

“Código País” Survey. Best Corporate Practices Code - Colombia

“CODIGO PAIS” SURVEY – BEST CORPORATE PRACTICES CODE - COLOMBIA

Name of Issuer: INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. _____

Issuer TAX ID No.: 860016610-3 _____

Name of Legal Representative: **Cesar Augusto Ramirez Rojas** _____

ID: 19.1444.982

Term Period Assessed: _____ **2014** _____

Legal Nature of the Institution: **_Mixed-Ownership Public Utilities Company_** _____

SFC Entity Code: 260034 _____

I. GENERAL SHAREHOLDERS’ MEETING

Convening the General Meeting

Question 1	YES	NO
<p>Question: At the last General Shareholders’ Meeting, within the term of the convening, and at the corporate domicile, was the documentation required by shareholders for their due information on the issues to be dealt with at the meeting, made available to them? (Measure 1)</p>	X	
<p>Explanation*:</p> <p>Company books and documents, Management Report, Board of Directors Operating Report, Report on Compliance with Good Governance Code, Statutory Auditor Report, Minutes of the Board of Directors for the year 2013, Minutes of the Shareholders’ Meeting 2013, and ISA Individual and Consolidated Financial Statements with cutoff date as of December 31st, 2013 and other documents covered by Article 466 of the Commercial Code were made available to shareholders at the corporate domicile and within the term of the convening of the General Shareholder’s Meeting dated March 28nd, 2014.</p> <p>Additionally, the agenda of the meeting, the motions to be presented and the resúmenes of candidates to the Board of Directors were published on the</p>		

Company's website.

Question 2

	YES	NO
Question: Does the information made available to shareholders during the General Shareholders' Meeting convening term contain proposals from candidates to the Board of Directors? (Measure 2)	X	
Explanation* The candidates proposed to comprise the Board of Directors is sent by the Ministry of Finance as majority shareholder of ISA, which was received on March 26th, 2014 and immediately published on the web site.		

Question 3

	YES	NO	N/A
Assumption: In case the issuer is related to a parent and/or subordinate company, answer the question, otherwise answer N/A.			
Question: Did the issuer make available to shareholders the financial information on subordinate companies and on the parent company of the issuer? (Measure 2).	X		
Explanation*: The documents made available to shareholders included ISA's Individual and Consolidated Financial Statements, the Special Report of the Economic Group and the Management Report, which contain the financial information on subordinate companies and on the parent company as issuer, as well as a description of the main events of the companies comprising the ISA Group.			

Question 4

	YES	NO	N/A
Assumption: Answer the question if the issuer has a website, otherwise answer N/A.			
Question: Were the convening to the last General Shareholders' Meeting, and any other information necessary to carry out the meeting, published on the	X		

issuer's website? (Measure 3)			
Explanation*: The convening to the Regular Shareholders' Meeting to be held on March 28th, 2014, was published on ISA's website on March 3th, 2014; the other information was disclosed by this means days before the meeting.			

Question 5

	YES	NO
Question: Were the different items to be dealt with at the Shareholders' Meetings held during the period under assessment detailed in the agenda? (Measure 4)	X	
Explanation*: The items of the agenda were detailed in 15 items.		

General Shareholders' Meeting

Question 6

	YES	NO	N/A
Assumption: Answer this question is you have performed a spin off on the terms of the glossary, otherwise answer N/A.			
Question: Was the spin off approved by the General Shareholders' Meeting? (Measure 5)			X
Explanation*: Not Applicable because neither the Agenda nor the business dealt with at the General Meeting referred to issues such as spin-offs.			

Question 7

	YES	NO	N/A
Assumption: Answer this question is you have performed a spin off on the terms in the glossary, otherwise answer N/A.			
Question: Was the spin off included in the convening to the General Meeting in which it was adopted? (Measure 6)			X
Explanation*: Explanation*: Not Applicable because neither the Agenda nor the business			

dealt with at the General Meeting referred to issues such as spin-offs on the terms in the glossary.

Question 8

	YES	NO	N/A
<p>Assumption: Answer the question if the corporate purpose of the issuer has been modified, otherwise answer N/A.</p> <p>Question: Was the change in the corporate purpose of the issuer included in the convening to the General Meeting in which it was adopted? (Measure 6)</p>	X		
<p>Explanation*:</p> <p>An amendment was proposed to Article five of the Articles of Association - SOCIAL OBJECT, a proposition was included in the agenda of the Shareholders' Meeting and published on the website of ISA.</p>			

Question 9

	YES	NO	N/A
<p>Assumption: Answer the question if the waiver of preemptive right for subscription has been approved at the Shareholders' Meeting, otherwise answer N/A.</p> <p>Question: Was waiver of preemptive right for subscription included in the convening to the General Meeting in which it was adopted? (Measure 6)</p>			X
<p>Explanation*:</p> <p>Not Applicable because waiver of preemptive right for subscription was neither included in the convening to nor dealt with at the General Shareholders' Meeting.</p>			

Question 10

	YES	NO	N/A
<p>Assumption: Answer the question if the General Shareholders' Meeting has modified the corporate domicile, otherwise answer N/A.</p> <p>Question: Was the change of corporate domicile included in the convening to the General Meeting in which it was adopted? (Measure 6)</p>			X

Explanation*:

Not Applicable because a change of corporate domicile was not part of the Agenda, it was not included in the convening to nor was it dealt with at the General Meeting.

Question 11

	YES	NO	N/A
Assumption: Answer the question if the General Shareholders' Meeting has adopted the early dissolution, otherwise answer N/A.			
Question: Was the early dissolution included in the convening to the General Meeting in which it was adopted?			X
Explanation*: Not Applicable because the Corporation's early dissolution was not part of the Agenda, it was not included in the convening to the General Meeting, nor was it mentioned at the General Meeting.			

