes the dissemination of valuable skills to the Organization, which constitutes a retention tool for high-potential staff.

The activities and the balance of succession plans for executive and technical talent in ISA are:

**Talent management:** During the year, a conversation was held with the managers to strengthen the differentiating leadership, and the performance / potential matrix was updated, which result showed that 88.6% of managers have a successor prepared or being developed.

### ISA KEY POSITIONS (DIRECTIVE) WITH SUCCESSOR PREPARED ≤ 2 YEARS

ISA	No. OF MANAGERS	No. KEY POSITIONS (MANAGERS) WITH PREPARED SUCCESSOR ≤ 2 YEARS	No. SUCCESSORS FOR KEY POSITIONS (MANAGERS)	% DEFINED SUCCESSORS
	35	31	42	88.6

PERFORMANCE INDICATORS

**Technical talent:** The technical talent of ISA's business was identified, which initiative showed the following results:

ISA BUSINESS CRITICAL POSITIONS			
BUSINESS	No. OF CRITICAL POSITIONS	IDENTIFIED TECHNICAL TALENT NO. OF PEOPLE	PROPORTION
Energy Transmission	22	40	1.82
Infrastructure Projects	7	20	2.86

**Internships:** The program seeks to manage the technical knowledge of the business, through the learning and sharing of best practices between ISA and its companies, based on the strengthening of expertise and participation in research activities in the company and/or other entities or providers, to thus enhance the organizational learning curve. During the period, 13 internships were developed by affiliates and subsidiaries to ISA in Colombia as follows: CTEEP: nine; REP: two; ISA Bolivia: two.

**Hotbed of professionals:** This program is to identify, attract and early develop technical talent, in order to have qualified and suitable people who can eventually fill future vacancies for the maintenance and ope-

ration of the National Interconnected System and the Construction of Infrastructure Projects business.

In 2011, a group of six professionals under development started training in the hotbed of professionals program, a process that lasted nearly four months at the various Energy Transmission Centers -CTE- of the Company. The training takes place in different processes of energy transmission and infrastructure projects. Similarly, a group of five professionals under development completed their training and continued in the Company as analysts of the energy transport process.

PERFORMANCE INDICATORS

“Being in ISA has meant a lot for my personal and professional development. Through the process I had in the Organization, starting as an intern in the Energy Transportation Management, then as a development professional and now as an engineering analyst of lines for the Construction of Infrastructure Projects Management, I have been able to come across to different areas, approaches and insights that have enriched my comprehensive training and business knowledge. Being in ISA has allowed me to recognize the importance of teamwork, dedication and commitment as tools to achieve goals. This is why I am proud to belong to this Organization that each day contributes to my development”.

**Andrea Rendón Llanos.**

Line Engineering Analyst.



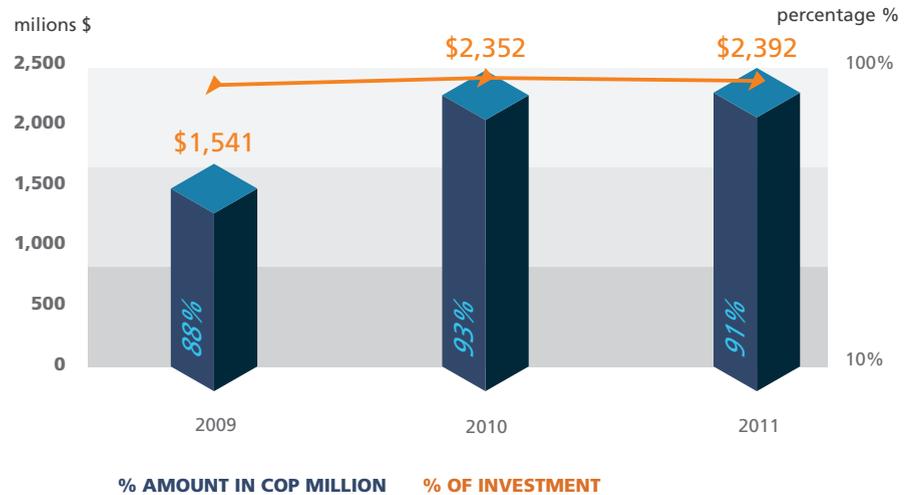
PERFORMANCE INDICATORS

**Students in practice and SENA interns:** In 2011, the student apprentice program continued, implemented under a contract of apprenticeship which allows students to join the Company to develop a work plan where their academic knowledge is applied to the reality of the Organization. During the period, 88 students developed their academic practice and 24 worked as SENA interns.

ORGANIZATIONAL LEARNING

The Company has diversified its investment in learning activities focused in three areas: technical, leadership and management. In 2011, investment in the various educational options were COP 2,392 million, for a total of 41,107 hours of training, equal to an average of 60.2 hours / man.

BUDGET EXECUTION PLAN AND % INVESTMENT



LEARNING ACTIONS AT THE TECHNICAL LINE

This action is focused on core knowledge, in the technical skills of the business, tools, systems and methodologies required. As part of this line, programs have been developed for different areas of the Organization, among which are:

**Qualification and certification of job skills:** : In order to operate and maintain the power grid with high levels of availability, reliability and quality, ISA has been implementing these types of programs that constitute a recognized practice in world-class companies to develop knowledge, skills and abilities in critical positions, incorporating the best internal and external standards and regulations established, helping to

## PERFORMANCE INDICATORS

develop human talent and excellent rigorous processes in compliance with good service.

The objective of this program is to prepare and qualify maintenance and operation personnel from the Energy Transmission business to reach higher performance and achieve technical excellence. This certification is used to formally recognize the ability of workers to play a productive role with the quality specified by a labor skill standard from the country or legal requirements or national or international standard that allows recognizing the level of competitiveness and technical expertise of workers and the Company.

Currently, the program for qualification and certification of labor competencies is developed in working at heights, work chiefs - safe maintenance, work with voltage, inductive equipment and operators from the Supervision and Maneuver Centre. At the end of 2011 there were:

- 143 people qualified as work chiefs.
- 16 in works with voltage
- 91 people certified for safe work at heights (advanced level).
- 75 people at the administrative level, trained to provide instructions from floor.
- Four job leaders certified in labor competency for safe maintenance.

**Toolkit for continuous improvement Lean Six Sigma – LSS-:** The measurement of culture and the need for continuous improvement

showed the importance of adopting tools to have simpler error-free (less complex) processes, and that also allow to have the ability to achieve expected results.

This initiative includes the participation of several subsidiaries and affiliates and during its implementation it has led to actual savings at ISA and its companies amounting to COP 1,235 million. Also, it has resulted in estimated potential savings of COP 3.8 billion for better use of resources and optimization of processes and jobs. Similarly, this methodology has permeated the culture and today, 226 workers working with the same.

Additionally, there have been 43 projects including mapping and replicas and it has a bank of 84 potential projects. ISA and its companies have 17 certified black belts and during 2012 there will be four to seven active belts for ISA and five and seven for affiliates, all in order to meet the current project bank.

During 2011, two candidates were trained as master black belt, through the certification program conducted at the Instituto Tecnológico de Monterrey in Mexico.

45 people were part of the program to be certified as green belts (54 hours) and as a result and the specific knowledge of the process, they may participate in the implementation of process improvement projects and problem-solving, using proven and structured tools that allow processes in the Organization to meet customer requirements and be more agile, flexible, reliable and clear.

## PERFORMANCE INDICATORS

“I had the opportunity to participate in various projects and working with people from different disciplines, which has allowed me having a very valuable learning experience and a more comprehensive view of different processes in the Organization. All this learning, experience and spaces for exposure are shaping what I can call a baggage of knowledge that has been very useful both in my professional and personal life. One of the experiences of greatest impact has been participating in the continuous improvement initiative Lean Six Sigma, which methodology changed my way of looking at problems and devising solutions. It is a methodology that has broad applicability, even for my personal life.”

### **Luz Elena Tamayo Villada**

Improvement Leader.

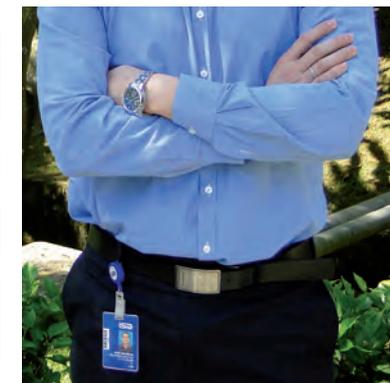
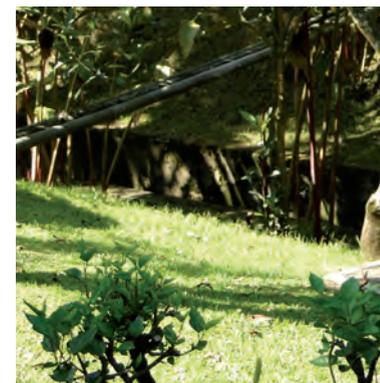


PERFORMANCE INDICATORS

“A little more than 6 years ago, I joined ISA, with 25 years of age and only a couple of years of experience in field work as Electrical Engineer. At that time I was just taking my first steps on the path of my development, both personally and professionally. Today, despite of working for a relatively short time, I managed to make great strides to achieve the goals I have outlined as a life project, and this has been thanks to the relationships, knowledge and experience that ISA’s dynamic scheme has allowed me to gain through various positions in which I had the opportunity to collaborate. Hand in hand with this, I can say that ISA has given me every opportunity and means to achieve important goals and stay on track to achieve many more”.

**José Mauricio Restrepo Sánchez**

Improvement Leader.



## PERFORMANCE INDICATORS

**Technical training:** In 2011, ISA conducted specific training on processes, responsibilities and tasks to be followed in all matters relating to safe work and protection in confined spaces, as well as rescue and saving techniques. Also, the Company increased knowledge among its employees on the protections of equipment and electrical systems and all activities related to the review, adjustment and coordination of electrical protection.

Re-training on switches is further highlighted, where issues were discussed around reliability-focused maintenance, lubrication, instrumentation, packaging, inspection, common failure modes, corrective actions and requirements of environment and occupational health.

**Environmental assessment course:** This training helped to understand the different methodologies for economic valuation “ex ante environmental impact” and learn the economic analyzes that can be developed from the evidence generated with valuation studies. The course lasted 40 hours and was attended by 20 people from the Management of Construction of Infrastructure Projects, Road Concessions Direction and the General Secretariat.

**Diploma in Corporate Finance:** Training designed to provide useful financial tools to optimize the analysis of alternatives and the making of strategic decisions. The course had an intensity of 90 hours and was attended by 25 employees of ISA, XM and INTERNEXA.

**Technical school for energy transmission project:** As a key element in the implementation of the technical learning curve, ISA advanced in 2011 in the design and implementation of the pilot training experience in protections for the energy transmission technical school, activity seeking to prepare and qualify personnel, contribute to continuous improvement and ensure the flow of processes, with a standard training, capable of achieving the objectives of rigor, excellence and operational safety.

### LEARNING ACTIONS AT THE DIRECTIVE LINE:

This initiative focuses on managerial knowledge, the contribution through others, the development of people, the development of the strategic vision and results orientation.

Three core programs were developed at this line, aimed at the directive officers and people with integrating roles:

PERFORMANCE INDICATORS

<p><b>Contributing through others program</b></p>	<p>The goal is to provide tools that help directive officers to consolidate in the challenges of being people managers and business managers. This, by addressing three main topics: developing perspective, guiding the result and directing and developing others. Its execution is the response to the continuous commitment to help strengthen the differentiating leadership role.</p> <p>Six modules of eight hours each were conducted, and attended by 70% of guests. The modules developed were:</p> <ul style="list-style-type: none"> <li>■ Environment of trust in a steering group (eight hours).</li> <li>■ Communication, relationship and conflict management (16 hours)-two sessions-</li> <li>■ Building recognition and motivation environments (eight hours).</li> <li>■ Protocol management session (eight hours).</li> <li>■ Performance and development at organizational cultures can be reconciled?</li> </ul> <p>Additionally, there were two personal coaching sessions for directive officers, to ensure learning and implementation of the tools covered in the program.</p>
<p><b>Program for development of integrating skills</b></p>	<p>It facilitates people with integrating role to generate spaces for development of skills that allow effectively managing activities in time, making decisions and handling difficult issues; empowering and teaching others, reaching a strategic view and having greater influence. Three modules were conducted, developed in 11 workshops, of eight hours in average and attended by 95% of guests.</p>
<p><b>Coaching</b></p>	<p>Action aimed at facilitating the process for the learning and transformation of people, from the premise that “everyone has the opportunity to expand the potential and achieve the goals they want.” There were 55 coaching sessions in 313 hours of work, 37 for directive officers and 18 coordinators.</p>

**LEARNING ACTIONS AT THE MANAGEMENT LINE**

They are focused on organizational knowledge, i.e., the range of skills required by all workers in ISA to enable their work.

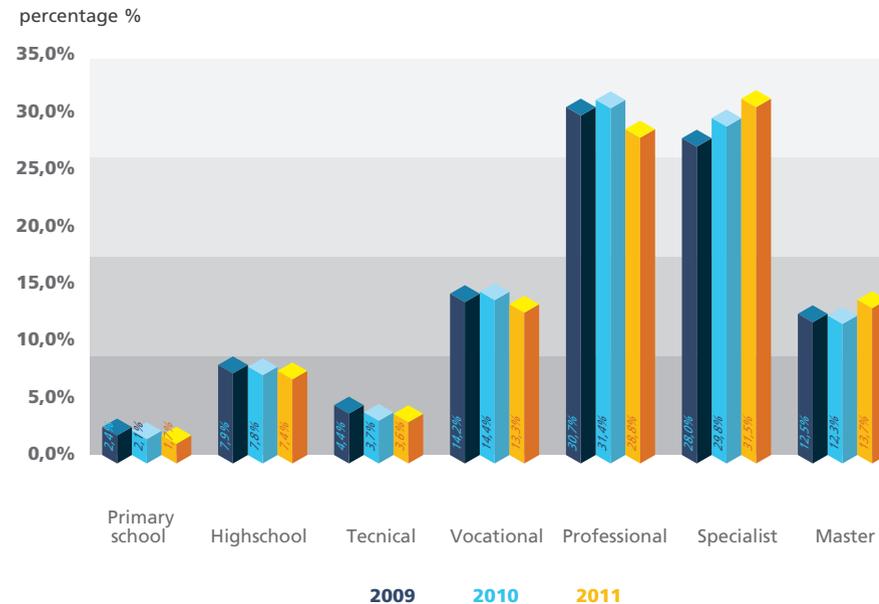
- **Induction and training:** It is aimed to develop the preparation of new employees to the Organization through an intensive program in which they become acquainted with the language, practices, values, rules and standards that facilitate their inclusion and socialization.

## PERFORMANCE INDICATORS

- Currently, 99 training plans are being executed and during the period, 71 people joined the Organization, 67 of which received induction in person, the remaining four will participate in the 2012 first induction. This process is also carried out by 88 students in practice and six SENA apprentices.
- **Sponsorship of postgraduate studies and specialized courses**  
COP 176,065,550 million for the sponsorship of eight specialized courses such as senior management, master black belt of Lean Six Sigma, CFO'S executive program, the CEOs management program and economic analysis of the electricity sector (energy integration in Latin America).
- In addition, COP 143,255,000 were invested for sponsorship of postgraduate courses, among which we can highlight the following:
  - 1 international MBA.
  - 1 earthquake resistant engineering specialization
  - 1 specialization in Management for Engineers.
  - 1 MBA.

During 2011, five people completed their graduate studies. In total, the amount invested for these sponsorships totaled COP 319,320,000, equal to 13% of budget spent on learning activities.

## LEVEL OF STUDY EVOLUTION



As a contribution additional to the development of the management line, the following programs were also executed:

- **Multipliers of knowledge:** As a support for knowledge transfer and seeking to maintain and preserve knowledge, ISA's network of knowledge multipliers began. In this sense, training was provided, focused on methods and practices of organizational learning, seeking to improve skills and broaden the knowledge of internal facilitators.

PERFORMANCE INDICATORS

- **Workshops:** Four workshops were held for facilitators of Lean Six Sigma, Integrated Management System and Qualification and certification. The program lasted 16 hours and involved 43 people.
- **Language Program:** Designed for acquiring and/or strengthening English or Portuguese for people requiring communication skills on such languages by reason of the position they hold.

LANGUAGE	STAFF	TOTAL	GROUPS
English	Directive Officers	15	0
	Workers	40	6
Portuguese	Directive Officers	7	0
	Workers	58	7
<b>Total workers 120 and 10.472 hours</b>			

This topic highlights the assistance provided by the Organization for workers to strengthen their language studies not covered in the Company's internal program. These studies are performed outside work hours.

No. PEOPLE	VALUE PAID	TOTAL HOURS
36	\$ 32,812,433.00	4.141

CULTURE AND IDENTITY AT COUNTRIES WHERE ISA OPERATES

In 2011, actions were developed that gave continuity to the plan for closing gaps of culture, which will enable the Organization to achieve the desired culture in 2016. The most prominent are:

- Development of guidelines for culture in countries where ISA and its companies have a presence: Colombia, Brazil, Chile, Peru and Bolivia, which contain detailed information on the culture, behaviors and characteristics of the country and people in the corporate and social environment; valuable information for those operating in such environments, since they provide a base knowledge that helps in decision-making.

## PERFORMANCE INDICATORS

- Identification of the progress of each of the companies in the different centers of culture and actions for implementation in 2012.

## SUPPORT TO DIRECTIVE OFFICERS IN THE INTEGRATED MANAGEMENT OF HUMAN TALENT

### TEAM INTERVENTIONS

They originate in critical situations detected in work teams through interaction in the supply and analysis of measurement results of the organizational climate, the feeling of the teams and directive officers, adjustments to working patterns and change management, among others.

During 2011 interventions and alignments were performed in 15 teams of the Organization: Centers of Transmission of Energy –CTE-, Integrated Business Management, Financial Resources, Accounting and Taxation, Information Technology, Corporate Audit, Strategic Planning and Logistics, among others.

The interventions, which were attended by about 280 people, mainly responded to the need for integration between areas for the strategic direction, the improvement of the organizational climate, the review of the internal working structure and processes, the strengthening of communication, teamwork and trust, among others.

### DISSEMINATION OF BUSINESS TOPICS

With this initiative, worked by ISA since 2008, directive officers report high-impact issues for business to their team members. Its development is carried out through face-deployment modules, allowing closer relations between leaders and their teams.

During the year, two issues were addressed, with the following results:

- **Strategic Direction:** It was in charge of the area managers, attended by 410 people (70%) and encompassed 12 sessions.
- **Integrated Management System:** It was conducted in 26 sessions, in charge of area directors and attended by approximately 450 people.

Additionally, a module was planned on the Code of Ethics, which was finally removed from the deployment environment and approached from a particular strategy that consisted of:

- Strategic Direction: It was in charge of the area managers, attended by 410 people (70%) and encompassed 12 sessions.
- Integrated Management System: It was conducted in 26 sessions, in charge of area directors and attended by approximately 450 people.

## TALENT ATTRACTION PROGRAM - TECHNICAL VISITS

ISA develops a series of actions aimed at attracting and retaining talent. In this regard, as part of attracting technical talent, specifically for electrical engineers, ten technical visits were coordinated in 2011, in which 228 students of Electrical engineering from four universities in the country: Universidad Pontificia Bolivariana Universidad Nacional - Medellin, Universidad de Antioquia and Universidad Tecnológica de Pereira –UTP, were invited and attended. The activity consists in sharing distinctive features and the purpose of the Energy Transmission business at ISA and visit the Center for Monitoring and Maneuvers.

Given the common interest and optimization of efforts and resources, ISA carries out this program together with other companies like XM and Empresas Públicas de Medellín –EPM–, and with Universidad Pontificia Bolivariana, Universidad Nacional – sede Medellín- and Universidad de Antioquia.

## EMPLOYEE SATISFACTION

In order to study the perceptions of employees in different aspects of the work in the Company, ISA performed the measurement of the organizational climate, which was attended by 95%. The assessment includes four dimensions:

- Commitment

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

17 factors are disaggregated within the dimensions, which factors measure, among others, autonomy, communication, benefits, workload, direction, satisfaction with the job, availability of resources, the immediate chief, commitment, remuneration, opportunities for development and equity in labor burdens.

The scale of result measurement is as follows:

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

The results obtained in 2011 were:

- **Commitment:** 80% of favorability. Referring to the readiness of the employees to meet the challenges of the Company, satisfaction with the work done, and identification with ISA's values. The result shows a clear strength.
- **Effectiveness of the Company:** 68% favorability. Referring to the satisfaction and pride of working at ISA; the quality of the guidance received with the plans, programs and projects developed by the

## PERFORMANCE INDICATORS

Company; the perception of the directive group and its activities; ISA's approach to innovation; and talent attraction and retention by the Company. In this dimension there are several factors considered as a clear strength (> 75%), including: direction and external image of the Company; moderate strength (> 50 and <75) are the aspects related to the perception of top management, the culture of innovation and attracting and retaining talent.

- **Individual Effectiveness:** 69% favorability. Referring to the aspects related to the availability and quality of resources, the perception of the immediate supervisor, cooperation and support that people believe they have to do their work and the autonomy to develop it. These factors are at moderate strength.
- **Effectiveness in recognition of the work:** 56% favorability. Referring to the recognition, compensation and benefits, and work load and balance, factors that are at moderate strength. The

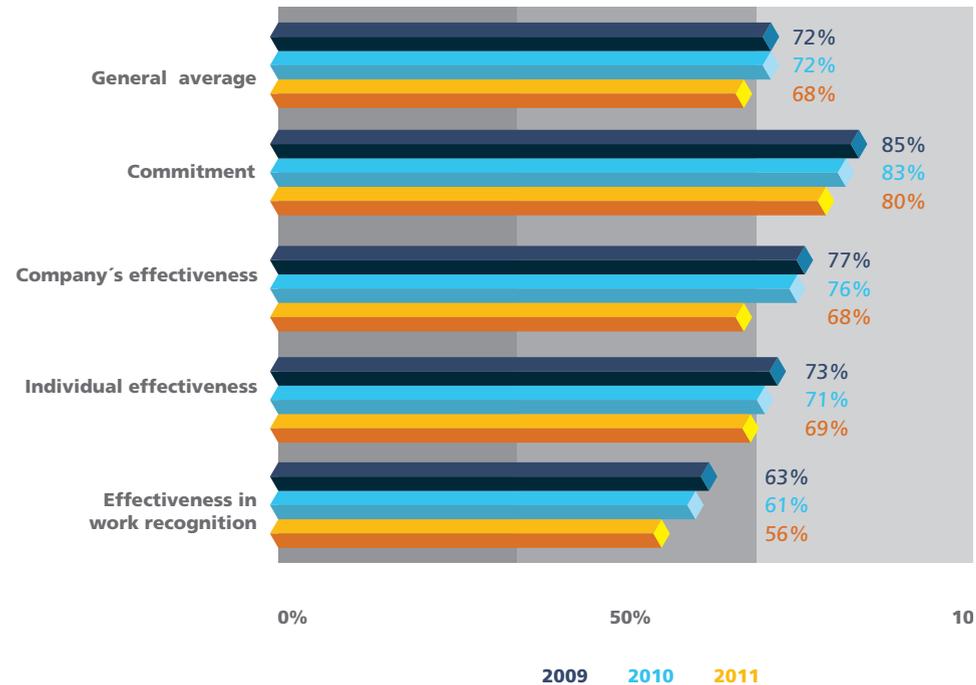
aspect, career development, is in opportunity for improvement (<50% favorability).

These results show that ISA recognizes as strengths: identification with the Company's values, direction, satisfaction with the job, the image they have of the Company and an overall commitment. As a moderate strength: the availability and quality of resources, the general perception of the immediate supervisors, cooperation and support, direction, career development, autonomy, recognition, compensation and benefits, work load and balance, and attracting and retaining talent.

To improve such critical aspects considered in the 2010 measurement, specific intervention programs were designed, associated with environment issues presented. The results of these interventions were quite positive, since most of the areas that were intervened showed improvement in individual values, according to the new measurement made on the third quarter of 2011.

PERFORMANCE INDICATORS

EVOLUTION OF THE ORGANIZATIONAL CLIMATE VARIABLES FAVORABILITY 2009, 2010 AND 2011 favorability percentage



## RECOGNITION TO WORKERS SALARY MOVEMENTS AND OTHERS

Besides the collective adjustments, ISA increases wages and salaries on an individual basis, taking into account the adjustment to the position and employee's development with the purpose of contributing to the retention, development and promotion of human talent, recognizing the performance of employees and keeping a high competitive and fair remuneration. In 2011, the Company made 77 salary movements, representing an increase above 90% with respect to 2010.

