



CONTENTS

FROM THE MANAGEMENT	4
SCOPE AND BOUNDARY OF THE REPORT	6
ISA'S PROFILE	8
ISA AND ITS BUSINESSES	10
GOVERNANCE	14
STRATEGY AND PRIORITIES OF SUSTAINABILITY	19
VISION OF SUSTAINABILITY	20
TRANSPARENCY AND ACCOUNTABILITY	34
COMPLIANCE WITH LAWS	34
RESPONSIBLE AND ETHICAL PERFORMANCE WITH STAKEHOLDERS	35
COMMUNICATION WITH STAKEHOLDERS: ENCOUNTERS AND FORUMS FOR PARTICIPATION	40
STRATEGIC PARTNERSHIPS	49
OUR MANAGEMENT UNDER THE ENVIRONMENTAL DIMENSION	52
INDICATORS	54
MANAGEMENT ON DESIGN AND CONSTRUCTION	57
MANAGEMENT ON OPERATION	67
ENVIRONMENTAL, LEGAL, SECTOR AND TRADE ASSOCIATION MANAGEMENT	84
CORPORATE MANAGEMENT	86
SOCIAL PERFORMANCE	91
EMPLOYEES	92
SUPPLIERS	120
CUSTOMERS	136
SOCIETY	151

STATE	176
ECONOMIC PERFORMANCE	187
SHAREHOLDERS	190
ANNEXES	197
PERFORMANCE WITH AFFILIATES	198
GRI MDG TABLE AND GLOBAL COMPACT	232



Luis Fernando Alarcón Mantilla
CEO

*From
the Management*

The challenge of sustainability and the significance of implementing actions that contribute to achieve this goal, lead ISA's performance in its Corporate Social Responsibility strategy, with its stakeholders and Companies.

Advancing in the definition of a corporate objective that intends to rely on sustainable practices at ISA and its companies to improve their competitiveness and ensure business viability, as well as efficiency by implementing best practices was the mainstay of performance throughout 2012.

A key part of this initiative was to measure and evaluate the goals proposed to become an increasingly sustainable company. This measurement was made at the corporate level in ISA's areas that quarterly showed positive results, thus leveraging the corporate commitment.

The set of actions performed lead us to the firm intention declared in 2011 of achieving a comprehensive vision that articulates corporate strategy and business with our philosophy on CSR, vision that in this period was able to rely on the views of our stakeholders in an exercise of inclusion and identification of material issues through 14 dialogues, eight of them with our employees through all sites.

For ISA, all of this means achieving a transformation; as CSR is a voluntary and public commitment, it becomes a tool that promotes sustainable human development and the creation of social, economic and environmental value in the settings where we operate.



Luis Fernando Alarcón Mantilla
CEO



Scope and Boundary of the Report

In compliance with the commitments to its stakeholders, ISA hereby publishes the Annual Sustainability Report for the period between January and December 2012.

This Report, prepared for the third time in a row, under the Global Reporter Initiative –GRI- (G3) international guidelines, is ranked level B according to this classification, which represents for the Organization moving towards such goals and outcomes that nourish the social, environmental and economic dimensions. It also means achieving a better understanding of the indicators and a wider approach to stakeholders, on which the Company continues working. It also implies having explicit actions in place with regard to the management of the Global Compact principles with measurable results, extensive to the value chain.

The Report enlightens the Corporate Social Responsibility –CSR- performance of ISA parent company and, for the second year, it incorporates certain minimum performance indicators of its affiliates on sustainability-related issues that may be consulted in the chapter of annexes. It should be noted that the performance of each affiliate is informed in its relevant CSR report or annual report.

The information structure is organized by stakeholders, addressing the dimensions as follows: the environmental dimension, evidenced in the stages of design, construction and operation of the Energy Transmission Business; the social dimension is

addressed from the actions taken with employees, suppliers, society, State and customers, and the economic dimension is expressed in the performance with shareholders and the financial results of the Company.

The significance of matters contained herein are those that both ISA and the stakeholders identified as the key issues in CSR performance; in 2012, the key issues on Human Rights, environmental management regarding climate change mitigation, management of the plan concerning ISO 26000 gaps and improved supplier management. This identification allowed moving forward in a more relevant and consistent manner regarding stakeholders' expectations.

See ISA's [Sustainability Report](#)

Contact addresses:

Martha Ruby Falla González
mrfalla@isa.com.co

Jimena Toro Valencia
jmtoro@isa.com.co



ISA's Profile

ISA, directly and through its 30 subsidiaries and affiliates, conducts major linear infrastructure projects that promote the development of the continent and improve the life quality of people from Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama and Central America.

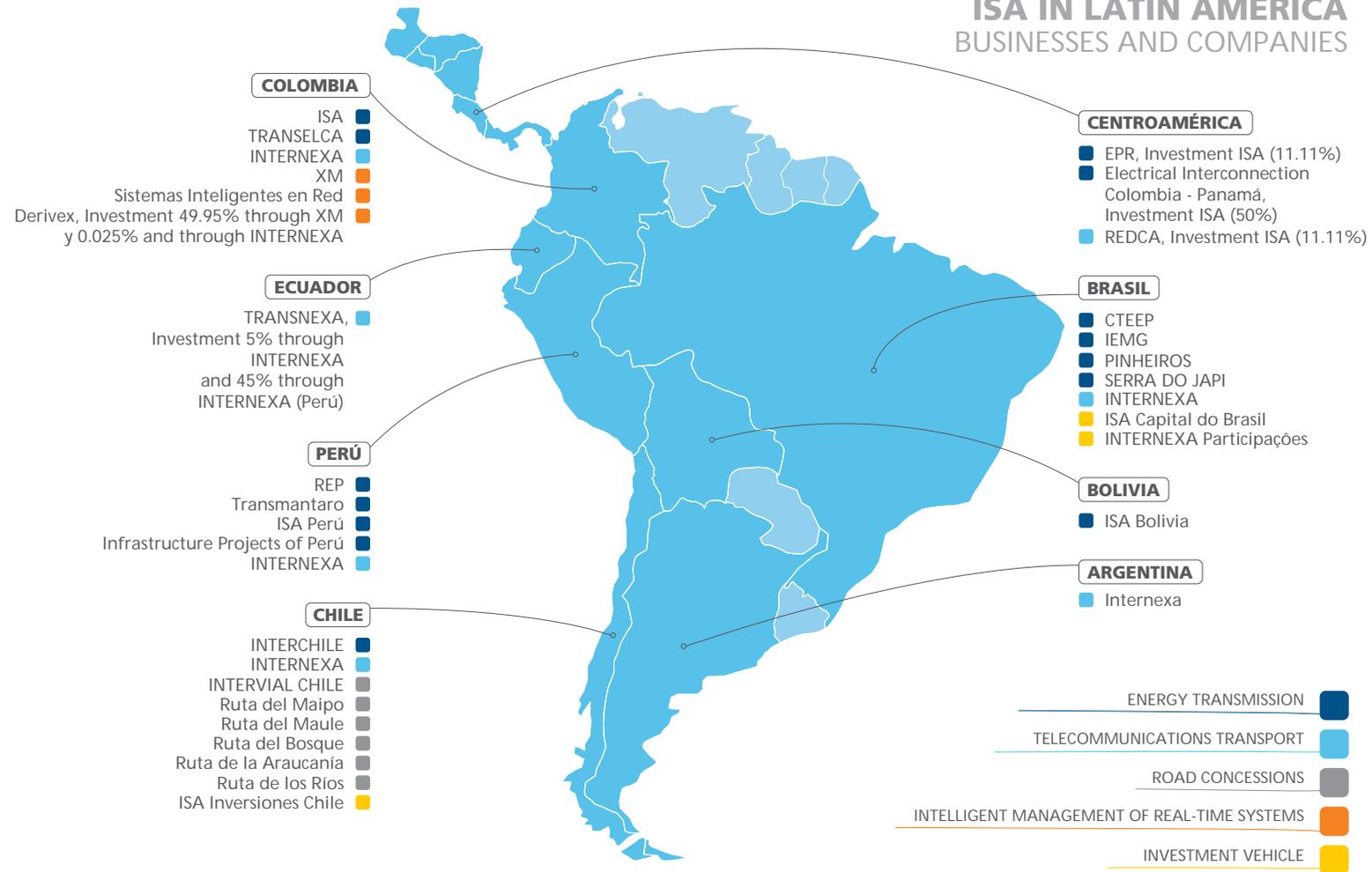
To achieve this, it focuses its activities in the businesses consisting in Energy Transmission, Telecommunications Transport, Road Concessions and Intelligent Management of Real-Time Systems.

For over 45 years, the Company has been characterized by the efficient and reliable provision of 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 societies where it operates, all thanks to a team made up by 3,686 highly skilled and committed employees.

At the end of 2012, ISA's consolidated financial statements showed assets around USD 14.6 trillion and revenues for USD 2.4 trillion.

ISA's performance is guided by good governance practices and it is a socially responsible company, featured by an ethical, serious and committed approach towards initiatives such as Global Compact, the Millennium Development Goals and climate change that create value to its stakeholders, business and future generations.

ISA and its businesses



Energy Transmission

ISA through its affiliates and subsidiaries expands, operates and provides maintenance to high-voltage energy transmission systems, placing the same as one of the largest international electricity carriers in Latin America. This is thanks to the 40,665-km high voltage circuit that operates international interconnections between Venezuela and Colombia, Colombia and Ecuador and Ecuador and Peru, and its 74,040 MVA of transformation capacity.

ISA holds in Colombia companies ISA and TRANSELCA; in Peru, it has ISA Perú, Red de Energía del Perú -REP-, Consorcio Transmantaro -CTM- and Proyectos de Infraestructura del Perú -PDI-; in Bolivia, ISA Bolivia; in Chile, INTERCHILE and in Brazil it holds 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 EVRECY.

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

In addition, ISA holds 11.11% interest on Empresa Propietaria de la Red -EPR-, entity operating the Electric Interconnection System of Central American Countries (Sistema de Interconexión Eléctrica de los Países de América Central, SIEPAC) and 50% of binational company Interconexión Eléctrica Colombia–Panamá -ICP-.

Telecommunications Transport

ISA's participation in this business is materialized through INTERNEXA, company that after a decade of operations, has extended 22,730 km of optical fiber, consolidating the same as the telecom operator with the continent's largest continued terrestrial network; it crosses seven countries, connects the Pacific coast with the Atlantic coast and connects telecommunications throughout South America.

ISA holds in Central America 11.11% interest on REDCA, the company in charge of managing optical fiber assets of the SIEPAC Project. INTERNEXA, as ISA's affiliate, jointly with other partners, participates in the construction and future operation of 1,800 kms. of optical fiber, enabling access to a 24,530-km. long continental network.

INTERNEXA, convinced that massive broadband and immediate availability of contents produced internationally and locally are the keys to improve quality of life of people, has developed a strategy that enables such company becoming a leader in Latin America in the distribution of relevant digital contents. In this regard, it has implemented a data center in Colombia, Brazil, and Peru and soon in Chile, where it stores the servers of international digital content distributors.

Thus, ISA's telecommunications affiliate is consolidated as a unique supplier that allows access to the top-searched contents for Latin American users, on a direct and integrated manner. This system creates favorable conditions for large-scale development of a content industry in the region.

Road Concessions

ISA structures designs, builds, operates and provides maintenance to road infrastructure, in markets where it may be relevant. The operation and maintenance is performed in accordance with standards established by the business-regulating entity in each of the countries where it operates, and is supported by processes that ensure operational excellence and safety for users.

ISA through INTERVIAL CHILE and its five concessionaires (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, extending from Santiago to the city of Río Bueno, placing such company as the country's largest intercity road operator.

Intelligent Management of Real-Time Systems

ISA, through XM, carries out the planning, design, optimization, commissioning, operation, administration or management of transactional systems or technological platforms, involving the exchange of value-added information, and markets for related goods and services.

The experience developed by XM in the power system operation and management of the electricity market, enables the same to provide intelligent solutions based on technology and knowledge acquired to various economic sectors:

- Electricity sector: XM is responsible in Colombia for the operation of the National Interconnected System (Sistema de 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, TIEs) with Ecuador.

- Financial sector: The Colombian Stock Exchange (Bolsa de Valores de Colombia, BVC) operates Derivex, the management company of the country's energy derivatives market and participates as an investor in the Cámara de Riesgo Central de Contraparte -CRCC-.
- Traffic and transport sector: Company Sistemas Inteligentes en Red -SIR- a subsidiary of XM, operates the Traffic Control Center (Centro de Control de Tránsito, CCT) of the Intelligent Mobility System of Medellín (Sistema Inteligente de Movilidad de Medellín, SIMM).



Governance

Governance

Board Composition

On March 30, 2012, the General Assembly of Shareholders appointed positions and people to form the Board of Directors. Those chosen are recognized for their moral reputation, knowledge and experience.

BOARD OF DIRECTORS	
Principal	Alternate
Ministry of Mines and Energy Minister	Ministry of Mines and Energy Vice-Minister of Energy
Ministry of Finance and Public Credit General Vice-Minister	Ministry of Finance and Public Credit Director of Public Credit and National Treasure
Isaac Yanovich Farbaiarz	Ministry of Mines and Energy Vice-Minister of Mines
Empresas Públicas de Medellín General Manager (*)	Empresas Públicas de Medellín Energy Director (*)
Santiago Montenegro Trujillo (*)	Adriana Huertas Bonilla (*)
Luisa Fernanda Lafaurie Rivera (*)	Alejandro Linares Cantillo (*)
Bernardo Vargas Gibsone (*)	Carlos Felipe Londoño Álvarez (*)

(*) Independent Members as provided in law 964 of 2005

The following members hold public positions within the central administration, and thus relate to the Nation, the majority shareholder of ISA:

- Minister of Mines and Energy.
- Vice-Minister of Energy, Ministry of Mines and Energy.
- Vice-Minister of Mines, Ministry of Mines and Energy.
- General Vice-Minister, Ministry of Finance and Public Credit.
- Director of Public Credit and National Treasure, Ministry of Finance and Public Credit.

The full Board, at meeting 719 of April 27, 2012, appointed Mr. Santiago Montenegro Trujillo as its Chairman.

Results of the main committees

As provided in Agreement 76 of May 2009, which regulates the operation of the Board of Directors, ISA has a Corporate Audit Committee, the Corporate Governance and Board Committee and the New Business Committee.

Corporate Audit Committee	Corporate Governance and Board Committee	New Business Committee
<p>The Committee gathered six times during the period and consists of the Director of Public Credit and National Treasury, the Ministry of Finance and Public Credit, EPM's Director of Energy, Adriana Huertas Bonilla, Alejandro Linares Cantillo and Carlos Felipe Londoño Alvarez. Its recommendations are related to the improvement of the controls on governance, administrative, financial, technical and IT matters.</p>	<p>The Committee gathered six times during the period and consists of the General Vice-Minister of the Ministry of Finance and Public Credit, the Vice-Minister of Energy of the Ministry of Mines and Energy, the Vice-Minister of Mines of the Ministry of Mines and Energy, Santiago Montenegro Trujillo and Carlos Felipe Londoño Álvarez.</p> <p>Among others, it proposed to the Board: retaining services of McKinsey & Co for the strategic updating project and further development; and evaluation of the CEO.</p>	<p>It is composed by the Minister of Mines and Energy, the Vice-Minister of Energy of the Ministry of Mines and Energy, the General Vice-Minister of the Ministry of Finance and Public Credit, Isaac Yanovich Farbaiarz, Santiago Montenegro Trujillo, Luisa Fernanda Lafaurie Rivera and Bernardo Vargas Gibsone.</p> <p>Its function is to analyze and make recommendations on investment initiatives considered in ISA's growth strategy and monitor business under execution.</p> <p>During the period, the Committee gathered 18 times to discuss and provide guidance on the business opportunities present in different sectors and markets in which ISA is interested.</p> <p>This Committee does not include such Board members whose functions or duties or by the reason that the company or organization where they work or provide services may have conflicts of interest, taking into consideration the business being analyzed or monitored.</p>

Conflicts of interest

When the board members believed that there could be a conflict of interest in a specific topic discussed, they informed accordingly to the others and abstained to participate in the discussion and decision-making, by temporarily leaving the room where the Board was taking place while the subject was being discussed and decided. In this regard, it is worth mentioning the cases below:

- The Minister of Mines and Energy and the Vice-Minister of Energy, left the meeting when the situation regarding project El Bosque Substation was analyzed.
- The officers of Empresas Públicas de Medellín -EPM- declared themselves under impediment and left the meeting when addressing matters on UPME calls and ISA's strategic updating project.
- The Vice-Minister of Treasure declared himself under impediment to participate in the analysis on the termination of the contract with ANI for the Autopistas de la Montaña project.

Assessment of the Board

The Board members conducted a qualitative self-assessment through questionnaire prepared for such effect. The information was collected between February 11 and 22,

2013 and the sample covered 11 people (84.5% of principal and alternate members).

The topics were evaluated with 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 the following:

- Individual performance of Board members, 90%.
- Group performance, 88%.
- Performance and participation of Management, 76%.

As strengths of the Board, it is worth highlighting commitment, suitability, reliability, responsibility and rigor in information analysis and deepness of discussions. Its experience, academic background and diversity make it a strong group, knowledgeable of various administrative disciplines.

As points of improvement, more efficiency was requested in the time of meetings and increased monitoring of strategic issues.

Besides self-assessment, the Board is rated, considering the results of the indicators contained in the corporate comprehensive management and top level. Given the weights set by prospects, targets and indicators, compliance with the corporate comprehensive management chart was 74.44% and the highest level was 57.88%, above the lower target.

Finally, the shareholders are to be informed that each and all members of the Board contributed with their knowledge, experience, dedication, and critical and positive attitude to ISA's growth and sustainability.



Strategy and Priorities Of Sustainability

Vision of sustainability

For nearly half a century we have traveled through the rugged national geography, feeling its intensity and relating ourselves with people, in an enriching exercise of contribution to development, every day providing us with new and best management practices that benefit our stakeholders and the competitiveness and viability of our business.

Each new contact with an inhabitant impacted with our work, each new project we make to benefit the community, each new environmental challenge, each new work perform jointly with our partners in social management, each new contribution to leadership training, each new support to education, each new initiative related to climate change, each new action to the preservation of Human Rights, evidence that our management goes beyond the basic functions of designing, building and operating infrastructure projects.

The arising of increasingly complex environments poses interesting challenges that encourage inner transformation processes that not only make possible the implementation of the projects we have in charge, but also provide sustainable human development.

To achieve this, our starting point is the recognition of stakeholders, the realization of tangible commitments with them and

adopting practices that optimize ongoing dialogue, based on areas of collective construction and permanent feedback on how that agreed has been fulfilled. An organization that opens the option of dialogue becomes more sensitive to its environment and shows its willingness to provide solutions that generate value for all those involved.

ISA has a strategic sustainability goal binding for its companies, which seeks to promote and incorporate practices that contribute to adding value to its stakeholders, as well as long-term investments that promote the Company's viability to improve its competitiveness and ensure the continuance of the business.

For this Report's period, two corporate initiatives were used that allowed measuring and monitoring the sustainability management in ISA and its companies. These initiatives included the implementation of the CSR action plan under ISO 26000 and implementing the plan for socio-environmental management of the environment in the climate change line.

Risk management

ISA and its companies have an Integrated Risk Management Policy, which provides the framework of performance for the objective, systemic and homologated implementation of actions aimed at optimal management of the risks to which the Company is exposed, to increase competitive advantage, en-

sure business continuity against the various risks and preserve the integrity of the corporate resources.

The cycle of the Integrated Risk Management includes the stages of identification, assessment, management, monitoring, consolidation and communication, and disclosure of risks.

Financial Risk: includes the market, liquidity, credit and counterparty risk.

The most relevant aspect related to the materialization of this risk was the negative variation of the Producer Price Index -PPI- (-2.95%), rate to which revenues for using the STN (National Transmission System) in Colombia are indexed, which led to a decrease thereof, affecting the fulfillment of financial goals.

Additionally, the appreciation of the Peso against the Real, the Dollar and the Chilean peso, caused variations in the financial statements due to the effect from the conversion of financial statements of foreign companies denominated in currencies other than Peso.

Primary management measures:

- Permanent analysis of macroeconomic variables.
- Estimated Earnings at Risk (-EaR- and Constant False Alarm Rate -CfaR-) using financial risk quantifying methodologies.
- Operations for debt management and structuring of natural and synthetic hedging operations.
- Study and application of formulae for input and raw material price adjustment.
- Evaluation of volatility effects of macroeconomic variables on the structuring of bids and financial situation.

Socio-political: understood as the dynamics of the armed conflict, the social context and the decisions and situations of political nature affecting the companies.

This risk materialized in Colombia with the kidnapping and murder of an employee of ISA, increased attacks on electricity infrastructure and stolen structures. In Brazil, the political decision of first female President Dilma Rousseff to reduce electricity tariffs for consumers to boost the competitiveness of domestic industry by the early termination of concessions in the electricity sector expiring between 2015 and 2017, including Concession Agreement 059/2001 of CTEEP.

Primary management measures:

- Permanent analysis of the social, political and economic situation of the countries where it operates and/or where it projects developing the growth strategy.
- Management with state entities.
- Management of socio-political risks.
- Social-environmental management programs.
- Business viability strategy in the middle of the conflict in Colombia.

Consult [further information](#)

Consult the [risk map](#)

Opportunities arising upon the sustainability challenge

While the medium term objective is creating a culture of sustainability that allows aligning CSR actions with the strategic direction, growth of businesses and the corporate risk map, ensuring a triple bottom line, to date the complex environment is resulting in restrictions on the strategy for growth and sustainability of the Company.

The challenges posed are translated into opportunities to improve business management, and the following have been identified to contribute with business viability:

- High competition in all markets and businesses: low rates, and players with a different competitive profile (funding, objectives, technology and business ethics).

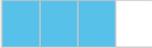
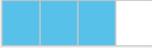
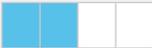
- The outsourcing of activities increases the risk of service failures, work-related accidents, eventual complicity in the violation of Human Rights.
 - Strong competition in the market for trained human talent.
 - Being accountable for increased social expectations and regulatory environmental, labor and business requirements.
 - Internalizing, implementing and achieving international recognition in a sustainability model.
 - Strengthening the social and environmental planning as well as the processes for environmental licensing, social management and easements regarding energy transmission.
 - Working on institutional and community strengthening to reinforce governance, reduce extreme poverty, and public order and security issues in rural areas.
- Alignment of CSR management with ISO 26000.
 - Progress in consolidating a preventive environmental management under the ISO 14001 framework and strengthen the legal and regulatory management.
 - Human Rights Management: Implement the UN Guiding Principles on Business and Human Rights.

Management and achievement of ISO 26000

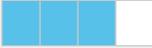
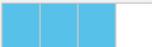
The management of gaps identified in connection with ISO 26000 posed the following challenges to the Organization:

Strategic objectives proposed that contribute to sustainability

Three axes were proposed to manage the goals established; each axis has significant achievements, as illustrated below and evidenced throughout this Report.

2012 Goals	2012 Management	Progress	Achievements
Management of ethics	<ul style="list-style-type: none"> Monitoring to Ethics Line. Consolidation of Ethics Line reports. Performance of Ethics Committee Dissemination of the Code of Ethics among stakeholders. Dissemination of Form A1 whereby the Code of Ethics is binding for service providers. 		Ethics management system open to stakeholders.
Human Rights	<ul style="list-style-type: none"> Release and dissemination of the Declaration on Human Rights and Business. Development of the first virtual module on Human Rights. Dissemination of Form A1 whereby the Declaration is binding for service providers. 		Have a practical and clear Declaration on such Human Rights that ISA deems relevant to its performance.
Environment	<ul style="list-style-type: none"> Set a plan and schedule with cost effective measures to reduce, mitigate, offset greenhouse gases and disseminate the results of its implementation among stakeholders. Disclose the management of hazardous and toxic waste. 		<p>The inventory of Greenhouse Gases -GHE- is available for stakeholders on ISA's website. Also, there was assistance to the Carbon Footprint workshop, which promotes responsible practices on climate change.</p> <p>The matrix of chemical incompatibilities in all CTEs and substations was provided.</p>

Continued on next page

2012 Goals	2012 Management	Progress	Achievements
Management of Suppliers	<ul style="list-style-type: none"> Dissemination of the Declaration on Human Rights and Business. Define consequences for non-compliance with the Declaration. Strengthen the monitoring of environmental and occupational health and safety management. Define the program for management of suppliers. Promotion of responsible labor practices in the value chain. Promote knowledge of ISO 26000. 		<p>Binding Declaration for service providers. Providers/suppliers agree to respect and promote the matters contained in this document.</p> <p>Pilot for suppliers under ISO 26000 together with ICONTEC.</p>
Dialogues with stakeholders	<ul style="list-style-type: none"> Build a methodology for dialogues with stakeholders and accountability. 		<p>In the framework of ethics and Human Rights, ISA held its first dialogue encounter extensive to its six groups of stakeholders.</p>
Promotion of anti-corruption practices	<ul style="list-style-type: none"> Dissemination and publishing of antifraud statute. Training of employees and agents about corruption and how to fight it. 		<p>Implementation of anti-corruption strategy, which supports the position of ISA and its companies against fraud, corruption and, in general, unethical facts.</p>

Reading on progress: each chart represents 25% achieved on management progress.



Managing climate change

ISA made official its plan of action for managing climate change based on the measurement of greenhouse gases -GHG- in all affiliates. Once results were known, it designed a strategy with ten initiatives including energy efficiency of the head office, the methodology used for determination of climate variability in communities and their adjustment measures, identification of initiatives for a low-carbon economy by supporting contest Ventures and support to the establishment of protected areas in terms of conservation actions for watersheds and strategic ecosystems.

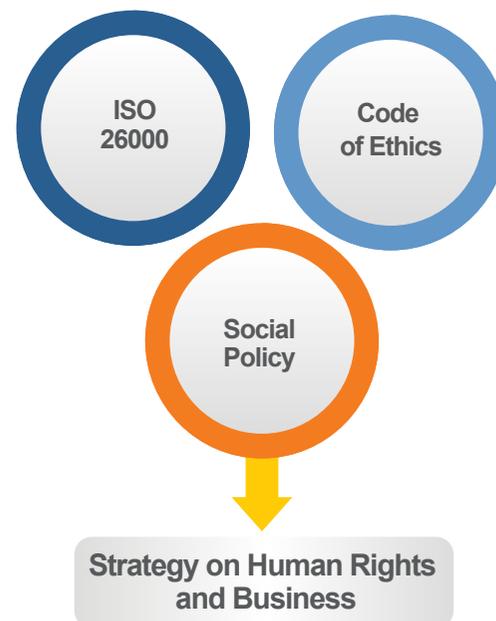
General objective	Strategic objective	Guideline	Action lines	Initiatives
Reduce and offset greenhouse gas emissions and minimize the effects of climate change in the areas of influence of ISA.	Minimize impacts on natural resources, health risks for people, habitat quality and socio-economic systems in the areas of influence of ISA.	Socio-environmental management of surroundings.	Support to climate change management.	Vulnerability analysis to climate variety.
				Strategies for adjustment to climate variability.
			Biodiversity.	Identification of initiatives for low-carbon economy.
				Support to establishment of protected areas.
	Reduce and offset greenhouse gas emissions compared to the base year of measurement.	Environmental management of assets	Improvement of eco-efficiency of assets.	Voluntary offset.
				Energy efficiency.
				Mobility.
				SF6 management.
				Refrigerant gas management.
				Silviculture management of transmission line easements.