Question 12

	YES	NO
Question: Does the issuer have electronic mechanisms to allow shareholders, unable to be present at the General Shareholders' Meeting, access to information about its development? (Measure 7)	X	
Explanation*: The March 28th, 2014 Regular Shareholders' Meeting was broadcast live via internet on our website www.isa.com.co .		

Approval of Relevant Operations

Question 13

	YES	NO	N/A
Assumption: Answer the question if during the period under assessment relevant operations have taken place with economic counterparts other than the ones with whom the			

<p>following conditions concur, otherwise answer N/A:</p> <p>a. They are conducted at market prices generally established by the acting vendor of the specific good or service, and</p> <p>b. They are non significant operations that fall within the issuer's regular course of business.</p> <p>Question: Were the relevant operations with the economic counterparts referred to under the assumption above, except for those which by express legal provisions the issuer is not authorized to perform, approved by the General Shareholders' Meeting? (Measure 8)</p>				
<p>Explanation:</p> <p>Pursuant to ISA's Bylaws and Good Governance Code, all operations with economic counterparts must be carried at market prices. Additionally, depending on the amount being transacted, ISA's Bylaws provide for such operations to be approved either by the Board of Directors or by the General Shareholders' Meeting.</p> <p>For the period at hand, no transactions were carried out with economic counterparts requiring approval of the General Shareholder's Meeting.</p> <p>Likewise, it is important to take into account that said operations are published in the notes to the company's financial statements, which form part of the annual report made available on ISA's web site.</p>				

X

Rights and equal treatment of shareholders

Question 14

	YES	NO
<p>Question: Does the issuer publish clearly, accurately, and comprehensively the rights and obligations inherent to shareholders?(Measure 9)</p>	X	
<p>Explanation*:</p> <p>The Bylaws and the Good Governance Code, which can be found in the Company website, include information relevant to the rights and duties of shareholders: www.isa.com.co/Our Company</p> <p>Likewise, all information of interest to shareholders, such as Corporate Reports, can be found in the investors' link.</p>		

Question 15

	YES	NO
Question: Does the issuer permanently disclose to the public the types of shares issued? (Measure 10)	X	
<p>Explanation*:</p> <p>On the Company website www.isa.co under the Investors/Shareholder Structure link, the public is informed about ISA shareholding, amount of shares issued, and the types of Company shares.</p>		

Question 16

	YES	NO
Question: Does the issuer permanently disclose to the public the amount of shares issued? (Measure 10)	X	
<p>Explanation*:</p> <p>On the Company website www.isa.co under the Investors/Shareholder Structure link, the public is informed about ISA shareholding, amounts of shares issued the types of Company shares, and the 20 shareholders with the largest participation.</p>		

Question 17

	YES	NO
Question: Does the Issuer permanently disclose to the public the amount of shares held in reserve for each type of share? (Measure 10)	X	
<p>Explanation*:</p> <p>On ISA's website, under the Investors/Shareholder Structure link, the Company discloses the amount of authorized capital stock, the amount of subscribed and paid-in capital stock, and the amount of treasury stock.</p> <p>Likewise, it is important to take into account that this information is published in the notes to the company's financial statements (Specific Note 19 Equity, Capital stock to be subscribed), which form part of the annual report made available on ISA's web site..</p>		

Question 18

	SI	NO
Question: Does the issuer have an Internal Ruling to carry		

out the Shareholders' Meeting? (Measure 11)	X
<p>Explanation*:</p> <p>The Shareholders' Meeting Internal Ruling is published on ISA website, Our Company/Direction Body/Shareholders' Meeting/Internal Ruling of the Meeting link and is supplemented by the provisions of the Company's Bylaws and Good Governance Code regarding the meeting</p>	

Question 19

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer has an Internal Ruling for carrying out the Shareholders' Meeting, otherwise answer N/A.</p>			
<p>Question: Does the Shareholders' Meeting Internal Ruling include procedures to convene the Meeting? (Measure 11)</p>	X		
<p>Explanation*:</p> <p>The Shareholders' Meeting Internal Ruling is included as Annex Two in the Good Governance Code. The Code includes additional measures as well, in addition to those established in the Law regarding convening of the meeting, such as remittance of the convening notice to shareholders residing abroad, and the duty to remind the date of the meeting through newspaper publication.</p> <p>Additionally, the procedure for convening the Shareholders' Meeting is detailed in the Company's Bylaws.</p> <p>The Good Governance Code, the Shareholders' Meeting Internal Ruling and the Bylaws are published on the website www.isa.com.co/Our Company/Direction Body/Shareholders' Meeting/Internal Ruling of the Meeting.</p>			

Question 20

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer has an Internal Ruling for carrying out the Shareholders' Meeting, otherwise answer N/A.</p>			

Question: Does the Shareholders' Meeting Internal Ruling include measures as to the way of holding the same? (Measure 11)	X		
Explanation*: The Shareholders' Meeting Internal Ruling includes provisions regarding its presiding board, the commissions appointed by the Meeting, behavior of those present, quorum, debate, interventions, motions, voting. These provisions supplement statutory rules and rules included in the Good Governance Code. The Internal Ruling of the Meeting is part of the Code, making it unnecessary to repeat the provisions contained in either document.			

II. BOARD OF DIRECTORS

Size, Constitution and Operation

Question 21

	YES	NO
Question: Is the issuer's Board of Directors made up of an odd number of members sufficient for the proper performance of its functions? (Measure 12)	X	
Explanation*: ISA's Board of Directors is made up by 7 members (principal and alternate) and its members are expert professionals renowned for their qualifications and for their moral values, which make up a balance between capabilities, experience and knowledge.		

Question 22

	YES	NO
Question: Does the Board of Directors of the issuer meet at least once every month (Measure 13)	X	
Explanation*: Pursuant to Article Thirty of ISA's bylaws, the Board must meet at least once a		

month. The annual schedule of its meetings is approved in the Board of Directors after election as board members and by the Shareholder's Meeting.