PERFORMANCE INDICATORS

SALARY MOVEMENTS						
YEAR	NO.	NO.	SALARY INCREASE AVERAGE	AMOUNT	WORKER ANNUAL SALARY INCREASE AVERAGE	AMOUNT
	EMPLOYEES	MOVEMENTS	(THOUSANDS)	(MILLIONS)	(THOUSANDS)	(MILLIONS)
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
2011	77	80	881.1	70.5	9,907.1	792.6

PROMOTIONS

Other way to give recognition to the Organization is through promotions. In 2011, ISA made 19 staff movements, which are specified in the following table:

FROM / TO	TOTAL MOVEMENTS
<b>From Jr. Assistant to Assistant</b>	0
<b>From assistant to analyst</b>	2
<b>From professional under development to analyst</b>	5
<b>From analyst to specialist</b>	4
<b>From analyst to director</b>	1
<b>From specialist to director</b>	3
<b>At the same job level</b>	4
<b>Total general</b>	<b>19</b>

## PERFORMANCE INDICATORS

### CALLS

In accordance with its principles, the Company provides equal opportunities to fill in vacancies, based on technical criteria that determine academic qualifications, experience, work performance and personal characteristics.

Also, ISA develops calls that allow individuals to review and identify the processes of their interest and appear voluntarily, if they meet the requirements and consider that the position contributes to their personal and professional development.

During the period, 26 calls were made to fill in 30 vacancies: one of them was filled in with an internal candidate, 22 with external and seven are in process.

### SOCIAL BENEFITS

The Organization is focused on activities that enable workers to develop their activities in a work environment that fosters their overall development from the human, social and labor aspects.

### BENEFITS OF OCCUPATIONAL HEALTH AND SAFETY

During 2011, the Company made investments of COP 7,262 million in health supplemental plans and aids for health expenses (extended to the family of the active and retired employees) and COP 1,441 million in medicines, first aid kits, vaccinations, occupational assessments for

admission (regular and for retirement), occupational health checks for executives, recreational programs, prevention programs and health promotion, personal protection elements and provision of supplies.

Similarly, to improve occupational risk management and keep employees in good health conditions, the Company developed the following actions:

- Program to protect from falls for work at height.
- Cardiovascular risk prevention program.
- Admission, periodical and retirement occupational assessment.
- Preventive medical assistance: vaccination against yellow fever and +H1N1.
- Laboratory tests, optometry, breast screening and Pap smear and nutritional assessment.
- Workshop on venomous snakebite and arthropods.
- Programs to foster sports and musculoskeletal injury prevention.
- Medical sport assessments.
- Health Fair and training courses.

## PERFORMANCE INDICATORS

- Psychological evaluations (stressful jobs, chiefs and work at heights).
- Epidemiological surveillance program on psychosocial risk factors.
- Electrical hazard Prevention Program.
- COPASOS National Meeting, attended by 22 representatives from across the country.
- Advice and support to the operation of COPASO.
- Family school: health preventive, cultural, educational and recreational activities.
- Wellness Programs for workers.

Similarly, institutional celebrations were developed that allowed a closer relationship: Secretary's Day, Eucharistic celebrations, anniversary luncheon, five-year ISA employee - 44 years, anniversary's formal and cultural event, cultural visits and sporting with family, Family Day, New Year's Eve Party, recreational vacations, Christmas fair, the Day of the Candles, among others.

Thematic conferences, cultural and harmonization courses, courses for family, cultural workshops, activities in the fitness center, domestic tournaments, musculoskeletal evaluations, physiotherapy care to family,

outpatient physical therapy, active breaks, physiotherapy accompaniment to activity, Christmas welcome, were also held.

In turn, for health promotion and prevention, medical-sports assessments and reassessments were made, as well as lectures on insomnia, migraine and position, dermatological consulting, oral hygiene, postural screening, alternative therapy and psychomotor plans, among others.

In addition, the Company granted the following additional benefits:

- Subsidies to health plans for retirees, active workers and their family groups.
- Aid for lenses.
- Health aid to all retirees and active workers with their family groups.
- Aids for death, birth and marriage.

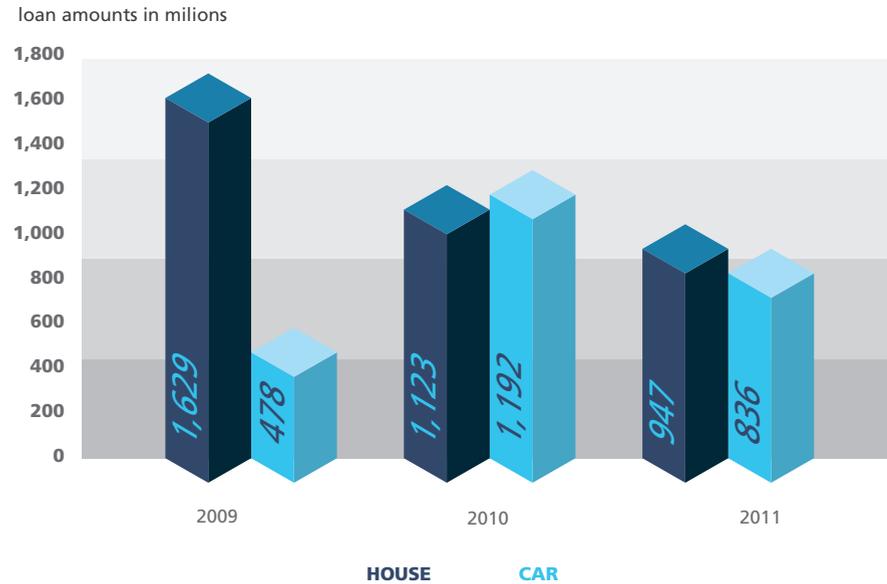
## HOUSING AND VEHICLE LOANS

During the period 129 housing loans were approved. Of this total 22 were disbursed, which amounted to COP 947,404,335.

Regarding vehicle loans, 45 were approved and 38 were disbursed, the latter were worth COP 835,757,000.

PERFORMANCE INDICATORS

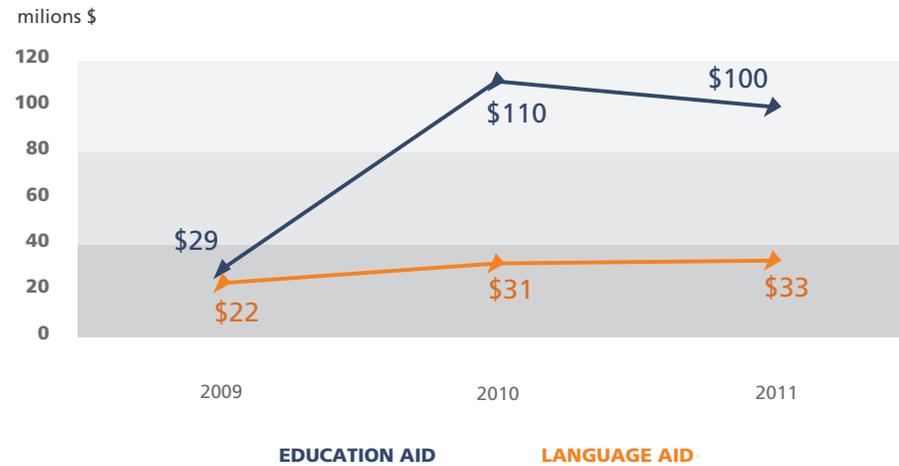
HOUSING AND VEHICLE LOANS 2009 - 2011



EDUCATION AND LANGUAGE AID

The Company invested COP 100 million in education aid that benefited 52 employees and COP 33 million in aid for languages for 36 employees.

SUMMARY PAYMENT EDUCATION - LANGUAGE AID 2009 - 2011



In addition, the Company made an investment on education aids for employees and retirees' children, as shown in the following table:

TYPE OF AID	No. OF AIDS	VALUE OF AID MILLION COP \$	BENEFITED
Education to employees' children	518	\$ 778, 04	302
Education to retirees' children	157	\$173,7	101

## PERFORMANCE INDICATORS

ISA encourages savings among its employees and to that effect in 2011 it made contributions worth COP 1,213 million, channeled through the Employees' Fund -FEISA. As consideration, the Company contributed 3% to employees who saved 4% of their regular salary and 1.9% for those employees earning comprehensive wages that saved 2.5% of their salary.

## NOMINATED INSTITUTIONAL FUND

Since 2009, the Organization has an institutional nominated fund through which it provides additional contributions for the pensions of workers who switched from the ordinary fixed regime ROF- to the Comprehensive Salary Regime -RSI. This initiative does not apply to promotions or appointments and is only for those employees who were encouraged to change the regime by offering.

The contribution is made in January of each year and has a horizon of 10 years per employee. 40 employees have joined the fund and four have withdrawn, leaving a total of 36 active members.

## OCCUPATIONAL SAFETY AND HEALTH

ISA has participation instances for the promotion, control and advice on health and safety, which watch over the preservation and care of the health of its employees. These instances include 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.

## JOINT COMMITTEE ON OCCUPATIONAL HEALTH -COPASO-

Method of participation of the Organization which aims to promote and monitor compliance with the rules and regulations set forth by the Company in occupational health.

There is a committee for the headquarters and one for each CTE, consisting of people who, in equal numbers, represent the Company and employees. Currently, the committees consist of 28 people in total.

The representatives of the employees are chosen among themselves, through voting in each seat, and the Company is responsible for naming their own. The president of COPASO for the headquarters is named by the Administrative Management and those of the CTE, by the respective director.

## EMERGENCY BRIGADE

In all venues and facilities, ISA developed different actions to strengthen performance on prevention schemes and attention of emergencies that include: training of emergency teams, installation of alarm systems, change of smoke detectors and security and emergency committee meetings. Also, it performed actions to articulate emergency plans with third parties and the adjustment of the emergency matrix.

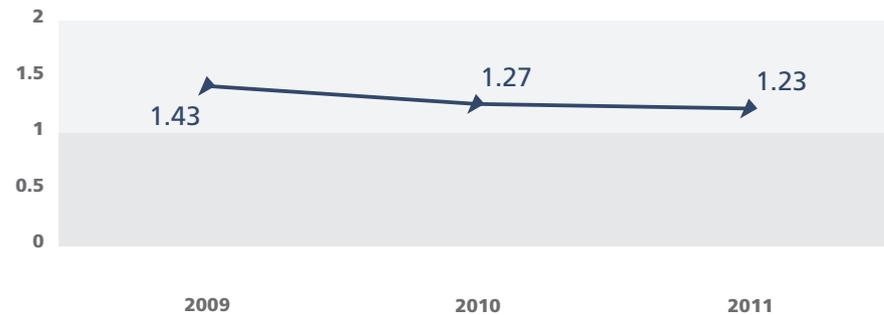
During the period, 39 drills were planned and executed at 34 ISA facilities, including virtual, partial and general.

PERFORMANCE INDICATORS

## ABSENTEEISM AND ACCIDENTS

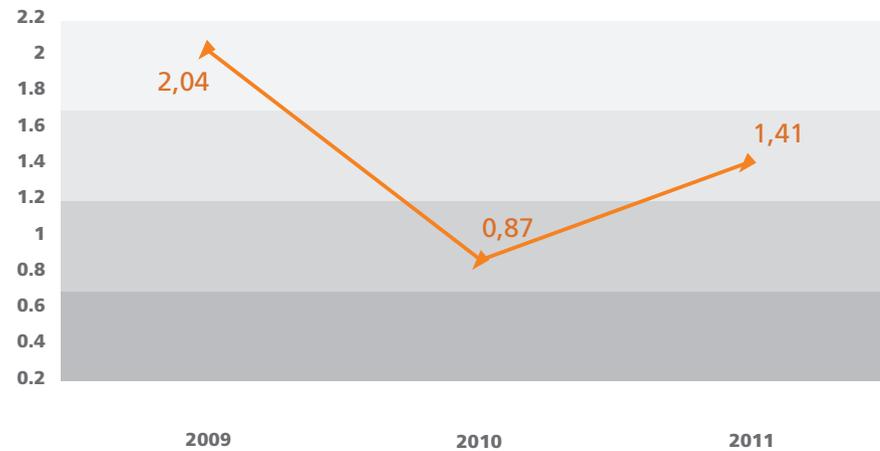
During the period there were 2,140 days of absence due to illness and accidents, which resulted in an annual absenteeism rate of 1.23% (0.04% less than in 2010).

ABSENTEEISM INDEX 2009 - 2011  
(WITHOUT PATERNITY OR MATERNITY LEAVE)



In turn, the accident rate increased from 0,87 in 2010 to 1.41 in 2011.

ACCIDENT RATE 2009 - 2011



The accident rate rose by two cases compared to 2010. Of the nine accidents occurred in 2011, four occurred in falls from their own height, generated by human factors associated with lack of attention. This phenomenon is still present with high frequency and low-seriousness, i.e., a few days lost by disability, despite the different internal campaigns deployed.

PERFORMANCE INDICATORS

## HUMAN RIGHTS IN THE ORGANIZATION

In 2011, ISA made a significant work to disseminate and socialize Human Rights among its employees. In this sense, it developed communications disseminated through the different internal communication means. In addition, it designed and published the online course “Empresa y Derechos Humanos”, which will continue in 2012.

**Participation and freedom of association:** The right of association recognizes freedom of every person to belong to or join an association (positive aspect) or the right of not belonging to or withdrawing from it at any time (negative aspect). This freedom is recognized as a fundamental right by the Constitution of Colombia, Article 38.

For its part, the right to organize or join trade unions, as a form of freedom of association, was expressly recognized as a fundamental right in Article 39 of the Constitution. It consists in the freedom of workers to form or join unions, organizations that promote and advance common interests arising from labor relations.

This right of union association implicitly involves other rights or guarantees such as the union immunity, union leaves and the ability to negotiate and sign collective bargaining agreements. The Company respects the right of association, in both its positive and negative aspects, and specifically the right of union association, with the implied warranties that this entails.

ISA closed 2011 with 663 employees, distributed as follows:

COLLECTIVE WORK RELATION	PEOPLE
Collective bargaining agreement	96
Comprehensive salary	127
Collective covenant	440
<b>TOTAL</b>	<b>663</b>

Both employment collective agreements, collective bargaining agreement and covenant, are autonomously and independently negotiated, according to the formalities provided by law; however their contents is similar as to economic aspects.

**Workers’ Union:** From all ISA workers, 96 are members to the National Union of Workers of Interconexión Eléctrica S.A. (Sindicato Nacional de Trabajadores de Interconexión Eléctrica S.A. –SINTRAISA–), the company’s union, with which ISA signed in 2006 a collective bargaining agreement that benefits unionized workers.

39 workers are members to the Union of Workers from the Electric Energy Companies of the Republic of Colombia (Sindicato de Trabajadores de Empresas de Energía Eléctrica de la República de Colombia –SINTRAENERGÍA–), an Industry Union.

## PERFORMANCE INDICATORS

84 workers are members to the Union of Workers from the Energy Industry (Sindicato de Trabajadores de la Industria Energética, SINTRAE), created in September 2009.

With SINTRAE and SINTRAENERGIA, the Company has not signed any collective bargaining agreement; notwithstanding the above, all employees of ISA associated SINTRAENERGÍA and SINTRAE are also associated with SINTRAISA and therefore benefit from the Collective Bargaining Agreement signed between ISA and SINTRAISA.

**Union permits:** In 2011, 927 remunerated union permits were granted to workers associated to SINTRAISA, distributed as follows: 523 for members of SINTRAISA's National Board of Directors, 282 for union actions, general permits and union training and a total of 122 permits for preparation of list of claims. 160 remunerated permits were granted to ISA's workers associated to SINTRAE. Such 927 permits for SINTRAISA and 160 permits to SINTRAE were granted on paid leave days.

**Union Immunities:** ISA recognizes the union immunities provided by the law to workers associated to SINTRAISA, SINTRAE and SINTRAENERGÍA.

No complaints or tutelas have been raised in 2011 against ISA from any unionized worker alleging dismissal or transfer or demoted in his working conditions, that could have union immunity and without having prior judicial authorization.

**Collective covenant:** Most employees of the Company have exercised their right of association by signing the collective labor covenant for 2005-2010, which is being extended as it was in effect until December 31st, 2010.

In 2011 the beneficiaries of the collective covenant and the Company, through its representatives, participated in an approach panel, which main objective was to pool the interests of both parties about a possible negotiation of the collective covenant.

The meetings taking place between June and November, allowed to know the approach and expectations that each party has on issues related to fringe benefits under the collective covenant in force. This allowed having an opportunity of analysis that would find common ground approach.

The deadline agreed upon expired on November 25, 2011 and therefore concluded the approach panel, after having explored, analyzed and discussed the topics proposed. Upon completion of the process, the parties confirmed their interest in strengthening the relationship, keeping an open and ongoing dialogue that allows listening and analyzing the cases and/or situations that require joint work in search of a mutually beneficial solution.

## PERFORMANCE INDICATORS

Similarly, ISA invited the union representatives to join the approach panel; however, there was no pronouncement from them which prevented this initiative to materialize.

In 2011, four tutelas were raised against ISA, all were decided in favor of the Company in the first and second instance; likewise, there was a complaint decided in favor of ISA in the first and second instance and it is pending of a cassation.

**Activities and measures taken to help eliminate the risk of child exploitation:** ISA, as guarantor of the ILO conventions, the Universal Declaration of Human Rights and the Universal Declaration on the Rights of the Child, hires only citizens of age as direct labor and does not include child population in its payroll. This decision prevents any situations of eventual child exploitation.

**Activities that promote the elimination of discrimination in employment and occupation:** Through its Code of Ethics, ISA expresses its commitment to provide equal opportunities to workers, customers, suppliers and people in general, regardless of race, religion, sex, marital status, age, nationality, social status or political ideology. During the reporting period no complaints, claims or charges related to discrimination were known to be raised.

In accordance with its principles and the provisions under the Human Resources policy, ISA's selection process provides equal opportunities to

fill in vacancies, and is based on purely technical criteria under academic qualifications, experience, job performance and personal characteristics of applicants.

**Operations identified as bearing a significant risk for incidents of forced or compulsory labor and measures taken to contribute to their elimination:** at ISA there are no conditions of forced labor, neither ordered nor consented, in any of the positions defined in the organizational structure.

ISA manages and controls the risks associated with its activity, in order to avoid affecting workers' health. This management is performed from the overview of risk factors managed by the area of occupational health.

**Human Rights Training:** ISA introduced in December 2011 the awareness campaign on Human Rights, in order to provide basic knowledge on the Rights, their significance from the experience held as a member of society, from the actions related to the business world, the potential effects of their infringement, and the great benefits involved with proper promotion. This strategy is directed to all ISA employees and in 2012 it will be extended to service providers.

As part of the induction process and training provided by ISA to its staff, it has built a module oriented to socio-political risk management, which includes its commitment to promote and respect Human Rights, not

PERFORMANCE INDICATORS

acting as an accomplice in their violation, act against all forms of corruption, including extortion and kidnapping, and strengthen the dissemination and application of principles 1, 2 and 10 of the Global Compact. Similarly, the Company socializes among its employees such defined mechanisms and procedures for conducting due diligence in case of known situations of human rights violations. These commitments are also included in inductions for contractors involved in construction and maintenance of infrastructure projects. The training made to chiefs of work was attended by 17 people, while the induction process was attended by 39 employees.

Currently 60% of the staff managing socio-political risks that directly intervene in the company's security are attending an online course in Human Rights and International Humanitarian Law-IHL, guided by the School of Human Rights and International Humanitarian of the National Army.



PERFORMANCE INDICATORS

SOCIETY	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
<p>To respect Human Rights, provide efficient and quality services, provide timely information of public interest and contribute to a sustainable development and social welfare.</p> <p>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.</p> <p>Currently, ISA is present, with its infrastructure, in 334 municipalities, located in 21 departments of the central, southwestern, northwestern and northern regions of the country</p>	<p>To articulate and manage relations with the society stakeholder.</p>
LINES OF ACTION	2012 CHALLENGES
<ul style="list-style-type: none"> <li>■ Institutional Strengthening</li> <li>■ Contribution to poverty reduction.</li> <li>■ Support to the improvement in the quality of education, research and development.</li> <li>■ Human rights.</li> <li>■ Support to the climatic change performance.</li> <li>■ Communication.</li> <li>■ Environmental education.</li> <li>■ Volunteering.</li> </ul>	<p>To strengthen the implementation of the social and environmental management model at ISA and its companies.</p> <p>To strengthen the social management in the life cycle of assets.</p> <p>Consolidate the use of the Territorial Observatory of the grid as a tool of knowledge on the surrounding and management of alerts regarding Human Rights.</p>

The challenges posed in 2011 to manage stakeholder society show a major advance in the knowledge gained by the Organization on the environment of this stakeholder, thanks to the implementation of a new tool created by ISA, called territorial observatory of the grid, which allows to develop systematic processes of analysis and management of

environment dynamics where the Company's current and future business is conducted, from the environmental, social, property and planning – maintenance subsystems. This observatory yielded information relevant to decision-making inherent to the operation of ISA's grids in Colombia.

**PERFORMANCE INDICATORS**

The social subsystem, which was first implemented in 2011, has structural and situational information, the first based on demographic, socioeconomic, political, social and cultural data of the social environment, and the second that results from the monitoring of the relevant facts relating to the conflict that might affect the operation. Analysis of this information guides relevant decisions on corporate management in areas such as the prioritization of territorial presence, the investment of resources and qualification of social and environmental programs.

During 2011 the social module of the Observatory made available to interested parties the information for 399 municipalities in which ISA is present through its business. Additionally, it provided the big picture and the events taking place in the territory that could affect the operating environment and resources of the Company, especially reputation.

During this same period, the system reported 138 events related to situations resulting from the armed conflict, expressed in population displacement, threats to government officials or community leaders, assassination of leaders and social movements, among others. It also recorded seven events that potentially could affect business reputation, caused by information on such business conducted by the Company in certain regions, wrongly managed by communities.

For 2012, ISA has raised the challenge of deepening into the analysis of the socio-political situation as a management measure of risks that could impact business.

**SOCIAL INVESTMENT**

ISA improves its involvement in the social dimension through partnerships with other key players in the territory through which it is able to maximize the benefits of investment, develop skills, and design an effective management that responds to the need of building an environment that legitimizes and makes business viable and contributes to favorable changes in society. This decision derives upon the Company's awareness on the high social and political complexities presented by the environment in which it conducts its business, which should be very clear at the time of planning.

SOCIAL INVESTMENT 2011	
PROGRAM	MILLIONS OF COP
<b>ISA Región</b>	1,951,957,500
<b>Coexistence and solidarity</b>	634,721,502
<b>Communication, culture and society and support to quality of education</b>	1,408,318,050
<b>ISA Scholarship</b>	226,251.81
<b>TOTAL INVESTMENT</b>	<b>3,995,223,304</b>

## PERFORMANCE INDICATORS

This investment responds to the fulfillment of the commitments with stakeholder society and is in accord with the Corporate Social Responsibility model.

### SOCIAL EFFECTIVE INDICATORS

To measure the effectiveness of corporate management, ISA has territorial prioritization and leverage indicators, through which it evaluates the level of presence in the territory, the continuity and viability of projects and resource management with its partners.

**Territorial Prioritization:** ISA's territorial targeting in 2011 was based on the Territorial Observatory of the Grid, an instrument that allows learning the socio-political and economic conditions endured by the municipalities of the area of influence of the projects developed by the Company and the situations or events that might specifically affect it, either because of the operation or the surrounding.

Thus, the combination of data obtained from the observatory and the dynamics of ISA's business, allowed the construction of four criteria for territorial focus and prioritization of investment:

- Strategic Interest of ISA, its companies and businesses.
- Viability index of the municipalities where it is present: it identifies structural data reported by government agencies, local and international, on the socio-economic, political and cultural conditions of the sites; it contains information on quality of life, education, public administration, health, economy, Human Rights, armed conflict, presence of illicit crops and climate change.
- Installed capacity / allies.
- Cyclical events, social or environmental, which have severely affected sites, creating situations of vulnerability.