Human Rights

To advance in a process of learning and development to decrease the gaps between business practices and international standards, ISA implemented a strategy of awareness and training in Human Rights. To this end, educational and communication components were combined to create a binding and empowerment effect on stakeholders of the Organization, especially employees and suppliers as the closest link in the value chain.

It seeks to weave the relationship of Human Rights with the elements of ISA's Corporate Framework, so that the Company, its employees and suppliers may become accountable for the promotion, non-infringement and no-complicity, following Guiding Principles on Business and Human Rights: Implemented under the United Nations framework to "protect, respect and remedy".

It is noted that for 2012 the indicator of violation of Human Rights regarding the Business was zero (0).



Objectives

- Strengthen the sociopolitical risk management to promote respect for Human Rights in the domestic and external scope of the Organization.
 - Generate conditions that permeate all areas of the organization as it is necessary to develop actions involving the managerial group and allow adjustment of processes.
-
- Promote dialogue with stakeholders, with educational emphasis on employees and suppliers to create new attitudes and practices by them.
 - Make the Code of Ethics with Human Rights issues binding to stakeholders and the ethics management tools.
-
- Generate a learning environment that allows the construction of a strong organizational culture in these areas, capable of permeating suppliers as the closest link of the value chain.
 - Amend the bidding documentation, providing through a clause, the mandatory acknowledgement of the Code of Ethics and the Declaration on Human Rights. This decision requires actions encouraging suppliers to accept and comply with the Company's framework.
 - Strengthen the management with suppliers to realize the issues involved in the Declaration and progressively obtain more positive impacts on sustainability in the sphere of influence of their businesses.

The main achievements can be summarized as follows:

Publication of Declaration on Human Rights	Publications on corporate newsletters	Virtual course on Human Rights and business	Socialization in primary groups	Due Diligence
<p>Define a framework for action on Human Rights; this declaration is the way to progressively implement the UN guiding principles to “protect, respect and remedy” Human Rights at business.</p> <p>This declaration was disclosed to 707 employees of the Company, equal to 100% of them. Also, it was delivered to all service providers, reaching a total of 440 service providers who in 2012 had a contractual relationship with ISA.</p>	<p>Foster a culture around Human Rights.</p> <p>Four newsletters and a monthly notice relating to the Human Rights culture were made during the year.</p> <p>The newsletter was read by an average of 159 people in the Organization, equal to 23% of the target.</p>	<p>Raise awareness of the need for development of positive actions on Human Rights involving all stakeholders.</p> <p>This course was attended by 389 employees, equal to 55% of ISA's population.</p>	<p>Provide employees with basic information and facts on the Human Rights topic and ISA's performance in this regard.</p> <p>With workers, validate ISA's commitment to Human Rights and promote their fostering and support to such corporate position.</p> <p>This action reached 230 people, equal to 32% of ISA's employees.</p>	<p>Strengthen processes and procedures to incorporate the Human Rights variable into various aspects of the organization, especially, decisions on new business, protection of integrity of employees providing services in conflict zones, social investment, among others.</p>

Declaration on Human Rights and Business

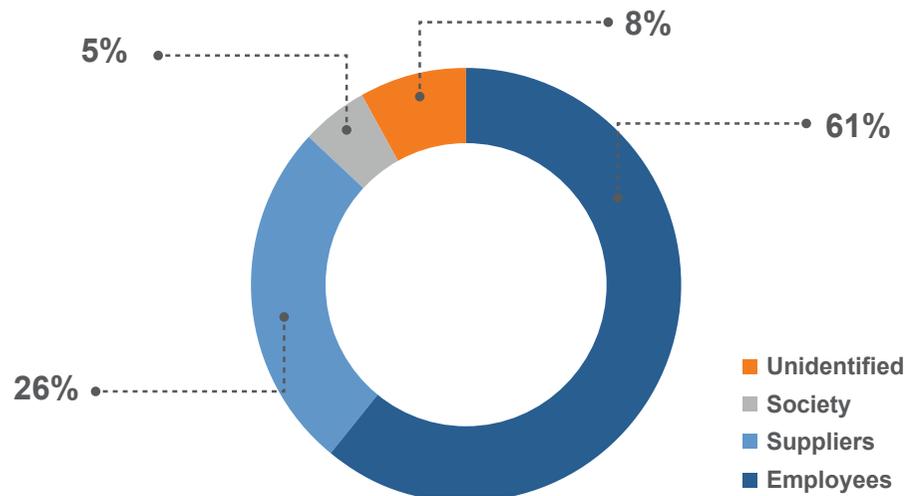
Virtual course on Human Rights

Management of ethics and key results

Ethical Management

Ethical management in the Organization is leveraged by two instruments set in the Code of Ethics: the Committee and the Ethics Line.

ETHICS LINE CONTACTS BY STAKEHOLDERS

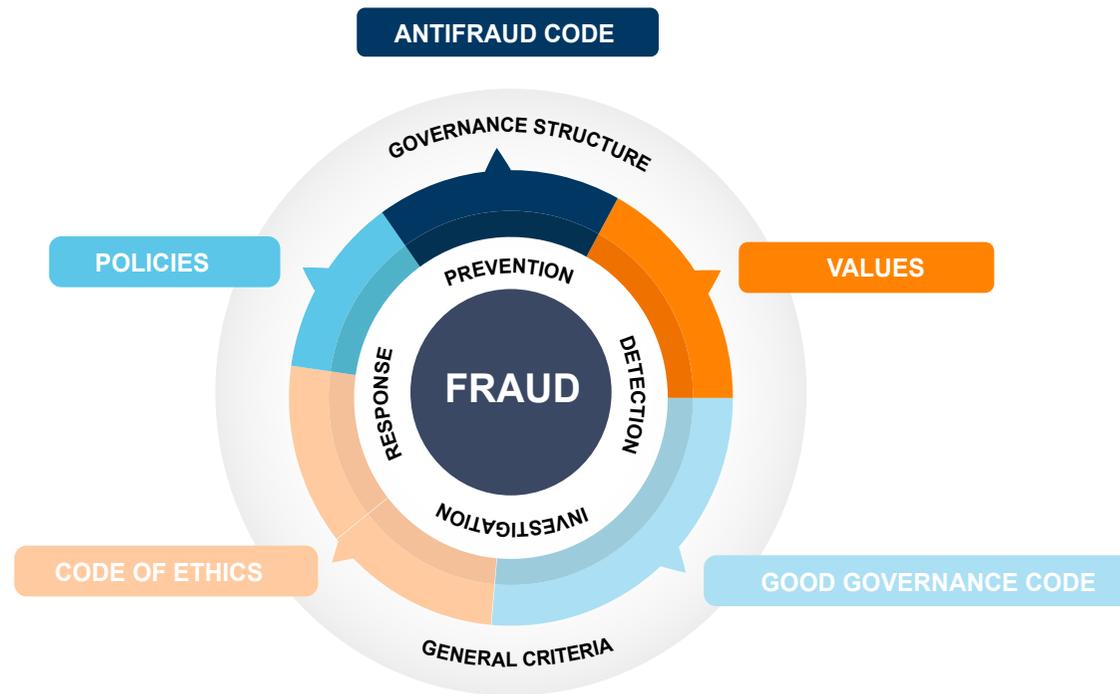


Code of Ethics

This code consists in a framework that seeks materializing the philosophy and corporate values of ISA and its companies. Its approach assumes that day-to-day decisions made by companies affect those people being part of their stakeholders: shareholders, employees, suppliers, customers, society and State, which involves a relationship founded on values, policies and commitments that strengthen corporate identity and institutional consistency.

Consult Code of Ethics

RESULTS		
Ethics committee	Ethics line	Deployment of Code of Ethics
<p>In 2012, it held three meetings in order to analyze and recommend the management of such queries and complaints received by the Ethics Line, as well as to address the issues related to corporate ethics, such as: Antifraud Code, Anticorruption Statute, 2012 Performance Report.</p>	<p>In 2012, 17 complaints were received through the Ethics Line, none of them effective after the validations made, and 22 queries for application of the Code of Ethics to which due response was provided.</p>	<p>Since 2011, after launch of the Code of Ethics of ISA and its companies, dissemination began for stakeholders.</p> <p>Employees 542 people, equal to 82% of all employees, attended the work groups.</p> <p>Shareholders Each assistant was provided, at the General Meeting, with the ethical guidelines applicable to this group of stakeholders and the Ethics Line was set in place. 551 shareholders attended this meeting.</p> <p>Suppliers Implementation was carried out at the Encounter with Suppliers, with an assistance of 270 people. Amendment to form A1 – Letter of Presentation – of the document for bid request was presented, where suppliers expressed their acknowledgement of our Code of Ethics and agreed to follow the same.</p> <p>Customers It was deployed under the Encounter with Customers, attended by 154 people.</p> <p>State – Society The new Code and its instruments was informed during the dialogues held with these stakeholders, attended by 155 people.</p>



This code adopted in 2011 as a management measure to face the risk of fraud identified in the risk map of ISA and its subsidiaries is a framework aimed at formalizing their strategic commitment with respect to fraud, declaring a zero-tolerance culture and establishing corporate guidelines and responsibilities for its prevention, detection, investigation and response, in order to protect the corporate assets, emphasized on financial resources, information and reputation.

[Consult the Antifraud Code](#)

During 2012, ISA deployed the Code to employees, with an attendance of 430 people and other stakeholders through its website, where the Code was published in two languages.

Prevention of Money Laundering and Terrorism Financing

ISA, aware of its exposure to the risks of money laundering and terrorism financing and its commitment to prevent the same, since 2009 has been developing initiatives to achieve the implementation and strengthening of internal measures that allow acting diligently.

Consistent with this, in 2012, it strengthened the culture of prevention through the training of employees, suppliers and customers. Guidelines were defined at ISA and its companies to prevent these risks and internal measures required were implemented to prevent the Organization might be affected in case any of such risks become effective.

Transparency and accountability

In 2012 we participated in the measurement Transparency for Colombia, which evaluates utility companies. ISA scored 92 points above the average of the energy and gas sector bearing 78. These measurements are sources for improvement enabling us to strengthen the channels of communication and respect for stakeholders.

Under this notion of sustainable management, transparency and accountability are positioned and become more relevant day by day; doing things right and having it legitimized by stakeholders is one of the best relationships of trust that can be established.

Compliance with laws

ISA is committed to a rigorous exercise in the compliance with law and application of corporate guidelines on legal environmental management; diagnosis and assessment was made of each of the Companies and a closing of gaps by 2014 was proposed.

Being aware of the issues taking place in the surroundings of projects, environmental regulations and the serious difficulties in obtaining environmental licenses and negotiating of lands that cause project delay, ISA led with the Commission of Regional Energy Integration –CIER- and other companies in the industry, the International Workshop on Environmental Licensing, Social Management and Easements in Energy Transmission held in Bogotá on August 8, 9 and 10, 2012.

This event was attended by 140 participants from 13 countries, seven authority representatives responsible for expansion gathered in a panel: Chile, Guatemala, Panama, Peru, Ecuador, Colombia, Brazil; five representatives of environmental authorities gathered in a panel: Peru, Chile, Colombia, Paraguay, Ecuador. This forum was used to discuss difficulties and provide solutions to the following topics:

- Land management and negotiation of easements.
- Inequality, inequity and social liabilities.
- Companies, social players and relationships.
- Environmental Assessment Technical Studies: Regulations, Governance and inter-institutional relationships.

Further information

Responsible and ethical performance with stakeholders

One of the biggest achievements in 2012 was having a forum for dialogue and accountability to stakeholders. In order to share topics as ethics and Human Rights, 150 people including employees, customers, shareholders, suppliers, State and society, addressed an agenda on perceptions, barriers and opportuni-

ties for joint action to strengthen organizations and enhance their contribution to sustainable development.

Dialogues with stakeholders

In 2012, we conducted for the first time joint dialogues with representatives from all our stakeholders. This enabled us recognizing different levels of interrelations, identifying perceptions, expectations and common challenges. It evidenced the need of building approaches on CSR, ethics and rights, under clear terms that allow acting in a chain, under a relationship where everybody contributes and wins.

Testimony:



[Watch video on conclusions with stakeholders](#)

Topics of Dialogues	Presentation of Sustainability Report and Dialogues on ethics and Human Rights with stakeholders.
Calling up Idea	“Let’s move towards the construction of Dialogues”.
Progress	Alignment to international standards ISO 26000, AA1000, Global Compact, Global Reporting Initiative -GRI-.
Purpose	<ul style="list-style-type: none">■ Be accountable under the Sustainability Report.■ Dialogue and re-nourish key aspects of management.■ Share ethical values and encourage stakeholders to support compliance with corporate objectives and purposes.

Continued on next page

<p>Inclusiveness</p>	<p>Between June and August, 14 dialogue encounters were held to procure the largest coverage and facilitate the participation of stakeholders, as follows:</p> <p>Dialogue Encounter held in Medellín on June 25, 2012</p> <ul style="list-style-type: none"> ■ A conversation was held with ISA's CEO, Luis Fernando Alarcón Mantilla and 150 people representing stakeholders on the significance of dialogue for good corporate practices. ■ Five dialogue tables were held with shareholders, customers, employees, suppliers, society and State. <p>Decentralized replica of dialogues with employees</p> <p>Eight replicas of dialogues held with employees as follows: four encounters at ISA's head office on July 5 and 6 and four additional encounters at each Energy Transmission Center: June 22 at Central CTE, July 19, at Northwest CTE, July 31st at Southwest CTE and August 9 at West CTE.</p> <p>Participation:</p> <ul style="list-style-type: none"> ■ Dialogue with Shareholders: 17 people. ■ Dialogue with Customers: 12 people. ■ Dialogue with Suppliers: 14 people. ■ Dialogue with State and Society: 25 people. ■ Dialogue with Employees: 114 people, in eight sessions.
<p>Comprehensiveness</p>	<p>From general to specific: the dialogue was focused on ethical foundations and respect for Human Rights as principles for responsible management. Based on this approach, participants were proposed to review whether the sustainability report presented to each stakeholder reflected these principles and the compliance with commitments declared by the Company.</p>

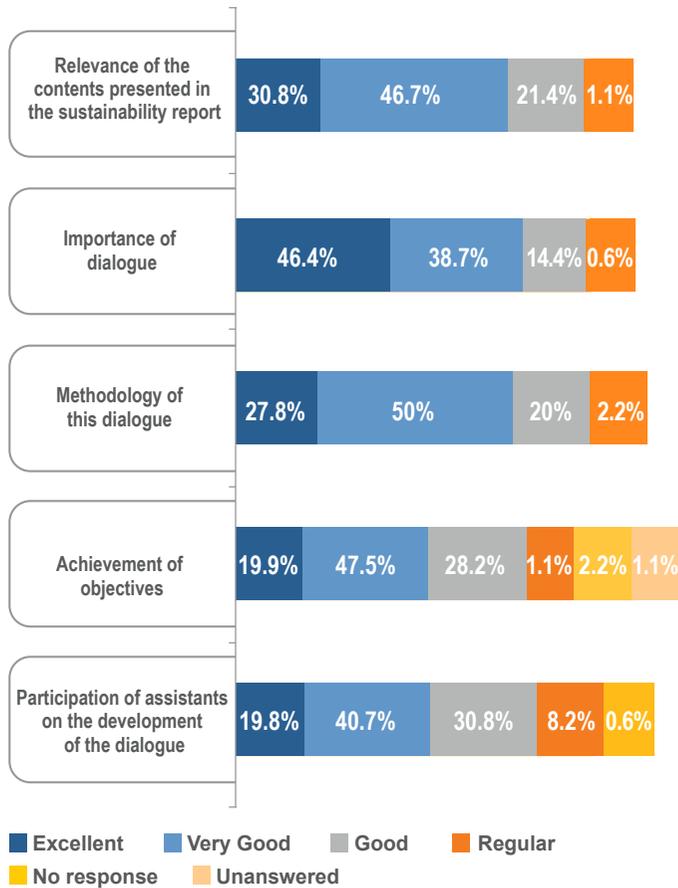
Continued on next page



<p>Methodology</p>	<p>Preparation of dialogues Preparation of dialogues involved all responsible areas and the senior management in the construction of approaches, axes for conversation, the call, and the support teams for each dialogue.</p> <p>Development of dialogues With the support of an expert facilitator in each dialogue table, ISA’s manager responsible for the management with each stakeholder, rendered accounts on the results and answered the concerns posed by participants.</p> <p>The scope at this time was focused on producing commitments from the parties to advance on socially responsible practices.</p> <p>The results were systematized by ISA and such aspects identified as improvement opportunities were incorporated into the 2013 performance.</p>
<p>Materiality</p>	<p>Topics addressed in the conversations held between ISA’s CEO and representatives from each stakeholder:</p> <ul style="list-style-type: none"> ■ Which should be the institutional conditions to make possible an ethical relationship under the corporate context in Colombia? ■ Why should the corporate sector respect Human Rights? ■ Which are the conditions that stakeholders should have to bind themselves with ISA’s Code of Ethics and the Commitment Declaration on Human Rights? ■ What is the responsibility of stakeholders to the Company and the contribution to sustainability?
<p>Prioritized aspects to be included into this report</p>	<p>The Dialogues showed the interest of parties in keeping close relationship and permanent communication with the Company to better understand ISA’s purposes and strategies and this way have more clear and attainable expectations.</p> <p>This Sustainability Report incorporates key aspects for stakeholders, as going beyond data and listening the Company on a more straightforward, closer and guiding manner. It was proposed to incorporate, through testimonies, the contribution of stakeholders to the achievement of ISA’s results.</p> <p>Other result of the dialogues for the improvement of management was the strengthening of strategies for communication and relationship with each stakeholder.</p>

Participants of dialogues, rated as satisfactory ISA's initiative and practices:

CONTENTS OF DIALOGUE



PRACTICES IMPLEMENTED BY ISA FOR ITS PERFORMANCE



Further information [dialogues with stakeholders](#)

Communication with stakeholders: encounters and forums for participation

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

STAKEHOLDERS	INFORMATIVE MEANS	PARTICIPATION MEANS
Employees	<ul style="list-style-type: none"> ■ Social Networks (Facebook, YouTube, Twitter, LinkedIn). ■ Bulletin Internoticias. ■ ISATV. ■ Signs. ■ Duratrans. ■ Environment Bulletin. ■ Online Bulletin. ■ General Interest Bulletin. ■ IT Bulletins. ■ ISANET. ■ Emails. ■ Annual and sustainability reports. 	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Primary groups. ■ Performance assessment. ■ Organizational environment survey. ■ Biannual reputation survey. ■ Dialogues and accountability.
Suppliers	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Website. ■ Suppliers Bulletin. ■ Annual and sustainability reports. 	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Encounter with suppliers. ■ E-mail boxes: contratacionweb@isa.com.co and suppliers@isa.com.co. ■ Biannual reputation survey. ■ Biannual perception measuring in general quality and satisfaction. ■ Performance assessment. ■ Dialogues and accountability.

Continued on next page

STAKEHOLDERS	INFORMATIVE MEANS	PARTICIPATION MEANS
Society	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Website. ■ Multimedia. ■ Letters to authorities and communities. ■ Press releases. ■ Radio program: ISA Conecta Regiones. ■ Flyers. ■ Posters. ■ Signs. ■ Wall newspaper. ■ Quarterly results. ■ Annual and sustainability reports. 	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Letters for requests and inquiries. ■ Rounds for building relations. ■ Educational and informative workshops. ■ Briefings and meetings to raise awareness. ■ Línea amiga ISA: 018000941341. ■ E-mail boxes: isa@isa.com.co and eloisa@isa.com.co ■ Biannual reputation survey. ■ Dialogues and accountability.
State	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Reports and information to regulatory bodies. ■ Quarterly results. ■ Regular Shareholders' Meeting. ■ Press releases. ■ Website. ■ Annual and sustainability reports. 	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Biannual reputation survey. ■ Letters for requests and inquiries. ■ Workshops with State entities. ■ Boards of directors. ■ Dialogues and accountability. ■ Rounds for building relations.
Customers	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Customer Bulletin. ■ Performance indicators report. ■ Website "Negocios ISA". ■ Customer assistance directory. ■ Promise of service. ■ Advertising and marketing. ■ Annual and sustainability reports. 	<ul style="list-style-type: none"> ■ Social Networks (Facebook, Youtube, Twitter, LinkedIn). ■ Customer Service Center (Centro de Atención de Clientes, CAC): (57-4) 315 7143 - 315 7317. ■ E-mail: gestioncomercial@isa.com.co ■ Customer satisfaction Survey. ■ Biannual reputation survey. ■ Encounters with customers. ■ Visits to customers. ■ Dialogues and accountability.

Continued on next page



STAKEHOLDERS	INFORMATIVE MEANS	PARTICIPATION MEANS
<p>Shareholders and investors</p>	<ul style="list-style-type: none"> ■ Regular Shareholders’ Meeting. ■ Social Networks (Facebook, Youtube, Twitter, Linkedin). ■ Bulletin. ■ News, highlights and quarterly results. ■ Annual and sustainability reports. ■ Meetings personally attended by institutional investors, brokerage firms and stock exchange analysts. ■ Website (online stock price, stock exchange indicators financial results, ADR’s, news, events, bond programs and others). 	<ul style="list-style-type: none"> ■ Shareholder’s assistance office. ■ Regular Shareholders’ Meeting. ■ Social Networks (Facebook, Youtube, Twitter, Linkedin). ■ Meetings with investors. ■ E-mail box: accionesisa@isa.com.co ■ Toll-free shareholder’s assistance line: 01 8000 11 5000. ■ Local Medellín Line: (957) (4) 360 24 72. ■ Fax lines in Medellín: (957) (4) 2686880 and (957) (4) 3170858. ■ Dialogues and accountability.

Meetings with Employees

Coffee with the Management

With the purpose of having a closer contact between CEO Luis Fernando Alarcón Mantilla and the Company workers, seven informative Coffee meetings were held in 2012, each of them having the assistance of 30 workers from different areas and positions. At the coffee meetings, the Management talked about specific topics of the Company's course of action, ongoing and future projects and their impact in the Organization.

Encounter with Customers

A forum for approaching and listening customers, fostered by ISA and TRANSELCA, seeking constant and permanent communication. In the second semester, it was held in the cities of Bogotá, Medellín, Barranquilla, Cali and Manizales. The premises of other customer companies were visited in Bucaramanga, Tunja, Neiva e Ibagué.

The encounter addressed Business topics in progress, permanently focused on ISA's work in the energy transmission service, in compliance with international standards of reliability and safety, to meet customers' needs. This way, topics included customer approach, social responsibility, market experience, financial strength and, availability and reliability of service.

Further information

Encounter with Suppliers

Entrelazados (Interconnected) was the name given to this forum for the approach and construction of trust relations through transparency, equity and clear rules. It was attended by over 280 people from 200 domestic and foreign supplier companies, and provided the possibility of strengthening long-term commercial relationships between ISA and its suppliers.

The following goals were set at the encounter:

- Strengthen relations with suppliers, through a forum that fosters straightforward and effective communication.
- Inform suppliers about ISA's guidelines set for the relationship with these stakeholders.

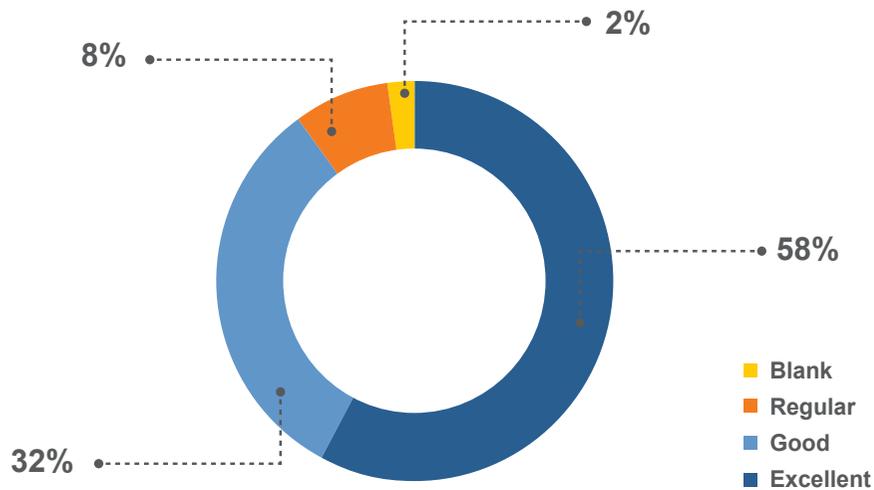
- Promote commercial relations between ISA and its suppliers, based on ethical, responsibility and transparency principles.
- Inform suppliers of the regulations and procedures ruling the procurement processes and follow-up to performance of contracts.

- Attend the concerns posed by suppliers in the surveys and audits performed.

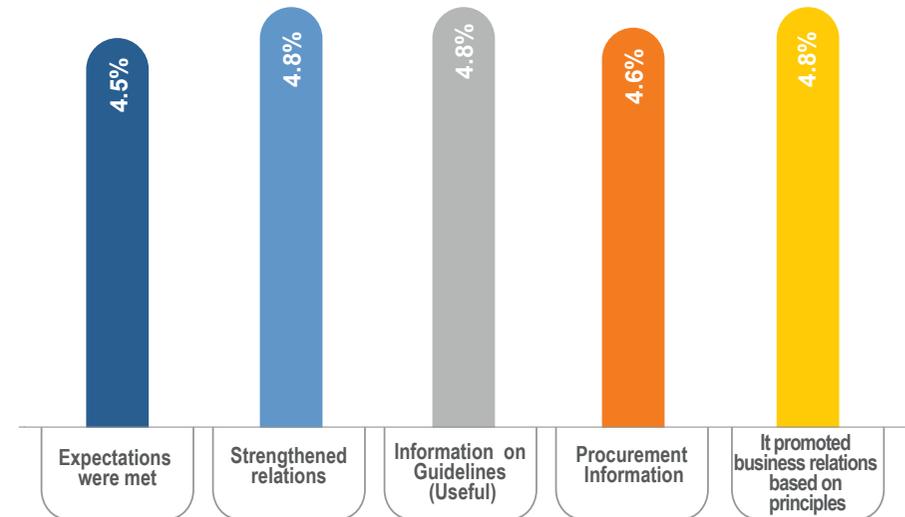
At the closing of the event, 50% of assistants were interviewed to evaluate the encounter as below.

Further information

GENERAL PERCEPTION



EVALUATION OF CONTENTS



Encounter with Society

ISA interacts with this stakeholder from different programs in response to the lines of the corporate- environmental-social management model. For such effect, it has strategic partners in different regions of the country, achieving encounters with communities or organizations that allow becoming acquainted with the territories and a society – Company relationship.

These forums include the closing event for each agreement, where an assessment is conducted to allow identifying the compliance with the goals proposed, as well as aspects for improvement to the social performance of the Company.

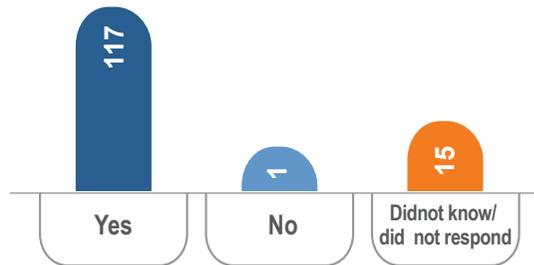
The following data allow measuring the performance in different aspects:

- ISA's participation in the improvement of people's life conditions
- Compliance with commitments of the Company contained in the agreements.
- ISA promotes and respects Human Rights.
- Company's responsibility with the environment.