Question 23

	YES	NO
Question: Does the Board of Directors have its own Operation Rules? (Measure 14)	X	
Explanation*: The operation of the Board of Directors is regulated under Resolution 91 dated April 25th, 2014, which is published on ISA's website /Our Company/Governing Bodies/ Board of Directors/Resolutions of the Board of Directors.		

Question 24

	YES	NO	N/A
Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.	X		
Question: Were all of the issuer's shareholders informed as to the Board of Directors Operation Rules? (Measure 14)			
Explanation*: Resolution 91 dated April 25th, 2014 that regulates the operation of the Board of Directors is published on ISA's website /Our Company/Governing Bodies/ Board of Directors/Resolutions of the Board of Directors and is therefore available to all shareholders at any time.			

Question 25

	YES	NO	N/A
Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.	X		
Question: Are the Board of Directors Operation Rules binding upon all of its members? (Measure 14)			
Explanation*: Article 2 of the Board of Directors Operation Rules establishes its enforceability upon all members of the Board of Directors, Committees and in general all Company executives.			

Question 26

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.</p> <p>Question: Do the Board of Directors Operation Rules address the issue of information that has to be made available to newly appointed members of the Board of Directors, and in general, the suggestions of Measure 18? (Measure 14)</p>	X		
<p>Explanation*:</p> <p>Article 21 of the Board of Directors Operation Rules establishes the so-called Orientation Meeting as mandatory for Board members appointed for the first time, in which they are given sufficient information as to have specific knowledge of the company, of the business and of the participating sector, as well as all information regarding the responsibilities, obligations and powers derived from their position.</p> <p>In addition, they are given the Management Report presented in the last shareholders' meeting, as well as the Company Bylaws, the Good Governance Code, the Procurement Regulations, the Code of Ethics, the Anti-fraud Code and the Resolution regarding the Board of Directors Operation Rules.</p>			

Question 27

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.</p> <p>Question: Do the Board of Directors Operation Rules address the issue of minutes of the meeting specifying the support used in decision making, as well as the reasoning behind agreement or disagreement considered and in general what is suggested under Measure 19? (Measure 14)</p>	X		
<p>Explanation*:</p> <p>Pursuant to Article 31 - Internal Ruling of ISA's Board of Directors Operation Rules states the following: "Minutes of every Board of Directors' meeting, with its deliberations, resolutions, agreements and decisions shall be prepared, subscribed by the Chairman and Secretary, and</p>			

registered in the Book of Minutes". The minutes shall identify the supports on which decisions were grounded, as well as the reasons for agreement and disagreement considered in making those decisions."

The above is complied with when preparing the corresponding Board Meeting Minutes

Question 28

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.</p> <p>Question: Do the Operation Rules of the Board of Directors contemplate a time prior to the Board Meeting within which information is to be made available to the members and in general whatever is suggested under Measure 20? (Measure 14)</p>	X		
<p>Explanation*: Article 18 of Resolution 91 dated April 25th, 2014, reads as follows: "At the end of regular meetings, the Board's Secretary shall remind the members of the date and place of the next meeting; additionally, and at least four (4) business days in advance, all the members, principal and alternate, shall be convened at their address registered with the Corporation.</p> <p>Additionally, at ISA's website created for such effect, the Board of Directors' members can access the previous meeting's minutes, the agenda, including estimated study time for each point to be discussed, information necessary for deliberation and decision-making in the respective meeting, possibly including documents and presentations, specifying if the topic presented is informative or involves analysis and direction, or if it calls for approval or authorization from the Board, in which case approval or authorization to be granted must be clearly specified. This information must be available at least two (2) business days before the meeting."</p> <p>The above has been complied with as attested by the report on the Operation of the Board of Directors submitted before the Regular Shareholders' Meeting.</p>			

Question 29

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.</p> <p>Question: Is the advance time in which to submit the information to Board members established by the Operation Rules lower than two (2) days? (Measure 20)</p>		X	
<p>Explanation*:</p> <p>Pursuant to Article 18 of the Internal Ruling of the Board of Directors' Operation, Information must be delivered to Board members at least five days in advance.</p> <p>The above condition has been complied with as attested by the report on the Operation of the Board of Directors submitted before the Regular Shareholders' Meeting.</p>			

Question 30

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules, otherwise answer N/A.</p> <p>Question: Do the Operation Rules of the Board of Directors establish ways for Board members to gather the information submitted before the meeting? (Measure 20)</p>	X		
<p>Explanation*:</p> <p>Article 18 of Resolution 91 dated April 25th, 2014 establishes that in the ISA web site created to such effect, members of the Board may access said information, which operates in the following manner: there is a mechanism set in place on the Company's server, in which, through a password each board member (principal and alternate) may access the information about the issues to be discussed at the coming meeting. This has allowed board members to come prepared for the meeting.</p>			

Question 31

	YES	NO	N/A
<p>Assumption: Answer the question if the issuer's Board of Directors has its own Operation Rules,</p>			

otherwise answer N/A.			
Question: Do the Board of Directors Operation Rules address the possibility of hiring, upon request of any of its members, external consultants to contribute with elements of judgment needed to adopt certain decisions? (Measure 22)	X		
Explanation*: Pursuant to Article 26 – HIRING OF EXPERTS - from Resolution 91 dated April 25th, 2014 “The Board of Directors can request the Management to hire the services of external experts or consultants whenever it considers such necessary for the fulfillment of its functions or as support to the Committees. The administration of the expert(s) shall be conducted by Management, pursuant to the company’s hiring rules.			

Question 32

	YES	NO	N/A
Assumption: Answer the question if the issuer’s Board of Directors has its own Operation Rules, otherwise answer N/A.			
Question: Do the Board of Directors Operation Rules contemplate the conditions under which such body, upon request of any of its members, may hire an external consultant to contribute with elements of judgment towards the adoption of certain decisions? (Measure 22)	X		
Explanation*: Pursuant to Article 26 – HIRING OF EXPERTS - from Resolution 91 dated April 25th, 2014 “The Board of Directors can request the Management to hire the services of external experts or consultants whenever it considers such necessary for the fulfillment of its functions or as support to the Committees. The administration of the expert(s) shall be conducted by Management, pursuant to the company’s hiring rules.			