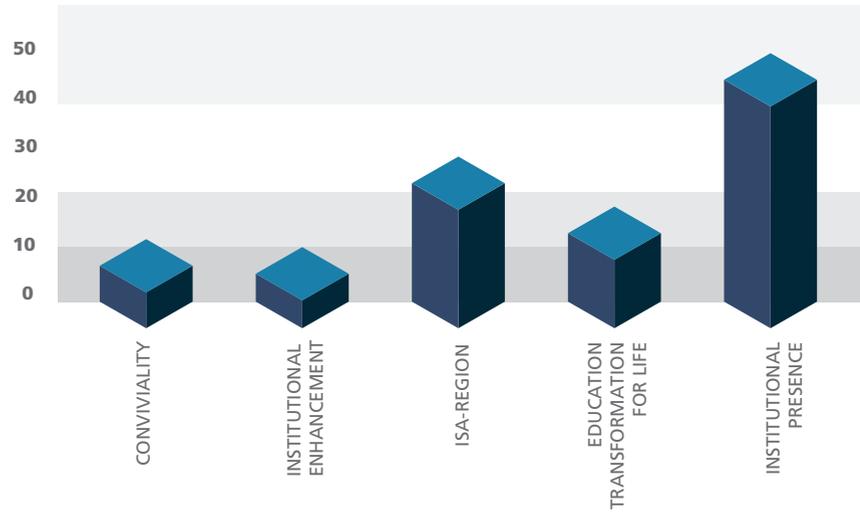
In 2011, ISA increased investment and territorial presence, from 28 to 50 municipalities served, thanks to the implementation of the four criteria for territorial targeting. During the period, social programs reached 100% coverage in all 50 municipalities prioritized for direct investment.

PERFORMANCE INDICATORS

MUNICIPALITY	DEPARTMENT	MUNICIPALITY	DEPARTMENT
<b>Puerto Libertador</b>	Córdoba	<b>Arroyohondo</b>	Bolívar
<b>El Carmen De Bolívar</b>	Bolívar	<b>San Jacinto</b>	Bolívar
<b>Guachené</b>	Cauca	<b>Calamar</b>	Bolívar
<b>San Cristóbal</b>	Bolívar	<b>Caldono</b>	Cauca
<b>San Estanislao</b>	Bolívar	<b>Campamento</b>	Antioquia
<b>El Guamo</b>	Bolívar	<b>Tierralta</b>	Córdoba
<b>Santa Rosa</b>	Bolívar	<b>Valencia</b>	Córdoba
<b>Cáceres</b>	Antioquia	<b>González</b>	Cesar
<b>Villanueva</b>	Santander	<b>Valdivia</b>	Antioquia
<b>Zaragoza</b>	Antioquia	<b>Acandí</b>	Chocó
<b>Turbo</b>	Antioquia	<b>Sabanas De San Ángel</b>	Magdalena
<b>Soplaviento</b>	Bolívar	<b>Tarazá</b>	Antioquia
<b>Mercaderes</b>	Cauca	<b>Topaipi</b>	Cundinamarca
<b>Manatí</b>	Atlántico	<b>Pueblo Nuevo</b>	Córdoba
<b>Cerro San Antonio</b>	Magdalena	<b>El Piñón</b>	Magdalena
<b>Buenavista</b>	Córdoba	<b>Planeta Rica</b>	Córdoba
<b>Páez</b>	Cauca	<b>San Juan Nepomuceno</b>	Bolívar
<b>Inzá</b>	Cauca	<b>Unguía</b>	Chocó
<b>Bolívar</b>	Santander	<b>La Esperanza</b>	Norte De Santander
<b>Cajibío</b>	Cauca	<b>Gámbita</b>	Santander
<b>Totoró</b>	Cauca	<b>Chiriguaná</b>	Cesar
<b>Vergara</b>	Cundinamarca	<b>Caucasia</b>	Antioquia
<b>Campo De La Cruz</b>	Atlántico	<b>San Rafael</b>	Antioquia
<b>Santa Lucía</b>	Atlántico	<b>Cartagena</b>	Bolívar
<b>Montelíbano</b>	Córdoba	<b>San Carlos</b>	Antioquia

PERFORMANCE INDICATORS

PARTICIPATION OF PROGRAMS IN PRIORITY MUNICIPALITIES

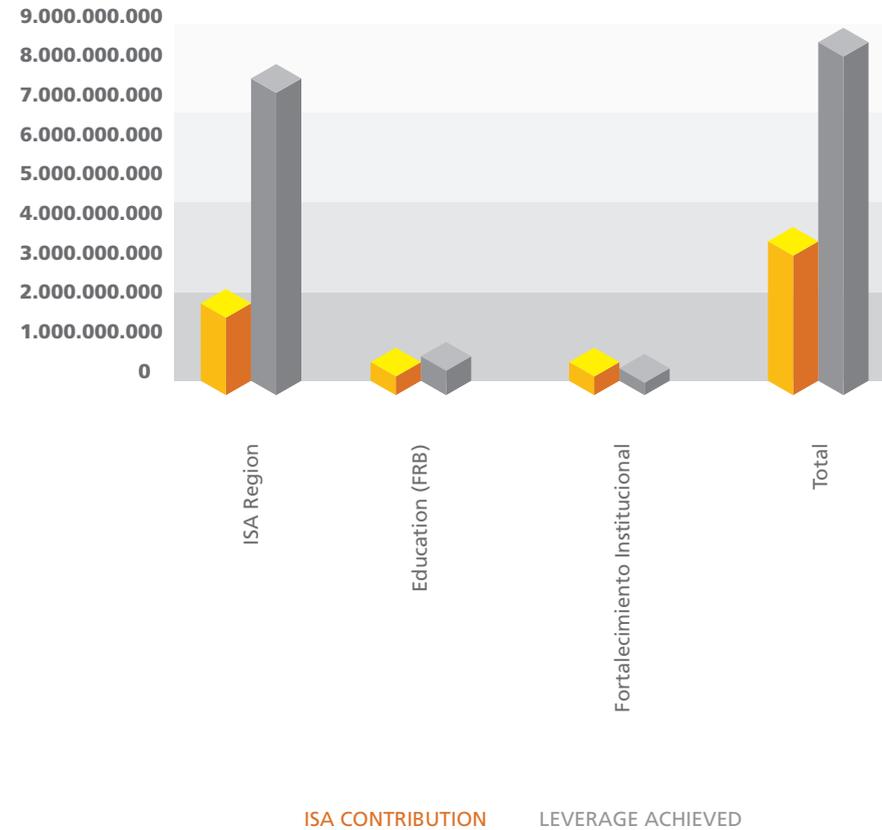


ECONOMIC LEVERAGE INDICATOR

It refers to economic leverage performed by strategic partners engaged in the localities through which it ensures continuity and sustainability of projects in which ISA invests.

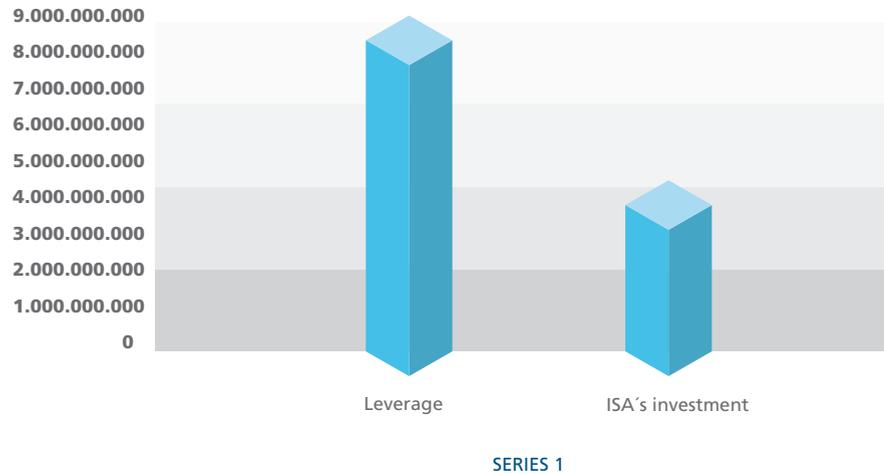
For the corporate management of 2011, ISA through its strategic partners, local authorities, international cooperation agencies and partner companies, leverage COP 18,222,005,046. The leverage indicator at year-end was 122%.

LEVERAGE



PERFORMANCE INDICATORS

ECONOMIC LEVERAGE 2011



It is worth noting that the United Nations Program for Development, UNDP made a contribution of COP 9,672,903,000 for the agreement of acceleration of the Millennium Development Goals, a figure which was not considered for this indicator.

COMPLIANCE WITH COMMITMENTS

RESPECT HUMAN RIGHTS

ISA understands Human Rights as moral, undeniable and universal attributes inherent in each person. For which reason, ISA considers respect for them as a moral and ethical imperative ratified in corporate policies, daily activities, active participation in local, regional and national debate, the establishment of agreements for action (Mining and Energy Committee on Security and Human Rights of the Vice President of the Re-

public of Colombia), and the signing of international agreements such as the Global Compact.

ISA manages Human Rights in its sphere of influence, taking internal measures that allow their respect, not being an accomplice to their violation, and promoting these same initiatives in its value chain and communities.

In 2011 ISA's Corporate Committee participated in actions resulting from the line of work that the Organization has been performing in the field of Human Rights, which were grounded in the methodologies recommended by the Global Compact. In this regard:

- A diagnosis of vulnerability was conducted in each stage of the Energy Transmission business, identifying priority actions.
- Specific functions were assigned to internal staff to promote Human Rights issues within the organization.
- The Declaration of Commitment on Human Rights was prepared, and published at the Company's website. For its specific implementation, it was necessary amending the contracting forms used with service providers.
- Regarding the due diligence issue, it was possible to consolidate structural and situational platforms of the social observatory as a module of

## PERFORMANCE INDICATORS

the Territorial Observatory of the Grid, which includes monitoring and analysis on Human Rights.

- There were two specific studies performed on socio-political risks for Autopistas de la Montaña project and Interconexión Eléctrica Colombia - Panama. Additionally, the structuring of a training plan for employees was commenced.
- The monitoring of complaints on violation of Human Rights began through the ethical line.
- Promotion actions continued within communities.
- The socio-political risk program continued for the Energy Transmission business.

It is worth highlighting that in 2011 there were no events of violation of human rights caused or facilitated in development of ISA's Energy Transmission business.

In order to fulfill the commitment with Human Rights, the following key actions were performed under the social management:

**Promoting Human Rights through the Educational Transformation for Life:** Actions were implemented for education and promotion of children's rights that help preventing child labor and recruitment

in areas of conflict. The initiative was extended to 764 teachers and 20,242 children and youngsters.

**Promoting Human Rights through peace and development programs:** Social processes continued to allow promoting awareness and respect for Human Rights in the territories in which the Company operates, and support their recovery among such communities that have been affected. The initiative was articulated under the Peace and Human Rights line of these Programs and relied on ISA's support.

In 2011, the Peace and Development Programs performed three types of measures to promote the exercise of Human Rights and their enforcement by vulnerable populations:

- **Training events:** 112 workshops were conducted with the participation of 860 people, of whom 60% are youngsters. Their content was related to the concept of rights, enforcement mechanisms, respect and restitution.
- **Meetings and regional forums around the promotion of Human Rights:** This initiative coordinated with two Peace and Development Programs, which included the participation of 1,684 people in the regions of Central Magdalena, Lower Magdalena, Cordoba and Uraba. The meetings allowed the positioning and visibility of the issue in the regions, the exchange of experience and awareness of all people on their respect and experience.

## PERFORMANCE INDICATORS

- **Development of outreach materials and working methods in Human Rights:** All programs supported by ISA worked on the development of educational materials on Human Rights, used to disseminate, promote and raise awareness among residents of different regions.

As part of its commitment to promote Human Rights, it is worth highlighting the work of the Central Magdalena Development and Peace Program, which materialized, during the period, the participation of 620 young people in sub regional discussion panels, under which awareness was raised and tools were acquired to enforce their rights from the formation as active citizens.

Likewise, the Peace and Development Program of Cordoba and Uraba, which started its intervention in the territory in 2010, has been promoting humanitarian and Human Rights missions shaped by international cooperation agencies, in order to publicize the plight of violations suffered by the inhabitants of the region caused by the action of illegal armed groups.

The Development and Peace Program of the Lower Magdalena is also highlighted, which began implementing a comprehensive citizenship school for leaders, focused on Human Rights.

### SOLIDARITY ACTIONS

Besides supporting Human Rights processes, ISA's social management leverages specific actions that help overcoming severe situations cau-

sed by natural disasters or violent actions of illegal armed groups. In 2011, specific support was provided to the Municipality of El Penol, Department of Nariño, in the recovery of a road that was destroyed by the severe rainy season, allowing the communities to access to food, education and health.

Also, a donation was made to the Municipality of Guadalupe, Department of Antioquia, to repair a road and improve an aqueduct that benefits three villages whose population was affected by the blowup of energy towers.

### PROVIDE SERVICES WITH QUALITY AND EFFICIENCY

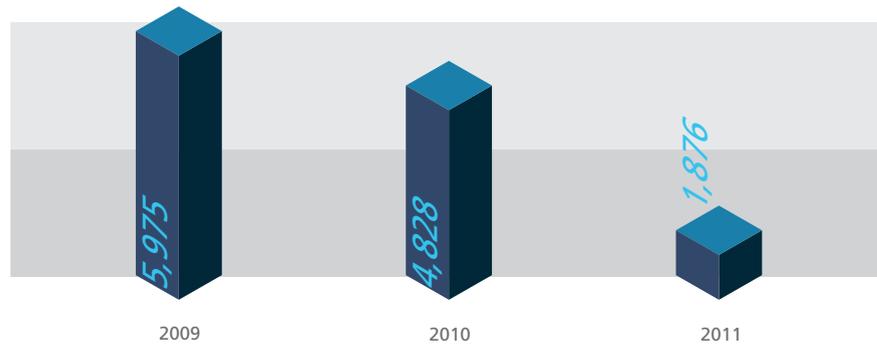
The services provided by ISA are associated with quality of life, economic development and institutional stability. For this reason, and in compliance with its corporate purpose, the Company complies with the responsibility of providing them with quality, efficiency and timeliness.

**Energy Not Supplied -ENS-:** Energy Not Supplied to the NIS was 1,876 MWh, a figure that is below the target for the year (6,895 MWh). The indicator result is due to causes attributable to the Company and does not consider the attacks. 78.2% of the ENS was caused by scheduled maintenance activities and coordinated with affected customers. This result corresponds to an optimal system operation, as only 0.003% of the total demand of the SIN (57,150 GWh) corresponded to ENS.

PERFORMANCE INDICATORS

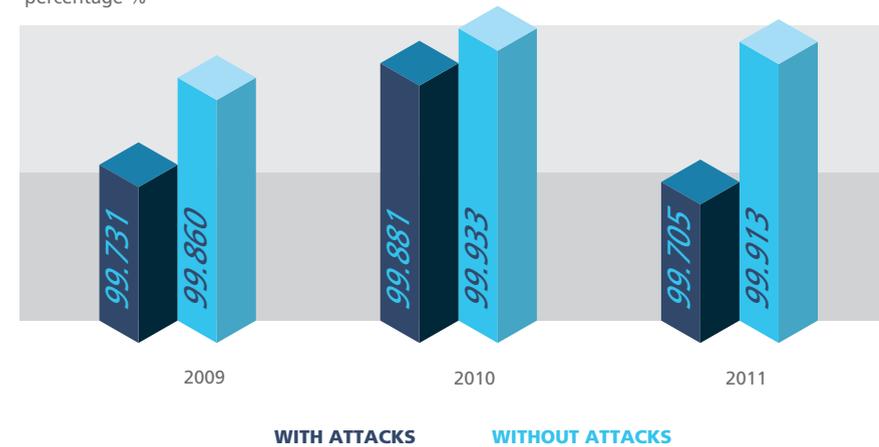
ENERGY NOT PROVIDED-ENS-

MWh



AVAILABILITY OF TRANSMISSION GRID

percentage %



**Availability of transmission grid:** The total average availability for all ISA assets was 99.913%, a figure that exceeds the goal fixed by the Energy Regulatory Commission and Gas, CREG, which was 99.881%.

**Attacks to electricity infrastructure:** During the year, 58 towers of ISA's grid were downed, 36 more than in 2010. Of these, 36 were affected in the Department of Antioquia, 15 in the Department of Arauca and the rest in the departments of La Guajira and Norte de Santander.

MENU ▲

PERFORMANCE INDICATORS

AFFECTED TOWERS IN SIN



With strong support from the National Government, law enforcement agencies and electricity utility companies, ISA carried out the work necessary to ensure service availability. At the end of 2011, 98% of ISA's infrastructure affected by attacks, was recovered.

The average time of recovery of affected structures was 21.8 days per tower, similar to 20.9 days in 2010, representing a significant increase compared to the average achieved in recent years (5.9 in 2009 and 6.73 in 2008) . This was due to public order difficulties that hindered access to the collapsed tower sites in the circuit Porce - Cerromatoso at 500 kV, Department of Antioquia.



MENU ▲



## PERFORMANCE INDICATORS

### PROVIDE TIMELY PUBLIC-INTEREST INFORMATION

ISA continued producing guidelines that allow the development of standardized and consistent communication processes to facilitate the understanding of its nature and its businesses among the stakeholders and that revitalize the production of public interest information. In this sense, in 2011 it adopted the basic guidelines for presenting ISA's fourth competence, which includes XM's new business lines, advanced in defining guidelines for the Road Concessions business, built a document that extends the dissemination on the parent company's corporate issues to ISA companies' speakers, and established the kind of presence that ISA brand should have in social networks.

Also, work began formally on communicating with different stakeholders from the point of view of reputation management, understood as the public perceptions about a company. The management of these perceptions can strengthen the relationship with the public so as to increase the supportive behaviors toward the company.

To give continuity to the formerly structured positioning campaigns, and better communicate to the general public what does ISA engage in, the

positioning campaign in 2011 sought to better explain the businesses, create more closeness and increase knowledge about the Company.

As for the dissemination of information related to the provision of energy transport service, it is worth noting that the power outages scheduled for maintenance were timely informed to those affected. And when the suspension of the service was caused by attacks, ISA kept available and updated information on its Website [www.isa.com.co](http://www.isa.com.co) as considered a matter of public record.

### COMMUNICATION, CULTURE AND SOCIETY

In the line of communication, spaces for mutual recognition are strengthened between the Company, society and the State at local and regional levels. During 2011, this management showed the following results:

- **Communication with communities in the area of influence of the assets:** provide clear and timely information on the impacts of the construction and operation of utility infrastructure to the communities surrounding ISA's infrastructure, the following actions were performed:

PERFORMANCE INDICATORS

<p><b>ISA Connects Regions</b></p>	<p>With radio program ISA Connects Regions, 216 municipalities were reached. 35 broadcasting stations, mostly from the community, transmitted 1260 programs referred to good practices with infrastructure and the environment and actions performed under ISA's social management programs, among others.</p> <p>10 indigenous broadcasting stations from Cauca joined this initiative, which stations started to broadcast the program in the region.</p>
<p><b>Relations with property owners and maintenance of easements</b></p>	<p>Through the campaign "for your safety, think on prevention", impact was achieved on 360 municipalities in the country. The campaign included brochures, posters, pocket calendars and magnets for public administrations to be replicated in their communities, containing messages associated to a safe coexistence with electric infrastructure and expressly inviting to contact the Company through ethics line 018000 941 341, the website <a href="http://www.isa.com.co">www.isa.com.co</a> and corporate mail <a href="mailto:isa@isa.com.co">isa@isa.com.co</a>.</p> <p>To improve the relationship with owners, an online course and a video were created for ISA's proper relationship with its neighbors, aimed at those responsible for the maintenance of the easements. The step-by-step and the requirements in the technical, environmental, health and safety fields were presented. These papers promote among partners and suppliers people's respect for their surrounding.</p>




## Manejo de servidumbres en los mantenimientos

Isael Torres



El proyecto Lean Six Sigma de 2010 «[Aumentar la eficacia y eficiencia de la gestión de predios y servidumbres](#)» lanzó recientemente el curso virtual [Manejo de Servidumbres en los Mantenimientos](#), el cual demuestra el paso a paso de una ejecución de mantenimiento de servidumbre exitosa, realizada por un personaje llamado Isael Torres y su equipo.

El curso virtual realiza un acercamiento a las acciones que deben ser ejecutadas y promovidas por el personal de líneas, las cuales califican su asertividad y manejo de situaciones en la zona de servidumbres.

Como complemento a esta iniciativa y con el fin de afianzar cada vez más el buen [Relacionamiento con propietarios en el mantenimiento de líneas de transmisión de ISA](#), la Dirección Socioambiental Corporativa lanzó un video que contiene los pasos a seguir en el relacionamiento con propietarios, comunidad y regiones; este y el curso de [Manejo de Servidumbres en los Mantenimientos](#), deben ser objeto de estudio de todo el personal de líneas incluido los contratistas.

Para ingresar al [curso](#) debe dirigirse a la página [Gerencia Transporte de Energía \ cursos \ Manejo de servidumbres en los Mantenimientos](#)

Para ingresar al [video](#) debe dirigirse a la página de [Dirección Socioambiental Corporativa \ Presentaciones y Videos \ Video Relacionamiento con propietarios en el mantenimiento de líneas de transmisión de ISA](#)

**Si usted no pertenece al personal de líneas y desea conocer cómo se realiza un mantenimiento y relacionamiento con propietarios en zona de servidumbres, también puede ingresar realizando los pasos anteriores.**



## PERFORMANCE INDICATORS

- **Let's learn with Eloísa Latorre:** This activity delivered in 2011 basic school kits to 28,800 girls and boys attending pre-school to fifth grade from 292 schools surrounding 41 ISA energy substations. The three books being part of this material contains information where the Company disseminates educational messages to promote safe behaviors with the electric infrastructure and also discloses children's rights. These contents help children to have basic material to study, learn and replicate safe practices to their families and neighbors.
- This activity was considered successful, according to the results of the evaluation applied to teachers (79,8% of satisfaction) and students (98.4% rated it as excellent).
- For further information about Eloisa Latorre, see: <http://www.isa.com.co/autopista/>
- **Communication with ethnic groups:** consistent with its interest in respecting cultural diversity: ISA carried out an agreement with the Cauca Regional Indigenous Council to strengthen the territorial plan of life of indigenous people of this department. The agreement benefits 116 indigenous councils through the development of a communication strategy with means in which they reaffirmed their life plan, the organizational and political process, the authorities and communities. The most relevant results in 2011 include

the strengthening of the 10 indigenous radio stations, community involvement in the redesign of the website, the delivery of audio-visual equipment that give greater visibility to the issue on Human Rights of Indigenous Peoples, preparation for the Summit of Indigenous Communication to be held in Mexico in 2013 and defining 2012 as the international year of indigenous communication.

- **Promotion of values, practices and CSR commitments:** The Company engages in various activities to communicate the actions taken by stakeholders, to highlight social responsibility as a corporate value and its socially responsible management.
- **Publication of the CSR Bulletin:** In 2011 four CSR quarterly bulletins were published, which served to publicize the actions that the Company conducts in meeting the commitments to stakeholders. The new publication is intended for the public administrations of the Municipalities of the area of influence, employees and partners.

For further information see: <http://rse.isa.com.co/>

- **Support to local, regional, national and international events:** Convinced of the need to open spaces for dialogue with all stakeholders, ISA carried out during 2011 a series of events that favored the approach and generated key criteria to advance on increasingly more balanced relations.

## PERFORMANCE INDICATORS

ISA sponsored nearly 70 events that addressed environmental, social and corporate social responsibility issues, through which it was able to visualize its image and commitment among approximately 8,000 people. The most significant events included the II International Congress on Sustainability and the Electricity Industry - CISLIE 2011, the VI ANDESCO Environmental Seminar; Colombia Regional Forum, the International Congress on Forests, the Great Supper Vallenpaz, the VI International Symposium on Energy and Technology Frontier in the Rural Sector, the Medellín Most Educated Awards, and the itinerant exhibition made by the Museum of the Caribbean held in Santa Marta to commemorate 25 years of PROSIERRA Foundation, among others.

- **Renewal of the mini website of the Corporate Social and Environmental Direction on intranet:** ISA's intranet is called ISAnet, a media hosting all the information that employees need to know about the Company in all areas, with timely deployment of the facts necessary for day-today management and the strengthening of an organizational culture.
- Through its mini site in ISAnet, the Corporate Social and Environmental direction, responsible for the CSR management in the company, displays information on its mission to contribute to the viability of businesses and sustainability of ISA and its companies. The

site informs about actions that the direction takes in guiding the social and environmental management to ensure compliance with regulations and voluntary commitments from a global and strategic perspective of corporate social responsibility.