These closing surveys applied to 133 people participating in the ISA Region Program and the performance in Bajo Cauca under the Institutional Strengthening framework showed the following results:

WITH THE RESULTS OF THE PROJECT, DID ISA MEET THE COMMITMENTS?

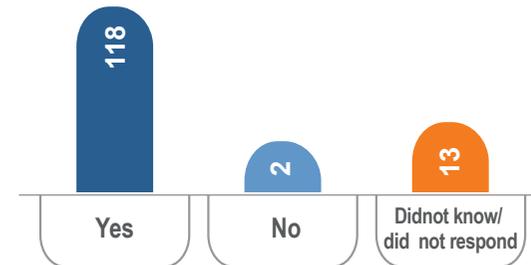
number of people



As part of the scope of each agreement, 90% of the interviewed people state that all topics agreed with the stakeholder society was met, especially regarding sustainable development and social welfare.

WITH ANY OF THE ACTIONS OF THE PROJECT, DID ISA RESPECT OR PROVIDE YOU WITH KNOWLEDGE ABOUT HUMAN RIGHTS?

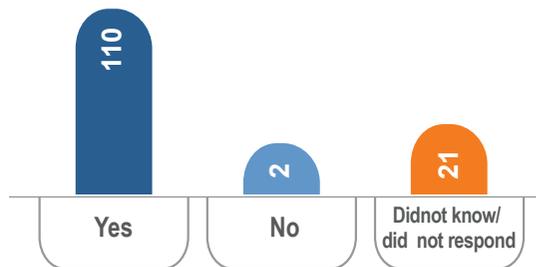
number of people



90% of the interviewed people state there is evidence of the significant contribution to formation and acknowledgement on Human Rights specially regarding claiming of human dignity, highlighting the actions conducted on gender and ethnic-cultural topics. They also recognize the emphasis on disclosure and promotion of Children’s Rights, specifically education through Program Transformación Educativa para la Vida

WITH ANY ACTIONS OF THE PROJECT, WAS ISA RESPONSIBLE, CARING WITH THE ENVIRONMENT AND DID YOU ALSO LEARN ABOUT ENVIRONMENTAL CARE?

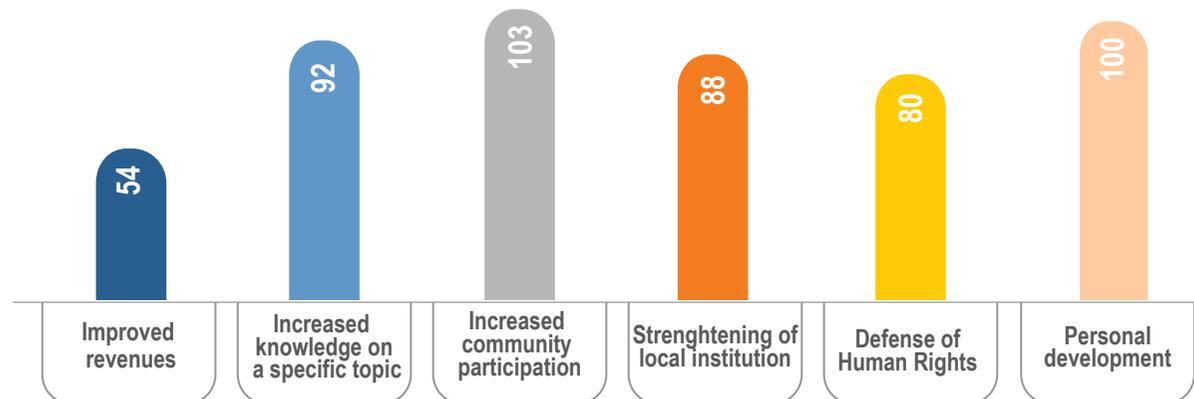
number of people



This topic emphasizes in the work performed under the educational transformation on the accompaniment of School Environmental Projects (Proyectos Ambientales Escolares –PRAE) and the Development and Peace programs based on the concept of sustainable development and specific topics evidenced in training and technical education, productive initiatives or feeding security.

HOW DID THE PROJECT IMPROVE YOUR LIFE CONDITIONS?

number of people



Encounter with inhabitants

These encounters are a forum for exchanging experiences between the leaders of the municipalities that have adopted the Peace and Development Program -PDP-, which are based on the dialogue of knowledge, cultural and traditional activities, in order to assess the social processes of the territory.

Two of these encounters are to be noted: Red Prodepaz and Development and Peace Program of Magdalena Centro.



“ We know that together we are capable of transforming our territory, making it more equitable and caring, with more participatory democracy, a place to live with dignity and in harmony with nature ”

This was one of the main conclusions of those attending the II Regional Meeting of the Inhabitants Network, held on November 30th and December 1st, 2012, at Educational Institution Braulio Mejía, in the municipality of Sonson.

Regular Shareholders' Meeting and Meetings with investors

In order to keep trust relationships to strengthen and increase communication for due monitoring of the Company's highlights, based on the provision of timely and reliable information, the following activities were performed:

- The Regular Shareholders' Meeting was held; transmitted via Internet, it ensured greater coverage nationwide by shareholders residing in other cities.

Check the results

- The Company's Statement of Results was published quarterly in English and Spanish. Through phone and web conferences, the CEO and CFO presented the results and attended the questions from the financial community. The conference calls were broadcasted in Spanish with simultaneous translation in English, enabling both Spanish and English speakers to access the information.

- As part of the communication strategy and in order to provide institutional investors with better knowledge on the Company, several conference calls were held on specific issues such as the Road Concessions in Chile and the Renewal of Electricity Transmission concessions in Brazil.

Further information

- Contact with Capital Market analysts, Investment Funds, Stock Brokers and potential Investors was strengthened with the Company's participation in local, regional and international events, by using mass gatherings and one-to-one meetings. Also, there was permanent direct communication, through visits to ISA's premises and teleconferencing.

Strategic Partnerships

ISA has a program called ISA Región, used to leverage management of 11 Peace and Development Programs -PDP-, and acting as a partner in five of them: PRODEPAZ, PDP Magdalena Centro, PDP Bajo Magdalena, PDP Córdoba and Urabá and PDP Canal del Dique and Coast Zone.

Participation at these programs throughout 2012 included the assistance to the meetings of their assemblies, board of directors and technical committees. Under the same parameters, ISA is the support entity of Redprodepaz, a national coordination instance of all PDPs existing in Colombia, for which it participates in its Strategic Committee, where actions arise for guiding the PDPs, public-private partnerships and interactions are fostered around the strengthening of the Network and consequently the country's social development.

Further information www.redprodepaz.org.co

ISA is a member of **PROANTIOQUIA** and it participates in the Centre for Social reflection (Centro de pensamiento Social), which purpose is promoting, on an autonomous basis, the research, study and documented opinion, guiding them towards the improvement of social public policies and CSR practices.

Further information www.proantioquia.org.co/

ISA is founding member of the **Regional Centre for Latin America and the Caribbean**, used to strengthen the implementation of the UN Global Compact ten principles, by employing tools and forums for discussion to reaffirm and create a favorable business environment for CSR in Latin America and the Caribbean within the principles of Global Compact and the Millennium Development Goals.

Further information www.centroregionalpma.org/

ISA and the **Ideas for Peace Foundation (Fundación Ideas para la Paz)** are strategic partners to develop topics for promotion and non-infringement of Human Rights on occasion of the business and seeking good business practices in conflict zones. The Foundation is an independent think tank with the mission of objectively generating knowledge and proposing initiatives that contribute to the end of the armed conflict in Colombia and the construction of sustainable peace, based on the respect for Human Rights, plurality and prevalence of public interest.

Further information www.ideaspaz.org

ISA is a member of the **National Association of Utility and Communication Companies -ANDESCO-**, structured by different sector and cross chambers that promote inter-agency work for the development of the utility sector, seeking to improve the quality of life of community under the principles of CSR and environment, and the promotion of good business practices and competitiveness of the sector.

Further information www.andesco.org.co



The Company is a member of the **Regional Electrical Integration Commission -CIER-**, a non-government organization that gathers electricity companies and non-for-profit bodies joined to the national electricity sectors of ten Ibero-American countries, with the purpose of promoting and fostering the integration of regional electricity sectors. ISA during the year, was active in this forum as coordinator of the International Group for the Environment, which results are available on the environmental chapter of this report.

Further information www.cier.org.uy/



Our environmental performance

OUR MANAGEMENT UNDER THE ENVIRONMENTAL DIMENSION

We care for the environment by implementing environmental management plans and forest clearing to offset the impacts caused during construction works and operation of projects. We hold good environmental performance practices in our substations and administrative offices, we comply with all regulations and contribute with environmental regulation for the electricity sector.

At ISA, we act guided by a socio-environmental management model whereby we are accountable for impacts caused in development of all activities, we manage the business viability and establish the necessary partnerships to voluntarily contribute to the social development of the communities where we are present.

Highlights

Environmental management responds to ISA's Environmental Policy and CSR concept, developed under the commitment of sustainable management, and supported by environmental regulations effective in Colombia and international treaties and conventions signed by the country on this topic.

2013 CHALLENGES

Having an environmental process that integrates all stages of a project, enabling higher efficacy and efficiency in corporate environmental management. Build a more robust and stringent value chain of projects, supported in the life cycle of the same.

The environmental management takes into account the implementation of measures to handle environmental aspects and impacts of the projects during the construction and operation stages. This management aims to develop and oversee the implementation of handling measures embodied in the programs of the Environmental Handling Plan and Environmental Management Plan with a comprehensive perspective of the life cycle of assets under ISO 14001.

Framework for environmental management initiatives in the design and construction stages:

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

INVESTMENTS AND EXPENSES	
Environmental investments and expenses	\$COP
Environmental management on design	\$ 870,000,000
Environmental management on construction	\$3,437,000,000
Environmental management on operation (*)	\$4,652,595,518

Indicators

To identify the most significant environmental aspects and impacts, the Company develops, under ISO 14001, the environmental planning, identification of objectives, goals and improvement programs by year; the establishment of efficient management measures, the permanent control of operations and identification of deviations and measurements with indicators.

(*) Value extracted from SAP on January 15, 2013. Accounts associated to PLANAMBI, and implemented by GTE.



Results of indicators and ISO 14001 programs

During 2012, an environmental program was fully designed and implemented to improve the management of chemical products and the management of easements.

Key environmental indicators	Measuring units	2010	2011	2012
Power consumption (*)	KwH/months	10,040,987	11,351,783	12,338,801
General waste (hazardous)	Kg	23,301	13,288	8,106.5
General waste (non-hazardous)	Kg	116,819	28,571	44,815
Oil contaminated with managed PCB	Kg	225	0	0
Managed industrial surplus	Kg	32,792	632,735	1,661,639
Paper consumption by employee Medellín office	Kg	6	6	9.9

Continued on next page

(*) According to the statistical monitoring conducted since 2008 to power consumption at offices and substations, an erratic monthly behavior is observed; however, the annual average show regularity in the historical series, without having consumption downward trends. In view of the above, it is concluded that the implementation of the Rational and Efficient Use of Power (Uso Racional y Eficiente de la Energía -URE-), which purpose is reducing indirect power consumption, is not appearing in power consumptions; this situation is related to the fact that at Interconexión Eléctrica, consumptions are mainly generated by domestic use, which have certain annual periodicity that allows keeping stable averages.

Key environmental indicators	Measuring units	2010	2011	2012
Water consumption	m ³ annual	86,886	96,642	95,836
SF6 Emissions	tn CO2 equivalent	1, 647.88	1,564.99	1,705.67
Oil and fuel dumping	# Environmental near-misses	0	0	3
Affected vegetation (**)	m ³ annual individual	---	0.25 m ³ /hectares	1,698.45 m ³ 5481 Individuals (***)

(**) For year 2012, a change was made in the measuring that allows enhanced monitoring through the SAP tool; this measurement is made by individuals and m3.

(***) This information includes pruning from licensed and non-licensed lines. The management of the latter may be observed in section: Management of forest exploitation permits for maintenance of easement zones.

Management on design and construction

In construction, environmental management is focused on mitigation, prevention, control and compensation of environmental and social impacts arising from projects. It also ensures proper information, participation and co-management by the communities in the area of influence of the same.

When arriving to an area with a new project, we procure having a close and transparent relationship with communities, organizations and local governments that enable us developing our activities under the strict respect of the law and Human Rights, adding value as a contribution to sustainable development.



PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
<p>Sogamoso Department of Santander</p>	<p>Introduction of the Environmental Impact Study (Estudio de Impacto Ambiental, EIA) to the National Agency of Environmental Licenses (Agencia Nacional de Licencias Ambientales, ANLA) for application of environmental license of the line.</p> <p>Application to the Autonomous Corporation (Corporación Autónoma) in defense of the meseta de Bucaramanga -CDMB- for the lifting of ban protecting regional species.</p> <p>Preparation of development of resettlement program for two houses located at 230-kV line.</p> <p>Design and production of informative brochures.</p> <p>Pending process for environmental permit of ISAGEN for substation and subsequent management for assignment to ISA.</p> <p>The ANLA issued Writ 3786 of December 7, 2012, ISAGEN is preparing reconsideration petition to be filed on January 3, 2013.</p>	<p>N.A</p>	<p>N.A</p>

Continued on next page



PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
<p>El Bosque Department of Bolívar</p>	<p>N. A.</p>	<p>Progress is made on the implementation of the project. There are 14 Community Benefit Projects (Proyectos de Beneficio Comunitario, PBC) proposed.</p> <p>Successful implementation of program for family resettlement. As of December 2012, 80 families out of 123 were resettled.</p> <p>The first Environmental Compliance Report (Informe de Cumplimiento Ambiental, ICA) was submitted in the second semester of the year.</p> <p>ANLA visit to the project was received in October, for the monitoring of the environmental license. Minor amendment of the environmental license was approved.</p>	<p>N.A</p>
<p>Colombia Panamá Electric Interconnection</p>	<p>ANLA issued Writ declaring tacit withdrawal of process and requested ISA to make a new Environmental Diagnosis of Alternatives (Diagnóstico Ambiental de Alternativas, DAA) for the project.</p>	<p>N.A</p>	<p>N.A</p>

Continued on next page



PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
<p>Porce III Department of Antioquia</p>	<p>N. A.</p>	<p>N.A</p>	<p>The closing stage of commitments with communities and delivery of the socio-environmental processes to the Energy Transmission Management still remains.</p>
<p>DISPAC</p>	<p>Review and approval by ISA of documents for: forest exploitation and Environmental Handling Plan (Plan de Manejo Ambiental, -PMA-).</p> <p>Formalization of 100% prior consultation with ethnic communities.</p> <p>Pending approval of forest reserve subtraction document.</p>	<p>N.A</p>	<p>N.A</p>

Continued on next page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
Costa Pacífica Caucaña Nariñense Electric Interconnection	N.A	<p>Procurement of environmental license. Monitoring of prior consultation commitments. Environmental monitoring to the project by the Corporación Regional Autónoma del Cauca -CRC-.</p> <p>Contracting of process for family re-settlement.</p> <p>Commencement of the forestry compensation contracting and the study of three flora and fauna species.</p>	N.A
Caño Limón Caricare Department of Arauca	N.A	N.A	Pending the receipt of the forestry compensation by CORPORINO-QUIA.
Cira Infantas Department of Santander	Amendment of environmental license was requested to include permit for dumping at substation Field 22.	N.A	N.A
Piedecuesta Department of Santander	N.A	Construction of the project and environmental consulting was completed at satisfaction.	N.A

Continued on next page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
<p>Enlargement Cerromatoso Department of Córdoba</p>	<p>PMA was delivered to the Corporación Autónoma del Valle del Sinú -CVS-.</p>	<p>N.A</p>	<p>N.A</p>
<p>Enlargement Chivor Department of Cundinamarca</p>	<p>Corpochivor was informed about the commencement of stage 1, where it is clarified that no natural resource is affected.</p> <p>Environmental process for stage 2 is pending until designs are ready.</p>	<p>Environmental tracking visit from Corpochivor was attended.</p>	<p>N.A</p>
<p>Enlargement Chinú Department of Córdoba</p>	<p>Application was filed to CVS for the amendments of Inderena’s environmental license. CVS issued Writ for commencement (4198/2012) of the amendment.</p> <p>Pending concept from ANLA regarding environmental competence of project to continue with the environmental authorization process.</p>	<p>N.A</p>	<p>N.A</p>

Continued on next page



PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
Mitú Department of Vaupés	A new workshop was made with indigenous community to review the commitments acquired and settle the situation arising upon the cancellation of the contract with the company in charge of the execution of civil works and assembly.	N.A	N.A
La Mojana Department of Sucre	N.A	10 reforested hectares, workshops and environmental brochures were received. Delivery to Corpomojana of 21 hectares of the second reforestation stage within the forestry compensation of the project.	N.A
Bid Chivor Norte – Bacatá	The bid is being prepared. The Analysis of Restrictions and Possibilities (Análisis de Restricciones y Posibilidades Ambientales ARAN) was procured.	N.A	N.A
Jamondino Department of Nariño	Corponariño was informed of the commencement of works; this entity ordered the commencement of the framework for compliance with the environmental handling guidelines submitted.	N.A	N.A

Continued on next page

PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
Termocol	<p>Management for the amendment and assignment of environmental license from Termocol to ISA.</p> <p>Beginning of the Information and Community Participation Program (Programa de Información y Participación Comunitaria, PIPC) with social players.</p> <p>Agreements were reached with Corporación Autónoma Regional del Magdalena -Corpamag- for implementation of the Forest Compensation Plan.</p> <p>An environmental training workshop was provided to collaborators (contractors and subcontractors).</p> <p>A visit was conducted with the monitoring of UPME, Poliworks and contractors to begin works.</p> <p>ISA's contribution was agreed for Community Benefit Projects (Proyectos de Beneficios Comunitarios, PBC) to three veredas.</p>	N.A	N.A

Continúa en la próxima página



PROJECT	ENVIRONMENTAL MANAGEMENT ON DESIGN	ENVIRONMENTAL MANAGEMENT ON CONSTRUCTION	OBSERVATIONS
<p>Purnio Department of Caldas</p>	<p>The Environmental Handling Plan (Plan de Manejo Ambiental, PMA) was prepared for the construction stage and was sent to ANLA, informing the commencement date of the works by February 2013 under the conditions of Resolution 2101 and Article 51 of the Interim Regime of Decree 820/2010.</p>	<p>N.A</p>	<p>N.A</p>

Summary of environmental performance indicators pertaining the Energy Transmission Business of the Infrastructure Projects Management.

NAME OF INDICATOR	DESCRIPTION OF INDICATOR	2012 CONSOLIDATED SUMMARY	
Information Workshops	Number of informative workshops Conducted / Number of informative workshops planned x 100	100%	> 75 % Successful
Percentage of progress in compliance with PMA programs of the project	Number of PMA planned activities quarter / Number of PMA executed activities quarter x 100	80%	100%
Number of complaints, requests and claims processed during the period	Number of complaints resolved / Number of complaints received x 100	94%	101 %: Excellent Compliance 80–100%: Acceptable Compliance < 80 %: Does not Comply
Proper disposal of hazardous waste	Amount of properly disposed hazardous waste / Amount of generated hazardous waste x 100	100%	
Environmental accidents	Number of environmental accidents reported with management / Total number of accidents x 100	No report is made	
Unskilled labor jobs generated in the zone	Number of unskilled labor jobs hired with the community / Number of unskilled labor jobs required for the project x 100	281	
Skilled labor jobs generated in the zone	Number of skilled labor jobs hired with the community / Number of skilled labor jobs required for the project x 100	245	



Management on operation

ISA, at the Operation and Maintenance stage of the Energy Transmission service, develops an ICONTEC- certified working methodology. Since 2000, it obtained Quality ISO 9001 certification and since 2008, it holds ISO 14001 and OHSAS 18001 certifications. This methodology comprises the Integrated Management System (Sistema Integrado de Gestión, SIG), which process, by 2012, was subject to the corresponding follow-up audit for 32 substations with associated lines and two administrative offices.

Environmental Performance

We work to continuously improve the control of greenhouse gas emissions. We have managed to keep levels below the standard set by IEC 62271 - 303 2008, use and handling of sulfur hexafluoride. It is estimated that for the operation of our business, SF6 losses for year 2002 were 0.42%.

Improvements achieved in handling SF6	Fuel consumption	Energy Savings	Paper consumption
<p>SF6 is a greenhouse gas that most concerns ISA (*), since 2008 there is a management program in place that has allowed making an inventory of substation equipment containing SF6, which have 17,601.18 Kg installed.</p> <p>Greatest losses of SF6 according to studies are due to maintenance work and not to leakage in operation of equipment, allowable losses per year must not exceed 0.5% of the total volume of SF6 that handles the equipment in liters.</p> <p>It is estimated that in the operation of our Business, SF6 losses for 2012 were 0.42%. All these values are lower than the standard set by IEC 62271 - 303, 2008: Use and handling of sulfur hexafluoride.</p>	<p>ISA has leading technology, in the maintenance of transformers, where one of the good practices is dielectric oil regeneration when they have lost their physicochemical characteristics. This process was implemented in 2012 in two auto-transformers located in Yumbo and Ocaña substations. This activity prevented 86,200 liters of oil becoming waste.</p>	<p>ISA has in place the Rational and Efficient Use of Energy Program (Programa Uso Racional y Eficiente de la Energía, URE) which seeks to ensure the rational and efficient use of energy in developed processes, optimizing resource consumption associated with the activities, processes and projects in the Business.</p> <p>Activities implemented in 2012:</p> <p>In expansions and construction of new infrastructure, incorporate designs with components and systems that offer good opportunities for energy savings.</p> <p>Campaigns on the rational use of energy in the administrative facilities and substations.</p>	<p>The average paper use in 2012 was 9.9 Kg / employee per year. ISA uses paper based on a fiber obtained from by-products of sugar cane crops, excluding the use of elemental chlorine. It is a recyclable and biodegradable paper.</p>

(*) Electrical switches installed in power connection yards of ISA substations have the function of mitigating the electric arc generated by the ionization of the air. To alleviate the discharge of electrical energy that can be generated as a result of this, the switches are encapsulated in SF6. The excellent dielectric properties of SF6 allow quick restoration of isolation to prevent, for example, small surges.

SF6 emissions to the atmosphere are due to:

- Emissions associated with the operation of the equipment: 1% annual loss.
- Emissions associated with the maintenance of the equipment: 75% of SF6 emissions occur in equipment maintenance.
- Emissions associated with accidental leakage of SF6.
- Emissions associated with the decommissioning of equipment: improper disposal of gases removed during dismantling.

Comprehensive solid waste management

This management includes the work performed in 2012 in connection with recyclable, hazardous, ordinary and biodegradable waste generated at the Head Office.

Recyclable material

The different activities performed at ISA's Head Office in Medellín produce considerable amount of recyclable material,

which is separated and delivered to Cooperativa de Trabajo Recuperar, who receives economic benefits from its exploitation.

In addition, there is a program in place for separating at the source to leverage the material generated at such site.

Material recycled in 2012

RECYCLING WITH COOPERATIVA RECUPERAR						
Type of material recycled	Amount generated (Kg/year)			Revenues produced for the cooperativa COP		
	2010	2011	2012	2010	2011	2012
Office paper	23,602	30,729	25,293	9,570,262	12,211,298	9,826,354
Newsprint paper	73	118	442	60	24,456	63,213
Carton	4,144	7,439	4,945	1,773,478	2,950,767	2,172,498
Plastic	1,430	1,875	1,761	743,513	656,816	786,195
White glass	3,629	3,436	3,461	459,793	435,340	434,326
Wood	119	114	64	24,126	23,112	12,975
Metals	1,560	2,394	1,360	323,388	496,276	281,928
Aluminum	90	211	25	287,111	656,400	79,396
Total	35,875	46,316	37,318	13,181,731	17,454,465	\$13,656,885

Solid waste compactor

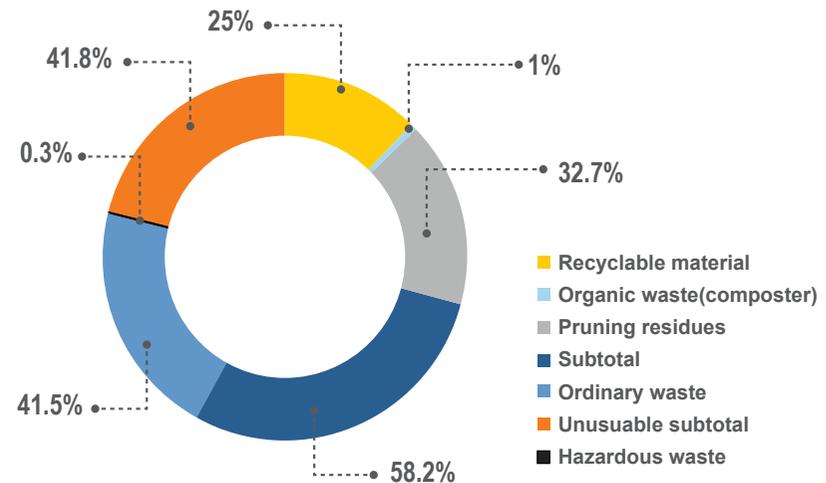
ISA's Head Office has a composter to treat organic waste, transformed into compost avoiding disposal in the landfill. The process was started by using the waste generated in the restaurant and in the cafes located in the Head Office blocks. Currently, only the waste generated in the cafes is used.

Additionally, 17 composting beds were built which, monthly dispose about 3,247.5 Kg between cut grass, the waste swept from gardens and pathways.

In total ISA's head office in Medellin in 2012 generated 150,999.90 kg of waste; of such waste, more than half (58.2%) is reused, either at the Head Office facilities for composting or delivering the same for its use to the recycling Cooperativa.

Type of waste	Amount (Kg-Year)	Percentage (%)
Recyclable material	37,403	25
Organic waste (composter)	1,131	1
Pruning waste	49,356.8	32.7
Sub Total (reusable)	87,890.8	58.2
Ordinary waste	62,707.2	41.5
Hazardous waste	401.9	0.3
Sub Total (Unusable)	63,109.1	41.8
TOTAL	150,999.9	100

TOTAL WASTE GENERATED AT 2012 OFFICE (KG/YEAR)



Waste management at offices and substations

Hazardous waste management is performed during the life cycle of the infrastructure. This involves an analysis of all chemicals used in ISA, where there is a review of the hazardous components and the management measures required are disclosed, taking into account the impacts on the environment and the people who handle them.