Question 33

	YES	NO
Question: To designate a member to the Board of Directors, does the issuer consider whether the candidate meets professional background, academic education and experience requirements to best perform his or her functions? (Measure 15)	X	

Explanation *:

Article 27 of the Company Bylaws establishes as a requirement to belong to the Company Board of Directors professional competence, aptness, and recognized moral solvency from the individuals nominated to such distinction. Same demands are contemplated in our Good Governance Code. The résumés of the nominees are published on the Company website as a way of adding transparency and verification to these requirements. The résumés, once received at the Company, are handed over to shareholders as they register at the General Shareholders' Meeting.

Question 34

	YES	NO
Question: Are most members of the Board of Directors or steering body with such functions, independent? (Measure 16)	X	
Explanation*: Out of the seven (7) members comprising the Board of Directors during 2013, four (4) of the principal members and their respective alternates were in fact independent members during all such period.		

Rights and Duties of members of the Board of Directors

Question 35

	YES	NO
Question: Do members of Board of Directors report the existence of direct or indirect relationships that they maintain with some stakeholder, from which conflict of interest may arise or which may have an influence on the direction of his or her opinion or vote? (Measure 17)	X	
Explanation*: During 2014 those members who had doubts as to the presence of conflicts of interest, derived from direct or indirect relationships with stakeholders, reported such situation to the full Board and abstained from participating in the deliberations and voting. This situation was reflected on the Board report submitted to the General Shareholders' Meeting.		

Question 36

YES	NO
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Question: Does the issuer make available to members of Board of Directors appointed for the first time, enough information so they may have specific knowledge about the issuer and about the sector of activities? (Measure 18)	X	
<p>Explanation*:</p> <p>Every year after election of the Board of Directors, the Company conducts an orientation meeting for the members elected in March where they are informed about the milieu and sector where ISA, through the companies making up the Group, acts, the regulation applicable to public utilities, the Company's risks, its administrative, financial and economic situation, the position of the economic group and the legal regime applicable to the Company, such as it was explained under question 26.</p>		

Question 37

	YES	NO
Question: Does the issuer provide newly elected members to the Board of Directors, information related to the responsibilities, duties and authority derived from the position? (Measure 18)	X	
<p>Explanation*:</p> <p>Article 21 of ISA's Board of Directors Operation Rules states that within the 45 days following their appointment, new Board members will be provided with sufficient information to have specific knowledge of the company, of the business and of the sector in which it participates, as well as information regarding the responsibilities, obligations and powers derived from their position.</p> <p>In addition, they will be given the Management Report presented in the regular shareholder's meeting, as well as the Company Bylaws, the Company Good Governance Code, Procurement Regulations, the Code of Ethics, the Anti-fraud Code and the Rulings on the Board of Directors' Internal Operations.</p>		

Question 38

	YES	NO
Question: Do the minutes from Board of Directors meetings reflect studies, grounds and other sources of information related to the way the decisions are taken? (Measure 19)	X	
<p>Explanation*:</p>		

Article 31 of ISA's Internal Rulings of the Board of Directors states that the Board of Directors and its deliberations, agreements and decisions shall have minutes that identify the supports on which decisions were grounded.

The above is fulfilled in the preparation of the minutes for the corresponding Board meeting.

Question 39

	YES	NO
Question: Do the minutes of the meetings of the Board of Directors include the reasons of conformance or non-conformance related to the way the decisions are taken? (Measure 19)	X	
<p>Explanation*:</p> <p>Article 31 of ISA's Internal Rulings of the Board of Directors states that Minutes shall be prepared of all Board meetings as well as of their deliberations, resolutions, agreements and decisions, in which the reasons for agreement and disagreement considered in making those decisions shall be identified.</p> <p>The above is fulfilled in the preparation of the minutes for the corresponding Board meeting.</p>		

Question 40

	YES	NO
Question: Does the issuer provide the members of the Board of Directors, relevant decision making information, based on the agenda included in the meeting convening, at least two (2) days before the meeting? (Measure 20)	X	
<p>Explanation*:</p> <p>Pursuant to paragraph three of article 18 of ISA's Internal Ruling for Operations, on the ISA WEB site created for that purpose, the members of the Board may have access to the minutes of the previous meeting and to the agenda, which includes the estimated time to study each one of the items, the information necessary for deliberation and decision-making in the respective meetings, which must include documents and presentations, specifying if the item presented is informative, is an analysis-related item or if it requires Board approval or authorization, in which case the approval or authorization to be granted must be clearly specified.</p> <p>This information is available for consultation, at least five business (5) days before the meeting.</p>		

Question 41

	YES	NO	N/A
<p>Assumption: If the Board of Directors of the issuer has alternate members, answer the question, otherwise answer N/A.</p> <p>Question: Does the issuer have mechanisms to allow alternate members to be properly informed on the matters being considered by the Board of Directors, so that when replacing the principal, they have the necessary knowledge to carry out such work? (Measure 21)</p>	X		
<p>Explanation*: Alternate members are called to a meeting, the same information sent to the principals is made available to them and the means for their attendance are placed at their disposal. In the meetings where they are present they have the right to speak but not to vote.</p>			

Question 42

	YES	NO
<p>Question: Does the issuer have a budget allocation to support the eventual engagement of an external advisor by the Board of Directors, at the request of any of its members, to contribute with necessary elements of judgment towards the adoption of certain decisions? (Measure 22)</p>	X	
<p>Explanation*: The Board may decide upon the engagement of experts, which is done according to Company Procurement Regulations and there are budget allocations to that end.</p>		

Support Committees

Question 43

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors in matters of appointments and compensations, otherwise answer N/A.</p> <p>Question: Is at least one member of the Board of Directors</p>	X		

included in the Appointments and Compensations Committee? (Measure 23)			
Explanation*: This function is headed by the Board and Corporate Governance Committee, made up of members of the Board of Directors, as described in the Board of Directors Operations Report.			