**Publication of internal and external news:** 46 articles on CSR management were published by ISA in 2011, by using different internal and external means: 38 of them were published at Inter-noticias, eight articles in bulletins for customers, shareholders and suppliers, and one in ISA's website [ISA\(http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://7164c0f66c83e93b7c614528c77c2a2f\)](http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://7164c0f66c83e93b7c614528c77c2a2f).

- **Internal campaigns:** During October, ISA carried out campaign called "Integral Human Being", addressed to employees to publicize what CSR management involves with all stakeholders and encourage actions consistent with the commitments declared by the Organization on this topic. Raising the awareness is intended so that in the near future ISA is able to achieve improvement opportunities to reach the standards proposed by ISO 26000.
- With this campaign, attended by 663 ISA employees, a challenge was posed to each of them to find the integral human being they have inside, based on three actions: listen, think and act.

## PERFORMANCE INDICATORS

### CONTRIBUTION TO WELFARE

Social welfare is constituted by a set of factors that come together so that all people may have a better quality of life. These include tangible factors: income, housing, health and a healthy environment, etc. and intangible: conditions and freedoms that allow individual development and the individual's contribution to society.

Consistent with this purpose, ISA directs several lines of socio-environmental management model to help develop social skills. These lines are the contribution to poverty reduction, institutional strengthening and support to the quality of education.

### CONTRIBUTION TO POVERTY REDUCTION

- **Productive projects:** Under this line, ISA supports productive and food security projects led by the Development and Peace Programs. In 2011, 14 new productive projects were established, benefiting 242 families in three regions (1210 people in average). These initiatives come from fishermen in the Central Magdalena region; agricultural producers and traders in the Northern Cauca; and recycling with young people in Restrepo, Meta. Their development has allowed improving the families' income, with prominent examples such as the Central Magdalena, which has allowed a 15% increase in household income.

- **Food Security:** This sort of initiatives were supported through the implementation of family and collective orchards. In total, 21 orchard projects in 86 solar farms have benefited 274 families. These orchards provide food, reducing the purchase and ensuring access to healthy food and better nutrition. It is worth highlighting the experience with PRODEOCSA in the Cundinamarca municipalities of Madrid, Mosquera and Funza, where the orchards provide food to farmers and nursing homes for the elderly and children.
- The support to these processes combines working capital, equipment, machinery, training and technical assistance. In this regard, there are significant meetings held in the municipalities of Bochalema, Chinácota, Labateca and Toledo to prepare marketing studies for the productive units implemented: smaller species, annual crops and long-term crops. This activity, led by the CONSORNOC Development and Peace Program, included the participation of 56 people. On the other hand, the Development and Peace Program of Central Magdalena was strengthened with technical assistance to five productive projects, especially regarding social economy topics that are very useful to improve the revolving fund being implemented.

## PERFORMANCE INDICATORS

- **Inclusive economic development:** Besides the support offered by ISA to Peace and Development Programs to jointly implement productive projects, the Company has set a partnership with the United Nations Development Programme –UNDP- to strengthen the strategies of the inclusive economic development project. One of the related strategies consists in the implementation and commissioning of entrepreneurship centers, understood as instances of referencing and guidance to income and employment opportunities, which joins a range of services specially designed for population under poverty and vulnerability conditions.
- Currently, there are six centers and eight venues of care in the cities of Cartagena, Pasto, Barranquilla, Sincelejo, La Guajira and Santa Marta. These centers have entered into operation through local partnerships with municipal governments and other entities such as Chambers of Commerce and the Corporación Minuto de Dios.
- **Inclusive business:** Another strategy supported through a partnership with UNDP was the establishment of an inclusive business with Zuana Beach Resort Hotel, an organization that is building a new hotel tower and which process has required staff trained on waiter, table and bar service. For this experiment, 146 young highly vulnerable people were selected, registered in the Red Unidos (Social Action), trained by the SENA in the services required by the Hotel. As a successful outcome of this initiative, 120 of these young people will be hired on a permanent basis to provide services at the hotel.

- This process has also been adopted by the World Food Plan of the United Nations, with its Food for Training program, the Foundation Metroagua and Social Action. Other Hotels like the Convention Center Santamar plan to join this initiative by hiring vulnerable people who have been employed by the Zuana

## INSTITUTIONAL STRENGTHENING

Organizational strengthening: : In 2011, support continued to social organizations through Development and Peace Programs. In total, 279 community and productive organizations were strengthened under the Programs Vallenpaz, Magdalena Centro, CORDEPAZ, COR-DUPAZ, and PRODEPAZ. This process was made through training on strategic planning, management, leadership, community participation and management. 1335 people from the participating organizations were benefited.

Considering that 2011 was an election year, 70% of the Development and Peace programs were conducted on activities concerning electoral education with organizations and residents of different areas, thus contributing to the consolidation of democratic governance processes and participation. The actions consisted of forums, debates with candidates, training workshops on democracy and citizen participation, analysis of candidate development programs and tools for social control. A total of 3,840 people in five regions of the country in which the programs are present Canal Dique, Lower Magdalena, Central Magdalena Vallenpaz and PRODEPAZ.

## PERFORMANCE INDICATORS

The DPP Lower Magdalena, created in 2011 the School of Integral Citizenship (Escuela de Ciudadanía Integral -ECI-) in order to qualify public participation and generate social control in a region where leaders are accused of being corrupt and the State is identified as an entity co-opted by illegal groups. This school started with the formation of 300 leaders in the knowledge of the territory, the operation of the State and laws on citizen participation.

**Strengthening of public matters:** ISA participated in the local economic development project called Bajo Cauca Antioquia, an initiative that is part of project networks, and which was developed in partnership with the Regional Development Agency of Antioquia (Desarrollo Regional de Antioquia –ADRA). This work, conducted through the table of competitiveness of the Municipalities of Caucasia, Taraza, Caceres and Zaragoza, was coordinated by the Chamber of Commerce of Medellin and reached, among others, the following accomplishments:

- The competitiveness network was established for Antioquia, which has 100 participants from nearly 60 institutions of the nine sub regions of the department.
- The International Congress of Territorial Strategic Planning and Local Economic Development was conducted.
- A computer platform was activated and put into operation to support the promotion of local economic development.
- The sub region of Bajo Cauca formed the competitiveness table,

consisting of 30 people. Under this framework, the project definition was achieved as well as the creation of the portfolio to the sub region of Bajo Cauca, Antioquia.

## CONTRIBUTION TO MILLENNIUM DEVELOPMENT GOALS -MDGS-

Under the agreement with the UNDP the country strategy was supported for achieving the Millennium Development Goals-MDGs, in 30 of the 31 municipalities of the millennium prioritized in the departments of Cesar, Cauca, Santander and Cundinamarca. Thanks to the support provided by ISA, it was possible working on the application of the MAF (MDG acceleration) methodology to identify bottlenecks that impede the achievement of goals and accelerate their procurement. This initiative, which is parallel to the support of inclusive growth, also obtained the following results:

- Identification of an MDG for each municipality.
- Identification of interventions on the prioritized MDG
- Identification of bottlenecks on the prioritized MDG and their interventions.
- Identification of stakeholders and proposed solutions to bottlenecks of the prioritized MDG.
- Formulation and management for project implementation.

PERFORMANCE INDICATORS

In summary, with the methodology for accelerating MDGs, 23 interventions were identified, which have 82 bottlenecks and 73 proposed solutions that gave rise to six projects, three of them co-financed with resources amounting to COP 90,000,000. These three projects benefited over 650 families (3,000 people). Additionally, nine ideas or project profiles in education and health were identified.

DEPARTMENT	MUNICIPALITY	PROJECT
Cesar	El Paso	Purchase of inputs and equipment for the health sector.
	Chimichagua	Soil and topography studies of lot for construction of a housing project for 200 families.
	La Gloria	Soil and topography studies of lot for construction of a housing project for 200 families, with negative results, given that the land is not viable for construction and a new lot should be sought.
	González	<p>Formulation and implementation of the housing improvement program, which was funded with department government resources.</p> <p>Results:</p> <ul style="list-style-type: none"> <li>■ Improvement of life quality of 1075 rural inhabitants.</li> <li>■ Definition of route for implementation and management of housing projects.</li> <li>■ Harmonization of stakeholders and inter-agency work.</li> <li>■ Strengthening of base organizations and local institutional presence.</li> <li>■ Generation of 4640 days of work</li> </ul>

PERFORMANCE INDICATORS

*Viene de la página anterior*

DEPARTAMENTO		
DEPARTAMENTO	MUNICIPIO	PROYECTO
<b>Santander</b>	Vergara	With the assistance of the National Coffee Growers Association (Federación Nacional de Cafeteros), the Coffee Growers Committee of Cundinamarca and UMA-TA of the municipality of Vergara, inputs were delivered for planting and coffee plant renovation to various communities of the region.  Tanquetinas were provided to coffee growers.
	Topaipi and Quebrada Negra	Proposal of projects for department water plan that has resources for the basic sanitation issue.
	Yacopí	With the assistance and technical expertise of Restrepo Barco foundation and the educational community of Yacopí, a diagnosis was made on the education quality situation of the Municipality and the project was formulated.
	Peñón and Quipile	Formulation of project for ecological stoves in Municipality El Peñón and housing improvement in the municipality of Quipile.
	Guataquí and Jerusalén	Jointly with the Secretariat of Productive Development and Competitiveness of the Department it was possible for these two municipalities to be included in the rural economic diagnosis being held by the Department, in order to create regional productive clusters by provinces.

*Continued on next page*

PERFORMANCE INDICATORS

Continued from previous page

DEPARTMENT	MUNICIPALITY	PROJECT	INVESTMENT
Santander	Jordán, Suratá and Tona	<p>Contribute to acceleration of MDG on reproductive health in five municipalities of Santander.</p> <p>Increase the percentage of women with four or more prenatal visits</p> <p>Promote the strengthening of the spaces of citizen participation and control of actions on information, education and communication on sexual and reproductive health, especially through the Committees of Community Participation in Health (Comités de Participación Comunitaria en Salud – COPACO).</p>	The UNDP headquarters in Nueva York allocated US 33,000.
	Simacota	The initiative of the Association of Farmers of Low Simacota and the management of the Santander water department plan was to build 60 sanitary units as part of improving rural housing, to cover 50 homes.	COP 375 million.
	Tona and Bolívar	Preparation of projects on construction of 50 sanitary units and improvement of 70 rural housing units.	

MENU ▲

**SUPPORT TO QUALITY OF EDUCATION**

This program has given rise to great transformation at the places where it is present, by positively impacting the surroundings of the educational community.

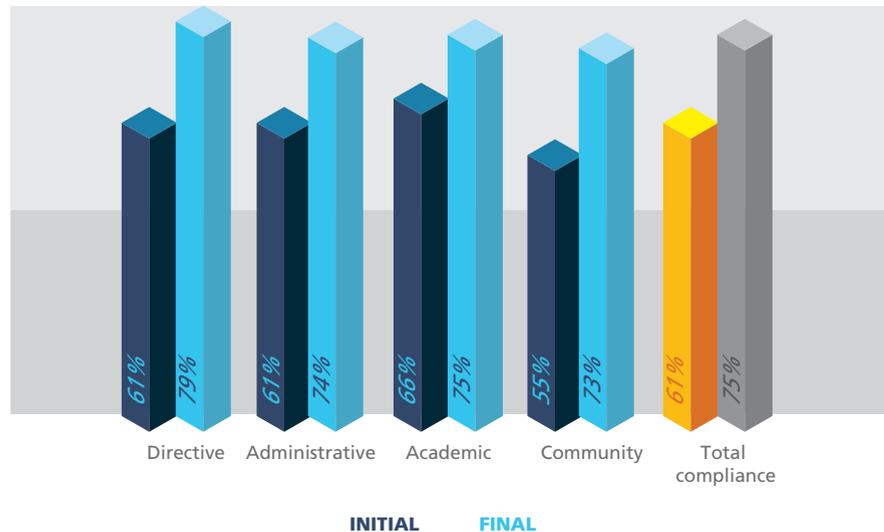
In 2011, the educational transformation program for life, in partnership with Antonio Restrepo Barco Foundation, implemented activities in 14 Municipalities from four Departments, had coverage of 72 educational institutions, with participation of 764 teachers, 20,242 children and

PERFORMANCE INDICATORS

young people, and supported the construction of 10 municipal educational plans. As part of this project, the first sub regional meeting of teachers was held and the project was formulated for the management of cooperation resources.

The consolidated results for the last three years have been overwhelming:

PERCENTAGE OF CHANGE BY DIMENSIONS NATIONAL CONSOLIDATE



The consolidated national change in the four dimensions of quality management education is 14%, from 61% to 75% in total compliance with quality standards. Nariño is the Department which has reported the highest percentage of change in the compliance with educational quality standards. While San Carlos, in the Department of Antioquia, is the municipality with the largest percentage of change from 54% to 93% in compliance.

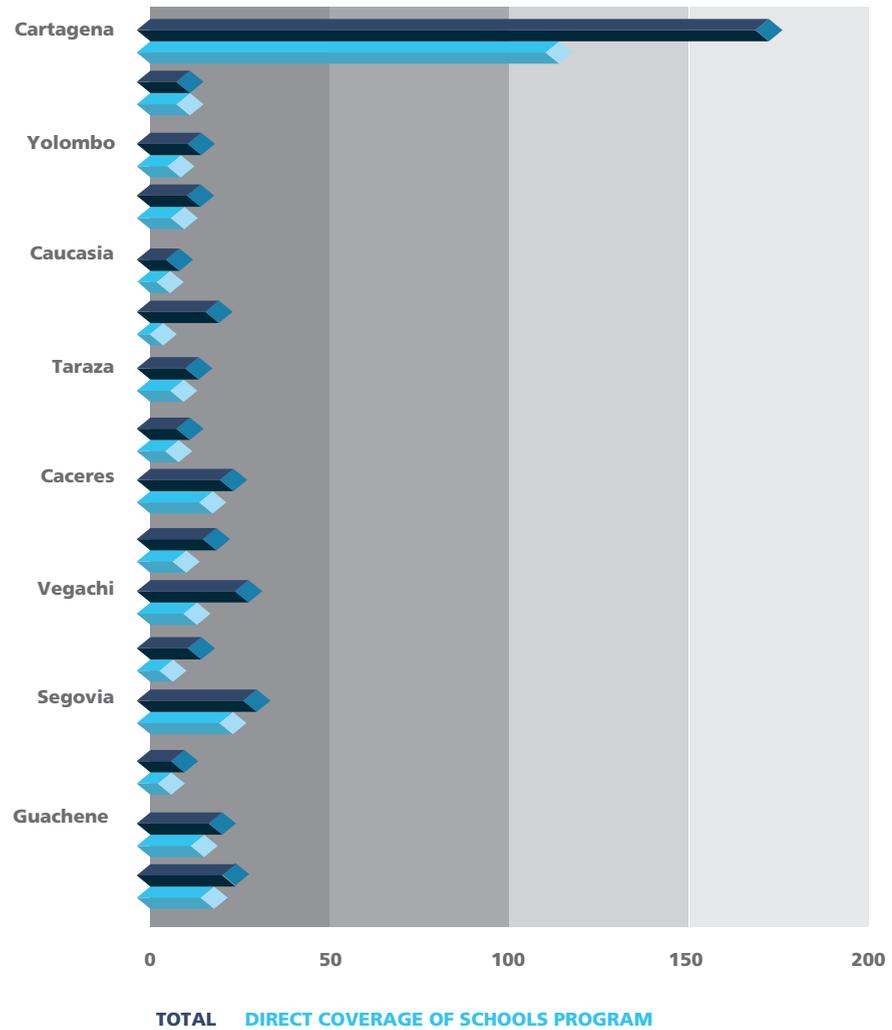
QUALITY IMPROVEMENT

- The consolidated change, at the national level in: Antioquia, Cundinamarca, Cauca and Nariño, in the four dimensions of educational quality management is 14%, a total compliance from 61% to 75% on quality standards.
- In the Department of Cesar the department consolidated change was 16% in the four dimensions of educational quality management, a total compliance of quality standards from 66% to 82%.
- In addition, adjustments to the program methodology guide were made.

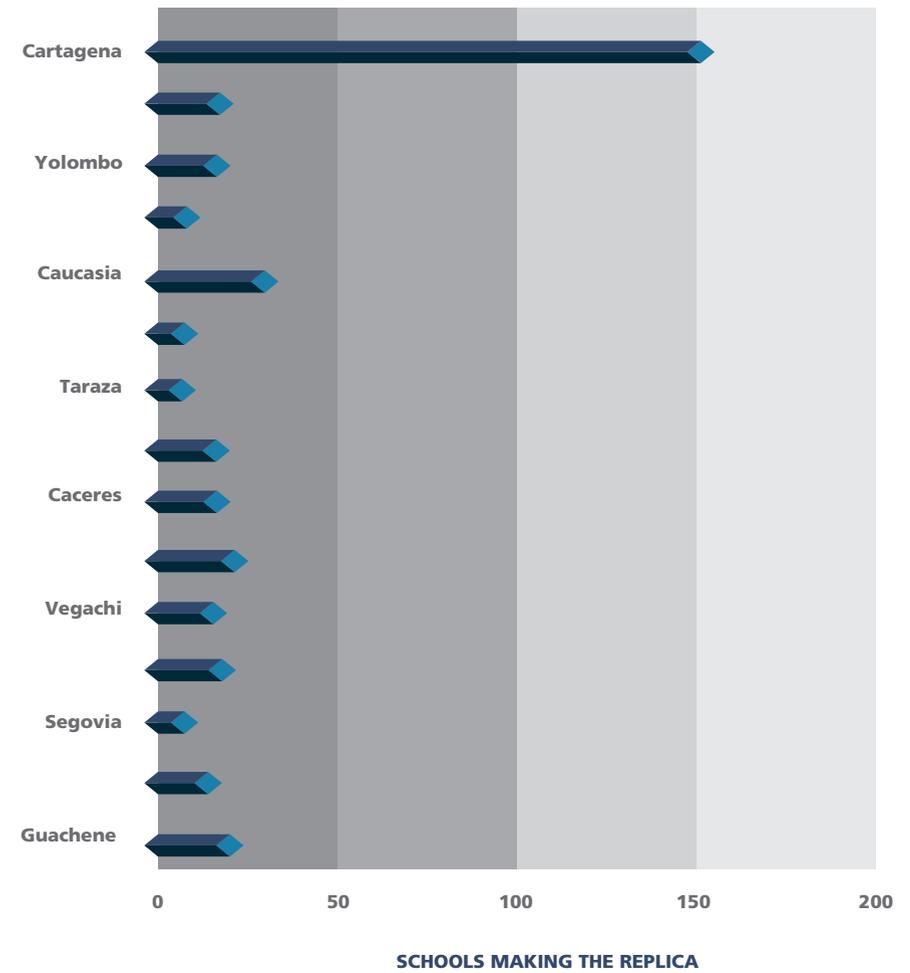
PERFORMANCE INDICATORS

PROGRAM COVERAGE

DIRECT COVERAGE – SCHOOL PROGRAM



SCHOOLS MAKING THE REPLICA

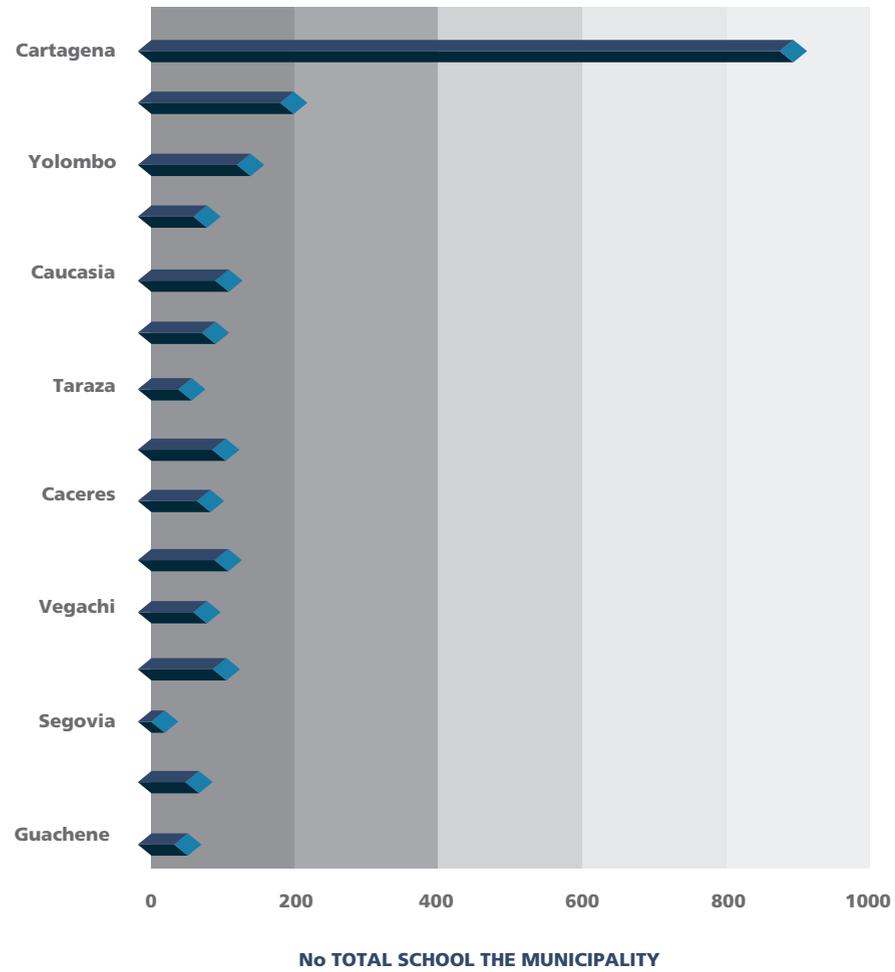


MENU ▲

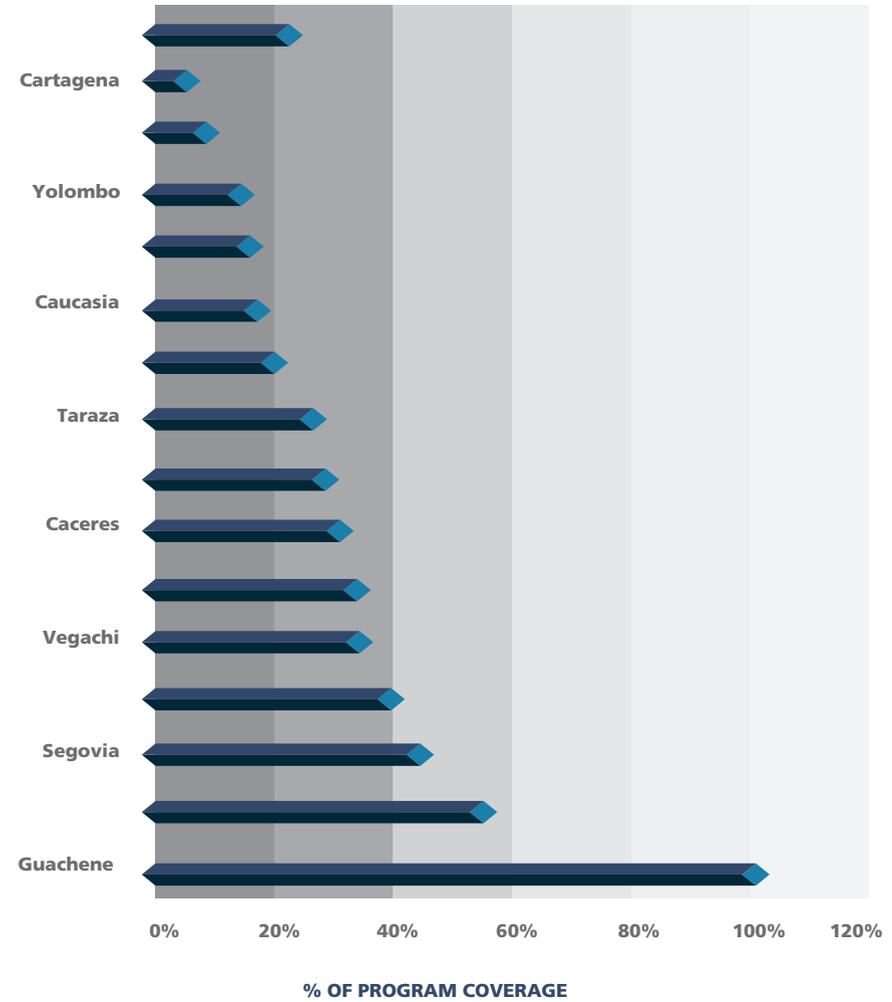
PERFORMANCE INDICATORS

PROGRAM COVERAGE

TOTAL NUMBER OF SCHOOLS IN THE MUNICIPALITY



% OF PROGRAM COVERAGE



Note: It does not include the municipalities of Cundinamarca and Cesar, where the replica was not performed.