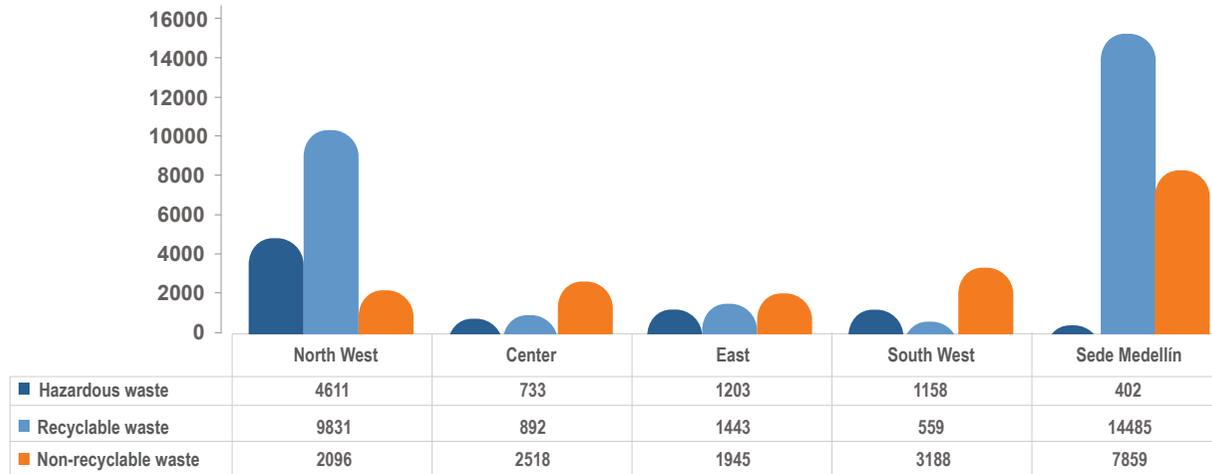
Each chemical has an emergency card containing: proper storage, incompatibility with other products, recommendations for transportation, handling and final disposal of the product.

This instrument enables all staff in contact with the chemical, to be aware of its management and be clear in the classification of a hazardous waste accordingly.

100% of the waste that can cause risk or harm to human health and the environment, known as dangerous, are properly managed through the services of specialized suppliers, with environmental license.

Type of material	CTE Northwest	CTE Southwest	CTE Central	CTE East	Medellín	Total
Batteries (lead)	1,360.00	530	0	0	0	1,890.00
Electronic components	1,957.00	360	260	10,722.00	3,907.00	17,206.00
Transformers	0	0	0	0	0	0
TOTAL WEIGHT	3,317.00 Kg	890 Kg	260 Kg	10,722 Kg	3,907 Kg	19,096.00 Kg

TOTAL WASTE (KG) YEAR 2012



Mitigation of impacts

Handling of oils with PCB	Risk and environmental accidents	Emergencies, Accidents and Near-Misses
<p>In order to comply with the Stockholm Convention, the Colombian State has been passing laws for the sampling of all equipment that may contain oil contaminated with Polychlorinated Biphenyl –PCB-, for which ISA has set a program that allows adjusting its maintenance management so as to meet the deadlines and guidelines stipulated by the current law.</p>	<p>The analysis of environmental risks is an ongoing task of ISA, and in this regard, there are tools in place to identify aspects and impacts associated with operation and maintenance activities for the transmission lines and substations.</p> <p>In 2012, 34 emergency drills in substations and 1 in the Administrative office in Medellín were performed.</p>	<p>Programs focused on strengthening the management on prevention and emergency systems implemented in all ISA offices and facilities.</p>

Forestry compensation

With the Forestry Compensation Programs -PCF- we support the objectives of biodiversity and conservation of the National Development Plan and the Regional Autonomous Corporations.

The compensation implemented in consultation with the environmental authorities, for 500-kV lines BACATÁ - PRIMAVERA and BOLIVAR - COPEY - OCAÑA - PRIMAVERA, in addition to optimizing the environmental licensing obligations in terms of economics and sustainability, is an example of the applicability of the recent manual for the allocation of compensations for loss of biodiversity, prepared by the Department of Forests, Biodiversity and Ecosystem Services of the Ministry of the Environment, with the assistance of The Natural Conservancy -TNC-, our ally for PCF in the Caribbean zone. This manual contains lines of action and economic instruments, similar to those used by ISA in these compensations.

Forestry compensation activities, derived from the process of eradication of isolated trees in transmission lines in 2012 were:

Corporation	Transmission line	Value – Figures in millions of pesos	Concept
Corporación Autónoma Regional del Alto Magdalena –CAM	Betania – San Bernardino 230kV	\$ 5,126,575	Isolation of protective areas.
CAM	Betania – San Bernardino 230kV	\$ 8,293,976	Base forest characterization in vereda El Socorro, Municipality of Nátaga, Department of Huila.
Corporación Autónoma Regional del Valle del Cauca -CVC- y Corporación Regional del Cauca -CRC-	Virginia – San Marcos 500kV y San Bernardino Yumbo 230 kV	\$17,416,000	Establishment and maintenance of protective plantations.
CRC	Betania – San Bernardino 230 kV	\$20,000,000	Establishment and maintenance of protective plantations.
CORPONARIÑO	Jamondino – San Bernardino 230 kV	\$80,748,100	Establishment and maintenance of protective plantations.

In 2012, ISA developed the Forestry Compensation Programs included in the environmental licenses of the following projects: 500-kV Transmission Lines Primavera – Bacatá and Bolívar – El Copey – Ocaña – Primavera and Associated Works UPME 01 and 02 of 2003. There was continuity with the Forestry Compensation Programs agreed with the following Corporaciones Autónomas, with an execution of \$865,428,069:

Corporation	Concept	Value figures in millions of pesos
CORPOBOYACÁ	Handling of CECPAS Otanche	\$83,498,376
CORANTIOQUIA	Agro-forestry Cañón Rio Alicante	\$237,051,524
Corporación Autónoma Regional de Cundinamarca -CAR-	Forest monitoring	\$6,480,000
Corporación de la Defensa de la Meseta de Bucaramanga -CDMB-	Greenhouse design	\$5,765,000
Corporación Autónoma de Santander -CAS-	Forest plantation, 123 hectares and design of Fauna Assistance Center	\$350,677,804
CORPO CESAR	Environmental Education and Pre-viability Programs of REDD + Ciénaga Zapatosa	\$161,066,665

In 2012 reforestation of Rural Interconnection Project of La Mojana was implemented. In total 26 hectares were established in the municipalities of San Marcos, Caimito, Majagual, Guaranda and Sucre, all located at the Department of Sucre.

This reforestation was delivered to Corpomojana.

Corporation	Concept	Value figures in millions of pesos
CORPOMOJANA	Reforestation of 5 hectares in the area of Rural Interconnection La Mojana.	\$24,750,000
CORPOMOJANA	Reforestation of 21 hectares in the area of Rural Interconnection La Mojana.	\$104,092,800



We contribute to the creation of public policies for protection of natural reserve zones.

With resources derived from forestry compensation for the construction of the 500-kV power transmission line Bolívar -Copey- Ocaña Primavera, we contribute with the protection of Regional Natural Park Los Rosales, in the municipality of Luruaco Atlántico, where cotton-top tamarins, endemic species of Colombia, will have a greater chance of survival.

According to the results of the analysis of the environmental management plan for the area, in 1304.5 hectares of Los Rosales Park, besides the cotton-top tamarin, seven more objectives were also identified for natural and cultural conservation that reflect biodiversity and threats to the area: tropical dry forest, water bodies, bird communities, timber, wildlife hunting object, bitter palm and ancestral knowledge of medicinal plants.

Constructions on easement zones of lines

There is a plan in place for the Comprehensive Management of Easements created with the purpose of relocating the constructions existing at easement zones and standardizing indicators that allow learning the impacts caused.

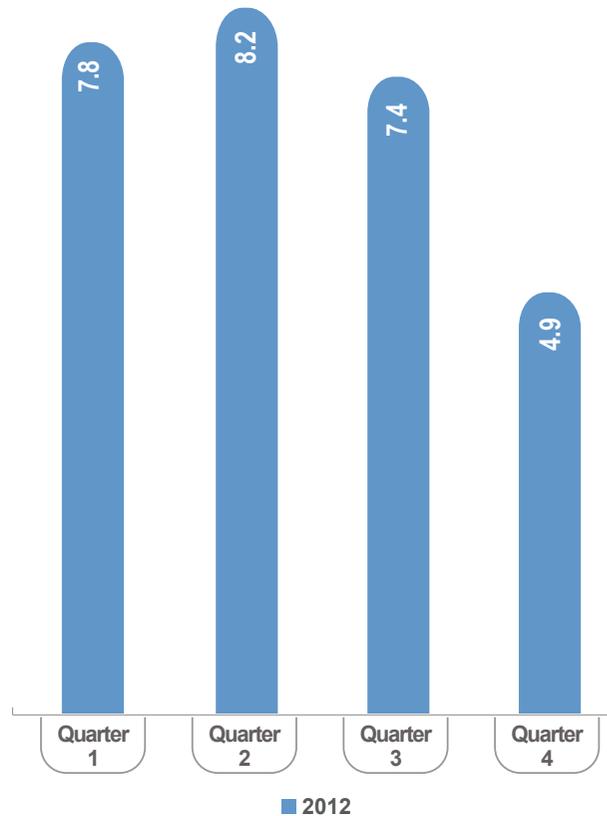
In 2012, through the plan, 92 constructions were removed from easement zones and 480 were counted under inventory, 94 of which are special cases.

In order to improve the management, the constructions belonging to the same owner from the infrastructure were integrated under the scheme of maintenance notices in the SAP administrative system; according to the above, information was collected, ending 2012 with 480 notices, comprising 162 constructions not reported at easement zones and 94 that still remain as special cases (*).

CONSTRUCTIONS AT EASEMENT ZONES								
CTE	Constructions without special cases	Amount notices without special cases	Amount notices without special cases	Special cases	Notices special cases	Notices special cases	Relocated in 2011	Relocated in 2012
	2010	2011	2012	2010	2011	2012		
EAST	54	62	62	7	7	7	23	8
CENTRAL	71	87	116	29	29	29	0	1
SOUTHWEST	143	104	152	49	49	49	23	17
NORTHWEST	193	157	150	9	9	9	75	66
TOTAL	461	410	480	94	94	94	121	92

(*) Special case: Understood as those cases that due to their complexity in the negotiation, will not be relocated but the span reliability will be improved, to reduce risks, increasing the frequency in the execution of maintenance and other technical activities that give greater assurance from the cable to the tower.

HISTORICAL BEHAVIOR OF INDICATOR



Consistent with the representation in these graphs, it is concluded that we have improved the reporting of information by incorporating to the notice management system a larger amount of constructions that were not reported before. Although the number of notices has increased, constant management has allowed to remain in the range with an average of 7.0 in 2011 to 7.1 in 2012.

Vegetation management

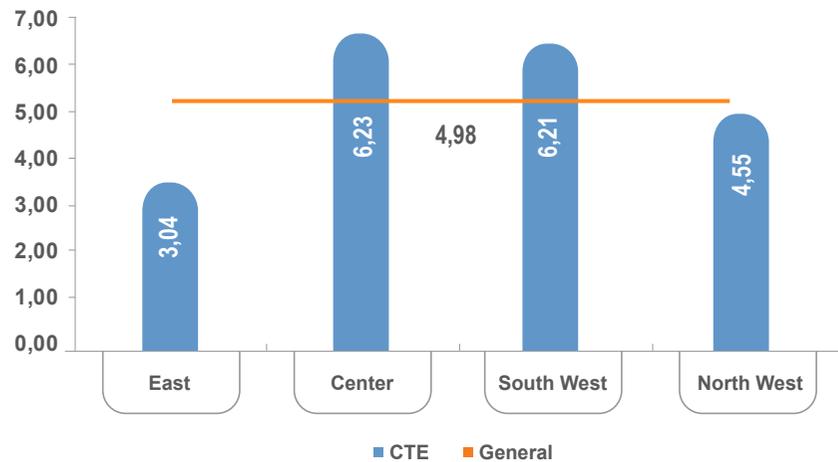
The management of vegetation in the operation and maintenance phase transmission lines showed the following progress in 2012.

Management of forest exploitation permits for maintenance of easement zones

In 2012, five forest exploitation permits were applied for in connection with isolated trees for the handling of vegetation under maintenance of easements at sites where environmental regulations so required. These applications included 179 individual trees, which in turn represent an estimated volume of 183.14 m³.

INFRASTRUCTURE ON EASEMENT PER 100 KM. OF LINE AS OF SEPTEMBER 2012

Infrastructure Km/line



Environmental and land component for handling vegetation

113 requirements from the Energy Transmission Centers (Centros de Transmisión de Energía, CTE) were processed for the handling of vegetation at transmission lines easement zones.

The GTE environmental team advanced considerably in the purpose of lowering the impact on vegetation layers through the following actions:

- Management and handling of notices N2, N4 and N7 with environmental status.
- Management of 118 applications for the processing of permits, compensation, estimated impact.
- Analysis and zoning of criticality and recurrence of vegetation intervened during maintenance activities on transmission lines.

As part of the Technical Conferences conducted by the Company in 2012, there were outstanding projects that allowed improvement of the vegetation management, based on the results obtained during the development of the Silviculture Handling Plan for the maintenance of easement areas of power transmission lines. This plan was developed for a pilot line at each CTE:

- There was processing, analysis and zoning of forest information for maintenance of ISA's transmission lines easement zones, identifying recurrence and critical zones.
- Line sectors were divided in zones, quarterly indicators of intervened vegetation and forest exploitation in maintenance of easements were calculated.

- Forest criticality was determined by associating recurrence variables and the influence of growing vegetation by life zone.

Social and community management in operation

The social management of the Business in operation is made through the development of the information and communication plan (*), the processing of complaints and claims, the social actions that allow managing risks caused by human factors and mitigation of impacts and the prioritization of specific social interventions at difficult zones or involving interest for the Company.

An awareness strategy was developed under the context of social and community management, about practices to coexist with electric power infrastructure as a way to manage risks that the infrastructure may have and minimize impacts.

One of the recurring issues is the temporary outage of energy transmission lines due to the burning around the electric power infrastructure. To address these issues, the strategy comprised the following phases:

- Relationship with local government, recognition and field observation and collection of information.

(*) This information is further developed in the Society chapter under the communications line.

- Implementation of awareness strategy.

Target subject:

- Local government
- Rural educational centers
- Communities.

Results

Workshops were conducted from three views:

- Local Government (Municipal Council of Disaster Risk Management).
- Rural Education Institutions and Centers
- Community Action Boards.

DEPARTMENTS*	MUNICIPALITIES	VEREDAS	WORKSHOPS	PARTICIPANTS
Antioquia	12 5 sensitized	13	35	741
Bolívar	5 sensitized	7	15	270
Total	17 10 sensitized	20	50	1011

In terms of management and qualitative aspects, the following is noted from this strategy:

- Participative, proactive and responsive community’s reaction to the process.
- ISA’s recognition in the territory.
- Identification of expectations and clarifications.
- Dialogues with Municipal Councils for Risk Management and UMATAS, giving rise to opportunity for integrated and institutional management.
- Characterization of public administrations, educational institutions and communities.

(*) According to the review of SAP Notices for burning, (approximately 59), these events are recurrent in the departments of Bolivar and Antioquia, which required making an approach and building a relationship to sensitize communities on good practices with the infrastructure



Workshop with communities in Guadalupe, Antioquia



Workshop with Educational Institutions of Puerto Berrío - Antioquia

This year, as part of prioritization of specific social interventions in areas of difficulties or involving interest for the Company, specific actions were implemented to support the development of sporting, educational and organizational and productive strengthening projects under an inter-institutional partnership with the municipalities of : San Carlos, Campamento, La Pintada and Anorí, in Antioquia, Herveo in Tolima and Buga in Valle.



Improvement of municipal sports field of Campamento Antioquia.



Donation to SENA in Buga of tower for working on heights training .



Construction of integrated housing project in La Pintada, Antioquia.

Climate Change Management

Following is the scope of the Greenhouse Gas -GHG- emissions management and the gas inventory for 2012 (*).

<p>DIRECT EMISSIONS OF GHG – SCOPE 1 Direct GHG emissions for high-voltage power transmission in ISA.</p>	<p>INDIRECT EMISSIONS CAUSED BY ENERGY ASSOCIATED TO ELECTRICITY GENERATION– SCOPE 2 indirect emissions of GHG due to electric power consumption</p>	<p>OTHER INDIRECT EMISSIONS – SCOPE 3 They are the result of Company activities, but take place at sources other than those belonging to or controlled by ISA.</p>
<p>Operation of Diesel emergency plants in Head Office and power substations, which use Diesel fuel and are turned on only in case of power outage or their preventive maintenance.</p> <p>Fugitive emissions when using air conditioners at Head Office and power substations (R-134A).</p> <p>Fugitive emissions of sulfur hexafluoride, SF6 in circuit breakers of connecting yards from Power Substations.</p>	<p>Emissions from generation of electricity acquired that is consumed in operations and equipment owned or controlled by the Organization.</p> <p>Indirect emissions from generation of electricity acquired that is consumed in the operations of the Head Office and the electric substations.</p>	<p>The following is included in this study:</p> <ul style="list-style-type: none"> ■ GHG emissions generated by air business trips. ■ GHG emissions generated by daily mobilization of employees from and to the Organization. ■ GHG emissions generated by daily mobilization of employees by taxi cabs. ■ GHG emissions generated by daily mobilization of managers and operators in the Metropolitan Area of Valle del Aburrá. ■ GHG emissions generated by the mobilization of employees outside the Metropolitan Area of Valle del Aburrá (commissions). ■ Fugitive emissions from the use of air conditioners in Head Office and Electric Substations (R-22).

(*)According to the GHG Protocol methodology and ISO14061-1 standard, scope two includes indirect GHG emissions for electricity consumption and losses associated with power transmission. In this sense, the emissions from the generation of purchased electricity, consumed during transmission and distribution, should be reported in scope two by the company, owner or controller of the operation of transmission and distribution. *Continued on next page*

GHG INVENTORY									
SCOPE	PROCESS	2009		2010		2011		2012	
		t CO2e	% Total	t CO2e	% Total	t CO2e	% Total	t CO2e	% Total
Scope 1	SF6	1,550.40	46.25%	1,550.40	40.63%	2,397.19	55.30%	1,705.67	43.84%
	Refrigerant R-134A	-	0.00%	2.02	0.05%	-	0.00%	-	0.00%
	Refrigerant R-410A							38.34	0.99%
	Diesel SE	141.09	4.21%	82.02	2.15%	93.05	2.15%	93.05	2.39%
Scope 2	Energy SE	619.77	18.49%	987.76	25.88%	648.97	14.97%	896.79	23.05%
	Energy Head Office	303.53	9.06%	543.46	14.24%	316.07	7.29%	396.72	10.20%
Scope 3	Air	220.60	6.58%	310.50	8.14%	598.37	13.80%	437.99	11.26%
	Bus	300.02	8.95%	135.65	3.55%	135.65	3.13%	135.65	3.49%
	Private	101.45	3.03%	70.07	1.84%	70.17	1.62%	70.17	1.80%
	Commissions	103.84	3.10%	72.46	1.90%	50.18	1.16%	27.58	0.71%
	Refrigerant R-22	-	0.00%	50.90	1.33%	15.27	0.35%	76.68	1.97%
	Taxis	11.28	0.34%	10.92	0.29%	10.18	0.23%	11.82	0.30%
Total GHG Emissions		3351.98	100%	3,816.16	100%	4,335.10	100%	3,890.46	100%

(*) According to the above, and understanding a market structure different in Colombia to that proposed for the measurement in European markets, the emissions associated with energy losses by electricity transmission in ISA's lines in Colombia are NOT included in the inventory of Greenhouse gases, because in the business model between government and ISA, the planning and regulation of the operation control in energy transmission is made by the Colombian government, therefore these emissions are considered unmanageable by ISA.

Environmental, Legal, Sector and Trade Association Performance

Legal management

Regarding the analysis of regulations applicable to the Energy Transmission Business in 2012:

- Drafting of index cards and action plans for 12 new regulations on topics including protected areas, biodiversity, licensing, risks, dumping and tax incentives.
- Formulation of 11 legal concepts on application of new environmental regulations to ISA.
- Documents for comments to 19 projects for regulatory applicability to ISA, on topics including, protected areas, water resources, dumping, environmental studies, fine and police enforcement system, among others.
- Drafting of legal matrix for the Infrastructure Project Business and the legal matrix of the Energy Transmission System was validated and updated. Also, there was management on the legal commitments derived from environmental permits and licenses for lines and substations at the operation and construction stages.

Management of environmental permits

- Dumping permits: obtained for substations Chivor and Porce III and management for renewal or amendment of permits in 14 substations: La Mesa, Torca, La Esmeralda, Chinú, Cerromatoso, Military Camps (3), San Marcos, Yumbo, San Bernardino, Sede Palmira, Páez and Cira Infantas.
- Water concessions: concessions were obtained for substation Primavera and Medellín Head Office; also, steps were taken for renewal of permits corresponding to 5 substations: Porce III, Jamondino, Chinú, Cerromatoso and La Reforma.
- Forest exploitation permits: 10 permits were obtained for lines Sochagota – Guatiguará, Betania-San Bernardino, San Bernardino-Yumbo, Variante - Banadía; and for the office of Medellín, Guatapé – San Carlos, Sierra –San Carlos and Casa de Máquinas – San Carlos; and line San Bernardino – Yumbo. There is a permit in process for line La Mesa – Norwest under jurisdiction of CAR.
- The forest exploitation process began for 7 lines: Ancón Sur – Esmeralda; San Bernardino-Yumbo; Betania - San Bernardino, Virginia - San Bernardino, La Mesa – Noroeste Guatapé San Carlos and Virginia – San Marcos.

- Dumping permit was obtained for substation Chivor.
- Renewal of dumping permit for the following substations was applied for: Torca, Cerromatoso, Chinú, Jaguas, Bolívar, Military Camps Cerro 3 & 4, San Marcos, San Bernardino and Páez, which are still pending.

Sector Management

This action is carried out before the following environmental and sector authorities: ANDESCO’s Environmental Chamber, Ministry of the Environment and Sustainable Development, Ministry of Mines and Energy, Energy-Mining Planning Unit (Unidad de Planeamiento Minero Energético, UPME) and the Environmental Group of the Regional Energy Integration Commission (Comisión de Integración Energética Regional, CIER).

Andesco	Ministry of Mines and Energy and UPME	CIER
<p>Support to the development of the Environmental Agenda of ANDESCO and Ministry of Mines. In this context, support was provided to the implementation of the National Plan for elimination of PCBs, Formulation of a Single Form for Resources (Formato Único de Recursos FUR) for the transmission sector, the implementation of the new Manual for Environmental Compensations and the new geo-database for environmental studies.</p> <p>Submission to the ministry, through ANDESCO, of proposals made by ISA to regulatory projects.</p>	<p>Presentation before sector entities of the difficulties concerning the licensing process and management of easements of electric transmission projects.</p>	<p>The International Workshop on Licensing and Easements was carried out to discuss with the environmental authorities about the licensing difficulties in Latin America, for which two documents were developed: 1) Legal Framework for the Licensing and Easement Process of electric transmission projects in CIER countries (Argentina, Brazil, Chile, Colombia, Guatemala, Panama, Peru); this document is to be published by CIER. The conclusions of the document were presented in the International Workshop on easements and licensing held in Bogota with the participation of Brazil, Peru, Colombia and Panama. 2) Executive document on difficulties and solution proposals of the working tables on the following topics: regulatory, poverty and inequality, environmental studies, easements and sector relations.</p> <p>The CIER Environmental Observatory was updated with regulatory projects applicable to electric sector companies.</p>

Corporate Performance

ISA, assists on the improvement of the environmental performance of its Companies.

Advances

- Drafting of guides on good environmental practices to improve the environmental performance of ISA and its companies.
- Analyses on the status of the socio-environmental performance at ISA's companies.
- Drafting of legal management guidelines for ISA and its companies

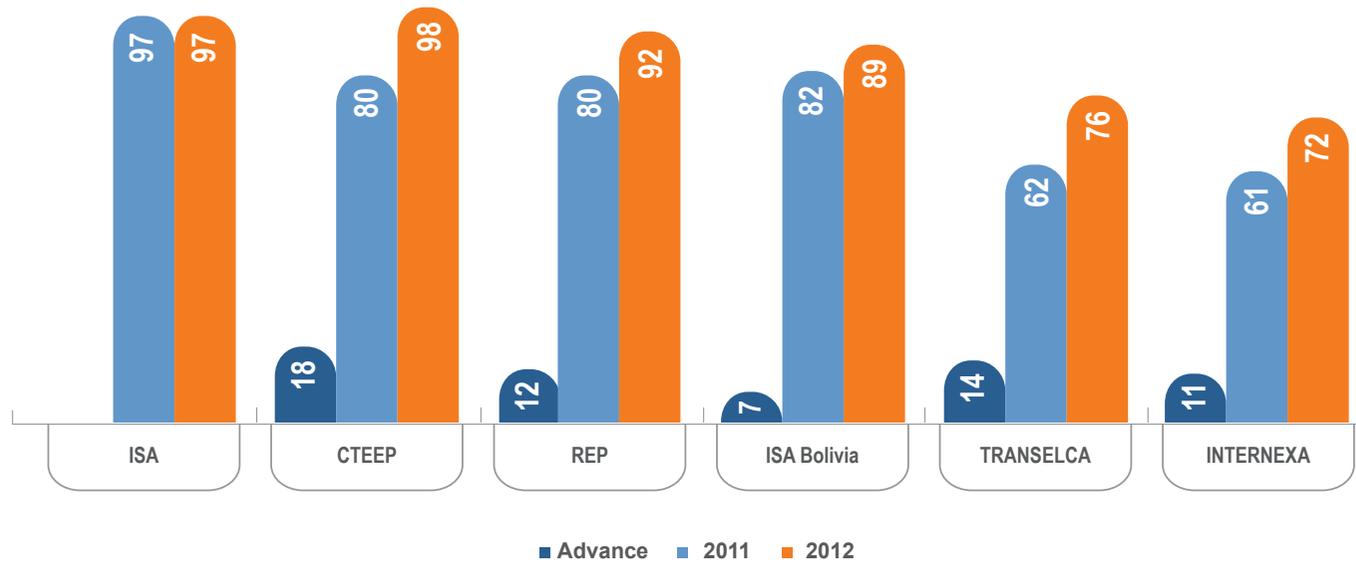
Results

Guide for good practices to improve the environmental performance at ISA and its companies:

Identify and promote certification of good environmental practices in the use of water and energy resources, the proper management of waste and chemicals applicable in the energy transmission service that allow, under the rigor and excellence applicable to its businesses, improve the environmental performance and minimize the impacts of their activities on a precautionary approach to environmental management.

Progress on environmental management

ISA and its companies have set an improvement plan to diminish the environmental gaps regarding the corporate-fixed standards.



RESULTS OF ENVIRONMENTAL PLAN INDICATORS OF ISA AND ITS COMPANIES							
TOPIC/AFFILIATE	CTEEP	REP	TRANSELCA	ISA Bolivia	ISA	INTERNEXA	
Implementation of SIG (%)	100	Without information	91	100	100	Not applicable	
Fines (Unidad)	0	Without information	0	0	0	0	
Legal notices addressed (%)	100	Without information	100	100	100	Not applicable	
Environmental performance	Water (m ³)	8,879.00	Without information	20,700.31	2,786.08	22,433.00	2,062.00
	Energy (kW-h)	7,134,384	Without information	901,499	620,552	10,564,375	3,424,420
	Hazardous Waste (% duly handled)	0	Without information	100	100	100	100
	SF6 (Ton CO2-eq)	1,244.88	Without information	900.60	Not applicable	1,705.67	Not applicable
# environmental accidents reported with action / # total of accidents (%)	43.5%	Without information	No accidents or near-misses reported				
Claims and complaints addressed (%)	No Aplica	Without information	Without information	Not applicable	91.00%	Not applicable	
Constructions in Easements (constructions /100 km)	6.27	Without information	238.2	0.3	4.98	Not applicable	

**Integrated Management System
(Sistema Integrado de Gestión, SIG) : certifications**

Technical assistance in ISO 14001 certification process for affiliate companies.