Question 44

	YES	NO	N/A
Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors in matters of appointments and compensations, otherwise answer N/A. Question: Does the Appointments and Compensations Committee support the Board of Directors in reviewing top management performance, understood as the President and senior officials of immediate lower level? (Measure 24)	X		
Explanation*: The Board and Corporate Governance Committee evaluates the CEO and his/her direction team and makes recommendations to the Board of Directors based on the performance of top management. One of the criteria for the analysis of performance is compliance with the indicators from the Balanced Scorecard. The Report on Compliance and Development of the Good Governance Code contains an assessment of the CEO. Additionally every quarter the results of the company scorecard are shown.			

Question 45

	YES	NO	N/A
Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors in matters of appointments and compensations, otherwise answer N/A. Question: Does the Appointments and Compensations Committee propose compensation and salary policy for the	X		

issuers' employees, including top management? (Measure 24)			
<p>Explanation*:</p> <p>The Appointments and Compensations Committee, in addition to defining compensation for executives and for the CEO, proposes guidelines and instructions about compensation and policies in general.</p>			

Question 46

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors in matters of appointments and compensations, otherwise answer N/A.</p> <p>Question: Does the Appointments and Compensations Committee propose the appointment, the compensation and the removal of the President of the company or of whoever is acting in such capacity? (Measure 24)</p>	X		
<p>Explanation*:</p> <p>The Board and Corporate Governance Committee proposes the appointment and removal of the CEO, as well as his/her compensation, to the Board of Directors.</p>			

Question 47

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors in matters of appointments and compensations, otherwise answer N/A.</p> <p>Question: Does the Appointments and Compensations Committee propose objective criteria by which the issuer hires its main executives? (Measure 24)</p>	X		
<p>Explanation*:</p> <p>The criteria outlined by the Board and Corporate Governance Committee are reflected on the Human Talent Management policies of the Company.</p>			

Question 48

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Governance Committee include at least one member of the Board of Directors? (Measure 23)</p>	X		
<p>Explanation*:</p> <p>The Company has the Board and Corporate Governance Committee made up of 5 members of the Board of Directors, whose performance is reported in the Board of Directors Operations Report published on the website.</p>			

Question 49

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Governance Committee aim at providing shareholders and the market at large access to complete, true, and timely information that must be disclosed about the issuer? (Measure 25)</p>	X		
<p>Explanation*:</p> <p>The Board and Corporate Governance Committee must endeavor to enforce the fulfillment of the Good Governance Code, which contemplates the company's obligation to provide true and timely information to the market.</p> <p>Said Committee endeavors, and demands, to provide the market and the public at large with current, complete, and true information on the situation of the Company, information that may be used for decision making by the stakeholders of the Company.</p>			

Question 50

	YES	NO	N/A

<p>Assumption Answer the question if there is a permanent committee, other than the one legally mandated, to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Governance Committee report on the performance of the Audit Committee? (Measure 25)</p>			
<p>Explanation *:</p> <p>The Board and Corporate Governance Committee do not report about the performance of the Audit Committee. For 2014, the Company hired the performance evaluation with a third party.</p>			

Question 51

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Governance Committee review and assess the way in which the Board of Directors complied with its duties throughout the period? (Measure 25)</p>	X		
<p>Explanation*:</p> <p>For 2014, the Company hired the performance evaluation with a third party. With these results a plan of improvement for the committees and for the Board is drawn.</p>			

Question 52

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Governance Committee monitor the negotiations carried out by members of the Board with shares issued by the company or by other companies of the same group? (Measure 25)</p>	X		
<p>Explanation*:</p>			

First, the Board and Corporate Governance Committee monitor the negotiation of shares of the Company and of Companies of the Group by members of the Board; the Board of Directors monitors it afterwards.

Besides, the Company has established a procedure that the administrators must follow when they are going to negotiate shares, which is allowed when no material information is available, when not carried out for profit and when approved by the Board of Directors, without the interested member's intervention, if that is the case, according to the provisions of the Company Good Governance Code.

All of the above is included in the Board of Directors Operation Report and in the Report on Compliance with, and Development of the Good Governance Code, and it is published as relevant information.

Question 53

	YES	NO	N/A
<p>Assumption: Answer the question if there is a permanent committee, other than the one legally mandated to support the Board of Directors on matters of corporate governance, otherwise answer N/A.</p> <p>Question: Does the Corporate Government Committee oversee the compensation policies for the administrators? (Measure 25)</p>	X		
<p>Explanation *:</p> <p>The Board and Corporate Governance Committee follows-up on such policies and provides guidelines accordingly.</p>			

Question 54

	YES	NO
<p>Besides the functions established by the laws or by the Bylaws, does the Audit Committee express its views in writing regarding intended operations involving related parties? (Measure 26)</p>		X
<p>Explanation *:</p> <p>The Audit Committee doesn't issue written reports on intended operations with related parties. Nonetheless, the Audit Committee, through the internal Audit and External Statutory Audit teams, does in fact audit that the operations with</p>		

related parties are carried out in accordance with the Bylaws and the Good Governance Code, and annually, along the review and assessment it performs on the financial statements to be submitted to the Board of Directors and the General Shareholders' Meeting, it reviews such operations and makes sure ISA adopts and implements proper accounting practices in terms of transfer prices and operations with related parties.