## PERFORMANCE INDICATORS

The education program has been well received by the municipal authorities, who have committed to replicate them in other schools and, additionally, it has been possible to join forces with other companies and organizations such as SIEMENS Foundation, CORONA, ISAGEN and the Governor's Office of Antioquia.

### ISA SCHOLARSHIP

This initiative, conducted in partnership with Universidad Nacional, supports scholarship in master's degrees in computers and environment and development. It also provides other additional inputs to the Organization:

- Useful research on environmental and systems, operations research.
- Training of human resources: through direct grants and projects, both for graduate students as undergraduates.
- Academic production on research reports, scientific papers and conferences for socialization.
- Joint participation in the academic sessions of the School of Mines.
- Joint participation in the academic sessions of the School of Mines.

PERFORMANCE INDICATORS

SUPPLIERS	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
<p>ISA's commitment to its suppliers is fairness, transparency and clear rules.</p> <p>Vendors provide goods and services for the operation of the Company and are classified into three groups:</p> <ul style="list-style-type: none"> <li>■ Vendors who supply goods and services for the Energy Transmission Service -STE.</li> <li>■ Vendors who supply goods and services for construction of infrastructure projects.</li> <li>■ Vendors who supply goods and corporate services.</li> </ul>	<p>To build trust, develop processes for procurement of goods and agile, timely, efficient services with clear rules. The trust relationship is generated from:</p> <ul style="list-style-type: none"> <li>■ Good faith, proper, loyal, honest and ethical action to be observed by the parties, building trust, credibility and security.</li> <li>■ Transparency in the procurement process must be based on clear, impartial and objective procedures that ensure fair and equal opportunities to bidders.</li> <li>■ Economy, so that procurement processes are conducted in such manner that ISA may select the proposal that best suits its interests and to perform the relevant contract, making the best investment in technical, financial and human resources.</li> </ul>
CRITERIA	2012 CHALLENGES
<ul style="list-style-type: none"> <li>■ Keep honest, constructive and appropriate relations.</li> <li>■ Ensure transparency in the process of acquiring goods and services.</li> <li>■ Develop procurement processes under objective selection procedures and clear rules to ensure fairness and equal opportunities.</li> <li>■ Provide timely and relevant business plans and programs.</li> <li>■ Require compliance with standards and national and international standards of quality.</li> </ul>	<p>To Implement a supplier management and development program that will:</p> <ul style="list-style-type: none"> <li>■ Update the communications policy with suppliers, according to market needs.</li> <li>■ Categorize vendors according to their ability to provide goods and services.</li> <li>■ Ensure that the vendor evaluation determines the actual performance of the vendor in the performance of the contract.</li> <li>■ Continue with the initiatives generated in previous years.</li> <li>■ Achieve the implementation of elements proper to providers of the principles of the Code of Ethics and the Declaration on Human Rights.</li> </ul>

## PERFORMANCE INDICATORS

Three major achievements marked ISA's management with its suppliers in 2011, through which it improved the communication process between the parties, facilitated the management monitoring with implementation of a new software and strengthened the relationship with the development of an online course of induction.

As part of the optimization of communication processes, the distribution of a quarterly newsletter called Boletín Proveedor (Supplier Bulletin) began, an electronic publication having four editions in 2011, with topics that reinforce the double-way growth. The newsletter can be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://fb6892f4ded319b4ff112b4524227aab>

The new supplier management software allows online access to an electronic system for recording information that supports the monitoring and management control of occupational hazards and environmental impact on tasks performed by contractors and subcontractors.

The software, which is under implementation, allows control of the risks identified on aspects and impacts on environmental and occupational health and safety. It is a tool to support the work performed by those responsible for implementing the activities of the contracts classified as "critical" in occupational health and environmental management. Also, contractors and subcontractors can interact directly with the information recorded on the network, thus optimizing its management

on basics such as timeliness, cost, quality, human resources, communications and risks.

The third initiative includes conducting an online course of induction for providers to strengthen the relationship and pedagogy with this stakeholder. In 2011, topics related to the policy, environmental management, health and safety, and quality were developed, and by 2012 it is expected to have this tool in place. ISA expects that this course will be useful for suppliers' development as it may contribute with improvements to their management and business performance.

## POLICY OF PROCUREMENT OF GOODS AND SERVICES

It is regarded as the framework for action with these stakeholders and foundation for the development of mutual commitments; it leverages the process of management improvement to make more competitive suppliers and grow as a company; it includes topics covered by the Occupational Health Policy and the Environmental Policy, embodied in the following:

- Updated legal requirements on occupational health and environmental management: two publications on the website.
- Compliance with requirements of the System for Prevention of Money Laundering and Terrorist Financing-SIPLA.
- Updated procurement rules.

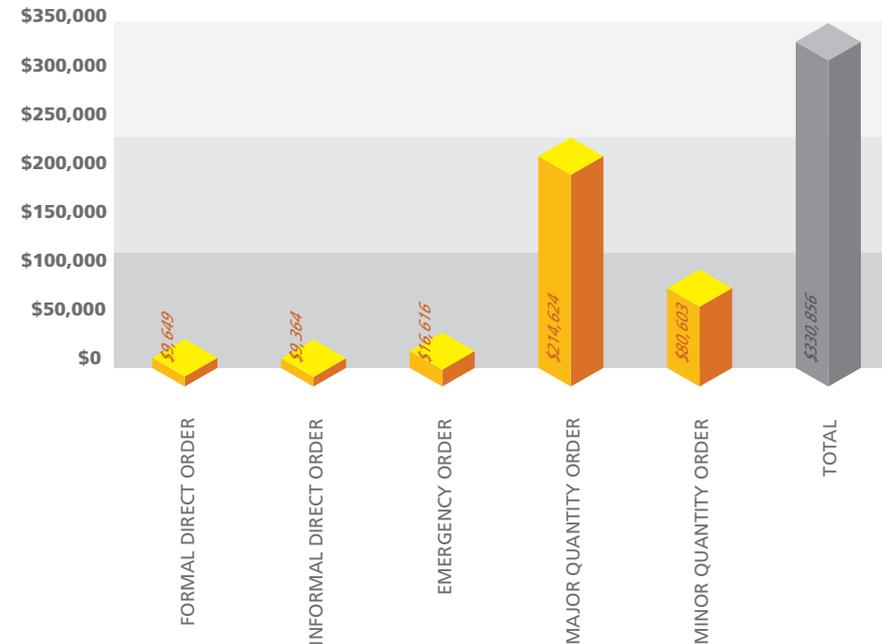
## PERFORMANCE INDICATORS

- Customized code access to information available to each company on the suppliers mini-site located on ISA's website.
- Application by supplier of procurement index cards pointing out, on an instructive basis, the specified legal requirements on occupational health and environmental management to be met before and during the performance of contracts.
- Verification of the qualities of contractor companies' managers on the national and international risk listings: OFAC-Clinton, UN, Attorney General's office, among others; all within the Prevention System for Money Laundering and Terrorist Financing - SIPLA.
- Publication of procurement rules on ISA's website.

## CONTRACT MANAGEMENT

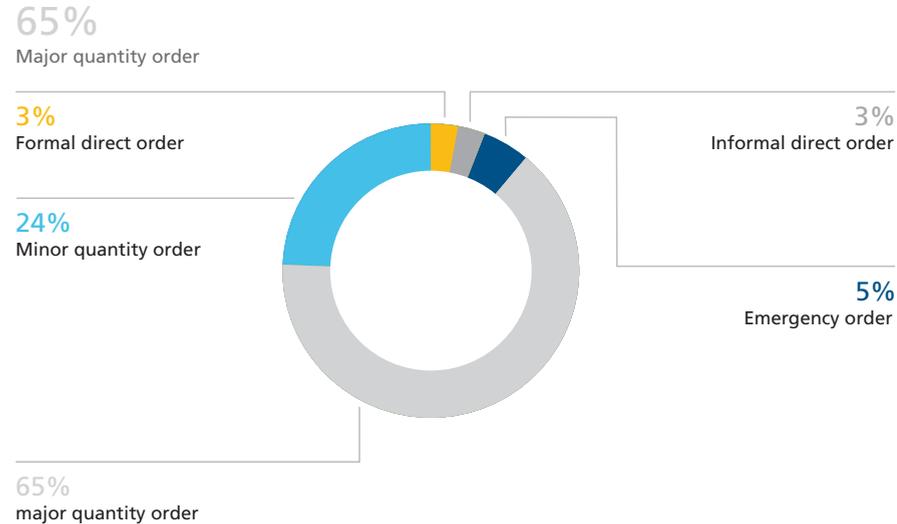
**Economic distribution of contracts:** The following charts illustrate the distribution of contracts entered into by ISA during 2011:

TOTAL VALUE OF CONTRACTS SIGNED IN 2011 WITH VAT, BY TYPE OF PROCUREMENT PROCESS.

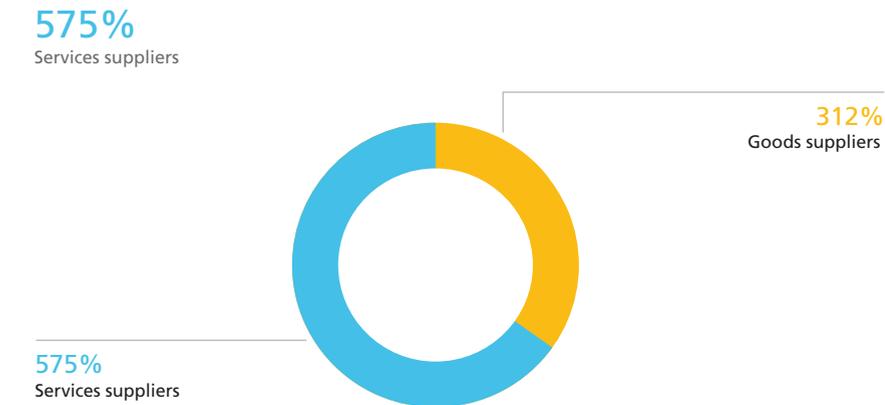


PERFORMANCE INDICATORS

DISTRIBUTION OF CONTRACTS, ACCORDING TO THEIR TOTAL VALUE



AMOUNT OF CONTRACTED SUPPLIERS



SUPPLIER MANAGEMENT

The different areas of ISA bearing responsibilities associated with these stakeholders' management analyzed in 2011 a management scheme and supplier development that contributes to their growth and provides guidelines for appropriate value-generating relationships.

Their competitiveness was strengthened from the occupational and environmental health management, and evaluation of suppliers, which is an improvement tool that identifies those matters that are liable of improvement in future offerings.

Supplier performance evaluation: performed regularly since 2008 to those suppliers with whom contracts are executed for an amount greater than 100 current legal monthly minimum wages (SMMLV).

This evaluation, performed throughout the performance of a contract, or within the 45 days following its termination date, shows the following results:

PERFORMANCE INDICATORS

YEARS OF EVALUATION	PERFORMANCE OBTAINED	PERFORMANCE OBTAINED		
		SATISFACTORY 80-100	CONDITIONED 60-79 IMPROVEMENT PLAN	DEFICIENT <60 DO NOT CONTRACT
2009	106	98	6	2
2010	239	235	3	1
2011	327	306	12	9

All those evaluated receive a communication informing the results obtained and the aspects to be improved or to continue strengthening.

Providers who score between 80 and 100 points, are considered having a satisfactory performance and are included in future procurement processes.

Providers who score between 60 and 79 points, must implement improvement plans to remedy quality and compliance deviations. Until their implementation, these plans are verified and are subject to regular monitoring procedures and audits.

Providers who score below 60 points, cannot be taken into account in future procurement processes, until they prove that they have remedied all deficiencies that led to their low performance.

Occupational health management and environmental management: The Company made great efforts to strengthen the operational control and follow-up on the implementation of those contracts that included aspects related to these efforts.

- **Operational control:** The use of 23 management guidelines was consolidated in occupational health and environmental management, designed to support the procurement process and facilitate communication of the requirements that contractors must meet after the award.

Assistance was provided to contractors to fulfill the legal requirements for starting tasks, and to ISA's contract managers, to perform the proper management and monitoring of the performance of contracts.

## PERFORMANCE INDICATORS

Likewise, field monitoring was performed on over 60 contracts bearing critical aspects on occupational health and environmental management, in order to verify compliance with the defined requirements, review the action plans implemented and provide feedback to contractors.

- **Development of suppliers' software:** It is advancing under its consolidation process as one of the most important tools to monitor contractors' management, allowing the parties, company - contractor, to know the real status of the process documentation and monitor the management indicators.

During the period, improvements in the application were included

that allow a quicker entry of information on occupational health and environmental management. Also, workers from 52 contractors were trained in the completion of the reporting-related software for contract monitoring.

**Management indicators of the process:** As a result of the information entered into the suppliers' software, specifically regarding the management of occupational risks and environmental impact performed by contractors and subcontractors, the following performance indicators of contracts were obtained during the third and fourth quarters of 2011:

Environmental accidents: 0

PERFORMANCE INDICATORS

Number of direct jobs generated:

JOB	WORKING DAYS
450	47

Consumption of chemicals:

PRODUCT	UNIT	AMOUNT
<b>Oils</b>	Gallons	18.33
<b>Gasoline</b>	Gallons/day	13.05
<b>Diesel</b>	Gallons/day	15
<b>Sodium hypochlorite</b>	Liters	34
<b>Paint</b>	Gallons	2.07
<b>Thinner</b>	Gallons/month	2
<b>Pesticides</b>	Liters	25
<b>Isopropyl alcohol</b>	Liters/month	3.2

■ Generation of hazardous waste:

WASTE	UNIT	AMOUNT
<b>Debris</b>	m <sup>3</sup>	70
<b>Lamps</b>	Units	8
<b>Chemicals</b>	Gallons	30
<b>Batteries</b>	Units	43
<b>Pest containers</b>	Units	30
<b>Others</b>	Kg	200
<b>Plaguicidas</b>	Litros	25
<b>Alcohol isopropílico</b>	Litros/mes	3.2

■ Risk Management in emergency procurement: Between April and August 2011, ISA again performed the prequalification procedure for suppliers that could be engaged in case of an emergency in the National Interconnected System (Sistema Interconectado Nacional -SIN-) that threatens the regular service. The information provided by this procedure will be used to create a database of such suppliers that meet all the basic requirements for ISA's procurement process.

## PERFORMANCE INDICATORS

- A total of 38 suppliers were prequalified, of which 28 may enter into contracts for an amount exceeding 100 SMMLV, and the remaining 10 for an amount below that figure. These suppliers are capable of providing helicopter transport services, the lifting of collapsed towers and assembly of transmission grids, among others.

## COMMUNICATION WITH SUPPLIERS

- **Publication of selection processes and evaluation of bidders:** Consistent with the commitment to transparency in management, ISA published on the website information of 107 procurement processes exceeding 100 SMMLV, and sent the request-for-tender documents to all suppliers who requested it.

All bidders were assured to have transparent, equitable procurement processes, with clear rules, through the equitable supply of documentation and providing information on the conditions of the selection process, and through analysis of the bids received, under the same technical and legal criteria. Additionally, all questions posed by the bidders were answered and all clarifications required were provided, via addenda.

Finally, for those procurement processes above 500 SMMLV, the bid evaluation report was publicized, access to all bidders was allowed and, subsequently, the respective comments were received and analyzed.

- **Boletín Proveedor (Supplier Bulletin):** A quarterly publication that contains information of interest for over 600 companies that provide goods and services for ISA in 18 countries worldwide. In the four editions published in 2011, information was shared in connection with: Los principales proyectos de infraestructura eléctrica a desarrollar.
  - The major projects of electricity infrastructure to be developed.
  - The organizational structure of the procurement area.
  - ISA's procurement rules.
  - The launch of the Code of Ethics.
  - Tips to apply when structuring bids.
  - ISA's new businesses.
  - The Company's commitment to the prevention of money laundering and terrorist financing.
  - Promoting awareness and application of Human Rights.
  - Participation in national events.
  - New methodologies and computer aids applied to the procurement process.

The bulletins may be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://fb6892f4ded319b4ff112b4524227aab>

## PERFORMANCE INDICATORS

**Interactive media:** promotes the access to different corporate communication media among its suppliers, which include the website [www.isa.com.co](http://www.isa.com.co) / suppliers' mini-site. During the period, several data of interest were published therein:

- News.
- Updated information
- Regulatory requirements for procurement process.
- Updated legal requirements on occupational health and environment management.
- Suppliers' customized information, related with payment of invoices.

In addition, the use of the contact emails: [proveedores@isa.com.co](mailto:proveedores@isa.com.co), [contratacionweb@isa.com.co](mailto:contratacionweb@isa.com.co), and [cotizaciones@isa.com.co](mailto:cotizaciones@isa.com.co), was promoted, among others, as a tool to ensure adequate and timely reply.

Website:

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

## HUMAN RIGHTS IN THE VALUE CHAIN

As part of the alignment of ISA's CSR with ISO 26000, a priority was identified in a first- phase alignment, which consists in having greater influence on the Human Rights issue in the value chain, for which a motivation and awareness strategy was developed. Taking advantage of

the momentum that the Code of Ethics brings to this subject, the issues used to develop a common line of work were re-adopted.

- **Management of Ethics and Declaration on Human Rights:** A group of representative suppliers was invited to the launch of the Code of Ethics in order to raise awareness and provide them with new knowledge about the attributes and ethical guidelines that support, strengthen and leverage the actions of suppliers in their relationship with ISA.
- The implementation of the Code is one of the challenges posed with these stakeholders, taking into account that for ISA it is a considerable advance that its suppliers learn, adhere to and implement these guidelines in their business management. In this regard, the Company amended Form A1, in which suppliers are committed to both learn and follow the guidelines contained in the Code of Ethics, as issues related in the Declaration on Human Rights signed by ISA.

This information may be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://901e18bf4ced4979156bbd2f86b1fdc7>

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://33d30f4b86adb0bbdd60b7be07c91db7>

PERFORMANCE INDICATORS

CUSTOMERS	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
<p>ISA is committed to its clients to:</p> <ul style="list-style-type: none"> <li>■ Provide timely and quality services at competitive costs compared to international standards.</li> <li>■ Build sustainable relationships based on trust and respect.</li> <li>■ Have ongoing and reliable communication with excellent service attitude, based on market knowledge.</li> </ul> <p>Customers are companies belonging to the electricity sectors: generators, transporters, distributors and marketers of energy. Energy: Oil and mining and industrial: large consumers</p>	<ul style="list-style-type: none"> <li>■ Keep market recognition.</li> <li>■ Ensure a reliable, ready available and safe service.</li> <li>■ Increase revenues and profitability via additional infrastructure.</li> <li>■ Being recognized in the market for technical competence.</li> </ul>
MANAGEMENT CRITERIA OR APPROACH	2012 CHALLENGES
<ul style="list-style-type: none"> <li>■ Building sustainable relationships.</li> <li>■ Service with quality and timeliness.</li> <li>■ Reliable and permanent communication.</li> <li>■ Services at competitive costs.</li> <li>■ Ensure world class standards in business processes, ensuring safety and health in the workplace.</li> </ul>	<p>Keeping high levels of recognition among customers.</p>

MENU ▲

ISA's greatest challenge with these stakeholders is to keep high levels of recognition achieved; in this regard, work was performed to implement improvement plans and the application of the customer satisfaction survey, which measures the performance conducted, determines the management levels achieved and the measures to be implemented. The challenge has been reaffirmed for 2012.

CUSTOMER SATISFACTION SURVEY RESULTS	
2008	2010
85.6	85.9

**PERFORMANCE INDICATORS**

During the first quarter of 2011, ISA applied the customer satisfaction survey for the period 2010, the results of which show an increase in the satisfaction rating, consistent with the past two years.

Based on the results of the satisfaction survey, and the attributes, it was observed that there was an opportunity to improve the closeness that customers feel with ISA; in this regard, the following activities were developed:

- Updating of customers mini-site in ISA's website
- Review of services portfolio and updating of customers directory.
- Incursion on social networks in order to have a more effective and flexible communication with customers. For this purpose, Twitter

was chosen, as the currently most used micro blog platform in Colombia and the world, ensuring a more fluent communication. Customers can follow the account @tenergiaISA, an exclusive channel with interesting information about the business of Electric Energy Transmission.

- Disclosure to customers about the Energy Transmission Management strategy, for which the best practices in rigor and excellence were shared

**PROGRAMS DEVELOPED BY THE COMMERCIAL AREA**

Customer performance involves the following aspects in day-to-day activities:

PLANS	THEY CONSIST IN
<p><b>Customer management annual plan.</b></p>	<p>Includes various activities aimed at bridging the gap between perception and the service provided, the activities of loyalty and customer relations, process improvement and review of the commercial area. The aspects to be revised include:</p> <ul style="list-style-type: none"> <li>■ Use, connection and associated services.</li> <li>■ Use and connection services.</li> <li>■ Customer database</li> <li>■ Communication means</li> <li>■ Efficiency in processes</li> <li>■ Commercial process.</li> </ul>

*Continued on next page*

Continued from previous page

PLANS	THEY CONSIST IN
<p><b>Customer improvement plan</b></p>	<p>Application of ongoing improvement to commercial area processes from the perspective of the PHVA cycle, which aims to improve satisfaction of customers from ISA's Energy Transmission Management. It includes, among others, the following activities:</p> <ul style="list-style-type: none"> <li>■ Schedule annual meetings with customers and direct periodical visits to companies located in distant regions.</li> <li>■ Implement communication plans via Twitter for customers related to the Energy Transmission business.</li> <li>■ Publicize ISA's Boletín Cliente (Customer Bulletin) as a means of communication and interaction.</li> <li>■ Schedule and implement the contact plan to customers from the service connection.</li> <li>■ Conduct biennial assessment of satisfaction with the services provided by the Energy Transmission management.</li> <li>■ Apply the PHVA cycle in the business process chain, especially in relation to the results of SIG audits and external customers' satisfaction survey.</li> </ul>

In turn, the programs developed by the commercial area obtained the following results:

**GOALS ACCOMPLISHED IN 2011**

- Customers' perspective indicators.
- Future incursion into new business.
- Customers' Satisfaction Index.
- Review of ISA's service portfolio.
- New structure of ISA's commercial area and customer management.
- Updating of customer directory.

- Improvement Plan: through the integrated management system, two external and
- one internal audits were processed, which showed zero Nonconformities –NC.
- An improvement plan for audits was implemented.

**2011 CUSTOMER MANAGEMENT PROJECT**

- Satisfaction survey, meetings with customers, review and adjust the connection contracts with network operators.
- Customer complaints: 0 claims during 2011.

MENU ▲

## PERFORMANCE INDICATORS

- ISA Customer Bulletin (Boletín Cliente ISA) (bimonthly), six bulletins and virtual Christmas card

## CUSTOMERS BY SEGMENTS

With regard to the business of Electric Energy Transmission, ISA expands, operates and maintains energy transmission high-voltage systems, for which in Colombia it holds companies ISA and Transelca. The portfolio is composed by:

### ENERGY TRANSMISSION SERVICE

ISA provides high voltage electric energy transmission service to the market agents for energy trading and interconnection of regional electricity systems. The service involves the transmission of electricity, operation and maintenance of the grid and expansion of the National Transmission System (Sistema de Transmisión Nacional –STN). In this connection, ISA has 54 customers being electric power traders in Colombia and the National Energy Control Center (Centro Nacional de Control de Energía –CENACE), in Ecuador. Of all clients, 18 represent about 90% of revenues for this service.

### CONNECTION SERVICE TO THE NATIONAL INTERCONNECTED SYSTEM (SISTEMA INTERCONECTADO NACIONAL –SIN)

It provides SIN access to generators, distributors, regional carriers and large consumers, so they can receive or deliver the power and electricity required or generated. ISA provides this service to 25 clients: five generators, 16 grid operators and four large consumers.

### ENERGY TRANSMISSION ASSOCIATED SERVICES

It consists of minor and occasional services provided by ISA's Electric Transmission Management, mainly related to electrical and energy studies, chemical analysis tests to insulating materials –ACMA- and availability of telecommunications infrastructure. Related services are provided to 157 customers.

### CONSTRUCTION SERVICES FOR INFRASTRUCTURE PROJECTS

It consists in offering integral solutions for development of lines and power transmission substation projects, and fiber optic networks, tailored to the needs of customers. In 2011, services were provided to ISA's Energy Transmission Management and five connection projects were developed.