Business	Company	ISO9001	ISO14001	OHSAS18001	ISO27001
Energy Transmission	ISA		(1)	(1)	
	CTEEP				
	REP		(1)	(1)	
	TRANSELCA				
	ISA Bolivia				
Road Concessions	INTERVIAL CHILE and Concessionaires				
Telecommunications Transport	INTERNEXA				
Intelligent Management of Real-Time Systems	XM				

(1) Pending process Build infrastructure projects

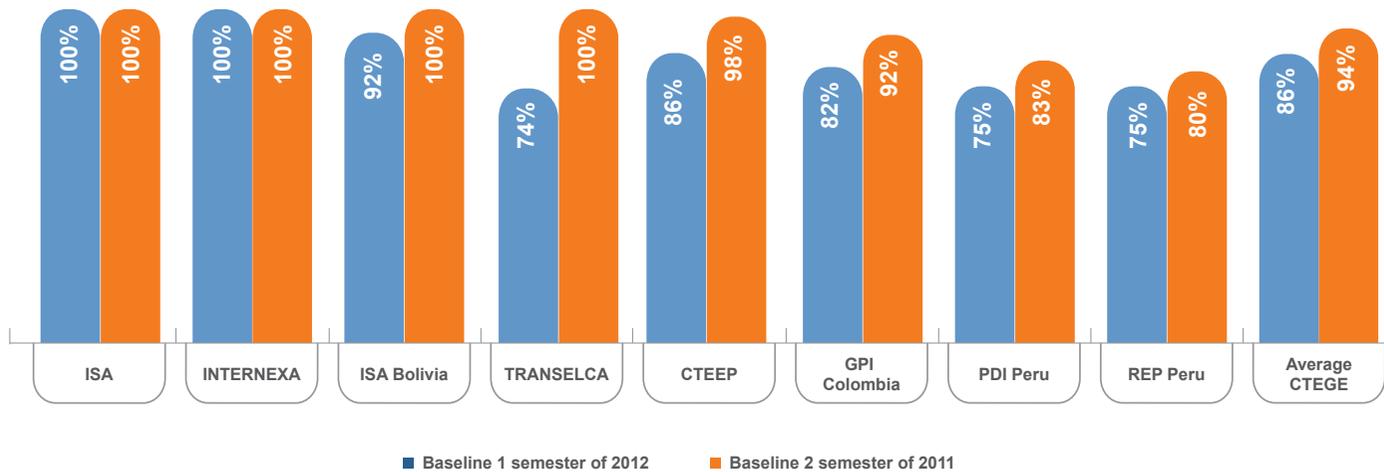
Certified	
In process	



Legal environmental management guidelines

2012 was a year of positioning the legal corporate environmental guidelines at ISA's companies. In the first semester, a baseline was made to establish the degree of compliance with the requirements defined in such guidelines by each of the Companies.

The baseline allowed formulating action plans to close gaps identified for ISA and its companies, ending the year with an implementation indicator of 94%, with a performance of 100% as planned for 2012.





Social Management

Social performance encompasses the accomplishment of commitments set with stakeholders: employees, suppliers, customers, society and State

Employees



Our most important objective with this stakeholder is having the best talent as it materializes our organizational culture, our ethical approach, our values and responsible behavior. Aligning the results of people with the results of the Company, working within a framework of respect and promotion of Human Rights, is a sturdy pillar in corporate sustainability management.

ISA recognizes human talent as the main driver of organizational objectives. Its Human Management policy sets the reciprocal commitment between the Company and workers of creating a working environment of mutual trust, based on respectful, clear, equitable and fair working relations, thus achieving integral development of people.

Criteria for action include:

- Promoting participation and granting recognition.
- Developing knowledge and contributing to comprehensive development.
- Protecting health and welfare of employee and his/her family.
- Keeping effective communication between worker and the Organization.

Objectives and challenges

Our objective is having human talent available for mobilizing business management, considering that the challenge on management is focused on recruiting, retaining and developing human talent required to achieve the goals.

Having the best people available is not a source of competitive advantage if people's results are not aligned with the Company's results.

Our challenges are focused on enabling intellectual capital for productivity and growth in order to have:

- Qualified and motivated people to act at the time and place required, at competitive costs.
- Adaptable organization and developed side capacities.
- Services, technological systems and portals that contribute to the business, support mobility and collaborative environment and accompany decision-making.

Job generation

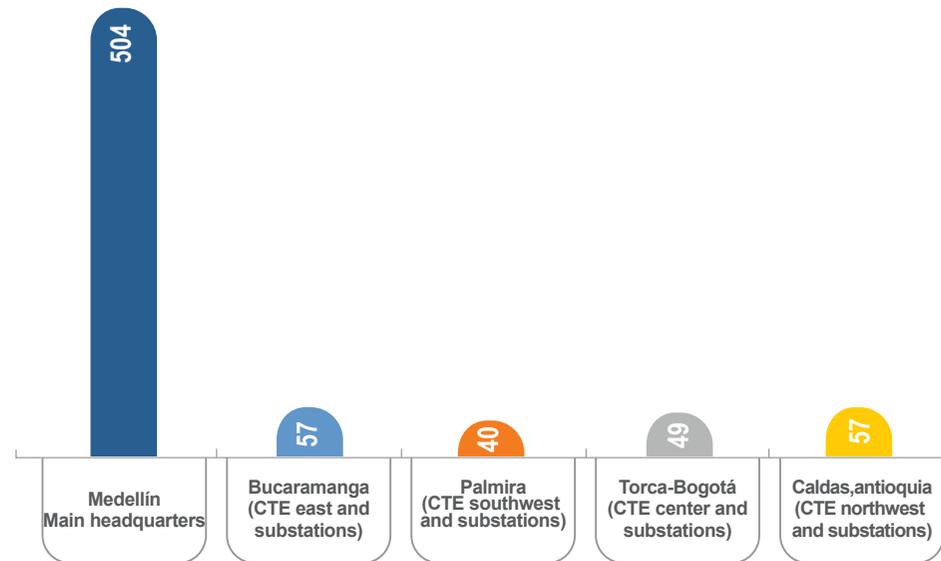
Ending 2012, the Company had a team of 707 employees, with an average of 43.6 years of age and 14.6 years of service.

STAFF



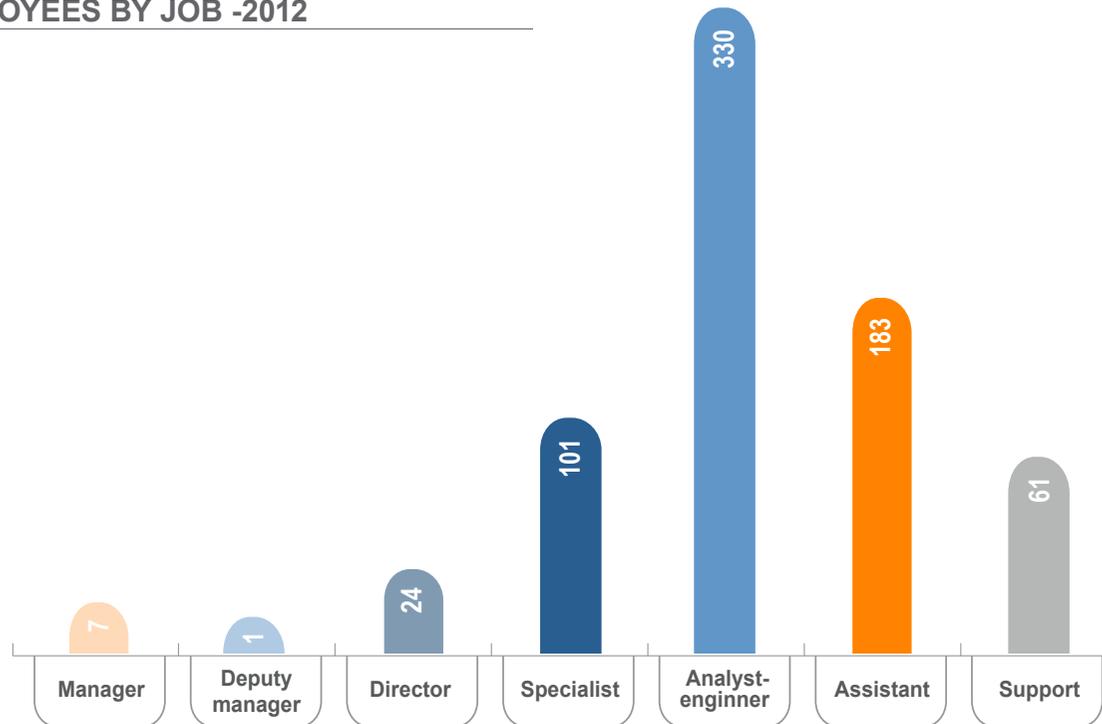
DISTRIBUTION OF EMPLOYEES BY REGION -2012

number of people



DISTRIBUTION OF EMPLOYEES BY JOB -2012

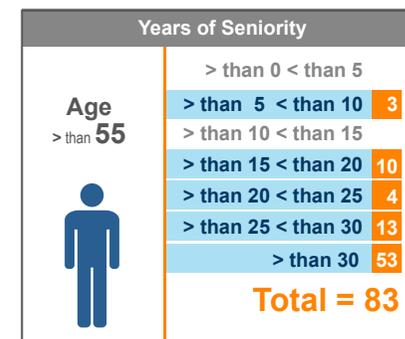
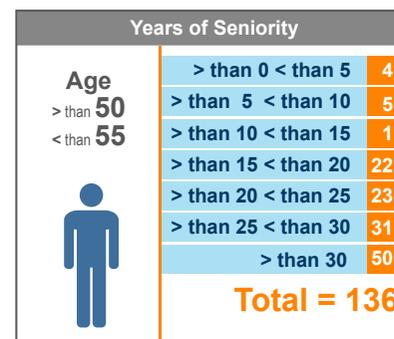
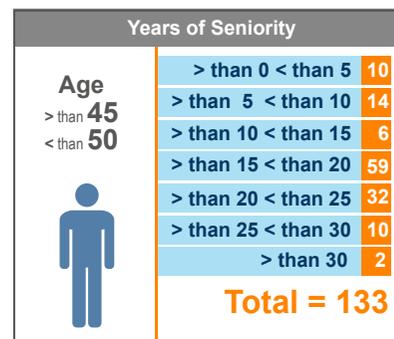
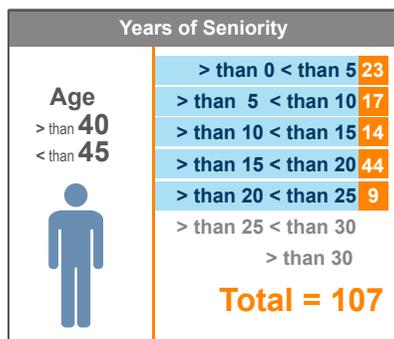
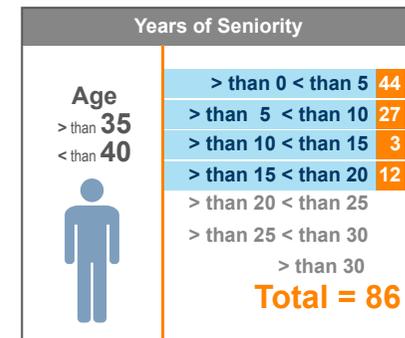
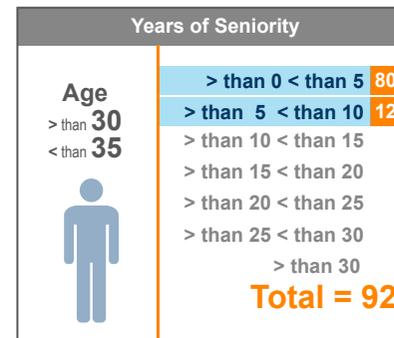
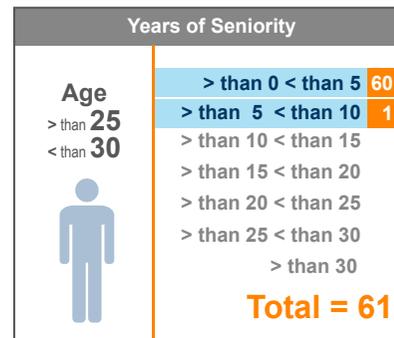
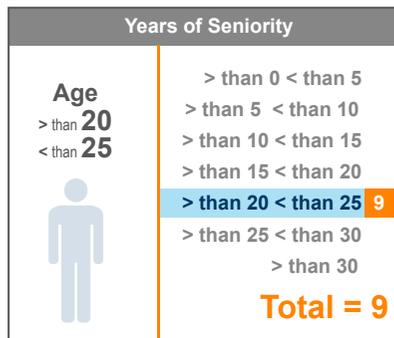
number of people



COMPANY-EMPLOYEE RELATIONS						
Regime	Type	Number of Employees	Distribution by gender		%	
			M	F		
Comprehensive salary		134	86	48	18.95 %	
Fixed regular salary	Collective Agreement	480	301	179	67.89%	
	Collective Convention	93	86	7	13.15%	
Total		707	473	234	100.00%	

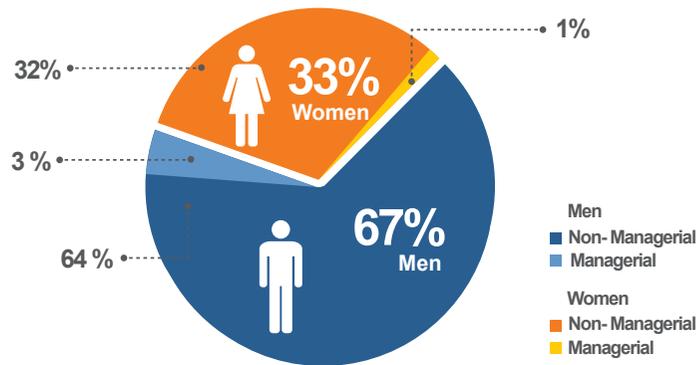
Regarding the term of the employment relationship, of 707 workers, 700 hold an undefined term agreement (99%) and 7 hold a fixed-term agreement 1%.

Seniority in the Company – year 2012



Of 32 people in managerial positions, 8 are women and 24 are men.

GEDER 2012



This gender participation does not correspond to any specific selection criteria; it is based on the Organization’s Human Management Policy guidelines, which provide:

- Identify and develop competencies required to consolidate the recognition of ISA and its companies in their markets.
- Create opportunities, forums and conditions to acquire, apply, document, share and transfer experience and knowledge.

- Value productive experience, self-training processes and development of creativity and innovation.

Tipo directivo	Femenino	Masculino	Total general
Gerentes	2	5	7
Subgerente		1	1
Directores	6	18	24
Total general	8	24	32

To fill vacancies in managerial positions, first eventual successors at ISA and its companies are identified and then, if required, candidates are searched on the market to meet the profile required. At ISA, 88.6% of managerial positions have a successor ready to take office in less than two years.

Learning and development of human talent

We are inspired by the value of excellence; to achieve this, we foster the capabilities of our human talent, leveraged on ethics, social responsibility and innovation.

In 2012 we invested \$ 3,229 million in the development of our human talent and provided 48,200 hours of training to our workers, equivalent to 68.2 hours / man on average, exceeding the goal set for 39,800 hours.

In ISA, human talent is highly qualified and this is highlighted as a seal of excellence. Here are the actions implemented for the development and learning of workers.

Development of managerial and technical talent

ISA helps developing its managerial and technical talent through various actions that allow achieving business results and ensuring corporate sustainability.

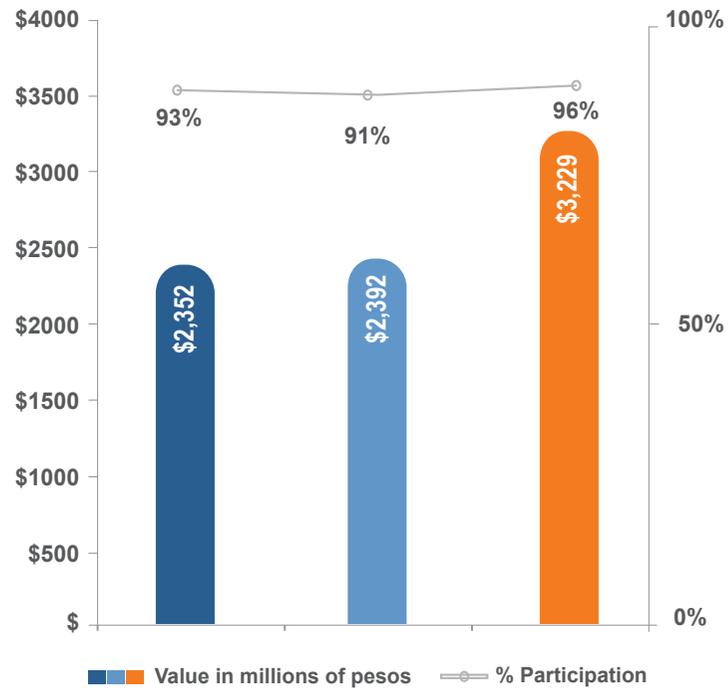
This process is applied to both management and technical levels and is a tool to identify high potential staff and thus perform a proactive retention thereof. The development program includes actions for:

- Exposure (70%).
- Feedback (20%).
- Training (10%).
- Coaching sessions for development of human skills.

ORGANIZATIONAL LEARNING	
Focus	Investment
Technical, administrative and managerial line	<p>COP 3229 million for a total of 48,200 hours (goal for year: 39,800) of training, equal to an average of 68.2 hours/men of training.</p> <p>The coverage indicator (Learning actions per capita – minimum 8 hours/year per person) accumulated this year was 88% (goal of year: 82%).</p>



BUDGET EXECUTION FOR EDUCATIONAL PLAN AND % OF PARTICIPATION



Technical line

Under this line, learning actions are developed, focused on technical competencies of the Business, in tools, systems and methodologies required. Various programs have been developed under this approach, among which are:

Internships	Seedbed for Professionals	Validation and Certification	Technical training	Lean Six Sigma toolbox
<ul style="list-style-type: none"> Eight trainees were received in 2012 for the transfer of entrepreneurial practices of their business: five from REP, one from CTEEP, one from ISA Bolivia and one from PDI. 	<ul style="list-style-type: none"> Five people were incorporated at different positions in the Company after completing, in 2012, the training cycle of the fifth group of professionals. 	<ul style="list-style-type: none"> It is a challenge for ISA to operate and maintain the grid with high levels of availability, reliability and quality, so it was necessary to implement programs that strengthen the development of knowledge, skills and abilities of workers at critical positions. In turn, these programs help to develop excellent and rigorous processes in satisfaction of good service. 	<ul style="list-style-type: none"> Specific training sessions were conducted on processes, responsibilities and tasks in connection with Safe Work, confined spaces, SPAT System for Protection, Automation and Telecommunications). DTA Training (Software for diagnosis of test data), PSCAD (Power System Computer Aided Design) software, among others. 	<ul style="list-style-type: none"> 21 people joined a new group and were trained as greenbelts. There were three learning encounters to reinforce the concepts of the methodology and update on new tools.

Continued on next page

Internships	Seedbed for Professionals	Validation and Certification	Technical training	Lean Six Sigma toolbox
<ul style="list-style-type: none"> Six workers held factory internships as follows: four went to ABB (Brazil) for six weeks, three from ISA, one from Transelca, one from REP and one from CTEEP. Two workers from ISA went to Alstom (England), for four weeks. 	<ul style="list-style-type: none"> Six development professionals began their training process in the Energy Transmission Centers -CTE- and in 2013 they will make their tour to other processes of Construction Operation and Maintenance of Energy Transmission System. They also began their training in human skills: emotional intelligence and teamwork. 	<ul style="list-style-type: none"> 143 people were certified as Heads of Labour and by the end of the year, 19 will continue their process of certification. 16 people were certified to Work with Voltage; 121 people were certified in advanced level for Working at Height and 66 qualified people in administrative level who can give instructions from floor. 		<ul style="list-style-type: none"> The third wave of black belts was trained, training which was conducted by the two black belts teachers with a program of 200 hours of training and the completion of the relevant certification projects. The group consisted of three candidates for ISA black belt and two candidates for REP black belt.

Managerial line

Learning actions focused on managerial knowledge, contribution through others, development of people, strategic vision development and results orientation.

In the context of this line, several core programs were developed for managerial officers and for people that hold an integrating role:

Contributing Through Others Program	Program for development of integrating skills	Coaching
<ul style="list-style-type: none"> ■ During this year, five collective working sessions were held for ISA's managerial officers, addressing the following topics: <ul style="list-style-type: none"> ■ Module 1: Managing generations. ■ Module 2: Effective managerial conversations. ■ Module 3: Emotional intelligence. ■ Module 4: Coaching session. ■ Module 5: Neuroscience applied to leadership. ■ Module 6: Workshop to strengthen premise 1 of climate: "We are all responsible for organizational climate." Delivery of results. ■ Eight personalized mentoring sessions that addressed the management of boards and committees. Seven managers and an assistant manager participated. ■ 19 accompaniments to managers and their teams. This exercise sought to enhance the transfer of the knowledge learned by the managers at the Contributing through others sessions to his/her entire team. 	<ul style="list-style-type: none"> ■ This program focused on providing people with an integrating role, create opportunities for developing skills for effective management of activities, decision-making and managing problem situations. ■ There were six workshops. ■ Strategic vision and influence from the integrating role of the coordinator. ■ Teach and empower others. ■ Effective management of activities in time, decisions and management of problem situations. ■ Emotional Intelligence. 	<ul style="list-style-type: none"> ■ Action aimed at facilitating the learning process and transformation of the Human Being based on the premise that "all people have the opportunity to expand the potential and achieve the goals they want." It covered 36 managers. Includes active managers, deputy managers, expatriates and retirees, for a total of 229 hours of coaching and 34 for coordinators, for a total of 40 hours.

Action line

Focused on organizational knowledge: knowledge required by all ISA workers to enable their work.

Induction	Training
<ul style="list-style-type: none"> ■ This is a program designed for new workers to become familiar with the language, practices, values, norms and standards that facilitate the immersion into the Organization. During the period of the report, there was 100% coverage of people admitted to ISA. ■ Eight face induction programs were made to receive 160 people classified as follows: 68 new workers in six sessions, 88 students under practice and four SENA apprentices, in two sessions. 	<ul style="list-style-type: none"> ■ The training plan is a guide to accompany the learning and adaptation of new workers to the jobs. ■ In 2012, 108 training plans were generated due to internal movements or admissions in ISA.

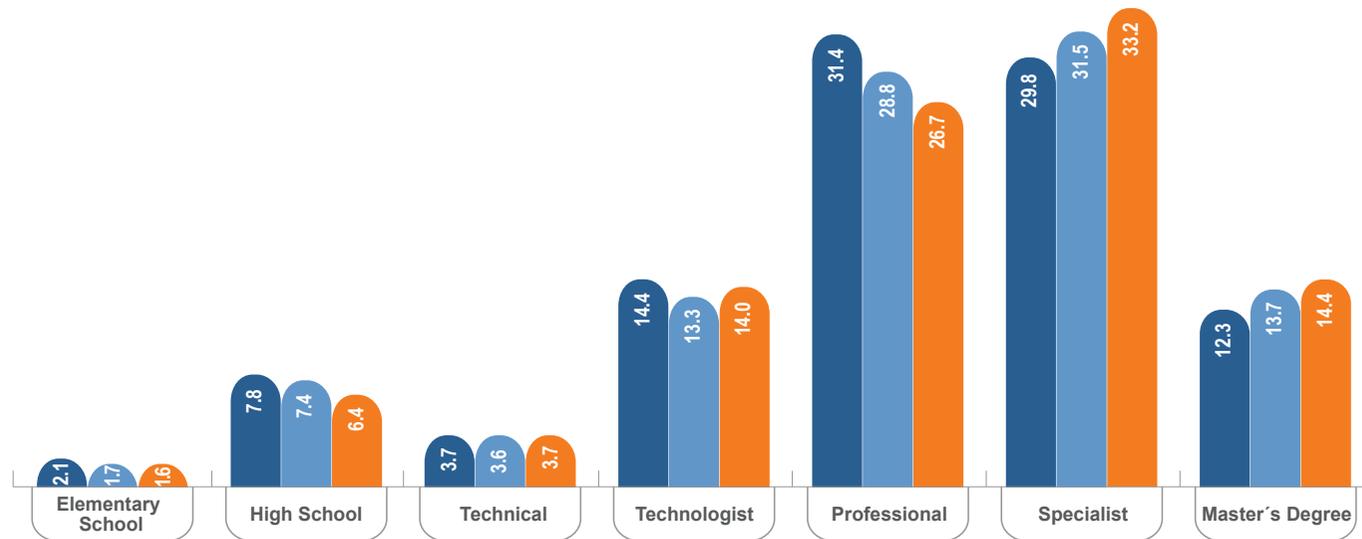
Sponsorship of postgraduate studies and specialized courses:

With an approximate investment of COP 312,286,000, 10 post-graduates were sponsored in 2012:

- 1 Specialization on Environmental Law.
- 1 Specialization on Transmission and Distribution of Electric Power.
- 1 Specialization on International Contracts.
- 1 Specialization on Direction on Corporate Responsibility.
- 1 Specialization on Project Management.
- 1 Master’s Degree on Law with emphasis on Banking and Securities Law.
- 1 International Master’s Degree (sponsored with paid leave).
- 3 Master’s Degree on Electrical Engineering.

EVOLUTION OF LEVEL OF EDUCATION

percentage %



In addition, the following programs were implemented to contribute with the development of this line:

Diploma on Corporate Finances	Congress on Effective Auditing	Technical Sessions	Management of PI Projects	Multipliers of Knowledge
25 employees received this 142-hour diploma, with an intensity of four hours a week, aimed at providing financial tools to optimize the analysis of alternatives and strategic decision-making.	Held on November 8 and 9, 2012. The audit areas of EPM, ISAGEN and ISA conducted the Second Congress on Effective Auditing in the Energy Sector "For Growth without Boundaries"	A workshop offered to ISA's speakers in the Technical Sessions on teaching tools for design and public presentations of works.	On average, 42 people participated in the Project Management course with a duration of 36 hours, which addressed, step by step, all the PMI (*) methodology in order to standardize concepts with the participants of the Management.	56 people, in three workshops were formed in virtual and face tutorials. Training was provided on methods and practices of organizational learning, seeking to improve the skills and expand the knowledge of internal facilitators.

LANGUAGE PROGRAM:			
Language	Staff	Total	Groups
English	Managers	16	Customized
	Workers	34	6
Portuguese	Managers	3	Customized
	Workers	43	7
Total workers 96			
Total hours 7.200			

(*) The PMI (Project Management Institute) methodology suggests groups for project management processes sought to start, plan, execute, supervise and control and, close projects on the most effective way.

The Organization provides an aid to workers for strengthening studies in languages are not covered in the Company's internal program. These studies are attended on non-working hours.