Question 55

	YES	NO
Besides the functions established by the laws or by the Bylaws, does the Audit Committee verify that the operations intended with related parties are conducted under market conditions and do not impair the equal treatment among shareholders? (Measure 26)		X
<p>Explanation *:</p> <p>The Audit Committee audits that the operations with related parties take place pursuant to the Bylaws and the Good Governance Code. This is an ex-post control carried out throughout the year by the internal auditing office and the statutory auditor office and its results are submitted for the consideration and deliberation of the Committee. Likewise, along the review and assessment it performs on the financial statements to be submitted to the Board of Directors and the General Shareholders' Meeting, it reviews such operations and makes sure ISA adopts and implements proper accounting practices in terms of transfer prices and operations with related parties.</p>		

Question 56

	YES	NO
Besides the functions established by the laws or by the Bylaws, does the Audit Committee establish the policies, criteria and practices that the issuer will use in the preparation, disclosure and publication of its financial information? (Measure 26)	X	
<p>Explanation *:</p> <p>The policies, criteria and practices for the preparation, disclosure and publication of the financial information are established in the Communication, Information and Disclosure Policies and in the Good Governance Code. These institutional documents are approved by the Board of Directors with full participation of the Audit Committee. Besides, one of the duties of the Audit Committee is to oversee that the preparation, presentation and disclosure of</p>		

financial information complies with the law, and to supervise the adoption and implementation of good accounting practices. This responsibility is fulfilled through the Internal Audit team and the external Statutory Audit office which periodically provide reports regarding their evaluations to said committee. In regards to the Statutory Audit, it is declared in the Corporate Good Governance Code that said services must be contracted with international firms accredited by the PCAOB, reason why said firms are generally well known as the Big Four.

Question 57

	YES	NO
Besides the functions established by the laws or by the Bylaws, does the Audit Committee define mechanisms to consolidate information from issuer control bodies for presentation of information to the Board of Directors? (Measure 26)	X	
<p>Explanation*:</p> <p>Reports from control bodies are issues in constant analysis by the Audit Committee as is evidenced in the respective minutes of their sessions. Reports from the National General Auditing Office, the External Auditor of Management and Results (Law 142) and the AOM Auditor (CREG Resolution 011-2009) are presented to the Committee as are all the analysis carried out by the internal auditing office and the statutory auditor office. Likewise, the results of all works carried out by the Internal Audit and the External Statutory Audit office are taken. Before putting the EEFF for consideration of the Board of Directors, the Audit Committee members analyze the reports and opinions of the Internal Auditors and External Statutory Audit carried out by member firms of the PCAOB (Public Company Accounting Oversight Board - an entity of the United States that oversees the performance of the auditors of the companies that are publically listed and that must fulfill the SEC- SOX regulation).</p> <p>The chairman of the Audit Committee periodically informs the Board of Directors about the endeavors of the Committee and the relevant issues dealt with.</p>		

III. DISCLOSURE OF FINANCIAL AND NON-FINANCIAL INFORMATION

Requests for information

Question 58

	YES	NO
Question: Does the issuer have contact point or a help desk available to its investors that serves as communication channel	X	

between the latter and the first? (Measure 27)		
Explanation*:		
<p>There is an Investor and Shareholder Attention Center to attend the concerns of the investors and shareholders through different means available to the company to such end, thus complying with the defined levels of service. The different means are: call center (a local number in Medellin and a national toll-free number), personalized attention offices, centers for mail reception, electronic mail account (accionesisa@isa.com.co), and through the web page (Contact Us section). Likewise, physical communications that arrive to the shareholder attention center are also attended.</p> <p>Additionally, quarterly, the shareholders receive a newsletter with facts and news relevant to the Company, as well as information that is important to know in their condition as shareholders.</p> <p>The company, through their relational marketing practices, kept its web page permanently updated (Investors link) by publishing news, recognitions, financial results and the most relevant facts of the market, having achieved a total of 35.614 visits in 2014. Among other publications that may be found on the Company website are Company Reports, Management Report (current and historical), Minutes from Shareholders' Meetings, Financial Statements, Cash Flow Statement, Guarantees, Risk Ratings, Statutory Auditor Report, Risk Map, Corporate policy, Managerial policy, and other relevant information.</p> <p>The aforementioned publications were also sent simultaneously via e-mail by means of 423,575 e-mails successfully sent to shareholders, stock brokers and local and international institutional investors.</p>		

Question 59

	YES	NO
When the issuer deems that the answer to an investor may enable a certain advantage to the investor, does the issuer immediately guarantee access to such answer to all other investors, based on the mechanisms the issuer has established to that effect, and under the same economic conditions? (Measure 28)	X	
Explanation*:		
<p>Pursuant to statutory regulation and to the Good Governance Code, shareholders must be afforded equal treatment regarding information provided by the Company. For that reason, through the website, useful, true, timely decision making information is made available to investors</p>		

Question 60

	YES	NO
Question: Can a group of shareholders request specialized audits to be performed? (Measure 29)	X	
Explanation*: Article 47 of ISA's Bylaws and Good Governance Code establish that a number of shareholders representing at least five percent (5%) of subscribed capital stock or a number of investors whose collective investment is greater than or equal to five percent (5%) of ISA's market cap, may request the CEO to conduct specialized audits.		

Question 61

	YES	NO	N/A
Assumption: Answer this question if a group of shareholders can request specialized audits to be performed, otherwise answer N/A.			
Question: Is there a procedure specifying the stock percentage from which specialized audits may be requested? (Measure 30)	X		
Explanation*: This percentage is defined in Article 47 of ISA's Bylaws and Good Governance Code.			

Question 62

	YES	NO	N/A
Assumption: Answer this question if a group of shareholders can apply for specialized audits to be performed, otherwise answer N/A.			
Question: Is there a procedure stating the reasons defining the stock percentage from which specialized audits may be requested? (Measure 30)		X	
Explanation*: In 2001 when the specialized audits procedure was defined it was deemed reasonable for a plural number of shareholders representing at			

least five percent (5%) of the subscribed stock, or a number of investors whose collective investments equal at least five percent (5%) of ISA's market capitalization, should be able to ask the CEO to perform specialized audits.

The percentage was defined after internal analysis at the Company, but a procedure specifying the reasons by which such stock percentage was defined to perform specialized audits was not formally established.