### SUSTAINABLE RELATIONSHIP WITH CUSTOMERS

The energy transmission service is regulated and the connection service is governed by a political definition of ISA to transfer the same efficiencies typical of existing regulations. For these services, the regulation requires reporting and clearly identifying the commitments and responsibilities of the availability goals of assets as part of the service quality scheme, wherein, if there is any failure by the provider, the service billing decreases.

ISA offers a complete portfolio of products and services and has infor-

PERFORMANCE INDICATORS

mation required by customers. Both the portfolio and the information can be found on ISA’s Customer Bulletin and the Website.

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8170869ce68426e836ab35935815b501>

Also, at the time of formalizing the offer and accepting the established order or contract, ISA provides its clients with information about the product or service, in accordance with the intended scope.

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8f2989311eceb4f847cef8eca8e2b80&LightDTNKnobID=278483387>.

The service portfolio may be consulted at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://5904a0f067ec732e754581b7bf85b738>

PRACTICES FOR CUSTOMER SATISFACTION

<p><b>Promise for service</b></p>	<p>Commitment supported in specific requirements of customers and improvement indicators identified in the annual evaluation process of satisfaction. It is composed of objective and subjective elements of the service such as quality indicators in the STN, value-added information and timeliness in response to requirements.</p>
<p><b>Measurements</b></p>	<p>They are produced through the customer satisfaction evaluation.</p>
<p><b>Encounter with customers</b></p>	<p>Event from the ISA – TRANSELCA commercial area with customers, taking place in the second half each year, in order to provide a space of mutual trust that allows listening to customers and strengthening business relationships. Additionally, it is the place where the Company shares topics of interest agreed with or suggested by customers.</p> <p>During the encounters with customers conducted in July, August and September 2011 the following topics were discussed, among others: ISA and its companies, the business of Energy Transmission, experience gained with the April 26, 2007 event, human factors on safety (aviation industry), progress of projects and new communication means and interaction with customers.</p>

PRACTICES FOR CUSTOMER SATISFACTION	
<p><b>Encounter with customers</b></p>	<p>The meetings were chaired mostly by ISA's Energy Transmission Manager, who also responded to customers' concerns about the definition of business, projects, services and companies where ISA and TRANSELCA hold participation, as well as other topics such as the handling of relationship with the communities in the areas of influence of the companies, the CSR model and Electric Interconnection Colombia - Panama.</p> <p><a href="http://encuentrocliente.isa.com.co/">http://encuentrocliente.isa.com.co/</a></p>
<p><b>ISA Customer Bulletin (Boletín Cliente ISA)</b></p>	<p>The commercial area composed by ISA – TRANSELCA bimonthly publishes the Customer Bulletin (Customer Bulletin), interactive digital communication means aimed at customers from both companies. It contains useful information on services, presented by technical, commercial, social and environmental topics as well as those that are implemented to improve processes and services.</p> <p><a href="http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://849dbd28e86ee657b119b5df814fc897">http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://849dbd28e86ee657b119b5df814fc897</a></p>
<p><b>Customer Service Center (Centro de Atención Clientes,CAC)</b></p>	<p>ISA has a CAC in place used as a communication tool with its customers. This initiative reflects the promise for service definition shared with customers, according to which the Company must have permanent and reliable communication with an excellent service attitude, based on market knowledge.</p>
<p><b>Customer assistance directory</b></p>	<p>As a tool to strengthen customer relationships, ISA renewed the customer assistance directory, which can be found at</p> <p><a href="http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://75c66474b16569e7b12e72ffde026ee1">http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://75c66474b16569e7b12e72ffde026ee1</a></p>

## PERFORMANCE INDICATORS

- **Relevant aspects on customer management:** ISA has adopted national and international standards and procedures that guide the implementation of activities under the criteria of quality and safety for people, the equipment and the environment. These implementation processes allow ISA and its companies to ensure the provision of services with thoroughness and excellence.

### MOST RELEVANT ACTIVITIES IN 2011

Compliance with operational communications protocol: according to the periodic measurement of compliance, conducted by Corporate Audit, results were achieved above 90% for all areas of the Centers of Energy Transmission (Centros de Transmisión de Energía, CTE) and 99.2% for the Center of Monitoring and Maneuvering (Centro de Supervisión y Maniobra, CSM).

Strengthening of service levels at the CSM: A comprehensive assessment of information processing of the CSM staff was made, by incorporating the CogScreen as new measurement methodology. The tool, used in the aircraft industry, evaluates attention, immediate and short-term memory, visual perceptual functions, sequencing functions, logical problem solving, calculation skills, reaction time, simultaneously with the capabilities of information processing and executive functions.

Integration of maintenance activities, through regular meetings with

stakeholders to build the Biannual Maintenance Program (Programa Semestral de Mantenimiento, PSM). This activity, coordinated by XM, optimizes the output of STN equipment.

Completion of the first phase of the portal of the Integrated Technical Standard System (Sistema Integrado de Normalización, SINTEC), portal based on Microsoft Windows SharePoint platform, to access a management model that defines the procedures and responsibilities for developing, disseminating, implementing and ensuring the quality of documents filed as technical standards of the energy transmission service of ISA and its companies. It consists of the knowledge accumulated in the Organization from the experience and expertise in the design, construction, assembly, trading, receipt, storage, factory and in-site testing, operation, maintenance and asset management. The platform supports the following types of documents:

- Standardized technical specifications.
- Standardized data sheets.
- Standardized application guides.
- Standardized technical manuals
- Standardized designs.

Development of equipment management, implementation and qualification processes:

## PERFORMANCE INDICATORS

- Implementation of algorithms for automatic qualification of circuit breakers, disconnections and lines, which will result in the opportunity to define maintenance actions on such equipment.
- Implementation of the methodology for root cause analysis, which will help with the correct definition of actions on the equipment.
- Completion of development of the Automatic Data Collection System (Sistema Automático de Recolección de Información, SARIM), through which the maintenance staff reports the value of the variables that determine the condition of yard equipment and lines. The system uses mobile devices that allow automatic data entry into SAP.
- Definition of prioritization matrix for renewal of protective and yard equipment, in which the different elements related to the replacement of assets are weighed to get the best technical - economic decision of change.
- Development of an Automatic Management System for Equipment at Substations (Sistema Automático de Gestión de Equipos en Subestaciones, SAGES), a platform that allows remote access to the protections, fault and control recorders. The initiative was developed jointly by the areas of operation and maintenance, as part of the pilot plan, the system was implemented in substations Purnio and Ancón Sur.

- Implementation of in-house technologies for control systems of substations Torca, Guatiguará and El Bosque, through the Automatic Substation System (Sistema Automático de Subestaciones, SAS).
- Completion of the approval process related to the distance relays offered by vendors for the Colombian electricity system. Evaluation was made on the protection provided by different manufacturers, such as ABB, Areva, Siemens, SEL, General Electric, ZIV and Nary.
- Definition of a renovation plan for components of the Direct Current –DC- ancillary services of substations. In 2011, the first phase was implemented, in which components of the DC ancillary services were renovated at substations La Sierra, Guatiguará, Betania, La Miel and Purnio, and a procurement process was held in 2012 to update the components of ancillary services at 10 substations.

## DEVELOPMENT OF MAINTENANCE PROCEDURES

- Application of technologies for the management of oils in transformers, thanks to the acquisition of a dielectric oil re-generating plant with soil reactivation - Fuller. This new practice allows reducing contaminated waste and extending the life of the dielectric oil, which allows obtaining environmental and economic benefits.

## PERFORMANCE INDICATORS

- Aplicación de tecnologías para mejorar el diagnóstico y desempeño de las líneas de transmisión; entre otras, se realizó la inspección aérea con cámaras de alta tecnología que consideraron diferentes tipos de medición.
- Application of technologies to improve the diagnosis and performance of transmission lines; among others, aerial inspection was conducted with high-tech cameras that considered different types of measurement.
- Acquisition of technology line arresters that significantly improve the performance of the line in operation in case of lightning. The assembly of this equipment will be made in 2012.
- Adoption of technology that allows the recovery of 125-VDC open battery packs. This restoring pilot program is executed in order for batteries to remain in service for 10 additional years. It was possible to raise the capacity from 55% to 73.7%. This restoring process will continue in 2012 to increase its capacity by at least 90%. Development, review and implementation of a detailed procedure for the repair of capacitive voltage transformers, was implemented in 20 equipment, it avoided undesired failures and showed economic benefits associated with the renewal of equipment.
- Diagnosis, design, development and solution testing for restoring busbar protection at 230-kV substation Betania, a plant that was

outside because of misoperation in the power system that occurred in 2008 and 2009.

- Design, testing and implementation of load shedding system in Cerromatoso. This was a joint achievement between ISA's operation and maintenance areas, agreed with different agents and XM, and allowed offering greater reliability and availability to the mine.

## APPLICATIONS WERE DEVELOPED AND PERFORMED FOR SUSTAINABILITY OF KNOWLEDGE AND SKILLS OF MAINTENANCE PERSONNEL

- Training in maintenance of switches, with four modules of 40 hours each, where various technical issues were discussed. Some modules included participation of equipment manufacturers and ISA instructors.
- Training in maintenance of protections, with two modules of 40 hours each, where various technical issues were discussed. There more modules are expected to take place in 2012, involving manufacturers of the protections.

## STORAGE MANAGEMENT

- Reduction of \$ 6.6 billion in the value of inventory, as a result of identification and selection of materials and spare parts being obsolete, unserviceable or unnecessary to the operation of the SIN.

## PERFORMANCE INDICATORS

- 70% reduction in the physical space for storage of documents located at the technical information bank, as a result of the digitization of 32,500 documents.
- Centralization of storage systems for materials and equipment, eliminating the satellite stores of San Felipe, Ocaña, La Esmeralda, Urra, Cuestecitas and Chivor and Ocaña and Jamondino structure yards.
- Sales of over 1,000 tons of metal structure, through the e-auction mode, which allowed revenues above 43% of the budget.

## COMMERCIAL PLANS

- Continuous improvement in processes.
- Customer satisfaction evaluation.

- Training at ISA's commercial area.
- Preparation of business management report in the evaluation of ISA's Energy Transmission business.
- Tracking of negotiation of OR connection agreements and assistance to new agreements.
- Consolidation of project implementation and monitoring.
- Development of the new portfolio of associated services, focused on electrical studies and dark fiber.
- Implementation of new regulatory scheme: Resolution 097-08 and 011-09: revenues and quality of service.
- ISA 2011 customer improvement plan.

## QUALITY OF SERVICES

2011 results account for the high quality service indicators achieved.

PERFORMANCE INDICATORS

2011 INDICATORS				
INDICATOR	RESULT	LOW GOAL	HIGH GOAL	COMMENT
<b>Energy not provided (MWh).</b>	1,876.47	7,438.58	6,894.71	Energy not provided in the last 12 months due to causes attributable to ISA. Attacks are not considered.
<b>Availability of STN.</b>	99.91%	99.65%	99.92%	Percentage of time that the assets were in service or available for service in the last 12 months.
<b>Operation and maintenance error severity index</b>	0.4	0.85	1	Errors occurred did not cause Energy not provided (Energía No Suministrada, ENS)
<b>Reliability</b>	97.87%			
<b>Effectiveness of re-closure.</b>	82.19%	77.67%	81.30%	Percentage of sudden failures that caused effective re-closure, where the asset was finally set in its original condition, within the last 12 months.
<b>Non-selective and unnecessary outputs</b>	5.28%	9%	6%	Percentage of outputs that were neither selective nor necessary, within the last 12 months.
<b>Timely performance of maneuvers.</b>	99.78%	99.75%	100.00%	Percentage of timely performed maneuvers. From 17,364 maneuvers performed, 39 were delayed.
<b>Circuit failure rate 500 - 230 kV.</b>	3.67	4.5	3.5	

PERFORMANCE INDICATORS

**RELIABLE COMMUNICATION**

To ensure reliable communication and preserve confidentiality with customers, the following preventive activities were performed:

- Confidentiality clauses in contracts.
- Unified operation and maintenance manual (chapter: protocol for the provision of information in case of unmet demand or non-provided energy).

- Indication about use of information in employment contracts.
- Training on handling of information.

**Marketing communication:** As an action of improvement, ISA has identified the dissemination of good practices across different media, so as to achieve an appropriate transfer of responsibility practices extensive to the value chain.

PORTFOLIO OF SERVICES	CUSTOMER ASSISTANCE DIRECTORY	SUGGESTION AND CLAIM ATTENDANCE
<p>ISA offers all the experience and knowledge from a highly qualified service portfolio, which seeks to meet the needs of its customers and help achieve their business goals.</p>	<p>It is designed as a tool to facilitate communication with customers and strengthen business relationship with them.</p>	<p>In order to increase customer satisfaction, the commercial area of ISA - TRANSELCA presents the mechanisms available to address timely complaints and suggestions of its customers regarding the services provided. It also has information available in the customer assistance directory, published on ISA's and TRANSELCA's websites.</p>

These products can be found at:

<http://www1.isa.com.co/irj/portal/anonymous?NavigationTarget=navurl://8f2989311eceb4f847cef8eca8e2b80&LightDTNKnobID=278483387>

PERFORMANCE INDICATORS

STATE	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
<p>To respect and promote the Rule of law</p> <p>ISA considers the State as the set of institutions responsible for ensuring the rights of individuals, looking after the general interest and protecting public property. In addition to comply with State-related 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 the coexistence with infrastructure works in the Municipalities of its areas of influence.</p>	<ul style="list-style-type: none"> <li>■ To respect the Rule of Law.</li> <li>■ To promote the Rule of Law.</li> </ul>
CRITERIA	2012 CHALLENGES
<p>The relationship of ISA with the State is based on the constitutional principle that establishes that the State must ensure the efficient provision of utilities to the inhabitants of the national territory. To meet this goal, the State assumes the regulation, control and monitoring of such services.</p> <p>ISA respects and promotes the Rule of law:</p> <ul style="list-style-type: none"> <li>■ Strict compliance with the law (respect for regulations).</li> <li>■ Provision of timely information</li> <li>■ Institutional relations.</li> <li>■ Institutional strengthening.</li> </ul>	<p>Advance on relations with this stakeholder, where actions are promoted for the sector development.</p> <p>Consolidate the institutional strengthening program, from the support to municipal administrations and base organizations.</p>

## PERFORMANCE INDICATORS

In 2011, ISA raised a challenge of supporting local authorities through the institutional strengthening program, through which significant results were obtained:

- In the six municipalities of Cauca, Tarazá, Nechí, El Bagre, Zaragoza and Cáceres, belonging to the sub region of Bajo Cauca antioqueño, a pilot program is being held to assist the new local governments, designed to provide them with methodologies and tools to improve their overall and tax performance rates and thus increase the rate of viability of the Municipality, which should lead to increasingly favorable feasibility conditions for the development of the Company's businesses. The process is made in partnership with the National Planning Department, DNP and CONCIUDADANÍA Corporation, who serves as operator.
- The sub region of Bajo Cauca bears special interest for ISA because the Company is present therein with the Energy Transmission business and it is projecting section II of Autopistas de la Montaña.

## COMPLIANCE WITH COMMITMENTS

### RESPECT FOR RULE OF LAW

#### SURVEILLANCE AND CONTROL

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

Accounting General Office

- Annual consolidated chart of accounts, accounts payable movements, intercompany transactions, equity items, real estate, cash flows, internal control report, financial statements and notes to financial statements.
- Three interim quarterly reports with information for chart of accounts, accounts payable movements, intercompany transactions, equity items, real estate, cash flows, balance sheet and statement of financial and economic activity.
- Two semi-annual reports for State's doubtful accounts bulletin.

Comptroller's General Office (Contraloría General de la República, CGR)

- Audit Government with a comprehensive approach, carried out from January to July.
- Annual reporting of accounts, including contractual, environmental information, indicators, financial statements, debt and internal audit.
- Two reports on the progress of the improvement plan.
- Twelve debt reports to the Unified Statistical Debt System (sistema Estadístico Unificado de Deuda, SEUD).
- Twelve monthly reports on contracts signed, reported to the Sta-

## PERFORMANCE INDICATORS

te Procurement Information System (Sistema de Información de Contratación del Estado, SICE).

- Annual report on the procurement budget reported to the SICE.
- Annual monitoring of alarms in the SICE
- Four quarterly reports on ISA's budget information to the Consolidating Treasury and Public Finance Information System (Sistema Consolidador de Hacienda e Información Financiera Pública -SCHIP).
- An annual report with staff and cost information for the SIDEF.

Financial Superintendence of Colombia

- Information before and after the Annual Shareholders' Meeting: date of the meeting, proposed distribution of profits, and copy of the minutes of the meeting and annual report (financial statements).
- Twelve reports on placement of documents, and evolution of each outstanding bond issues of ISA in force in the primary market.
- Annual Financial Report, with notes to the financial statements and auditor's report.
- Quarterly financial reports.

- Relevant information on its Website, if necessary.

Superintendence of House Utilities (Superintendencia de Servicios Públicos Domiciliarios, SSPD)

- Three updates to the Utility Provide Registry (Registro de Prestadores de Servicios Públicos –RUPS).
- Four quarterly reports on accidents of electrical origin.
- Annual Financial Information: Chart of Accounts, costs and expenses.
- Delivery of signed financial statements.
- Report on annual supplementary financial information.
- Report on biannual supplementary financial information.
- Annual supplementary report on billing and collection.
- Annual supplementary administrative report.
- Annual report on infrastructure investment projects.
- Delivery of the annual report and the minutes of the annual meeting.
- Completion of the annual customer's satisfaction measuring survey.

## PERFORMANCE INDICATORS

- National Administrative Statistics Department (Department Administrativo Nacional de Estadística –DANE)
- Four quarterly surveys on import and export of services.
- Administrative Department of Public Duties (Departamento Administrativo de la Función Pública).
- Twelve reports on the application related to the Single System for Staff Information (Sistema Único de Información de Personal –SUIP), on personal service agreements.
- National Planning Department (Departamento Nacional de Planeación).
- Delivery of annual report.

## TAX PAYMENT

ISA reports tax payments as part of its transparent management in order to consolidate due social control over State resources.



PERFORMANCE INDICATORS

LISTING OF TAXES PAID			
CONCEPT	MILLION COP 2009	MILLION COP 2010	MILLION COP 2011
Income tax (income provision expense)	145,471	108,637	121,675
FAER contribution	50,454	48,076	52,486
Financial transaction tax	993	1,049	3,938
Industry and trade tax	6,812	6,803	7,262
Equity tax	20,173	20,173	39,050
Transfer to UPME	2,881	3,178	3,283
PRONE Contribution	37,238	34,536	36,562
CGR Fiscal Control Quota	1,245	1,145	1,972
Contribution to Superintendencies and regulation commissions	1,280	1,974	2,277
National stamp tax	25	0	0
Unified property tax	361	818	1,411
Signs and boards tax	61	54	53
Public lighting tax	579	630	646
Fire Department surtax	124	142	185
Energy service contribution	35	163	191
Contribution on public work contracts	0	120	0
Vehicle tax	5	6	10
Disaster prevention surtax	1	0	0
Stamps	2,178	2,038	2,063
<b>Total</b>	<b>269,919</b>	<b>229,543</b>	<b>273,065</b>

## PERFORMANCE INDICATORS

### ANTI-CORRUPTION PRACTICES

In 2011, no inquiries or complaints were received through the ethics line regarding discrimination events and two conflict of interest events took place, for which the company applied the relevant administrative measures.

Regarding the management of anticorruption practices, the comprehensive risk management methodology defined by the Organization comprises the following stages: identification, assessment, handling, monitoring, communication and dissemination and consolidation. The first three are made through meetings with the different process owners, which allow identifying the risks of exposure. This activity is revised each year and offers comprehensive exposure coverage of ISA and its companies to the corruption component, as contained in the fraud risk.

In addition, ISA applies the System for Prevention of Money Laundering and Terrorist Financing-SIPLA, an additional mechanism that allows relying on practices to prevent corruption. As part of this initiative, prevention and control activities were performed in 2011 against money laundering and terrorist financing on procurement processes and contract management. By the end of the period, the system has processed over 17,000 requests for information verification corresponding to a total of 2,647 suppliers. During the last year, 8,227 requests for updated information verification were processed, corresponding to 1,202 suppliers.

Also, in 2011 the Board of Directors approved the Anti-Fraud Code, as a framework that seeks to formalize the strategic will of the Company with respect to this issue. It provides for a culture of zero tolerance and establishes corporate guidelines and responsibilities to enable prevention, detection, investigation and response.

To complement this, ISA conducted among its employees the plan for deployment, reinforcement and internalization of the Code of Ethics, in order to strengthen the Organization on anti-corruption procedures. Socialization was made at first instance in a massive event which was attended by representatives of all stakeholders; thereafter sessions were conducted with the directive officers on building criteria, and finally reinforcement was made with employees. This activity is expected to be completed in the first quarter of 2012.

Also, during 2012, the plan for deployment of the Anti-Fraud Code is expected, which Code is a key tool for managing the risk of corruption.

### PROMOTING THE RULE OF LAW

#### INSTITUTIONAL STRENGTHENING

This program carries out activities that contribute to promoting the rule of law, which embodies ISA's contribution to make the territories viable. The Company has voluntarily committed to institutional strengthening, by implementing technical skills in local governments, thus facilitating the fulfillment of their responsibilities in participatory planning, social

## PERFORMANCE INDICATORS

control, public finance, territory organization, provision of basic utilities to communities and creating conditions for the effective exercise of Human Rights.

Part of the work performed by ISA in 2011 includes a number of actions undertaken in the six municipalities of the sub region comprising the Bajo Cauca: Caucasia, El Bagre, Nechí, Taraza, Caceres and Zaragoza, where the good governance conditions were improved and regional competitiveness was strengthened. The most outstanding actions in this process were:

- Training workshop for formulating government plans: aimed at mayors, mayor clerks, and mayoral candidates, in agreement with CONCIUDADANÍA.
- Signing of a framework agreement with the National Planning Department, DNP, to join efforts in strengthening the institutional capacity of municipalities in the area of influence of ISA, in order to improve their local comprehensive performance indicators.
- Agreement with CONCIUDADANÍA to develop a process for implementing the DNP methodology in six of its basic components: government programs, budget, medium-term fiscal framework, rendering of accounts, hand-over processes, and funding of development plans. Additionally, the comprehensive and fiscal performance measurement methodology has been applied, which contains a set of indicators called municipal comprehensive performance index, which will measure the impact of the project. In development of this agreement, the first handover workshop was conducted in 2011, as well as the corresponding technical assistance in six municipalities. This project will continue in 2012.
- Strengthening of regional competitiveness through the competitive network project for local economic development of Antioquia. This activity is made in partnership with ADRA and contributes to greater integration of the sub regions through the formulation and promotion of local economic development policies in 16 municipalities of Bajo Cauca and Northeastern Antioquia. Trainings were conducted in 2011 in forming networks, project management, and access to computer platform.

**PERFORMANCE INDICATORS**

“ISA’s support to incoming governments for the 2012 - 2015 period is a large commitment for us because this is a region facing great challenges for the development of the Department and the country”.

**Handover team of the municipality of Tarazá**

As part of the projects that ISA has implemented jointly with the Peace and Development Programs -PDP- it is worth highlighting the progress of project Politeia, a PDP initiative developed by the Magdalena Centro evidenced as the school of leadership in the region of Magdalena Centro, becoming a training space for citizen participation and advocacy.

Leaders have been formed in this school on issues such as territory, state, participatory planning and social control, to exercise their right and duty to participate in public interest decisions. Its accomplishments include the strengthening of capacities of leaders to participate on a qualified basis, reflected in increased participation in public affairs and greater confidence to dialogue with local governments. Also, the school has developed initiatives on participatory suppositions and has led to greater control by citizens over the allocation of public resources and the budgetary performance of their municipalities, in an environment of confidence and motivation.



**PERFORMANCE INDICATORS**

“The meetings with people are a reflection that we are a brotherhood community, we all search for the same, our younger people with their joy and we, the older people with our experience, we all build our territory and we make it a productive place, so that those violent individuals who once harmed us, will no longer subject us. Since the Leadership School –Politeia began, we have clarity and certainty on the way we should choose our leaders and how we are formed”

**Testimony of Gerardo Cardona, community leader and participant, Politeia– La Dorada**

Another significant strengthening action in 2011 was the beginning of a process to create conditions for development and peace in the sub region of Porce, at the Antioquia municipalities of Anorí, Guadalupe and Amalfi. The process is based on the methodological transfer of the experience of Eastern Antioquia in overcoming the conflict. By agreement with Corporation Prodepaz, promoter of the Development for Peace in the East, Northeast and Middle Magdalena of Antioquia, ISA took up the challenge to contribute in the search for alternatives to overcome problems associated with conflict, poverty, access to services, roads, among others, involving local governments, businesses operating in the territory and communities. This framework was used to set the bases of the expected Porce table for peace and development in 2012.