No. People	Value paid	Total Hours
39	\$ 75,802,771.00	17,801

Talent attraction program – technical visits

As part of the attraction of technical talent, specifically electrical engineering, 17 technical visits were coordinated in 2012, where 489 Electrical Engineering students were invited and attended, from five universities in the country: Universidad Pontificia Bolivariana, Universidad Nacional (Medellín and Manizales), Universidad de Antioquia, Universidad Tecnológica de Pereira -UTP- and Universidad Industrial de Santander -UIS-. During this visit they are informed about the purpose of the Energy Transmission Business within ISA's businesses and a visit is made to the Center of Monitoring and Operations.

This program is performed with other companies of the sector: XM, EPM and ISAGEN, and the aforementioned universities.

Remuneration and fringe benefits

Besides providing opportunities to improve job performance, personal and professional growth, our workers are remunerated on a fair and equitable basis: the total amount of ISA's payroll was COP 3,459,083,000, considering that the Company's minimum wage exceeds 2.14 times the legal minimum wage -SMLMV-, while the average salary is 5.89 times higher.

Salaries in ISA and its companies are defined taking into account the assessment of the position held. That is, establishing the relationship between the positions in terms of content and requirements, a ranking of importance is made according to the contribution and responsibilities of each to the business results, a relative distance is established between the positions within that order and the position, not the individual is assessed.

The Hay assessment method is used in ISA and its companies, which takes into account three factors: KNOW: knowledge and experience, THINK: Troubleshooting and ACT: accountability. At salary assignments, skills and performance are recognized and applied on equal terms to all employees, regardless of any discrimination based on race, gender, religion, national origin, among others.

Regarding salary reference, for the Ordinary Fixed Regime, ISA's minimum salary is COP 1,212,000 and it is 2.14 times higher than the legal minimum salary (Salario mínimo legal vigente, SMLMV); also, the average salary is COP 3,340,303 and it is 5.89 times higher than the SMLMV.

Regarding the individual regime, ISA's minimum comprehensive salary is COP 7,368,000 and the ratio with the Legal Comprehensive Salary (\$7,367,100) is 1; also ISA's average comprehensive salary is COP 11,254,338 and the ratio with the Legal Comprehensive Salary 1.53 times higher.

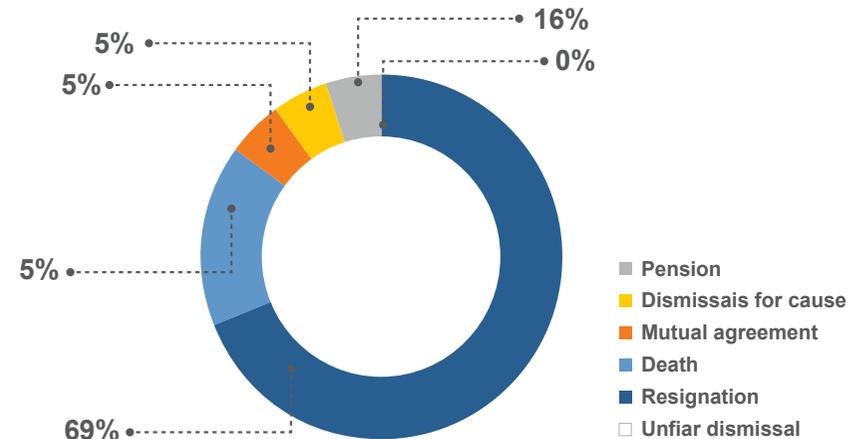
In the year, the total payroll amount was COP 3,459,083,000 broken down as follows: COP 1,913,076,000 without including fringe benefits, in the Fixed Ordinary Regime and COP 1,546,007,000 was the amount of the Comprehensive Salary payroll.

Turnover Rate

The number of retirements on average over the period was 2.76% and 2.33% without pensioners. If the indicator is calculated as the percentage ratio between admissions and withdrawals with respect to the average number of employees of the year, the result is 6.27%.

Year	Admissions	Termination	Turnover	Reference Saratoga Business Institute with income USD 300 to USD 700 million (annual)
2010	45	35	6.36%	6.40%
2011	71	37	8.38%	6.40%
2012	66	19	6.27%	6.40%

REASONS FOR TERMINATION OF EMPLOYMENT 2012



Employment relations

To contribute to the retention, development and promotion of human talent, recognize the performance of employees and keep a high level of competitiveness and pay equity, besides the collective adjustments, the Company makes wage and salary increments individually taking into consideration the adjustment of the position and worker's performance.

SALARY MOVEMENTS						
Year	No.	No.	Salary Increase Average	Amount	Average increase of worker's annual fixed income	Amount
	Workers	Movements	(thousands)	(millions)	(thousands)	(millions)
2010	40	41	497.1	19.9	8,776.7	351.1
2011	77	80	881.1	70.5	9,907.10	792.6
2012	50	51	912	46.5	9,867.00	493.3

Promotions

From/To	Total movements
From Jr. assistant to assistant	1
From assistant to analyst	5
From professional in development to analyst	5
From analyst to specialist	9
From analyst to director	0
From specialist to director	0
In the same job level	6
Total general	26

Calls

In accordance with its principles, the Company provides equal opportunities for filling vacancies, based on technical criteria, i.e., academic qualities, experience, job performance and personal characteristics.

During the period, 23 calls were made to fill 41 vacancies. Four of these calls were canceled, nine are in process, three were filled with insiders and 25 with outsiders.

Performance assessment and professional development

One of the key activities is focused on the performance management for each employee consisting in the agreement of goals for results and development that each Coordinator, Director or Manager performs with his/her immediate collaborators.

In 2012, Performance management had a turnout of 97%, equal to 634 evaluation sessions conducted from 656 estimated sessions. In the achievement of performance targets, in the category of excellent or very good, a result of 86% was obtained; this means that 563 people obtained these achievement levels on the goals agreed at the beginning of the year. As for the Goals for Development, in the category of excellent or very good, a result of 63% was obtained, equal to 414 people in achieving the expected goal.

Participation and free association

The right to organize or join unions, as a form of freedom of association, was expressly recognized in Article 39 of the Constitution as a fundamental right and consists in having the freedom of workers to form or join unions, which are intended to promote and advance on common interests arising from labor relations.

This right of association involves other rights or interests such as union immunity, union leave and the ability to negotiate and sign collective agreements.



WORKERS' UNION		
National Union of Interconexión Eléctrica S.A.(Sindicato Nacional de Trabajadores de Interconexión Eléctrica S.A., SINTRAISA)	Union of Workers of Electric Power Companies of the Republic of Colombia (Sindicato de Trabajadores de Empresas de Energía Eléctrica de la República de Colombia, SINTRAENERGÍA), Industry Union.	Union of Power Industry (Sindicato de Trabajadores de la Industria Energética, SINTRAE), Industry Union.
93 members, with whom the Company has signed the Collective Work Convention and which benefit union workers.	38 members	80 members
In 2012 dialogue and approach sessions were held with representatives of SINTRAISA, which main objective was to pool the interests of both parties about a possible negotiation of the Collective Work Convention.		
Union protection: union protection provided by law is recognized to ISA's workers that are members of SINTRAISA, SINTRAE and SINTRAENERGÍA.		
In 2012, no complaints or tutela actions were filed against ISA by any union worker asserting dismissal, transfer or impaired working conditions, holding union protection and without prior authorization from the judge.		

UNION LEAVES	
Type of Leave	Days of leave
Boards	646
Union actions	18
General permits	187.7
Permits for preparing list of petitions	287
Total	1,138.7

In addition, 133 pay leaves were granted to workers affiliated to SINTRAE.

Collective agreement

On May 18, 2012 ended the negotiation process with representatives from the workers benefited with the Collective Agreement, and a new agreement was signed, effective from January 1st, 2011 to December 31st, 2016.

NEW PROJECTS FOR PROVIDING GREATER GUARANTEES TO EMPLOYEES

Socio-political Risks Project

The Integrated Socio-Political Risk Management Action Plan was structured for people to identify and manage preventive and corrective actions. Also, technological, human and organizational capitals were articulated to conduct integrated management.

Among the actions proposed, training was conducted on Socio-Political Risks, in order to reduce vulnerability of workers exposed to labor and public risks. Eight groups were created, with the participation of approximately 209 people and six training sessions were held for workers' families.

Creation of Coexistence Committee

In December 2012, a Labor Coexistence Committee was created in Interconexión Eléctrica S.A. E.S.P. in compliance with Law 1010 of 2006 and resolutions 1356 of 2012 and 652 of 2012. The Committee was formed by eight people, with an equal relation between workers and Company.

16 people from 11 different divisions of the Company were postulated for the election of the four workers' representatives, thus showing a high participatory interest.



“ For me, ISA is more than half of my life, as I have been working with the Company for over 30 years ”

LUIS ÁNGEL CORTÉS LOPÉZ
Corporate Planning Direction

Organizational Climate

Climate measurement in 2012 enabled us learning the level of satisfaction of workers as a moderate strength for the Company, expressed in 75% of favorability. We moved 7 points above with respect to the 2011 measurement; that means we are going through the right track; however, we recognize from the valuable information provided to us by this process that there is important feedback to keep improving “...we are all responsible for the organizational Climate”.



“ ISA has given me the opportunity of learning other type of business, companies, fields and people ”

LUIS GONZALO JARAMILLO BAENA
New business specialist

To identify the degree of satisfaction, the Company makes an annual survey on Organizational Climate, which is considered the key participation mechanism, as everyone in the Organization is asked about various working aspects. In 2012, 94% of the population actively participated in the survey.

The scale of measurement of results is as follows:

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

Results obtained in 2012:

- Commitment: 86% of favorability: This value was six points above the 2011 measurement. It refers to the willingness of employees to meet the challenges of the Company, the satisfaction with the work they perform and the identification with Company values. At this dimension, all factors have clear strength.
- Company's Effectiveness: 75% of favorability. This value was eight points above the 2011 measurement. It refers to the satisfaction and pride in working at ISA; the quality of guidance received with plans, programs and projects developed by the Company, the perception of the Senior Management group, the Company's focus on innovation and its capacity to attract and retain talents.

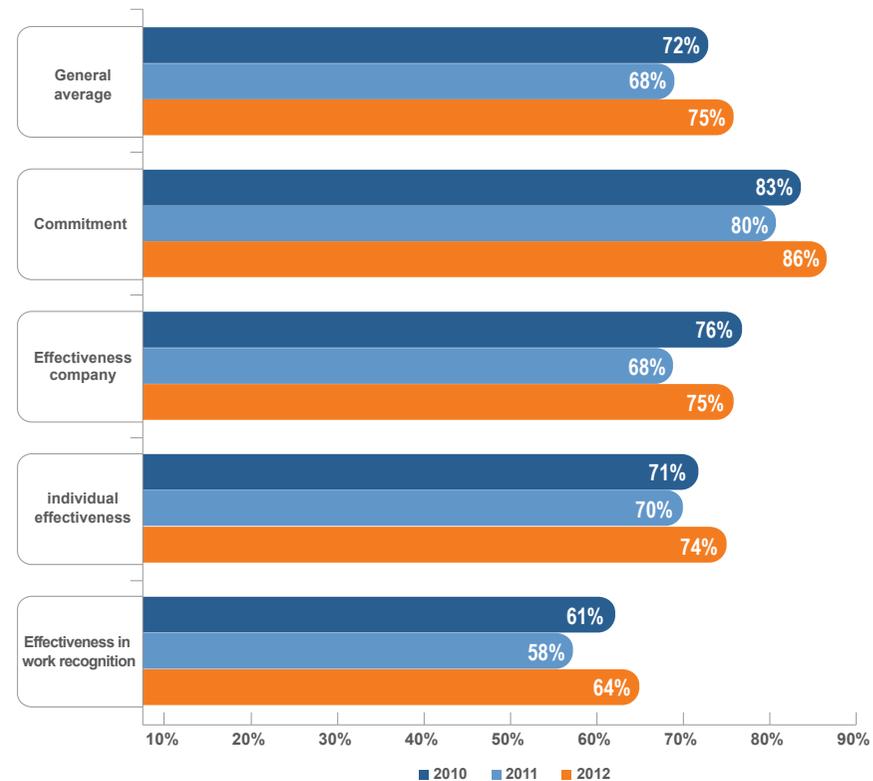
In this dimension, the factors associated to the guidance and pride of working at the Company have clear strength, the others are in moderate strength.

- Individual effectiveness: 74% of favorability. This value was four points above the 2011 measurement. It refers to aspects related to: availability and quality of resources, perception on immediate supervisor, cooperation and support that people believe they have to make their job and autonomy to do the same. At this dimension, all factors have moderate strength.
- Effectiveness on work recognition: 64% of favorability. This value was six points above the 2011 measurement. It refers to the recognition, remuneration and benefits, balance and workload and professional development, which were found having moderate strength. This last factor in 2012 changed from opportunity of improvement (<50% of favorability) to moderate strength (>50% and < 75%).

The general average (75% of favorability) raised seven points compared with the 2011 measurement (68%).

Delivery of these results was made in compliance with the first premise of Organizational Climate: "...everyone is responsible for Organizational Climate". A total of 27 sessions of 4 hours were conducted, with the assistance of approximately 580 people.

EVOLUTION ON PERCEPTION OF FAVORABILITY OF 2010, 2011 and 2012 ORGANIZATIONAL CLIMATE VARIABLES -PERCENTAGE OF FAVORABILITY-



Team interventions

Mechanisms to develop specific actions within the teams aimed at providing specific guidelines, solve conflicts, balance workloads, clarify roles and responsibilities, among others. Interventions are directed by Human Resources, with the specific commitment of the director or manager and supported by external facilitators prepared on the specific items subject to intervention.

Last year's programs that continued include the interventions on the Energy Transmission Center -CTE- teams, of the Energy Transmission Management. In 2012, 19 workshops were conducted for development of skills in this Management. Likewise, intervention programs in Accounting and Taxation and Financial Resources Directions, continued.

New areas were intervened: The Management for Infrastructure Projects (approximately 80 people) and the Property Administration Team (eight people) from this same Management.

Safety, health and welfare

ISA has participatory bodies for the promotion, control and advice on health and safety that ensure health preservation and care of its employees such as: the Joint Committee on Occupational Health (Comite Paritario de Salud Ocupacional, COPASO) and the Emergency Brigade. It also has in place a Safety Management and Occupational Health System certified with international standard OHSAS 18001. Annually, a budget item is allocated to carry out the activities of the occupational health program, which covers all workers.

Health and safety benefits

In 2012, the Company made investments worth COP 7.3 billion in supplemental health plans and aids for health expenses (extended to the family of active and retired employees) and COP 1.5 billion in medicines, medical kits, vaccinations, admission, periodical and retirement examinations, occupational executive check-ups, recreational programs, prevention and health promotion programs, personal protection items and endowment for jobs.

In order to improve the management of occupational risk to employees and keep adequate health conditions, the Company implemented during the year actions in the four Energy Transmission Centers and the Head office, summarized as follows:

- Training.
- Musculoskeletal and ergonomic evaluations of jobs.
- Noise Assessments.
- Occupational Health Week.
- Command Consulting on Incidents for the Emergency Committee.
- Workshops “An appointment with your safety” for sociopolitical risk prevention.
- Emergency Plan.
- Support in the drafting of Handbook on confined spaces.

Also, thematic conferences, cultural and harmonization courses, family courses, cultural workshops, activities in the Fitness Center, internal tournaments, outpatient physical therapy sessions, active breaks, physiotherapy accompaniment of activity, Christmas welcome, among others were conducted.

On the other hand, the following extralegal benefits were granted:

- Subsidy in health plans for retirees and active workers with their families.
- Aid for eye lenses.
- Health aid for all pensioners and active workers with their families.
- Aid in case of death, birth and marriage.

Psycho-labor Risk

Participation in the pilot testing of the Ministry of Social Protection and development and definition of forms used for the Psycho-Labor Risk measurement surveys.

Also, the Psycho-Labor Risk survey was applied at different sites of the Organization with assistance of an ARL psychologist, specialized on Occupational Health as required by law. In total, 446 people were assessed.

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

Mechanism of participation of the Organization. Its purpose is to promote and monitor compliance with the Company's rules and regulations regarding occupational health.

There is a committee for the Head Office and one for each CTE, in total 5 Copasos in the country. These committees consist of representatives, in equal number, both from the Company and employees. Currently, 28 people are in such committees.

Representatives are elected by ballot at each site by the workers, and the Company appoints its members. COPASO's president for the Head Office is appointed by the Administrative Management and the CTE's COPASOS is appointed by the corresponding Director.

Accidents and absenteeism

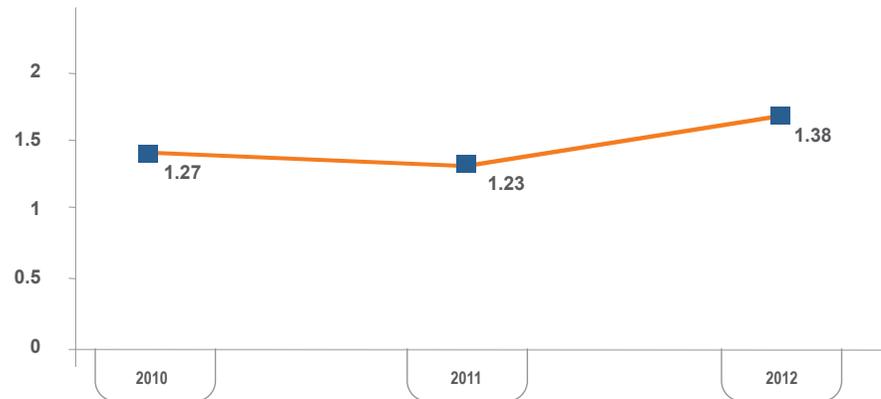
During the period there were 2529 days of absences due to illness and work accidents, placing the annual absenteeism rate in 1.38% compared with 2140 days of absence due to illness, with an absence rate of 1.23% in 2011.

ISA, committed to the welfare, quality of life, personal and professional growth of its employees and aligned with the basic principles of the Occupational Health Policy, develops strategies, programs and initiatives that promote self-care practices and habits. It is of common interest in the Organization, to promote the rigorous and excellent application of the various protocols, manuals and standards that result in safe behavior for workers. In 2012, the accident indicator closed at 1.59 (Goal: 2-1), increasing 0.18 compared to 2011. The above associated to eight disabling work accidents, eight non-disabling work accidents, three sports accidents at work and unfortunately, a fatal accident.

In pursuit of raising awareness about self-care and what this entails, an Integrated Management Action Plan for the Socio-political risk was structured for workers belonging to the Energy Transmission Business, in order to identify and manage preventive and corrective actions. On the other hand, technological, human and organizational resources were articulated to develop an integrated development.

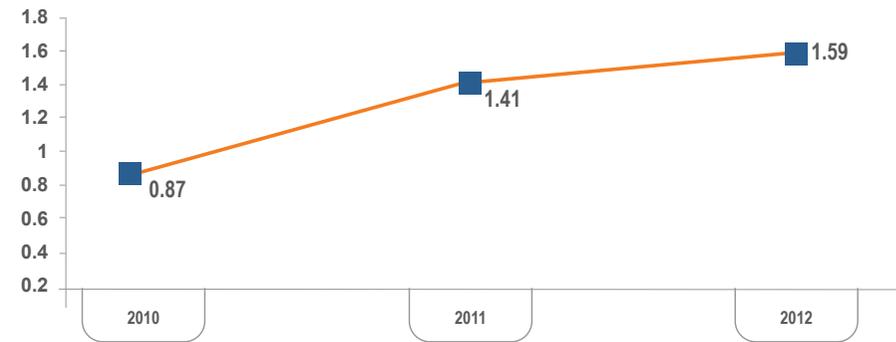
Among the proposed actions, training was conducted in Socio-political Risks to reduce the vulnerability of workers exposed to occupational hazards and public risk. There were eight groups, with a participation of about 209 people. In addition to this, there were six trainings for families of workers.

**2010-2012 ABSENTEEISM RATE
(NO PATERNITY, OR MATERNITY LEAVE)**



In turn, the accident rate increased from 1,41 in 2011 to 1.59 in 2012.

2010-2012 ACCIDENT INDEX

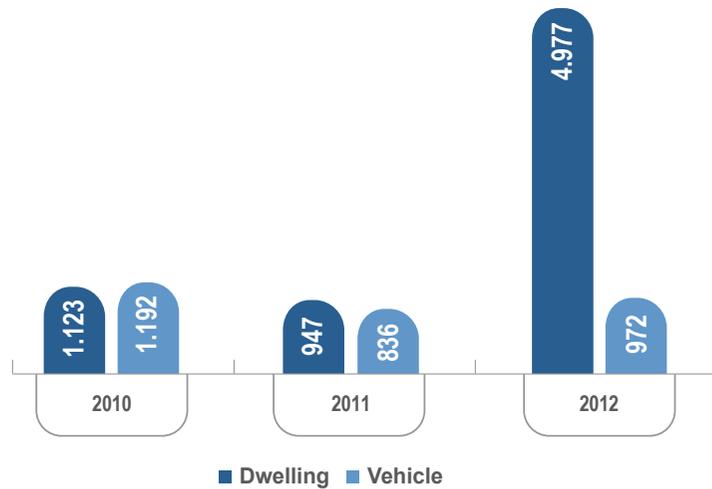


Social benefits

Doing activities that allow workers to carry out their activities in a work environment conducive to their overall development from the human, labor, social aspects is a premise of the Organization.

LOANS FOR HOUSING AND VEHICLE 2010-2012

loan value in millions of pesos

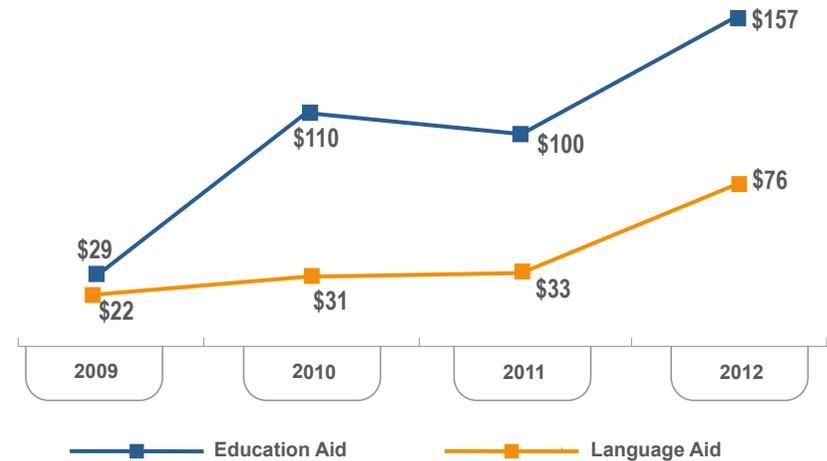


The Company invested COP 157 million to benefit 67 employees with the aid for education and COP 76 million to benefit 39 employees with aid for languages.

(*) Due to adjustments of payments with retroactivity resulting from negotiation of 2011-2016 Collective Agreement, 244 workers received a total of COP 553,743,770.
 (**) Due to adjustments of payments with retroactivity resulting from negotiation of 2011-2016 Collective Agreement, 12 pensioners received an amount of COP 4,843,725.

SUMMARY PAYMENT OF EDUCATIONAL AIDS – LANGUAGES 2010-2012

values in millions of pesos



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

Type of Aid	No. of Aids	Value Aids Millions of COP	Beneficiaries
Aid for Employees' children education (*)	591	\$1,029.57	311
Aid for Pensioners' children education (**)	236	\$354.45	104



Through the Employee's Fund -FEISA-, the Organization encourages savings by employee's contribution of 4% of the regular salary and 2.5% of comprehensive wages by managerial employees. In contrast to the above, the Company contributes with 3% for the premier and 1.9% for the second, accounting for the year a total contribution of COP 1.361 million.

Nominated Institutional Fund

The Organization has a Nominated Institutional Fund created in 2009, to make an additional contribution on the issue of pensions for workers who changed from the Ordinary Fixed Regime (Regimen Ordinary Fijo, ROF) to the Comprehensive Salary

Regime (Regimen de Salario Integral, RSI) by reason of offering (Does not apply to promotions or appointments).

The contribution is made in January each year and each person has a horizon of up to ten years of contributions. At present, the Fund has a total of 36 active workers; 40 workers have joined and four have retired.

Suppliers



Juan Miguel Saldarriaga ABB, Manager of ISA's Strategic Account

To support and be supported by our suppliers is essential in our sustainability purpose. We need a strong relationship in which they grow and improve their business performance, where they become increasingly competitive and grow as an organization, so that in their role as providers, they contribute to the implementation of ISA's growth strategy and the promise of service with quality declared under the highest standards. [View testimonials](#)

ISA's commitment to its suppliers consists in permanently building relationships of trust through transparency, fairness and clear rules on procurement processes for goods and services.

Criteria

Suppliers that provide goods and services for the Company's operation are classified in two groups:

- Suppliers that provide goods and services for the Energy Transmission Business in three key activities: construction, operation and maintenance of the System.
- Suppliers that provide corporate goods and services.

Objectives

To develop trust relationships with our suppliers, based on the implementation of agile, timely, efficient processes with clear rules. The parameters we have set for the trust relationship are:

- Good faith, due, loyal, honest and ethical performance to be observed by the parties, building trust, credibility and security.

- The transparency in procurement processes must be based on clear, impartial and objective procedures to ensure equal conditions and opportunities to bidders.
- Economy, so that procurement processes are conducted so that ISA can select the bid that best fits its interests and implement the relevant contract, making the best investment in technical, financial and human resources.

Challenges

The challenges in 2012 were materialized in structuring a management program for suppliers involving the Company and this stakeholder in growth for the parties under a win-win relationship.

This program represents a new route that in 2013 will involve:

- Design and implement the supply chain process in ISA as SCOR model (*), to optimize the use of tangible and intangible resources, and maximize the benefits for ISA.

(*) SCOR (Supply Chain Operations Reference model, scor-model)

- Perform reengineering at all stages of the Procurement Process, so as to optimize the procedures for suppliers and procurement times.
- Generate and publish the Procurement Plan to consolidate the supply needs of the most relevant ISA businesses.
- Implement the Program for the Strengthening and Development of Suppliers.
- Continue with the implementation of Suppliers Management initiatives generated in previous years.
- Advance on the implementation of elements of suppliers, the principles of the Code of Ethics and the Declaration on Human Rights.

Improved scheme of suppliers management

In 2012 began the implementation of activities under the Program for Suppliers Management and Development which was designed in 2011, with the participation of different areas of ISA having responsibilities associated with the management of these stakeholders.

The main results obtained were:

Supplier Information System	Procurement planning	Strengthening and Development of Suppliers
Aware of the importance of our suppliers in the supply chain and the significance of IT tools that allow continuously tracking their management, the design of the Supplier Information System was made, which contains centralized, sufficient, timely, verified and updated information of suppliers, used for decision making	<p>Planning the supply needs involved collecting and classifying all 2013 investment budget and expenditure information. Also, all goods and services that must be covered by the procurement planning processes were extracted.</p> <p>This information is expected to be shared with suppliers during the first half of the year; it will serve to have a more efficient supply management, based on the contribution of more prepared suppliers to meet different requirements.</p>	Understanding that the effectiveness of procurement processes is based largely on the ability of our suppliers to meet the needs for the supply of goods and services, with the quality required by the various businesses of ISA, we defined the specifications for the procurement of consultancy services in the Design and Implementation of a methodology for the development and strengthening of suppliers for goods and services.