Question 63

	YES	NO	N/A
<p>Assumption: Answer this question if a group of shareholders can apply for specialized audits to be performed, otherwise answer N/A.</p> <p>Question: Is there a procedure specifying the requirements to apply for a specialized audit?</p>	X		

Explanation *:

This procedure is established in Article 47 of the Bylaws and in the Good Governance Code and is as follows: The request of special audits shall be in writing indicating the reasons thereto, the facts and operations to be audited, the length of the audit, as well as the name of three (3) audit firms of acknowledged renown and recognition.

When the percentage required to request a special audit consists of a plural number of shareholders, in their request they shall designate one representative, to whom all formalities will be addressed. The request shall be answered by the Chief Executive Officer within ten (10) business days, indicating the name of the firms presented, the firm selected to carry out the audit, and the date of commencement of the audit. In his/her refusal to carry out the special audit, the Chief Executive Officer shall set forth the reasons for his/her decision. Such decision may be presented for the consideration of the Board of Directors at the request of the interested party. The results of the specialized audit shall be presented first to the Chief Executive Officer, who shall have ten (10) business days to express his/her opinion thereon.

The results of the specialized audit and the opinion of the Chief Executive Officer shall be transmitted to the Board of Directors and to the control

and supervision entities. In the event of possible violation of legal regulations, the corresponding judicial and investigation authorities shall be informed.

Question 64

	YES	NO	N/A
<p>Assumption: Answer this question if a group of shareholders can apply for specialized audits to be performed, otherwise answer N/A.</p> <p>Question: Is there a procedure defining who is to practice the specialized audit and how his or her appointment should come about? (Measure 30)</p>	X		
<p>Explanation*:</p> <p>Such procedure is explained in the answer to Question 63. The request must indicate three renowned (3) firms with a solid track-record and in a time-frame not exceeding ten (10) business days, the CEO must respond to said request, stating the firm selected among the three presented to carry out the audit and the date it is to commence.</p>			

Question 65

	YES	NO	N/A
<p>Assumption: Answer this question if a group of shareholders can apply for specialized audits to be performed, otherwise answer N/A.</p> <p>Question: Is there a procedure specifying who should assume the cost of the specialized audit? (Measure 30)</p>	X		
<p>Explanation*:</p> <p>Article 47 of the Good Governance Code and the Company Bylaws establish that the cost of such a specialized audit will be assumed by the shareholder or group of shareholders who requested it.</p>			

Question 66

	YES	NO	N/A
<p>Assumption: Answer this question if a group of shareholders can apply for specialized audits to be performed, otherwise</p>			

answer N/A.	X		
Question: Are the time frames provided for each one of the stages or steps regarding hiring of specialized audits, precise? (Measure 30)			
Explanation *: The Good Governance code and the Company Bylaws detail each one of the stages (request, implementation, publication of reports) with their respective time frames. This procedure is described in answer to Question 63.			

Market information

Question 67

	YES	NO
Question: Does the issuer provide mechanisms to allow apprising shareholders and other investors, on material findings resulting from internal controls? (Measure 31)	X	
Explanation *: The Good Governance code and the Company Bylaws detail each one of the stages (request, implementation, publication of reports) with their respective time frames. This procedure is described in answer to Question 63. Additionally, web cast meetings are conducted with main investors to inform them on the results and on any material and definitive findings discovered during internal control activities.		

Question 68

(Measure 32). Does the issuer disclose to the market applicable general policies regarding compensation and any economic benefit granted to:		
	YES	NO
Members of the Board of Directors	X	
Legal Representative	X	
Statutory Auditor	X	
External Consultants	X	
External Auditors	X	
Explanation*: The compensation of the Board of Directors is established by the Shareholders' Meeting, and the compensations paid to the members of the Board of Directors		

are published on the Board of Directors Operation Report and on the Management Report (Special Report, Article 446 of the Code of Commerce).

Policies as to compensation of the CEO, who is the legal representative of the Company, appear on the Company Good Governance Code and in the Human Capital Management Policies, and these documents are published on the website. The compensation paid to the CEO is published on the Management Report (Special Report, Article 446 of the Code of Commerce).

The fees paid the Statutory Auditor for the period are established by the General Shareholders' Meeting and are published on the Management Report.

Since external consultants and auditors provide a service, they are hired according to the provisions of Resolution 88 of 2013 regulating Company hiring and published on the website/ Suppliers and their compensation will depend on market conditions.

Question 69

	YES	NO
<p>Question: Does the issuer disclose to the market the contracts entered into with its directors, administrators, main executives and legal representatives, including their relatives, partners and the like? (Measure 33)</p>	X	
<p>Explanation *:</p> <p>Besides regular work contracts, no contracts were entered into for the period, with individuals occupying the above mentioned positions.</p> <p>Labor recruitment of Company executives, except the CEO, is carried out according to selection criteria, performance management, recruitment targets and Company Human Capital Management assessment. Pursuant to Article 34, Number 2 of the Bylaws, the CEO is appointed by the Board of Directors.</p> <p>Compensation paid in these contracts is published in the Management report (Special Report of Article 446 of the Code of Commerce).</p> <p>Pursuant to Chapter III of Title V and Chapter I of Title IX of the Good Governance Code, Company Executives may not participate in contracts or negotiations involving conflicts of interest for the executive or for his/her relatives up to fourth degree of consanguinity, second degree of affinity, and first degree by adoption.</p> <p>Also, the Code of Ethics includes an ethical guideline for the “employees” stakeholder group titled “Conflict of Interest” that is in line with the provisions of</p>		

the Good Governance Code.

Question 70

	YES	NO
Question: Does the issuer disclose to the market its internal rules for the resolution of conflicts? (Measure 34)	X	
Explanation *: The rules for the resolution of conflicts are included in the Bylaws, and are disclosed in the Company website /Our Company/Company Bylaws.		