## PERFORMANCE INDICATORS

### TRADE ASSOCIATION MANAGEMENT

ISA actively participated in the various chambers of ANDESCO:

**The Energy Chamber:** Comments to Decree-Law 129 of 2011 which provides exceptional subsidies for non-collection of home utilities to users of lower strata affected by the rainy season and which will be borne by the National Government in accordance with the powers in the declaration of the state of economic, social and ecological emergency.

- Management for the extension of the transfer to the FAER contribution rate. National Development Plan Law (Plan Nacional de Desarrollo, PND).
- Comments and follow-up to the proposed energy shortage risk statute.
- Comments and follow-up to the proposed regulation of the Organized Market MOR (CREG Resolution 090-2011).
- Inter-sector letter to Decree 2915 of 2011 - Exemption from the contribution on energy service to industry sector.

**Chamber of Communications and CSR:** Promoting good practices in CSR, based on the experience of ISA or other companies. In 2011, actions were made in connection with the promotion

and inclusion of practices that enabled the development of the Millennium Development Goals -MDGs, the Global Compact, institutional strengthening programs, methodologies for dialogue with stakeholders and implementation of Guide ISO26000.

**Environmental Chamber:** Its activity is focused in developing the environmental agenda of ANDESCO and the Ministry of Mines and Energy, with emphasis on the regulatory management focused on technical and legal comments to make adjustments and recommendations for the definition of regulatory projects in progress, which were outlined in the environmental chapter of the trade association action.

### SUPPORT TO INSTITUTIONS

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

### RELATIONS WITH SECURITY / PUBLIC ENFORCEMENT BODIES

Since 2003, ISA is a member of the Mining and Energy Committee on Security and Human Rights, a body that promotes the best performance of the private sector and State institutions in the fields of security and Human Rights.

## PERFORMANCE INDICATORS

The committee is composed of the Vice President of the Republic, the Ministry of National Defense, the Ministry of Foreign Affairs, the General Command of the Armed Forces, three embassies of friendly countries, two civil society organizations and various companies.

ISA monthly reports to the Office of the United Nations for Human Rights, on any attacks and events against the company and the Human Rights that is directly aware of. These reports include attacks on the SIN infrastructure, extortion, kidnapping, accidents with landmines and physical assault.

On the other hand, ISA is a member of the Sociopolitical Risk Committee of Antioquia, whose mission is to understand and analyze the socio-political dynamics of the operating environments of the member companies, in order to identify risks associated with armed and social conflict. The Committee is made up by the electricity companies of the Department of Antioquia, and also includes individuals recognized for their knowledge and experience in the field; it is attended by the mission to support peace processes from the Organization of American States, State security agencies and special guests.

ISA shares the socio-political risk analysis, defines management measures of such risks and supports their implementation together with other companies who have shared vision or problems and with the State agencies that contribute to the security of the regions and therefore the viability of complex environments in which it operates. These actions are

part of the management line of interagency coordination of the corporate sustainability strategy in the midst of the armed conflict.

On the other hand, ISA has signed with the Ministry of Defense a cooperation agreement, aimed at empowering the Army to maintain the conditions of protection and security of the activities and infrastructure and facilities of ISA in the areas where the Company undertakes the management, operation and maintenance associated with its business of Electric Energy Transmission.

As part of the special considerations of the agreement, it is provided that the Armed Forces of Colombia - National Army, as an institution governed by the Constitution and international treaties on Human Rights signed by Colombia, is and will be respectful of the legal framework thereof, whose preservation and defense is required to comply with and monitor; the Colombian State is part of the international initiative called "Voluntary Principles on Security and Human Rights" since October 2009 and the "Voluntary Principles on Security and Human Rights" are expressly backed by the "Comprehensive Policy on Human Rights and International Humanitarian Law" of the Ministry of National Defense.

It also has a coordination committee, to which a Company representative is part of, responsible for guiding the implementation of the agreement in a manner that conforms to strict standards of efficiency and transparency, making sure that its development will not affect the

## PERFORMANCE INDICATORS

good image and good relations of the parties with the community and meeting the environmental standards, Human Rights and occupational health for staff involved in the protection of areas of interest and to make recommendations. Finally, the agreement allows ISA to allocate economic resources for the Army to invest in Human Rights training.

CSR  
REPORT  
2011

## Financial dimension



PERFORMANCE INDICATORS

MAIN INVESTMENTS AND REVENUES		
CONCEPT	INVESTMENT IN INFRASTRUCTURE AND SERVICES PROVIDED *	
	FIGURES IN MILLION PESOS	
I-POA	Asset optimization	\$7,453
I-BETA	Renewal of Betania substation	\$663
	<b>Subtotal replacement of assets</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

PERFORMANCE INDICATORS

RESULTS OF ISA IN THE PERIOD - \$ MILLION				
	2011	2010	VARIATION	%VARIATION
<b>PROFIT/LOSS</b>				
Operating revenues	996,688	941,971	54,717	5.8%
Operating costs and expenses	(518,037)	(469,363)	(48,674)	10.4%
EBITDA	614,212	623,946	(9,734)	-1.6%
Operating profit	478,651	472,608	6,043	1.3%
Non-operating loss	(19,358)	(20,075)	717	3.6%
Profit before taxes	459,293	452,533	6,760	1.5%
Income tax provision	(122,517)	(108,637)	(13,880)	12.8%
Net profit	336,776	343,896	(7,120)	-2.1%
<b>BALANCE SHEET</b>				
Assets	9,384,833	9,033,380	351,453	3.9%
Liabilities	2,988,490	2,593,684	394,806	15.2%
Equity	6,396,343	6,439,696	(43,353)	-0.7%
<b>INDICATORS</b>				
EBITDA Margin (%)	61.6%	66.2%		
Operating margin (%)	48.0%	50.2%		
Net margin (%)	33.8%	36.5%		
Return on assets (%)	3.6%	3.8%		
Indebtedness (%)	5.3%	5.3%		
Endeudamiento (%)	31.8%	28.7%		
Net bedt / EBITDA (times)	2.31	2.25		
EBITDA / interest (times)	5.26	5.37		

PERFORMANCE INDICATORS

SERVICE PORTFOLIO

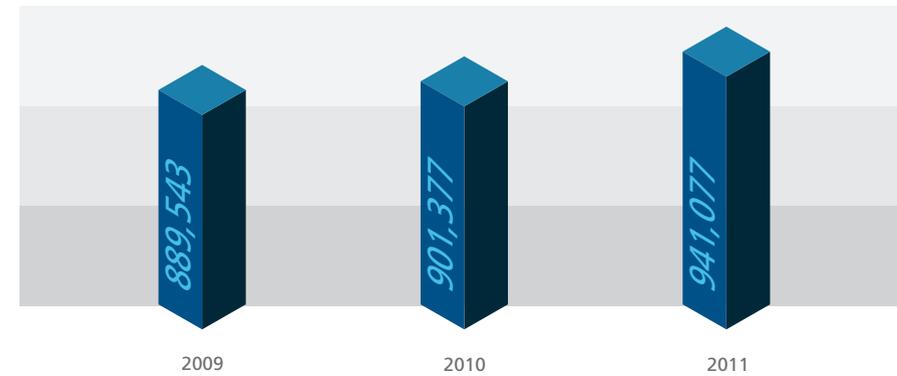
The Company provides a complete portfolio of services through an integrated commercial area, which uses the synergy between ISA and TRANSELCA:

- Transmission of electricity
- Connection to the National Transmission System-STN-
- Associated services

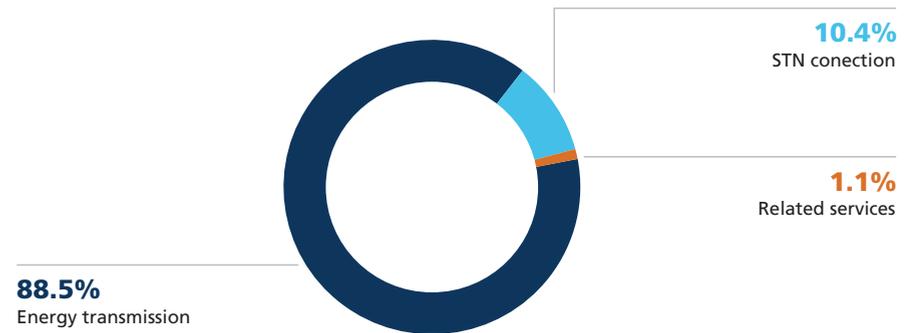
For these services, ISA received in 2011 revenues for COP 941,077 million, representing growth of 4.4% compared to 2010.

SERVICE REVENUES

millions \$



PERCENTAGE OF REVENUES BY SERVICE



PERFORMANCE INDICATORS

SHAREHOLDERS	
COMMITMENT AND CHARACTERIZATION	STRATEGIC OBJECTIVES
Growth with profitability and value generation.	Ensure value increase.
CRITERIA	2012 CHALLENGES
Reliable communication with shareholders. Establishment of measurements for the improvement in attention to shareholder. Growth with profitability and value generation	Keep good practices to contribute to business growth.

OPERATION OF INFORMATION CENTER FOR SHAREHOLDERS

At the end of 2011, ISA had 48,168 shareholders, located in Bogota (35.50%), Medellin (19.06%), Cali (6.93%), Barranquilla (3.20%), Bucaramanga (2.19%) and in other cities (33.13%). During 2011, the assistance center for shareholders registered a level of service of 99%, 9% higher than the agreed, with a total of 28,711 contacts throughout the year.

SOURCE 2011	No. CASES	%
<b>Call Center outgoing calls</b>	73	0.25%
<b>Calls and visits ISA Bogota office</b>	105	0.37%
<b>Letter/Fax from shareholders</b>	204	0.71%
<b>Other contacts (Rights of petition, updating bulletins, phone mailbox)</b>	339	1.18%
<b>Calls and visits Medellin assistance office</b>	510	1.78%
<b>Fiducolumbia regional office contacts</b>	638	2.22%
<b>Shareholders' data updating by using ISA's website-shareholders section</b>	1,554	5.41%
<b>Contact to email <a href="mailto:accionesisa@isa.com.co">accionesisa@isa.com.co</a></b>	1,829	6.37%
<b>All Service Line Assistance</b>	23,459	81.71%
<b>TOTAL</b>	<b>28,711</b>	<b>100.00%</b>

## PERFORMANCE INDICATORS

The toll-free shareholder assistance line received 82% of inquiries through the call center and the assistance lines (23,459 calls), which were attended with a 96% service level (exceeding the agreed 85%).

Also, during the period 10 cases related to complaints and 195 cases of congratulations and gratitude were entered. In addition, updating basic data through the website, contact us section, was promoted.

Through Fiduciaria Bancolombia, ISA retained the services of INVAMER S.A., an entity that conducts a service satisfaction survey to shareholders, to assess the quality of the shareholder assistance line during 2011. The 4.77-point rating places in the rank of excellent, according to the Quality Service Audit S.A.

Being aware of the significance of keeping permanent contact with shareholders and investors, the Company performed a number of activities related with the provision of timely information:

- The Company's CEO submitted the 2010 management and corporate results report during the Regular Shareholders' Meeting held on March 31st, 2011, and having a quorum of 79.94%.
- Also, he personally presented the management and results report to the stock exchange brokerage companies and local institutional investors. The presentation was made in six face meetings held in Bogotá, Cali and Medellín. Also, three webcasts were held for inter-

national investors, where the major corporate events and financial figures were informed.

- During the year, several visits from international investors were attended; also, the Company participated in certain events focused on the capital market.
- The Company complied with the timely delivery of news and relevant corporate events, financial information and credit ratings, among others. During the year, 531,806 emails were sent to current shareholders, brokerage firms and institutional investors from the Colombian market and international investors.
- The Company issued and sent two bulletin editions to shareholders and one edition of investor's guide (about 58,500 bulletin copies, 29,000 investors' guide copies and 33,412 emails), which are also published on the Website - investors section. Similarly, a total of 27,815 tax certificates were sent (8,991 printed certificates and approximately 18,824 by email).
- ISA set in place electronic consulting mechanisms on its Web site to allow its shareholders obtaining tax certificates for income tax purposes and the monthly statements containing the value of their investment (Website, investors section, account statement and tax certificate). This way, the company promotes the rational use of natural resources under the context of a socially responsible management.

## PERFORMANCE INDICATORS

Being aware of the commitment to create value for its shareholders, ISA published the investor's guide, an instructional document. The publication, which began circulating since 2010, contains information on various exchange market topics of general interest, Corporate Social Responsibility-CSR- ethics line, among others.

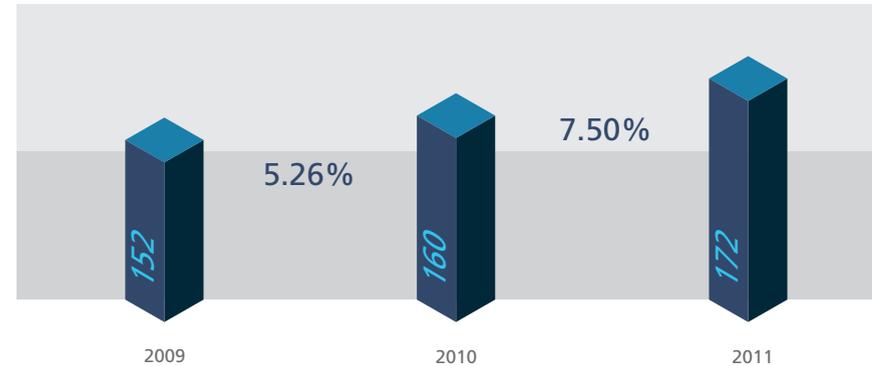
On the other hand, the website was updated with news, highlights, quarterly financial reports, certificates, bulletins, biannual statements and other generic documents.

## DIVIDEND POLICY

The Regular Shareholders' Meeting held on March 31st, 2011, approved the proposition on the 2010 profit appropriation and distribution, which consisted in distributing profits worth COP 190,521 million to pay a dividend of COP 172 million per share. The payment was made in four quarterly equal installments of COP 43 per share (April 18, July 18 and October 18, 2011; and January 27, 2012). Within the period, the direct retribution to shareholders as dividends was COP 172, corresponding to a 7.50% increase with respect to the 2010 dividend (COP 160).

## REGULAR DIVIDENDS PER SHARE

weights \$



PERFORMANCE INDICATORS

SHARE COMPOSITION

As of December 31st, 2011, ISA had 48,168 shareholders.

SHARE COMPOSITION		
SHAREHOLDERS	SHARES	%
<b>State investors</b>	<b>682,078,108</b>	<b>61.58</b>
<b>The nation</b>	569,472,561	51.41
<b>Empresas Públicas de Medellín</b>	112,605,547	10.17
<b>Companies with public and private capital</b>	<b>77,373,530</b>	<b>6.99</b>
<b>ECOPETROL</b>	58,925,480	5.32
<b>Empresa de Energía de Bogotá</b>	18,448,050	1.67
<b>Private investors</b>	<b>348,226,256</b>	<b>31.44</b>
<b>Institutional</b>	213,061,778	19.23
<b>Individuals</b>	84,911,927	7.67
<b>Corporate Entities</b>	20,750,545	1.87
<b>Foreign Investment Funds</b>	28,157,106	2.54
<b>ISA ADR Program</b>	1,344,900	0.12
<b>OUTSTANDING SUSCRIBED AND PAID-IN CAPITAL</b>	<b>1,107,677,894</b>	<b>100</b>

STOCK EVOLUTION

STOCK MARKET

2011 was one of the most complex years for the three stock markets

belonging to the Latin American Integrated Market (Mercado Integrado Latinoamericano –MILA). The General Index of the Lima Stock Exchange (Índice General de la Bolsa de Valores de Lima –IGBVL) fell 16.6% throughout the year, followed by the Stock Selective Price Index (Chile) (Índice de Precio Selectivo de Acciones –IPSA), which depreciated 15.2%; while in Colombia, the Colombian Stock Exchange General Index (Índice General de la Bolsa de Valores de Colombia –IGBC) closed with 18.3% devaluation, and the Colcap recorded 13.8% fall.

ISA STOCK PRICE VS. MAJOR INDICATORS VARIATION

variation (%)



**PERFORMANCE INDICATORS**

Also, the Morgan Stanley Capital International Emerging Markets – MSCI EM– Latin America index, designed to measure the performance of the emerging stock markets (Brazil, Chile, Colombia, Mexico and Perú), closed with 21.9% devaluation.

The situation was also difficult in the international context in which countries like those from the European Union were driven to implement strategies to counteract the difficult fiscal situation. However, the results were not favorable, although during the year decisions were made to mitigate the negative effects of the situation, protected by a common economic policy and the adoption of measures for monetary stabilization. Obviously this situation ended impacting the behavior of the equity market. However, the financial performance of major issuers in the country was positive.

It should be added to this picture that 2011 was a record year for share issues in the Colombian market, which, according to some analysts, influenced individuals to sell shares in the secondary market for approximately \$ 1.8 billion, higher than sales Cumulative 2010 (approximately \$ 528 billion). At the time, foreign investors and ADR programs were the year’s largest buyers that consolidated high levels of investment.

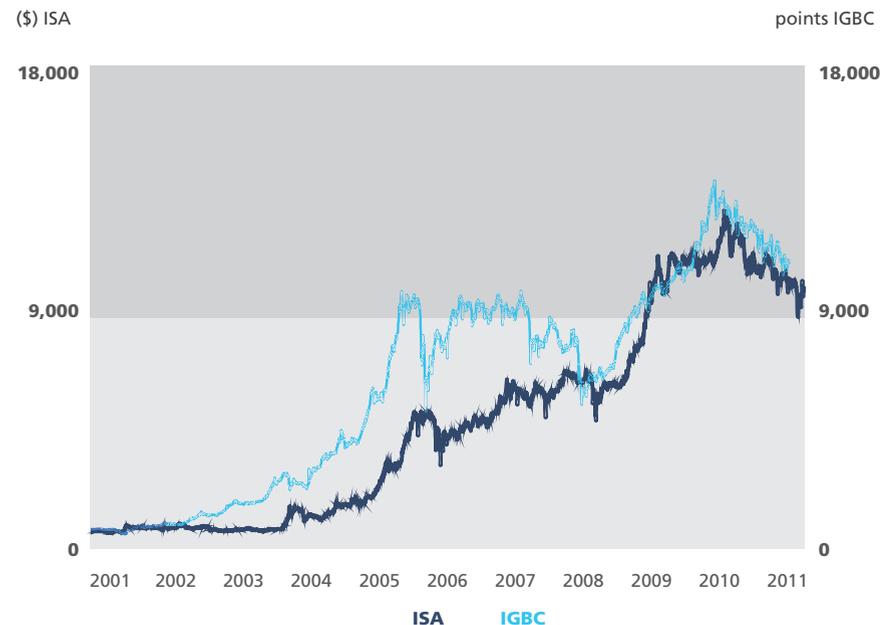
**BEHAVIOR OF SHARES**

As expected, ISA’s shares were not immune to the phenomena of global market, trading volumes and settlement and restructuring of portfolios;

for such reason, at the end of 2011 it reached a price of COP 11,200 per share, with 20.57% devaluation, similar to the behavior of the IGBC.

However, from 2001 to 2011, ISA’s shares showed a valuation of 1,218%, similar to the IGBC rise (1,167%).

**ISA VS. IGBC (2001 - 2011) VARIATION**



PERFORMANCE INDICATORS

The Company's stock capitalization, as of December 31st, 2011 amounted to COP 12,405,992 million, with 1,107,677,894 outstanding shares.

STOCK INDICATORS			
	2009	2010	2011
<b>Outstanding shares No.</b>	1,107,677,894	1,107,677,894	1,107,677,894
<b>Free - Float (%)</b>	31.44	31.42	31.44
<b>Shareholders (No)</b>	53,215	53,215	48,168
<b>Par Value (\$)</b>	32.80	32.80	32.80
<b>Intrinsic value with valuation (\$)</b>	5,528.96	5,813.69	5,774.55
<b>Closing Price (\$)</b>	12,980	14,100	11,200
<b>Stock Capitalization (million USD)</b>	7,033	8,160	6,386
<b>Trading average (millions \$)</b>	3,166	3,166	3,166
<b>IGCB (points)</b>	11,602.14	15,496.77	12,665.10
<b>Colcap (points)</b>	1,366.85	1,823.70	1,571.55
<b>Col 20 (points)</b>	1,115.43	1,452.68	1,287.63
<b>ADR closing price (USD)</b>	158.84	183.59	144.44
<b>ADR average price (USD)</b>	114.83	173.70	166.64

## ECONOMIC AND FINANCIAL PERFORMANCE

### GROWTH WITH PROFITABILITY AND VALUE

INDICATORS	2009	2010	2011
<b>EBITDA</b>	<b>625,204</b>	<b>623,946</b>	<b>614,213</b>
<b>DELTA EBITDA (\$)</b>		-1,258	-9,733
<b>Variation %</b>		-0.20%	-1.56%
<b>EVA</b>	<b>37,324</b>	<b>95,479</b>	<b>117,126</b>
<b>DELTA EVA (\$)</b>		58,155	21,647
<b>Variation %</b>		156%	23%

EBITDA ended at COP 614,213 million, representing 1.56% decrease, given that ISA's revenues were COP 996,689 million, 5.8% increase compared with 2010, while costs and operating expenses were COP 520,591 million, 10.9% increase. Revenues were favored by the behavior of the PPI, higher revenues from FAER and PRONE and meanwhile expenses increased due to higher maintenance costs associated with

tower repair from takedowns and rainy season, increased FAER and PRONE contributions and costs associated to construction contracts for third parties.

The EVA ended year 2011 at COP 117,126 million, an increase of 22.67% over the previous year, showing a very favorable behavior. EVA Growth is mainly due to the increase in net operating income (compensation and recoveries) and a lower WACC (due to lower benchmark interest rates in the U.S. and decreased country risk for Colombia).

### CREDIT RATING

Fitch Ratings de Colombia with a stable outlook affirmed the AAA-rating of the third bond issue for COP 130 billion and the domestic public debt issuance and placement program by COP 1.7 trillion issued by Interconexión Eléctrica S.A. E.S.P.

Standard & Poor's assigned to ISA an investment grade rating with a stable outlook, from BB+ to BBB-. The S&P rating corresponds to the third rating obtained by ISA with investment grade and stable outlook, after Moody's (Baa3) and Fitch Ratings' (BBB-), which had been assigned in late 2010.

CSR  
REPORT  
2011

## Annexes



## GLOBAL COMPACT

ISA is committed to the management of the 10 Global Compact principles, and for the period covered by this report, it has made great strides in Principles 1 and 2, generating innovations to the processes and commitments extensive to the value chain.

Principles 4, 5 and 6 have a significant presence in the Declaration on Human Rights and the Code of Ethics. Through these two stated commitments, it is evident that there is action to promote and influence the value chain.

This same concept applies to Principle 10, through the implementation of an entire management system of ethics that allows leveraging the Code of Ethics, and the creation of the anti-fraud protocol, with very specific actions that allow the Organization to generate generating anti-corruption promoting actions.

The principles associated with labor and environmental issues, are available in the environment chapter, while the social issues are contained in the section corresponding to employees.

### 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 environmentally friendly technologies.

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. Commitments were undertaken therein 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"<sup>1</sup>.

<sup>1</sup> In: <http://www.pnud.org.co/sitio.shtml?apc=aKa020101--&m=a&e=A>

ANNEXES

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.