Furthermore, in 2012, the Company's Supply Direction, concentrated its efforts on creating a comprehensive management program for suppliers; in this way, it developed various activities as highlighted below:

Supply chain planning	Reengineering of procurement process
<ul style="list-style-type: none"> ■ In order to achieve greater efficiencies in the procurement process, a diagnosis was carried out on the status of development of ISA's supply chain, to identify opportunities for improvement, define a plan for closing the gaps and achieve the WorldClass category, according to globally accepted standards. ■ To advance on this improvement, a maturity matrix for ISA's chain was posed, which considered 11 functional areas that make up a purchasing system developed at different levels of evolution. 	<ul style="list-style-type: none"> ■ A survey was made on all activities composing ISA's procurement process and, by applying the Kaizen methodology (for orders below 100 SMMLV) and with the assistance of consultant SIT - Systematic Inventive Thinking®, there was a reengineering of the whole procurement process to eliminate any activities that did not add value and reduce overall time to have signed contracts from ISA's internal customer request.

Strengthening operational controls on health and safety at work and environmental management issues

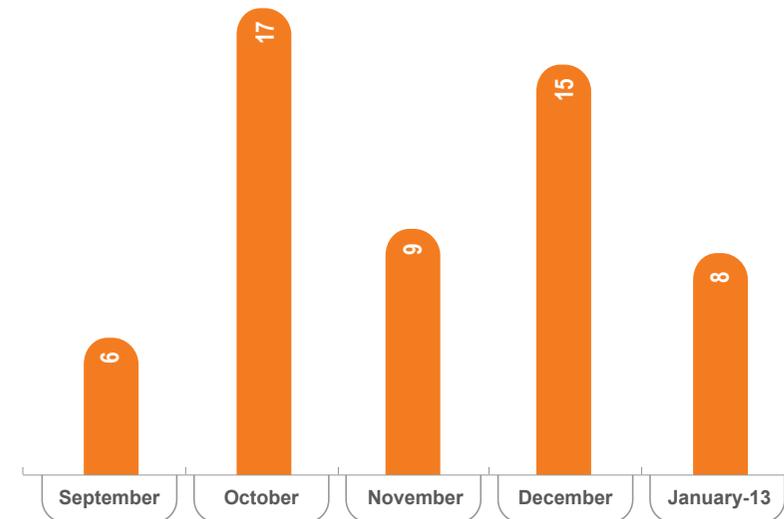
Committed to our institutional policies, which include commitments to quality and efficiency in service delivery, health and safety of our own and our contractors' workers and environmental preservation, a company expert in these matters was retained to provide us with outsourcing services in the support of the following activities:

- Defining the requirements of Health and Safety at Work and Environmental Management, applicable to ISA's various subjects to procurement.
- Support to all our contractors under service agreements by providing them with assistance, counseling and validation of their compliance with contractual requirements.
- Support to ISA's contract managers in monitoring the documentary compliance with the requirements under responsibility of contractors in performance of contracts.

Assistance to contractors

Since the beginning of the service activities in August 2012, advice has been provided to 55 suppliers, who after receiving ISA's letter awarding a procurement process, should demonstrate compliance with all requirements regarding Health and Safety at Work (HSW) and Environmental Management (EA) to receive the order for commencement of works. The evolution of such advice is evidenced in the following chart:

AMOUNT OF SUPPLIERS RECEIVING ADVICE IN HSW - EM



The purpose is strengthening the compliance with legal obligations in these matters, by procuring that no accidents that could affect our employees, our contractors' employees or the environment will take place.

The use of the 23 index cards on Health and Safety at Work and Environmental Management continued, designed to support the procurement process and facilitate communication of requirements that contractors must meet after the award, before and during the performance of the work covered by the contract. These standardized index cards included the primary services retained by ISA, which are recurring over time:

- Management of warehouses.
- Installation and maintenance of grids.
- Management of hazardous waste.
- Administrative services performed at ISA's premises.
- Site maintenance services.

Permanent support was also provided to contractors for their compliance with legal requirements to begin works, and to ISA's contract managers to conduct proper management and monitoring of contract performance.

Finally, in-field tracking was made on over 40 contracts having critical aspects on occupational health and environmental management, in order to verify compliance with the requirements defined, review the action plans implemented and feedback to contractors.

Evolution of Supplier Management software in SOGA

This tool has become a great support for monitoring suppliers' compliance with Safety and Health at Work and the Environment theme. It also allows the reporting of events that may occur during the execution of a contract activities and facilitates the updating of information on these topics.

In 2012, about 200 contracts, 68 of which are still in force, were managed through the software.

Indicators

As a result of the continuous monitoring on the implementation of such contracts that are intensive in Safety and Health at Work and Environmental Management, following are the

process performance indicators, measured in the last quarter of 2012:

- Amount of chemicals used by contractors in the performance of ISA's contracts:

CHEMICAL PRODUCTS		
Chemical product	Amount	Unit
10 – 30 – 10 Fertilizers	100000	Grams
Oils	70	Gallons
Diesel Fuel	4000	Gallons
Industrial ethylic alcohol	0.5	Liters
Lime	150	Kilograms
Cement	700	Kilograms
Gasoline	150	Gallons
Glyphosate	23	Liters
Gramoxone	1	Liters
Calcium hypochlorite	3	Kilograms
Sodium hypochlorite - 15%	100	Liters
Soaps and detergents	12430	Grams
Nitrogen	5	Pounds
13-26-6 Nutrimon	100000	Grams
Industrial oxygen	800	Pounds
Paintings	53.5	Gallons
Propane	40	Pounds
Thinner	32	Gallons
Urea	9000	Gallons

- Amount of hazardous waste generated by contractors in the implementation of ISA's contracts:

RESPEL		
Chemical	Amount	Unit
Used oil	55	Gallons
Contaminated Diesel fuel	220	Kilograms
Diesel fuel impregnated pads	9	Kilograms
Cloths contaminated with cleaning products	20	Kilograms
Batteries	9	Kilograms
Paint filthy elements	13	Kilograms
Contaminated containers	29	Unidad
Debris	1880	m3
Fluorescent lamps, ballast	8	Kilograms
Sludge from septic tank cleaning	550	Kilograms
Small batteries	7	Kilograms

- Amount of jobs and daily wages generated by contractors in the implementation of ISA's contracts:

Jobs	Daily wages
276	350

- In addition, it was possible to attain zero environmental accidents.

Guide of good practices

As a tool to facilitate compliance with the suppliers' legal requirements, the "Guide of good practices for improving environmental performance of suppliers" was introduced. Its purpose is to identify good practices related to environmental management, to improve their performance and ensure legal compliance in performing activities for ISA and its companies.

Online induction to suppliers

Induction was developed to suppliers, an online tool that allows presenting ISA's requirements in connection with Corporate Governance, Human Rights, Code of Ethics and the requirements defined within the Integrated Management System of ISA, in order to ensure the implementation of those requirements in the performance of contracts. This tool will be implemented in 2013 to strengthen relations and meet the commitment to equity and clear rules.



Evaluation

In order to keep continuous track on the performance of suppliers in their relationship with ISA, an evaluation was conducted in 2012 to 282 companies that participated in the performance of 445 contracts worth more than 100 current legal monthly minimum wages.

This evaluation made consistently since 2008, introduces the following evolution of results by qualified suppliers:

PERFORMANCE OBTAINED				
Year of Evaluation	Amounts of evaluated contracts	Compliant (80-100)	Conditioned (60-80)	Deficient (0-60)
2009	106	98	6	2
2010	239	235	3	1
2011	327	306	12	9
2012	445	411	19	15

In accordance with the defined procedures, all evaluated suppliers received a letter informing them of the result obtained and the issues to be improved or further strengthened.

Suppliers who scored between 80 and 100 points, were considered having good performance and were taken into account in the following procurement processes. Suppliers who scored between 60 to 79 points, were also taken into account in procurement processes, but were required to propose improvement plans intended to correct deviations of quality and compliance.

Suppliers who scored less than 60 points, could not be taken into account in further procurement processes, until they demonstrated that all deficiencies leading to their low performance were remedied. In order to increasingly enhance this measuring and monitoring tool, the scoring criteria, the timing, the scope, the responsibilities of the different players within ISA, among others, were reassessed at the end of the year, and a new Supplier Performance Evaluation Guide was created, effective in 2013, which contains the following key developments:

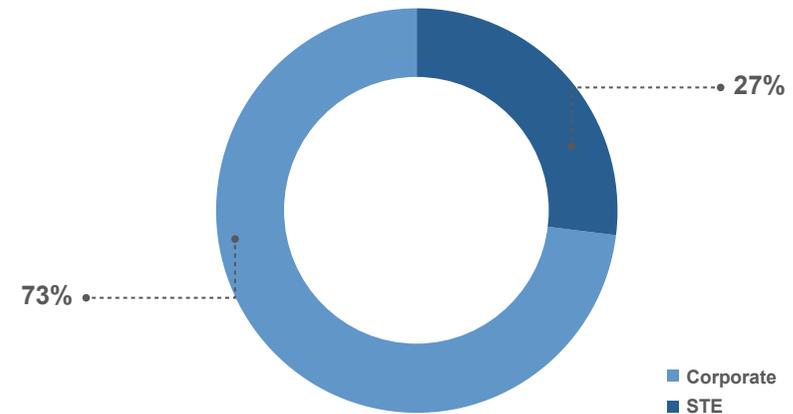
- Contracts lasting more than 12 months, must be evaluated at each annual meeting.
- The evaluation criteria will be specific to the type of contract to be evaluated according to the purpose and scope of the contract, as follows: Contracts for Supply of Goods, Service Contracts, Contracts for Supply of Goods including provision of Services, Contracts for Works and Agreements.

- Increased emphasis on the evaluation of compliance with the requirements of Health and Safety at Work and Environmental Management, established in the contract.
- As a result of a rating below 60 points in a contract under performance, contractor must suspend activities until it has implemented an improvement plan.
- Purchasers will evaluate the first part of supplier’s performance in their relationship during the procurement process and the contract manager will evaluate the part related with its performance.

Survey on Suppliers’ Satisfaction

The survey is intended to measure suppliers’ satisfaction in their relationships with ISA. This survey is conducted every two years. In 2012, a random sample was made on 91 suppliers from all regions of the country, segmented according to their ability to provide goods or services for the Energy Transmission Business and corporate services as follows:

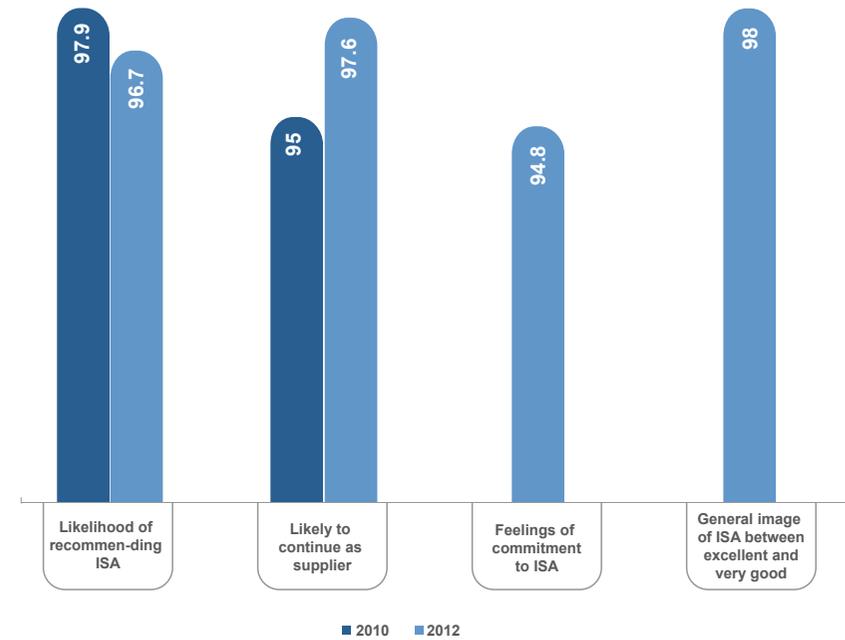
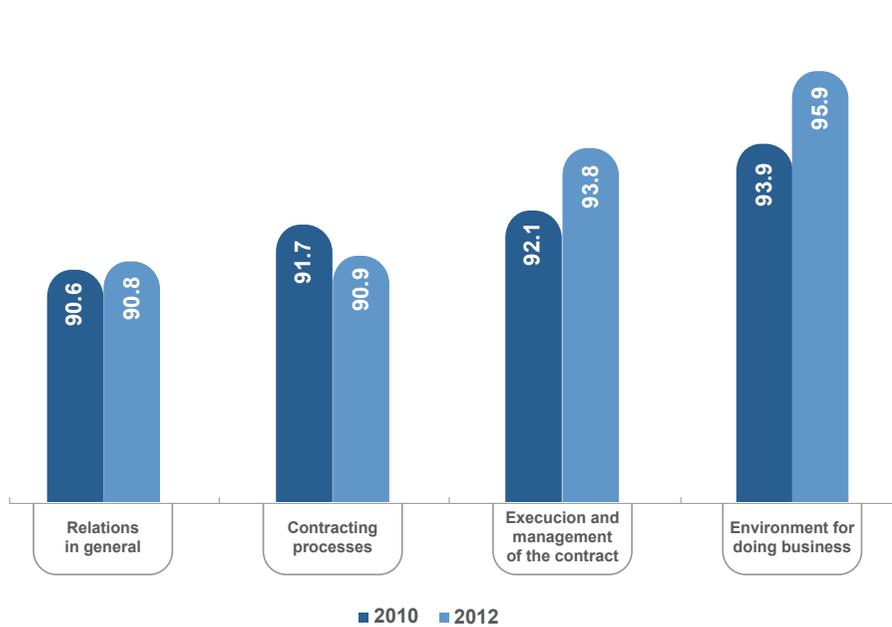
SUPPLIERS UNDER SURVEY



Department	Amount of suppliers	Share
Antioquia	58	64%
Bogotá	22	24%
Santander	4	4%
Valle	3	3%
Boyacá	1	1%
Risaralda	1	1%
Atlántico	1	1%
Bolívar	1	1%
Total	91	100%

By consolidating the information collected in different telephone surveys, it was possible to note that the overall index of satisfaction of suppliers rose from 90.6 to 90.8 in 2012.

Other aspects evaluated were:



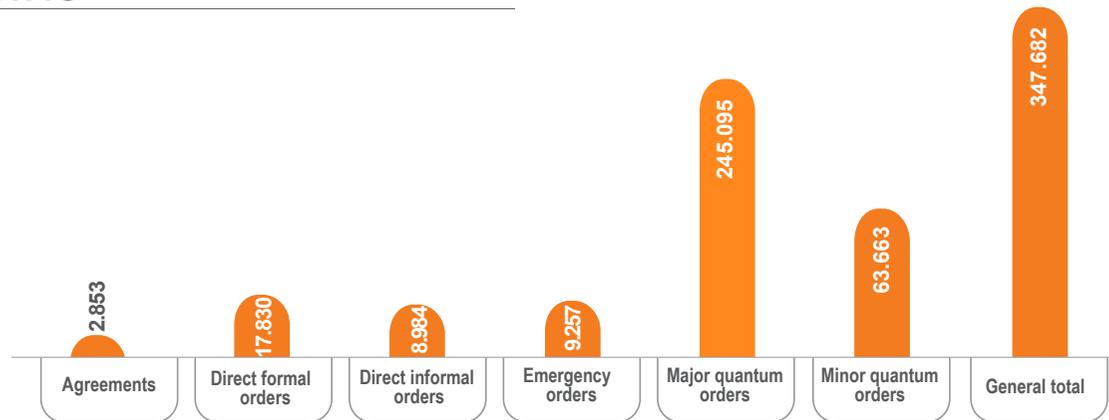
Purchases made, type of suppliers.

In 2012, we consolidated purchases for COP 347 billion, by signing 1,466 contracts with 824 suppliers of Goods and/or Services. Although the Company has specific areas to attend this stakeholder, during the pre-contractual, tracking and post-contractual process, highly close relations were created between suppliers and the areas requiring the good or service; therefore, we are focused on strengthening in all the Company a stringent culture of equitable and transparent treatment with our suppliers.

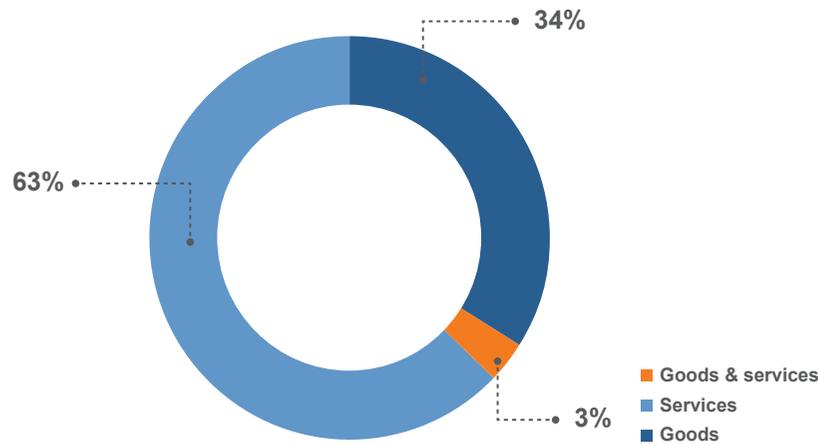
Results of procurement within the period of the Report:

TOTAL VALUE OF CONTRACTS

in millions COP

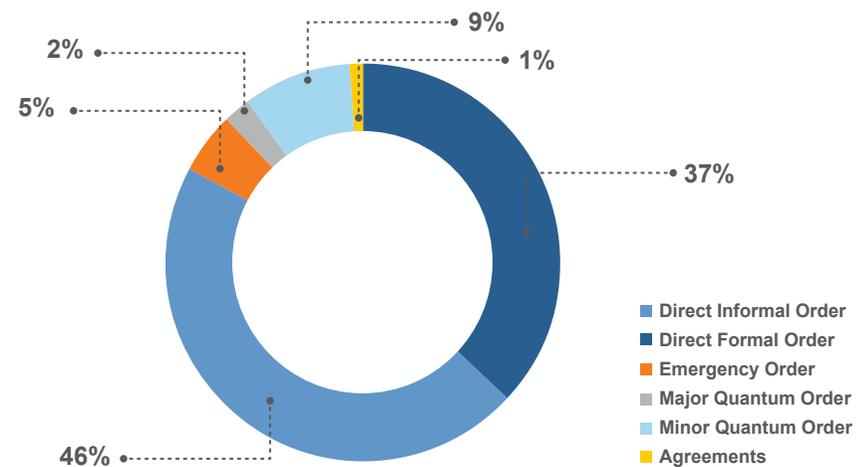


AMOUNT OF CONTRACTS BY TYPE



83% of signed contracts were direct orders that did not exceed 100 SMMLV individually, while higher value contracts, corresponding to major and minor quantum orders, accounted for 11% of the contracts signed. The distribution of other contracts is noted in the following graph:

PERCENTAGE OF SIGNED CONTRACTS



Risk control in emergency procurement

Between August and September 2012, ISA performed again the prequalification process of those suppliers eligible for being retained in case of an emergency situation taking place at the National Interconnected System -SIN- that threatens regular service. With the information resulting from this procedure, a database was made up with 26 suppliers who meet all ISA's basic procurement requirements.

Publication of procurement processes

Consistent with its commitment to transparency in management, ISA published on its website information of 91 procurement processes exceeding 100 SMMLV and sent the RFQ documents to all suppliers who requested the same.

This guaranteed transparent, fair recruitment processes with clear rules to all suppliers interested in contracting with ISA, by providing the same documentation to all, providing information on the conditions of the selection process and analyzing the bids received, under the same technical and legal criteria. Additionally, all questions raised by bidders were replied and, via addenda, clarifications sought were performed.

For those procurement processes over 500 SMMLV, the report on evaluation of bids was publicly released, access was allowed to all bidders and, subsequently, the relevant comments were received and analyzed.

Ethics and Human Rights

“ I am aware of, consent to and accept the Code of Ethics adopted by ISA, in particular Section III -Suppliers- and the Declaration on Human Rights, published in its website www.isa.com.co, and I agree to fulfill and enforce the same, during the performance of works and/or services subject to this procurement process ”

The declaration above was included in ISA's procurement forms, to be signed by the legal representative of those companies that intend working with us.

In 2012 all suppliers retained for amounts exceeding 100 SMMLV, declared being aware, consenting to and accepting ISA's Code of Ethics and the Declaration on Human Rights.

ISO 26000 Co

We promote among our suppliers the implementation of good practices and the knowledge of the international reference on CSR ISO 26000 to jointly advance on closing the gaps, in reply to current challenges on the surrounding consistent with the businesses and responsibilities of each party.

Thirteen suppliers were trained by ISA with assistance from ICON-TEC for the use of self-assessment methodology tools and implementation of Corporate Social Responsibility, under ISO 26000.

Participants in the first cohort expressed their willingness and commitment to advance towards best practices individually and in the chain. The training addressed three key modules to reinforce the decision to progressively implement CSR:

- First, know: induction to ISO 26000 for implementation of Social Responsibility in the organization.
- Second, self-diagnose: self-assessment tool and tutorial.
- Third, implement and measure: methodology for the implementation, monitoring and control of improvement processes in CSR issues that cover identified and prioritized gaps.

The following suppliers participated in this first cohort: Eléctricas Galeano M. SAS, SYTECSA - SYSTEMS & TECHNOLOGIES S.A., INTERSERVICIOS, IMPLESEG SAS, SIMAC – PEI, AVIATUR GRUPO LOGÍSTICO DE CARGA, MANPOWER, INSTELEC S.A, MVTEL, UNIÓN ELÉCTRICA, HSEQ SD SAS, J. E. JAIMES INGENIEROS S. A., HLB FAST & ABS, AUDITORES Y CONSULTORES LTDA.

Participants agreed that:

“ The greatest expectation when attending the course is to learn the orientation of the international standard, CSR management models of large businesses, and assuming a critical and committed approach that enables them to competitively provide services under a peer relationship in the contribution of sustainability ”



“ We are aware that our performance impacts the management of companies to which we provide services and in this sense, we must assume co-responsibilities and be duly prepared for the same ”

DIEGO LEÓN VÉLEZ
Interservicios Manager

COMMUNICATION WITH SUPPLIERS				
Dialogues with Stakeholders	Suppliers Bulletin	Website www.isa.com.co / Suppliers minisite	Contact mailboxes	Encounter with Suppliers
<p>The first time it was implemented, it allowed reflecting on the importance of dialogue between the parties concerned.</p> <p>Go to the link in the document: Dialogues with stakeholders.</p>	<p>The quarterly publication of Suppliers Bulletin continued on the website, as well as the personal delivery to over 1600 recipients from suppliers of goods and services of ISA, in 18 countries worldwide. In the four editions published in 2012, information of interest was shared with suppliers. Bulletins may be viewed at:</p> <p>http://proveedor.isa.com.co/</p>	<p>Different information of interest was published during the period:</p> <ul style="list-style-type: none"> ■ News. ■ Current information. ■ Regulatory requirements of the procurement process. ■ Updated information on legal requirements regarding management of Health and Safety at Work and Environmental Management. ■ Personalized information of suppliers, relating to the payment of their invoices. 	<p>The use of contact mailboxes was encouraged:</p> <ul style="list-style-type: none"> ■ proveedores@isa.com.co ■ contratacionweb@isa.com.co ■ cotizaciones@isa.com.co <p>among others, as a means to ensure appropriate and timely response.</p>	<p><u>Encounter with Suppliers ISA</u></p>

Customers



This Report enables us to review all our processes to improve, and also, recognize the most important achievements to keep adding value. By sharing it with our stakeholders, we facilitate the understanding of how our Company and our Energy Transmission Business works, what can they expect from us and what we expect from them to build lasting and long-term relations aimed at sustainability.

Commitment

Sustainable Relationship, quality and competitive prices, and reliable communication.

Characterization

Customers are companies belonging to the following sectors

Electric: energy generators, carriers, distributors and traders.

Energy: oil and mining.

Industrial: large consumers.

Objectives and challenges

- Providing services with excellent quality.
- Keeping market recognition.
- Profitably increasing revenues.

The Energy Transmission Business faced great challenges in 2012 in Colombia and in all countries where ISA is present. The dynamics of the energy sector in regulatory, technical, legal, environmental and even political matters, has permanently led our human resource to increasingly greater challenges. Under this dynamic, we are consolidating ourselves as a strong Organization for its people, processes and technologies, allowing greater efficiency and generating greater benefits to all our stakeholders.

We value service demands because they help us building and strengthening a world leading business, and we manage each stage in the life cycle of our assets by optimizing the technical economic benefit of the Business. For this end, we make efforts to have well prepared human resources, more efficient processes, better business and IT technology, maximize performance and manage risks.

THE FOLLOWING 2013 CHALLENGES WILL BE PRESENT IN THE FOLLOWING PROJECTS

Business continuity management	Provides a methodological guide for response, recovery and resumption of critical processes of the Energy Transmission service in case of eventual disruptions or events that could affect the physical facilities, the Center of Monitoring and Operations (Centro de Supervisión y Maniobras, CSM), the Information Technology (IT) infrastructure, communications, personnel and critical suppliers.
Lean Six Sigma	Methodology that provides the basis for integration between the process, quality and sustainable competitive advantage.
International referencing	ISA is part of ITOMS (International Transmission Operation and Maintenance Study), referencing led by a consortium of international energy transmission companies working together with UMS Group.
Control Center Project	Procurement, deployment and commissioning of Systems for Monitoring and Operations Centers for ISA, TRANSELCA and REP.
Asset management	Coordinated and systematic activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their performance, risks and associated costs.

Customer management

We give special care to our customers' voice and we incorporate any possible improvements to day-to-day tasks, framed under the Integrated Management System (Sistema Integrado de Gestión, SIG); through diverse mechanisms, we approach them to discover the key to excellence in their contributions. In 2012, we obtained a historical result in the satisfaction survey, reaching a score of 90.1. This encourages us to keep our work in recognizing those details that make the difference.

The programs associated with the commercial area that allow customer management under the commitment to this stakeholder, are framed within the Company's Integrated Management System -SIG-, which guarantees ensuring the whole process.

In response to a strategy of continuous improvement and with the firm intention of improving the satisfaction of customers of the Energy Transmission Management, ISA considers, among others, the following activities:

- Conduct Customer Meetings each year, providing a two-way communication scenario.
- Prepare the Cliente ISA bulletin as means of communication and interaction with these stakeholders.

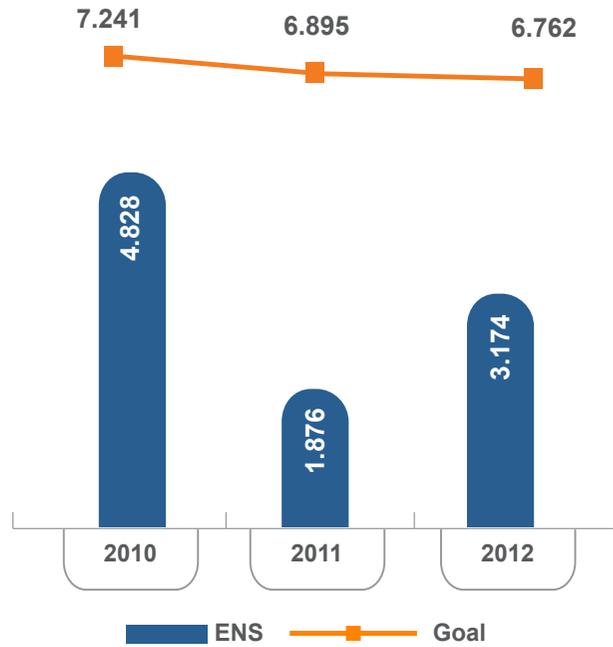
- Perform the programming and implementation of the contact plan for Connection customers.
- Perform every two years, the evaluation of satisfaction for those services provided by the Energy Transmission Management.
- Apply the PDCA cycle in the chain business process, especially with the results of audits to the Integrated Management System and the 2012 Satisfaction Evaluation of External Customers.
- Execute the Audit Improvement Plan. For 2012, two external and internal audits were handled, showing zero (0) No conformities -NC- and zero (0) Comments.