Question 71

	YES	NO
Question: Does the issuer disclose to the market the criteria applicable to negotiations performed by its directors, administrators and officials with shares and other securities issued by it, such as preemptive rights? (Measure 35)	X	
Explanation *: The Board of Directors Operation Report and the Report on Compliance with and Advancement of the Good Governance Code indicate whether negotiations took place and what procedure to follow in the event of selling or purchasing shares; this is also published as relevant information on the page of the Financial Superintendence of Colombia. The Company's Good Governance Code states that administrators and workers cannot buy or sell Company securities when they hold privileged inside information. This information is also published as relevant information.		

Question 72

	YES	NO
Question: Does the issuer disclose to the market the résumés of the members of the Board of Directors or of Internal control bodies, and if these are non-existent, of the equivalent bodies, as well as the ones of legal representatives, so as to disclose their qualifications and experience, as regards their capacity to manage the matters they are supposed to attend? (Measure 36)	X	
Explanation *: The résumés of the members of the Board of Directors, the CEO, the Corporate Auditor, and Area Managers, are published on the Company		

website: www.isa.com.co/Our Company/Governing Bodies. They include their background, studies and professional experience.

Statutory Auditor

Question 73

	YES	NO
Question: Did the issuer designate as statutory auditor individuals or firms who have received revenues from the company and/or from its related parties representing more than 25% of their annual revenues? (Measure 37)		X
<p>Explanation*:</p> <p>Neither the appointed firm as Statutory Auditor, nor the individuals carrying out the statutory auditing work, received from the Company or from the company's related parties more than 25% of their revenues throughout the period under analysis.</p>		

Question 74

	YES	NO
Question: Do the issuer or its economic counterparts hire the Statutory Auditor for services other than the audit? (Measure 38)		X
<p>Explanation*:</p> <p>Neither the Company nor its economic counterparts hire the Statutory Auditor for services different to those of auditing, as Statutory Auditor.</p> <p>The Good Governance Code establish that the Statutory Auditor may not provide or carry out, directly or through third parties, consulting services or activities or execute any other contract at ISA that compromises his/her independence in the position. Likewise, Institutional Guide No. 3 "Statutory Auditor Inability Guide" provides guidelines related to the auditing jobs and/or services forbidden to the person acting as Statutory Auditor of ISA and its companies. This, in compliance with the Control Policy and in order to guarantee objectivity, independence and impartiality of the person acting as such.</p>		

Question 75

	YES	NO
Question: Do the contracts between the issuer and the		

Statutory Auditor establish clauses to rotate the individuals performing the auditing function at least every five (5) years? (Measure 39)	X	
<p>Explanation*:</p> <p>As provided in Title IV, Chapter II of the Good Governance Code, the Statutory Auditor is appointed for one (1) year and may be reelected up to three (3) more periods. Therefore it is not feasible that any individual may perform the role of the statutory auditor at ISA for more than 4 years. In this manner the Company complies with this measure.</p>		

Question 76

	YES	NO
Question: Does the issuer demand from the Statutory Auditor that the person that has been rotated should wait at least two (2) years to come back to audit the same company? (Measure 39)	X	
<p>Explanation*:</p> <p>As provided in Title IV, Chapter II of the Good Governance Code, the Statutory Auditor is appointed for one (1) year and may be reelected up to three (3) more periods. This makes the requirement of questions 75 and 76 regarding rotation of personnel not applicable to us, since it is not feasible that any individual may perform the role of the statutory auditor at ISA for more than 4 years.</p>		

IV. RESOLUTION OF DISPUTES

Question 77

	YES	NO
Question: Does the issuer adopt the necessary measures to inform the shareholders about the jurisdictional measures available to them to effectively protect their rights before the Financial Superintendence of Colombia? (Measure 40)	X	
<p>Explanation*:</p> <p>The Report on Compliance with and Advancement of the Good Governance Code submitted annually to the General Shareholders' Meeting informs shareholders about the jurisdictional procedure available to them for the effective protection of their rights before the Financial Superintendence of Colombia. This report is published on the Company website.</p>		

Question 78

	YES	NO
Question: Has the issuer adopted the direct settlement method for the solution of conflicts arising between the issuer and the shareholders, between the shareholders and the administrators and among shareholders? (Measure 41)	X	
Explanation *: Company Bylaws (Article 15) establish that a first attempt should be made to solve conflicts by way of direct settlement, before going to the regular courts or opting for any alternative way of dispute resolution.		

Question 79

	YES	NO
Question: Has the issuer adopted an alternate method for the solving conflicts arising between the issuer and the shareholders, between the shareholders and the administrators and among shareholders? (Measure 41)	X	
Explanation*: Company Bylaws (Article 15) establish that if a first attempt at solving the conflict by way of direct settlement proves to be ineffective in a term not exceeding sixty (60) business days, the party initiating it may go to the regular courts or opt for any alternative way of dispute resolution as provided under Colombian regulations.		

Optional Question

Question 80

If there are additional corporate governance practices in addition to those recommended by the Code of Best Corporate Practices, the issuer may disclose them in this section.

Published on the Company website is the following:

- **Board of Directors:**

The Board of Directors Operations Report mentioning scheduled meetings and actual meetings, attendance of each principal and alternate members, rating achieved by the Board based on the Balanced Scorecard, Board Self-assessment, conflicts of interest, etc.

The Report on Compliance with and Advancement of the Good Governance Code, reflecting among others, the rating achieved by the CEO based on the Balanced

Scorecard, information reported to internal and external control bodies, results from Auditing the Good Governance Code, Compliance with the Code, among others.

Relevant Board of Directors decisions.

- **General Shareholder's Meeting:**

Excerpts from Minutes of the General Shareholders' Meeting and quorum at the Shareholders' Meetings.

Publication of the Statutory Auditor's Report.

Convening to shareholders living abroad is sent by certified mail.

Motions to be presented at the Shareholders' Meeting are published on the website

Additionally, we have a quite complete information site for shareholders in English and Spanish.

- **Stakeholders:**

ISA communicates with its stakeholders; uses bulletins to this effect and conducts meetings with the representatives of each Group in order to have a direct, fluid and two-way communication. Conclusions and experiences from said meetings allow incorporating practices for a more transparent and competitive corporate management.