ANNEXES

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<a href="#">Website for Business Reports</a>	<a href="http://www.xm.com.co/Pages/Informes-Empresariales.aspx">http://www.xm.com.co/Pages/Informes-Empresariales.aspx</a>	<a href="http://www.INTERNEXA.com/Paginas/centro_recursos.aspx">http://www.INTERNEXA.com/Paginas/centro_recursos.aspx</a>	<a href="http://www.TRANSELCA.com.co/SitePages/RSE.aspx">http://www.TRANSELCA.com.co/SitePages/RSE.aspx</a>	<a href="http://www.rep.com.pe/rep/Reporte%20de%20sostenibilidad/Forms/AllItems.aspx">http://www.rep.com.pe/rep/Reporte%20de%20sostenibilidad/Forms/AllItems.aspx</a>	<a href="http://www.cteep.com.br/">http://www.cteep.com.br/</a>
<b>Company Information</b>	<b>This information can be consulted in the sustainability report in the Organization Dimension chapter</b>				
Relevant Issues	<p>XM- Compañía de Expertos en Mercados, CIDET (Center for Research and Technological Development of Power Sector), COCIER (Colombian Committee of the Regional Energy Integration Commission), NOC (National Operations), CAC (Marketing Advisory Committee) and CINTEL (Center for Communications Research) are structuring a program proposal aimed at establishing concertedly with the major electricity companies and other stakeholders, as a framework of guidelines, policies and strategies for the optimal development of intelligent networks in the Colombian electricity system oriented to the challenges faced by the country, considering the expected benefits and costs.</p>		<p>As of 2011, within TRANSELCA's program of suppliers' management, the contractor requirements were standardized taking into account the type of service rendered, being these included in the procurement specifications, which were communicated during personnel inductions and verifying its compliance during work execution. In total, 105 activities of contractor personnel inductions were performed, with the participation of 631 workers, spaces in which the occupational health policy, contractor management program, and safety rules required by TRANSELCA were communicated; self-care, and work accident and incident reporting were promoted.</p>		<p>CTEEP, in 2011 adhered to the United Nations Global Compact, expressing its commitment with the management of the ten principles as a strategic issue of its business management.</p>

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
Awards and distinctions	<p>Colombia Inteligente is a national initiative of development towards new technologies and world trends. It is an evolution of many of the current systems, which work in an inter-sectorial manner.</p> <p>XM was recognized as a company that was outstanding this year for its major contribution to the development of the IEEE. In the city of Medellin, the first conference about Innovation in Intelligent Network Technologies - ISGT was undertaken by the Society of Energy and Power -PES of the IEEE in Latin America.</p>	<p>INTERNEXA, in its first participation in the MEF awards in the CALA region (Caribbean and Latin America), was awarded with two awards as a recognition of its excellence and leadership in the development, marketing and Carrier Ethernet service delivery during the last year in its region. The MEF (Metro Ethernet Forum) is the entity in charge of defining the standards for Carrier Ethernet at a global level.</p> <p>The categories obtained were: Best Wholesale Service (Wholesale) Ethernet, awards the service provider in the CALA region, with the most robust wholesale service offer , extending the reachability of the ethernet services including Backhaul Mobile and Corporate.</p> <p>Regional Service Provider of the Year, awarded to the provider whose principal operations and Ethernet service offerings are focused in the CALA region, which has the highest cumulative score from all other categories. Until this year the award had been deserted.</p> <p>INTERNEXA was also a finalist in the three other categories: Best Ethernet Corporate Service, Best Marketing and Service Provider of the year.</p>	<p>2011 was the year of consolidation of the Maletines Viajeros Program, which operates in partnership with the Luis Eduardo Nieto Arteta Corporation, in 7 municipalities (Sabalarga - Atlantic, Santa Marta and Foundation - Magdalena, Cartagena - Bolivar, Albania / Cuestecitas - La Guajira and the Copey - Cesar). The good results achieved by the program in the 4-year career, allowed its incorporation into the Institutional Education Program - PEI-of each of the 67 educational institutions where we have a presence.</p>	<p>The Ministry of Labour and Employment Promotion (MTPE) in March 2011 awarded the "Best Practices Work 2010" REP in the category Professional Development and access to training.</p> <p>Ministry of Culture: REP was honored earlier this year for the work of 2010, in recognition of his valuable contribution to the Promolibro program, which takes mobile libraries to various parts of the country. The company contributed with 76 libraries in 2011 and is expected to reach 190 libraries in 2012.</p> <p>July 15: REP was awarded by the Ministry of Education for its commitment to education in the country, having benefited over 300,000 children in low income areas, with adoptive parents in training or infrastructure for schools, as well as the supervision of the dissemination activities.</p>	

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Environmental Topic</b>					
	XM, performs awareness campaigns on the efficient use of resources, as the business operation has no impact on the natural resources; there is neither any environmental impacts that require a management system				
EN1 Materials used, in weight or volume..	D.A.	Water consumption m <sup>3</sup> : Aqueduct 333 ; rain water 408 and tank car 48. Discharge of oils and fuels (# Environmental Near-Misses): 0	Water consumption m <sup>3</sup> : 8225.72 Generated Residues (hazardous) Kg: 6575.0 Generated Residues (non hazardous) Kg: 704.8 Hydrocarbon Consumption Annual Gallons: 6596 Discharge of Oils and Fuels (# Environmental Near-Misses): 0	During 2011, no spills of chemicals or oils with a significant environmental impact were recorded. The regeneration operation of dielectric transformer oil whose process aims primarily to obtain the total cleaning of the transformer and cellulose until it is free of contaminants and, secondly, the recovery of oil.	During 2011 CTEEP measured hazardous waste and properly managed 43.44% of all the waste
EN3 Direct consumption of energy itemized by primary sources.	D.A.	Energy consumption: 3144.695	Energy consumption Kwh/ month: 142648.2	It is a target for 2012. In 2011 a pilot was performed.	For 2011 there was no measurement of non renewable energies. In situations of interruption of power supply, the operations in substations use biodiesel.

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Environmental Topic</b>					
EN16 Total emissions, direct and indirect, of greenhouse gases, in weight.	D.A.	Taxis: 1,30 tons of CO2 Buses for collaborators' transportation: 44.48 tons of CO2 Air transportation: 41.54 tons of CO2 SE Energy Consumption: 19.15 tons of CO2 Office energy consumption: 80,35 tons of CO2 Total ITX emissions2011 = 186.82 tons, reduced in relation to 2010.	SF6 and CO2 emissions : 0,06 The monitoring of SF6 quantities released into the environment is currently implemented in TRANSELCA through the measurement of such quantity and its due recording in SAP for each equipment installed in the company's power system. Likewise, this information recorded in SAP is included in a Report in the BI for its analysis and hence to be able to take relevant mitigation actions.	It is a target for 2012.	It is an action that will be performed in 2012 with a pilot exercise of Greenhouse Effect Gases Inventory.
EN22 Total weight of managed residues, according to the treatment type and method.	D.A.	Residues: N/A it is set as a measurement target in 2012	Managed industrial surplus in Kg: 139,648	In 2011, 21 Tons of hazardous and non-hazardous waste was adequately disposed at national level through companies of solid waste (EPS -RS) and trade companies of solid waste (EC-RS), recorded in the General Office of Environmental Health (DIGESA). In addition, the community was supported through the donation of recycling materials, like paper and plastic.	It includes within its 2012 plans:  Strategy for the implementation of purchases with environmental criteria in terms of: <ul style="list-style-type: none"> <li>■ Training</li> <li>■ Procedure</li> <li>■ Procurement of storages for chemical residues: <ul style="list-style-type: none"> <li>■ Baru</li> <li>■ Sao Paulo</li> <li>■ Taubate</li> </ul> </li> </ul>

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Environmental Topic</b>					
EN28 Cost of significant fines and number of non monetary sanctions for non-compliance of environmental regulations.	D.A.	During 2011 there were no sanctions or non-compliance of requirements of environmental entities in each of the countries where INTERNEXA operates.	During 2011 there were no environmental sanctions or non-compliance.	The Group's companies in Peru did not receive any sanction or fine by the regulator regarding the compliance of environmental regulations. Fines were neither received for the non-compliance of laws and regulations imposed by OSINERGMIN in relation with the transmission service, excepting the compensation payments foreseen in the Quality Standard of the Energy Sector NTCSE.	CTEEP did not receive significant monetary fines or sanctions during 2011 and did not have processes of environmental arbitration. Some notices were received during the period to clarify environmental issues that did not result in fines or sanctions for the Company.
<b>Labor Topics</b>					
LA1 Itemization of the total workforce by job type, contract and region.	XM has 192 employees, from which 13 have and indefinite term contract and 179 have a fixed term contract. The distribution by employee is as follows: Analysts: 117 Assistant: 2 Specialist: 54 Directors: 19 Collaborators are mainly in the main office in the city of Medellin.	Internexa in Colombia has 146 collaborators hired under an indefinite term contract. The distribution by employee is as follows: General manager: 1 Manager: 8 Director: 9 Specialist: 21 Analyst: 104 Assistant: 3 The collaborators are in four cities in Colombia, mainly in the city of Medellin.	TranSelca has 166 employees, from which 48 have a comprehensive salary, 113 are under collective bargaining agreement and 5 are under an ordinary regime. The distribution per employee is as follows: General manager: 1 Department Manager: 4 Audit Director: 1 General Secretary: 1 Department Chief: 9 Senior Coordinator: 15 Junior Coordinator: 1 Specialist: 9 Senior Analyst: 10 Client Executive: 4 Improvement Leader: 1 Junior Analyst: 37 Operational Technician: 42 Administrative Technician: 17 Operative Assistant: 3 Administrative Assistant: 11	REP has 357 employees. The distribution by employee is as follows: Directives: 21 Coordinators: 29 Support Professional: 57 Business Professional: 62 Support Technician: 23 Business Technician: 165 The geographic distribution is as follows: Northern District: 48 Southern District: 53 Eastern District: 51 Central District: 84 Main Office: 121	CTEEP has 1418 employees. President: 1 Directors: 4 Managers: 26 Coordinators: 79 Administratives: 271 Operational Technicians: 927 Engineers: 115 Practitioners: 16 Aprentices: 20

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Labor Topics</b>					
LA7 Rates of absenteeism, labor diseases, unproductive days and number of job related fatalities by region.	1.15% The main causes of absenteeism are: injuries and poisoning, respiratory diseases, diseases of the nervous system and sense organs. Regarding occupational diseases, the indicator is zero, zero fatalities, zero accidents.	0.44%	0.03%	In 2011, the labor absenteeism rate in REP from labor accidents was zero.	The formula for the absenteeism calculation is lost working days/man hours of work, the result was 36.7.
LA13 Composition of governance bodies and template, broken down by sex, age group, minority and other diversity indicators.	XM has a 9 women and 10 men in directive positions. The age range is: 30-40: 4 people 41-50: 13 people 52-60: 2 people	Internexa has a total of 18 directives and 128 non directives. From the total population there are 93 men and 53 women. The age range is: 25-30: 1 30-35: 104 35-40: 33 40-45: 8 Older than 60: 1	TranSelca has 9 women and 7 men in directive positions. The age range is: 30-40: 3 people 40-50: 7 people 50-60: 5 people 60-70: 1 people	REP has 21 directors. The general employee base is made up by 304 men and 53 women. The age range is: 18-30: 26 31-40: 101 41-50: 85 51-60: 123 Older than 61: 22	CEETP has 27 men and 4 women in directive positions. The employee base is made up by 1264 men and 154 women. The age range is: Younger than 30: 176 30-50: 1047 Older than 50: 195

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Labor Topics</b>					
LA14 Ratio of basic salary of men to women itemized by professional category.	<p>The salary is assigned taking into account the following criteria:</p> <ul style="list-style-type: none"> <li>Job position assessment</li> <li>Salary competitiveness studies</li> <li>Adjustment of the person to the position, in terms of education, experience, human and technical skills and performance</li> </ul> <p>These criteria are applied in terms of equality to all collaborators regardless of their gender</p>	<p>There are no salary differences between men and women, the differences are related to the responsibilities of the job positions and the gender variable is not taken into account for salary assignment.</p>	<p>There are four salary scales by position:</p> <ol style="list-style-type: none"> <li>1. Personnel with a comprehensive salary has a salary scale defined by Transelca's Administration.</li> <li>2. The salary scale of unionized, administrative and technical personnel, is outlined in the Collective Labor Agreement. This scale has defined 4 percentage ranges (70%, 80%, 90% and 100%) which is linked with the the personnel. The salary assignment of the range depends on the degree of experience and education of the candidate.</li> <li>3. The unionized professional personnel has a salary scale established in the Collective Labor Agreement that allows mobility between bands based on performance.</li> <li>4. The new Collective Labor Agreement allowed employing fixed-term personnel to execute and support projects for a term of up to 2 years, renewable for 1 year if the project conditions so warrant. It also regulated the salaries of these hires as follows: for technical personnel a sum not less than 2 (current legal monthly minimum wage) and professional staff a sum not less than 3 CLMMW.</li> </ol>	<p>There are no salary differences between men and women, the differences are related to the responsibilities of the job positions and the gender variable is not taken into account for salary assignment.</p>	<p>Base salary men: R\$4,565.59 Base salary women: R\$5,043.44 Average salary: R\$4,617.49</p>

ANNEXES

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Human Rights</b>					
HR3 Employee training in Human Rights	There were no actions taken for training in Human Rights during 2011.	There were no actions taken for training in Human Rights during 2011.	There were no actions taken for training in Human Rights during 2011.	There were no actions taken for training in Human Rights during 2011.	There were no actions taken for training in Human Rights during 2011.
HR5 The company's activities in which the right to freedom of association and being part of collective agreements may be at significant risk and measures taken to support these rights.		INTERNEXA complies with the Human Resources Policy of ISA and its companies, which states in its scope: "ISA business group frames the employment relationship with its employees in accordance with law and applicable law in each country, the internal rules of each company, the individual work contracts and the Collective Agreements in force.	The Company has a Collective Labor Agreement and it currently benefits 113 workers of the Company. There is an industry union called Sintralecol ISA Transelca . The current CLA expires on December 31st, 2012. It contains the benefits for unionized workers.	As of December 31st, 2011, 179 workers were unionized. The composition of the union represents 50.1% of all company employees.	There is an agreement clause under which ensures that the union cannot make any claim to the company, without first being formally submitted to the human resources department, which must reply to it no later than 45 days.

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Legal Compliance</b>					
SO8 Monetary value of sanctions and significant fines and total number of non-monetary sanctions derived from the non-compliance with laws and regulations.	The Municipality of Guachene imposed XM a penalty of \$ 376,980,000 for not providing certain information. Although the information was submitted on May 22nd, 2011 the Municipality imposed the penalty and issued payment order against XM, notified on December 19th, 2011. As a defense strategy, defenses against the payment order were formulated, which term expires on January 30th, 2012. Likewise, a bank guarantee was given to avoid the attachment practice of XM's bank accounts, which was accepted by the Municipality. On the other hand, an annulment and restoration of the right action was filed against the resolutions that imposed the sanction on XM, which was presented on January 13, 2012 before the Contencious Administrative Tribunal of Cauca.	During 2011, the company did not receive any financial and non-financial sanctions for non-compliance of laws and regulations.	SSPD Investigation - Case: San Andres de Sotavento Event November 2009 Charge brought by the SSPD: Failure to provide the service, considering that Transelca exceeded the term of suspension of electric service approved by XM without any valid justification. By Order No. SSPD - 20112400020335 of July 25, 2011, the SSPD resolved "to impose a fine to Transelca SA E.S.P. by the sum of (\$ 28,922,400.00). Transelca Inc. E.S.P., being in total disagreement with the decision of the SSPD, on August 30, 2011 brought administrative appeal against Resolution No. SSPD - 20112400020335 of July 25, 2011. A decision from the SSPD is awaited.	There were no reported or detected incidents of corruption during 2011. The group companies in Peru did not receive any penalty or fine by the regulator regarding compliance with environmental regulations. Neither fines for breaches in laws and regulations imposed by OSINERGMIN in relation to the transmission services were received, except for the payment of the compensations under Quality Standard of the electricity sector NTCSE.	CTEEP did not receive significant monetary sanctions or fines during 2011.

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Client Practices</b>					
PR3 Types of information about products and services required by the procedures in force and regulations, and percentage of products and services subject to such information requirements.	<p>XM's services portfolio offers the following services:</p> <p>Operation and Administration of the National Interconnected System</p> <p>Power Systems Solutions: Electric and Energy Studies, Consulting in Power Systems and Training</p> <p>Real-Time System Solutions: Consulting in Design and Set up of Control Centers, Support and Maintenance of Control Centers, Set up and operation of control centers, training and Seminar of Operators of Power Electric Systems.</p> <p>Solutions for Energy Markets: Consulting in Energy Markets, Training and Seminars in Markets.</p>	<p>Internexa's services portfolio includes:</p> <p>Transport: connectivity services supported on the sole network of land optical fiber that connects directly the main services of the region, creating this way the shortest and fastest way to link them, with the highest availability and safety.</p> <p>IP: Services that provide access to contents and applications available in private or public IP networks (Internet).</p> <p>Connection: Connection services provide access to specific places of the clients network architecture.</p> <p>Infrastructure: Provides the optimal spaces, energy and conditions for the client's equipment storage.</p> <p>Operation and maintenance: Supervises, operates and comprehensively maintains the transmission networks of telecommunications and data routing (optical fiber, microwave, satellite).</p>	<p>1. Electric Power Transmission in the STN.</p> <p>TRANSELCA's transmission network of electricity allows the interconnection of generators, network operators and large consumers, so that energy between the different market players is exchanged, as provided in current regulations of the Electricity Sector in Colombia.</p> <p>2. Connection to the National Interconnected System (SIN)</p> <p>TRANSELCA provides the connection or modification of the existing connection of generators, transporters and large consumers, to the National Transmission System (STN), Regional Transmission (STR) and / or Local Distribution (SDL).</p>	<p>Energy Transmission, Market Operation and Management, Telecommunications Transport, Infrastructure Project Construction and Road Concessions.</p>	<p>CTEEP is the largest private concessionaire of electricity transmission in Brazil; it is responsible for the transmission of nearly 100% of the electricity produced in the state of Sao Paulo, which accounts for about 30% of the energy transmitted by the National Interconnected System- SIN-.</p> <p>With an installed capacity of 43,973 MVA (Mega Volt Amperes), it counts with an infrastructure made up by a network of 12,316 kilometers of transmission lines, 18,794 circuit kilometers, 2,488 kilometers of fiber optic cable in 105 substations.</p> <p>Present in 12 Brazilian states - Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Rondônia, Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Maranhão and Piauí - CTEEP has five regional facilities, all located in paulista cities São Paulo (Cabreúva, Taubaté, Bauru, Jupia and São Paulo ), a Transmission Operation Center (COT) in Jundiá, and a rearguard Operation Center (COR) in Cabreúva.</p>

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Prácticas cliente</b>					
PR4 Total number of regulation breaches and of the voluntary codes related to information and labeling of products and services, distributed in function of the type of result of such incidents.	A monthly report on the implementation of the indicators of Resolution CREG 081, 2007 is published monthly, which determine the quality of service required for the operation of the SIN and the market's management. The behavior of these indicators were mostly within the limits. During 2011, the established level of availability was met, 97% for the Quality of Communication Links indicator, NDA-CRC, except for the month of February, where there was a major failure, simultaneously, on the main communication channels and their backup with an market agent, that led to a value of 96.63%. Corrective actions were immediately taken to overcome the failure and as a result of the analysis of the event and in the pursuit of continuous improvement, further actions were taken to increase the ability to track the performance of real-time channels and management with agents .	There were no legal breaches from the services rendered.	There were no legal breaches from the services rendered.	There were no legal breaches from the services rendered.	There were no legal breaches from the services rendered.

AFFILIATES MANAGEMENT REPORT					
INDICATOR	XM	INTERNEXA	TRANSELCA	REP	CTEEP
<b>Client Practices</b>					
PR5 Practices for client satisfaction, including satisfaction studies.	<p>As part of its strategic direction, XM has expressed its customer orientation in the Code of Good Governance, the Service Policy and Value Promise. The Service Promise is a voluntary declaration of the commitments undertaken by XM with its customers and its main objective is to establish the action framework to build trust. It is framed in four thematic lines, leveraged on the values, skills and motivation of XM's personnel:</p> <ul style="list-style-type: none"> <li>■ Quality assurance in the provision of services</li> <li>■ Strengthening of long-term relationships</li> <li>■ Good Corporate Governance Practices</li> <li>■ Strengthening of integrated risk management</li> </ul> <p>The implementation of each of the above items led to a level of 84.4% in the satisfaction of customers to services rendered ratio in 2011, which was maintained with respect to previous years. The international index of related sectors shows a level of 79%, which surpasses XM in 5 points.</p> <p>Also, we have researched the general feelings that customers have towards XM, the results are shown in the chart below, indicating that most of them perceive the company in a very positive way.</p>	<p>INTERNEXA conducts the annual survey of customer satisfaction at a national and international level according to client distribution, with a confidence level of 95% , in order to determine the satisfaction of external customers of the company in each of the services and processes that occur in the service relationship, an essential input for the development of action to maintain and improve customer loyalty.</p>	<p>The overall satisfaction rate was 83.5% There is also an annual plan of improvement that can reduce the gaps in those areas that are liable of improvement. During this period, closer relations with customers and the identification of the aspects of the service with which they were feeling happy about and with which they were not, were sought during this period . In addition, improving the opportunity in customer relationships was sought.</p>	<p>The customer satisfaction survey is conducted by an independent third party. The latest survey was conducted in 2010. The sample included 34 client companies and 3 administrative and regulatory entities. 49 interviews were conducted with the purpose of evaluating the quality standards of the service offered by REP to its clients, specifying the level of satisfaction, identifying priorities and addressing their expectations. 88% was obtained as a result of REP's service rating, using the Top Two Boxes methodology (Walker Information Global Network.) As shown in the graph below, the degree of customer satisfaction has a high reference value, while maintaining an upward trend.</p>	<p>The customer satisfaction survey was conducted for 3 consecutive years (2008, 2009 and 2010). A new survey is planned for 2012. The results obtained were converted into an improvement plan whose results will be measured based on the 2010 survey. These issues mainly addressed: Areas of operation maintained direct contact with customers, improving communication processes. Improvement in client management indicators in different business areas.</p>

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>1 STRATEGY AND ANALYSIS</b>			
1.1 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 PROFIL</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, estructure 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.			

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Alcance y cobertura de la memoria</b>			
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 enviromental, 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.			
<b>GRI content index</b>			
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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>4 GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>			
4.1 Governance structure of the organization.			Governance's Company estructura
4.2 Indicate whether the Chair of the highest governance body is also an executive officer			Governance's Company estructura
4.3 Estructure of the highest governance body			Governance's Company estructura
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			<b>Autoevaluation</b>
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	"Environmental performance Social performance, employees, society, suppliers, clientes and state chapters
4.13 Memberships in associations		Goal 8	Associations to which ISA's belongs

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Indirect Economic Impacts</b>			
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	Principles 1 y 2	Goal 1 y 2	Environmental performance, environmental management chapter
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.			Social performance, employees chapter
EC9 Descripción de los impactos económicos indirectos significativos, incluyendo alcance			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"
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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<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	Objetivo 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."
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 Wast</b>			
EN16 Total direct and indirect greenhouse gas emissions by weight.	Principles 8	Goal 7	Environmental performance, environmental management chapter, climate changem 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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>biodiversity</b>			
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.

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENNIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Transport</b>			
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. There was a pilot program of this initiative in 2010 and the emissions results were 1%
<b>Overall</b>			
EN30 Total environmental protection expenditures and investments by type.	Principles 7, 8 y 9	Goal 7	Environmental performance. Environmental investment
<b>SOCIAL PERFORMANCE INDICATORS</b>			
<b>Labor Practices and Decent Work Performance Indicators</b>			
<b>Employment</b>			
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.
<b>Labor/Management Relations</b>			
LA4 Percentage of employees covered by collective bargaining agreements.	Principles 1 y 3		Social performance, employees chapter, human talent management.
<b>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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Salud y seguridad laboral</b>			
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 <b>Principle 5</b>		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.	<b>Principles 1 y 2</b>		
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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<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.
<b>Freedom of Association and Collective Bargaining</b>			
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
<b>Child Labor</b>			
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
<b>Forced and Compulsory Labor</b>			
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
<b>Security Practices</b>			
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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Indigenous Rights</b>			
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
<b>Society Performance Indicators</b>			
<b>Local Communities</b>			
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.
<b>Corruption</b>			
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.
<b>Public Policy</b>			
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.
<b>Compliance</b>			
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

ANNEXES

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Product Responsibility Performance Indicators</b>			
<b>Customer Health and Safety</b>			
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
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
<b>Product and Service Labeling</b>			
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10		Social performance, customers chapter
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10		There were none incident of non-compliance. Social performance, clients chapter.
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Principle 10		Social performance, clients chapter.
<b>Marketing Communications</b>			
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

GRI-PG-ODM RELATION			
GUIDELINES GRI G3	GLOBAL COMPACT	MILLENIUM DEVELOPMENT GOALS MDG	CHAPTER/COMMENT
<b>Customer Privacy</b>			
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.			There were none incident of non-compliance
<b>Compliance</b>			
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.			ISA made compensations for \$ 4.660 million.