Quality of service

The management indicators of ISA's transmission network exceeded the targets set for 2012, which shows the thoroughness and excellence applied to conduct each Business processes. The indicators associated with the availability and continuity of power supply had the following results:

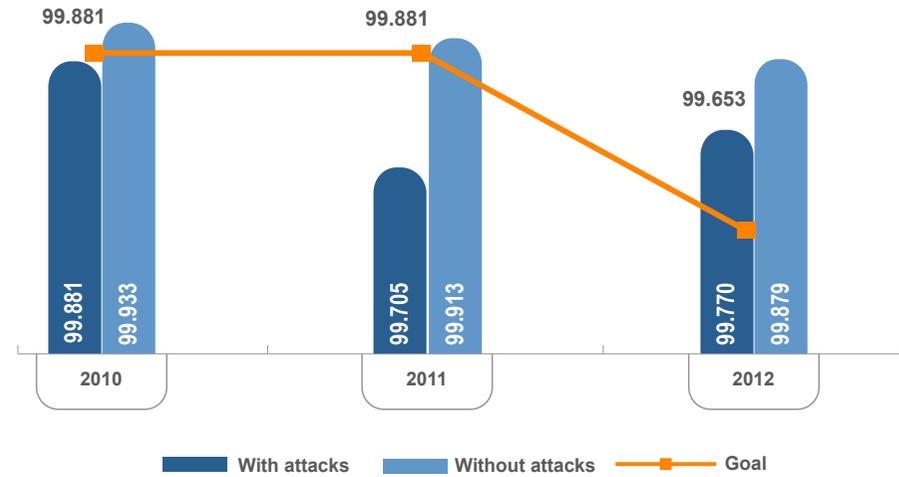
ENERGY NOT SUPPLIED -ESN-

MWh



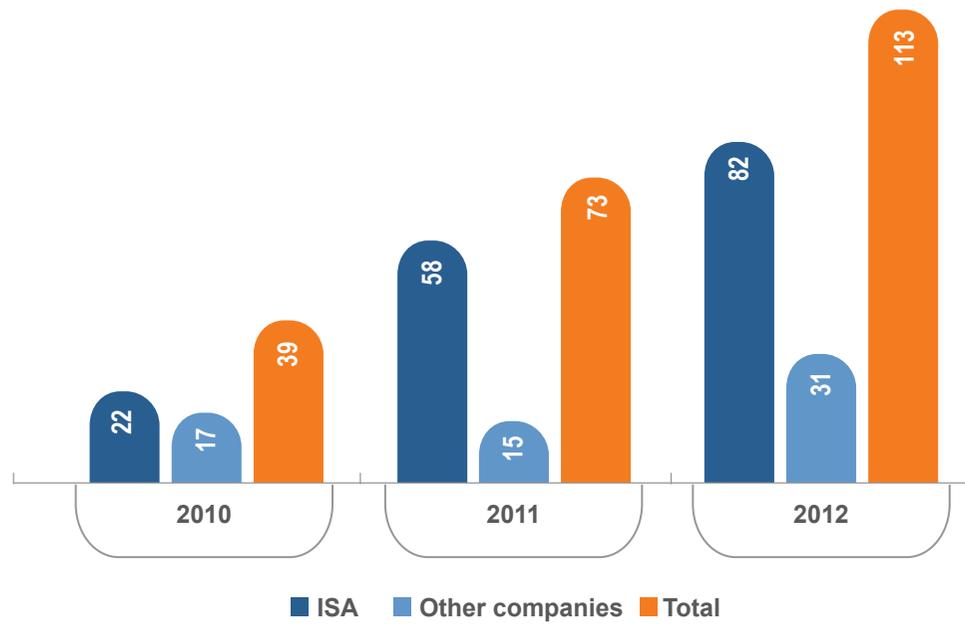
AVAILABILITY OF ISA'S GRID

percentage %



TOWERS AFFECTED IN THE NATIONAL INTERCONNECTED SYSTEM (SIN)

number of towers



2012 INDICATORS				
Indicator	Result	Lower Goal	Upper Goal	Comment
Energy not supplied (MWh)	3,174	6,762	6,201	It measures the amount of energy not supplied to final consumers in a defined period, caused by events attributable to business (forced and planned). In 2012 the established goals were met.
Availability of STN	99.879%	99.653%	99.917%	Time percentage of the period that the assets were in service or available for service in the last 12 months.
Index of severity of operation and maintenance errors	0.96	1	0.85	It evaluates the management of human error in the operation and maintenance. In the year, there were 14 human errors in maintenance.
Reliability	98.51%	96.04%	96.12%	Time percentage of the period considered in which the transmission system can meet the demand of consumers due to events in the transmission system, scheduled and forced. The indicator for 2012 was above the goals set.
Effectiveness of reclosing	84.48%	77.67%	81.30%	Percentage of quick failures that had effective reclosing (where the asset finally turned to its original condition). The indicator for 2012 was above the goals set.

Continued on next page

2012 INDICATORS				
Indicator	Result	Lower Goal	Upper Goal	Comment
Unselected and unnecessary outage	9.83%	8.5%	6.0%	Percentage of outages that were not selective and were not needed. The necessary and selective outages refer to effective insulation of failed equipment or under unacceptable conditions to continue in service. In 2012 the established goals were not met.
Timely execution of maneuvers	99.74%	99.75%	100%	Percentage of maneuvers executed promptly in the past year. In 2012, of 20,765 maneuvers performed, 54 had delayed implementation.
Rate of failures for each 100 km in 230-kV circuits	3.46	4	3	It measures the failure rate per 100 km circuit (number of times). In 2012 the lower goal set was met.
Rate of failures for each 100 km in 500-kV circuits	3.61	4	3	
Rate of failures of 500 – 230 kV circuits	3.5	4	3	

Promise of service

The promise of service is supported on the particular requirements of our customers and the indications of improvement set in the evaluation of satisfaction processes that take place annually. This promise is composed of objective and subjective elements of the service, such as quality indices in the STN, value-added information and timeliness in responding to requests.

ISA is committed to its Customers to:

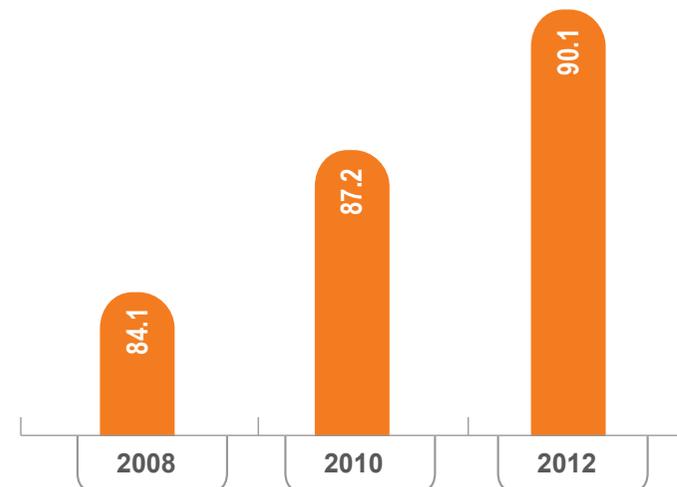
- Provide timely and quality services at competitive costs.
- Build sustainable relationships, based on trust and respect.
- Have permanent and reliable communication with excellent service attitude, based on market knowledge.

Customer satisfaction survey

Between October and November 2012, ISA conducted a customer satisfaction assessment regarding the Energy Transmission services (use of STN), the connection to the National Interconnected System (Sistema Interconectado Nacional, SIN) and services associated to energy transmission. The evaluation was conducted by the Centro Nacional de Consultoría -CNC-.

The results achieved the highest level of satisfaction recorded: 90.1 for 2012.

ISA'S CUSTOMERS SATISFACTION ASSESSMENT



Technical Conferences



The Company conducted the fourth version of ISA's 2012 Technical Conferences, Learning and Development. The academic event is the opportunity to recognize the efforts of workers for providing significant developments to the Company. There was a high assistance and in the opinion of some of the qualifier jurors "an exemplary quality level for the power sector on issues ranging from the technical to the ethical and social-environmental."

- 136 papers were presented by ISA's and its companies' employees.
- More than 400 employees, customers and suppliers actively participated.
- The best 24 works were awarded and a special mention was given to other three.
- The academic event managed to integrate ISA and its companies around learning and development.

“ This fourth version of technical conferences was an opportunity to bring together the intellectual capital of the Group, take advantage of synergies, seek and promote the best practices for operational excellence and strengthen the Organization's performance in different fields of knowledge and entrepreneurial management ”, said ISA's CEO, Luis Fernando Alarcón, in the closing event.

[Further information](#)

Energy transmission, a reliable, accessible and safe service

ISA develops rigorous management programs to add value to the provision of services, some of which are:

Adjustment of substations	Lean Six Sigma in processes	Implementation of error management methodology in energy transmission
<p>Objective: To increase reliability and availability of assets.</p> <p>This program seeks to reduce the vulnerability of substations technique by compliance with the quality standards required by the regulator.</p>	<p>Objective: To improve promptness and responsiveness to customer needs.</p> <p>This program is intended to track the transition plans and the primary metric of Lean Six Sigma projects executed in the energy transmission processes, in order to monitor and track the adoption of the improvements defined for each process.</p>	<p>Objective: To minimize the impacts on service.</p> <p>Methodology for the analysis of human factors in the process of operation and maintenance, which reduces the frequency and severity of incidents and events caused by the influence of people.</p>

Relevant aspects on customer management

Rigor and Excellence

In order to have a standardized execution process for maintenance, two engineers from the Energy Transmission Management

were temporarily transferred to Red de Energía del Perú –REP-, a subsidiary of ISA, looking to exchange best practices and provide assistance to new directors through the learning by doing methodology.



Standardization of procedures for Works with Voltage

This was a significant 2012 achievement for ISA as activities and processes were standardized for Working with TCT voltage with TRANSELCA (Colombia), REP (Peru) and CTEEP (Brazil).

New projects

Public call UPME 02-2010 will allow ISA to design, purchase supplies, build, operate and maintain the new substation and double circuit 220.000-volt transmission lines joining it to the point of severing of the Santa Marta – Termoguajira line. This project will provide more reliability to the system as it will transport the generation produced by Termocol as a result of the energy auction obtained by the company in May 2008. The new work joins to other important projects held in Colombia by ISA and reaffirms its commitment to the development of the country.

Other notable projects are: Study of electrical structure referencing, Project CIER 11, international referencing of structure and expenditure compensation for power transmission companies and viability of implementing actions to improve the performance of the energy transmission activity.

Form of payment and service provision

ISA delivers the bill to its connection customers through a formal communication, which is sent by certified mail and by fax. This bill, like other documents is digitized and is made available by email. In attention to the business process, ISA contacts its customers via telephone to verify the receipt and payment of the same and also to resolve any concerns they may have.

Given that ISA holds a contractual relationship with customers for connection and associated services, ISA within the business process and good management practices, has account executives available for each customer, who develop a direct and personalized relationship.

Relationship with TRANSELCA and XM

TRANSELCA and XM are ISA's companies that autonomously operate and establish relations between them as follows:

ISA's Commercial area shares certain processes with TRANSELCA in connection with the service portfolio and the preparation of bids and agreements of new connection agreements; however ISA drafts the agreements and keeps the commercial relationship with each customer:

XM, within its main responsibilities, is responsible as core business, for the operation of the National Interconnected System, the Administration of the Energy Market in Colombia and international electricity transactions with Ecuador.

ISA, as a carrier, is an agent of the electricity sector for XM, meeting and following the regulations and procedures governing the sector.

Settlement, billing and collection of costs of the National Transmission System or STN USE is in charge of XM as administrator and operator of the wholesale energy market. XM transfers to each marketing agent, generator and carrier, the remuneration to be received. For this reason, ISA as carrying agent, does not have any direct relationship with the marketing agent, who is responsible for the remuneration.

Occupational health and safety

We improved our indicators compared with year 2011.

The effectiveness of the Integrated Management System comprising: Quality Management, Environmental Management and Management of Health and Safety at Work, expressed in performance and service improvement processes, evolved with respect to year 2011. Objectives were achieved in: service indicators (120%), environmental performance, energy and water consump-

tion, waste generation and solutions to community needs, (104%) and indicators of accidents and absenteeism (100%).

The adequacy of the Integrated Management System, expressed in response to international standards compliance, improved by 64% compared to 2011 as a result of the rigorous application of processes and procedures defined and the ongoing commitment to the development of internal and external audits to the Integrated Management System.

Communication with customers

It is very important for ISA to communicate with its customers, so its Promise of Service expressly includes: "Having permanent and reliable communication with excellent service attitude, based on knowledge of the market". To secure communications with customers, the Company has a Communications Policy and a Code of Ethics. To achieve this, ISA has set a goal of improvement aimed at promoting best practices with customers.

Portfolio of services

In its 45-year history, ISA offers all the experience and knowledge gained in this highly qualified Service Portfolio, which seeks to meet the needs of its customers and help achieving business objectives.

For operation of power systems, the Company has a highly experienced staff and high levels of knowledge in technology, able to manage, operate and maintain electric power transmission in high complexity markets.

These attributes coupled with the skill to perform rigorous and excellent processes, safe for people, in balance with the environment and socially responsible, provide reliability to customers.

Portfolio of services

Customers assistance directory

ISA has set in place this directory as a tool to facilitate communication with its customers and strengthen the business relationship with them.

Directory

Assistance to customers, suggestions and claims

In order to increase the satisfaction of its customers, the commercial area of ISA presents the mechanisms available to timely address any complaints and suggestions related to services provided.

This information is available in the Directory for Customers Assistance posted on its Web site:

www.isa.com.co

Customers Assistance: (57-4) 315 7143 - 315 7317

Email: gestioncomercial@isa.com.co

Phone: (57-4) 325 2270

Fax: (57-4) 317 1560

Customer Bulletin

The Commercial area of TRANSELCA and ISA publishes the Client Bulletin, an interactive digital media with customers of both companies. Directly mailed and also published on the websites of both companies and social networks where the Companies appear.

This bulletin contains information of interest about the services, presented by technical, commercial and socio-environmental topics, which are developed and implemented to improve the processes and services they provide.

[Customer Bulletin](#)

Communication window

The Commercial Area of ISA's Business Integrated Management Direction of the Energy Transmission Management has a window of communication with its customers, leveraged in the Promise of Service when it states: "Having permanent and reliable communication with excellent service attitude, based on knowledge of the market ". There are two hotlines and one email:

- Customers assistance lines: (57-4) 315 7143 – 315 7317
- Email: gestioncomercial@isa.com.co

Society



Social management for ISA in 2012 meant the possibility to better understand the issues, opportunities and challenges that coexist in the surroundings where it is present along the Colombian territory; this is one of the key premises for a relevant and social effective investment, contributing to improve quality of life and social welfare.

During this year, we strengthened partnerships between the public, private and community sectors in a relationship of synergy and co-responsibility. This relationship includes direct dialogue with communities and the great lessons achieved as a company in the course of projecting, refining and improving our management.

Commitment

Respect Human Rights, provide services with quality and efficiency, provide timely information of public interest and contribute to sustainable development and social welfare.

For ISA, society is composed of groups of people influenced by the activities and services on their different organizational forms, cultural expressions and territorial levels.

Currently, ISA's infrastructure is present in 334 municipalities located in 21 departments of the central, southwest, northwest and north regions of the country.

Objectives and challenges

- Reinforce the implementation of the environmental and social management model for organizational and institutional strengthening.
- Strengthen the social risk management in the asset's life cycle (Energy Transmission Business).
- Consolidate the use of the Grid's Territorial Observatory as a tool for understanding the environment and alert management in relation to Human Rights.

- Review the tracking model of ISA's social investment, cause their effective implementation to formulate medium-term impact indicators.

The consolidation of the Grid's Territorial Observatory, still entails one of the most important challenges to manage with stakeholder society, due the importance of integration of the results it delivers. This tool responds to the challenge of interpreting the territorial dynamics and facilitates the systematic monitoring to guide decision-making relevant to social management, in areas such as territorial presence, situational events, prioritization of investment of resources and qualification of social and environment programs.

Its design was achieved in 2010, and the planning of the social module in 2011. In 2012 the production start of the tool allowed monitoring the socioeconomic and political variables of the geographical environment where the Company's businesses are developed and timely deliver the information required to implement the actions defined in the framework of Corporate Social Responsibility.

The main results of this implementation can be evidenced as follows:

Event reporting

- The dialogue strategy was strengthened with the Energy Transmission Centers for event reporting.
- 12 monthly reports.
- Number of situational events reported in relation to the surrounding and reputation: 431.
- Construction of protocols for handling events.

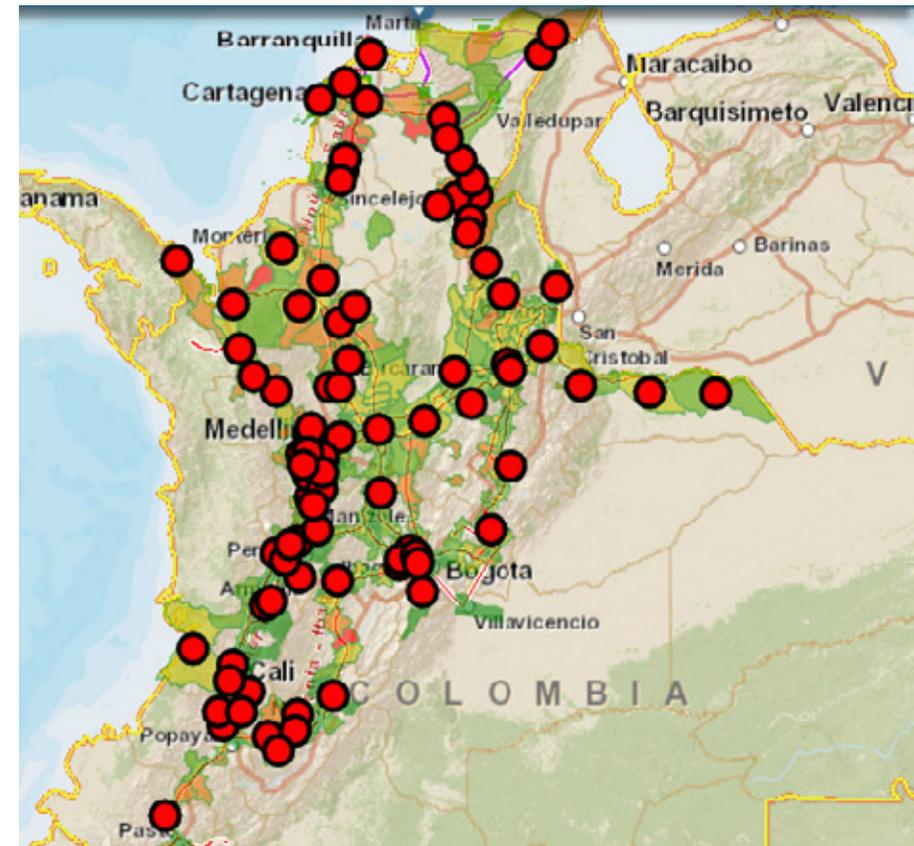
Monitoring reports for surroundings

- Four quarterly analysis of trends each year.
- Event log.

The total number of events recorded by the observatory in 2012 were 653, of which 271 correspond to social conflict events as social mobilizations and threats to communities, followed by 233 armed conflict events including 17 attacks on the electricity infrastructure. Also, 110 natural disaster events and finally there

were 39 events of risk affecting corporate reputation by complaints from the community.

MAPA No. 1. EVENTS OF SOCIAL CONFLICT.



Source: GRID'S Territorial Observatory. ISA.

MAPA No. 2. EVENTS OF RISK TO CORPORATE REPUTATION.



Source: GRID'S Territorial Observatory. ISA.

INVESTMENT	
ISA-Region	\$1,764,819
Communications	\$1,122,432
Education	\$606,400
CSR and Human Rights	\$187,333
Coexistence and management on surrounding	\$561,089
Environmental	\$143,399
TOTAL	\$4,385,473

Social investment in the territories is made through public and private partnerships where we jointly manage projects and programs that contribute to the three purposes of mankind: Achievement of Millenium Development Goals, UN Global Compact and Adaptation to climate change. These expectations are locally managed by working on six fronts: education, fighting poverty, climate change, institutional strengthening, Human Rights and Communication.

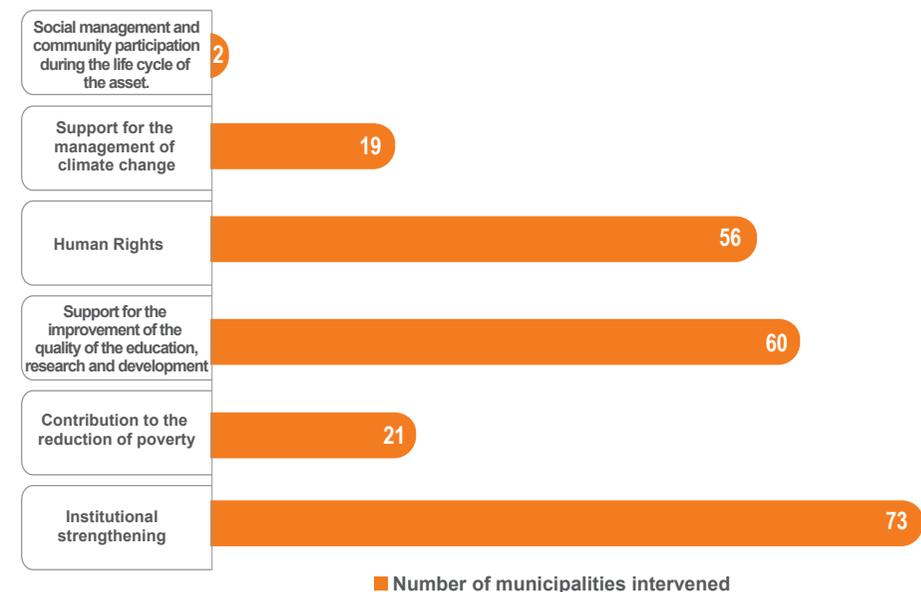
Leveraging and prioritization

ISA's presence with social investment in the territories is prioritized taking into account variables such as: area of influence of business, viability index of municipalities and monitoring of surroundings. This coverage achieved greater reach through partnerships established. In this sense, such a presence responds to three considerations:

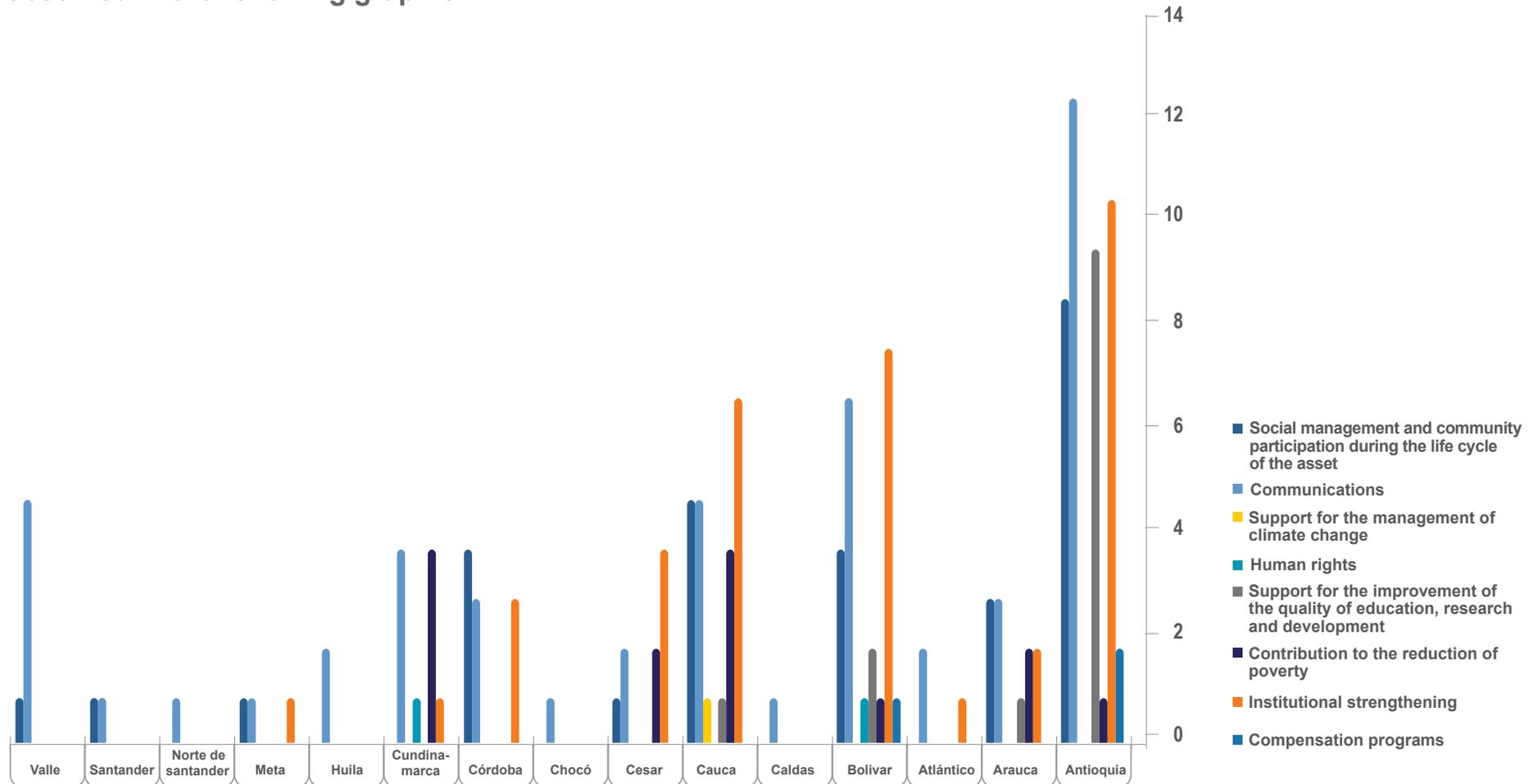
- According to the analysis of surroundings, 53 municipalities have priority, where investment is strategic considering that they have low viability index according to the variables set in the Grid's Territorial Observatory.
- 82 long- and medium-term private-public partnerships were established with entities that, besides sharing common goals and approaches on the lines of management, are present at areas of influence of ISA.
- Another way to expand the presence and optimize investment is through the coverage held by partners, beyond the area of influence of business. During the term of this report, ISA worked with 73 additional municipalities.

The results show that ISA, with some of its subsidiaries, operates in 398 municipalities and was able to intervene, with social investment, a total of 232 of them, which represents a coverage of 58.2%

NUMBER OF MUNICIPALITIES INVOLVED

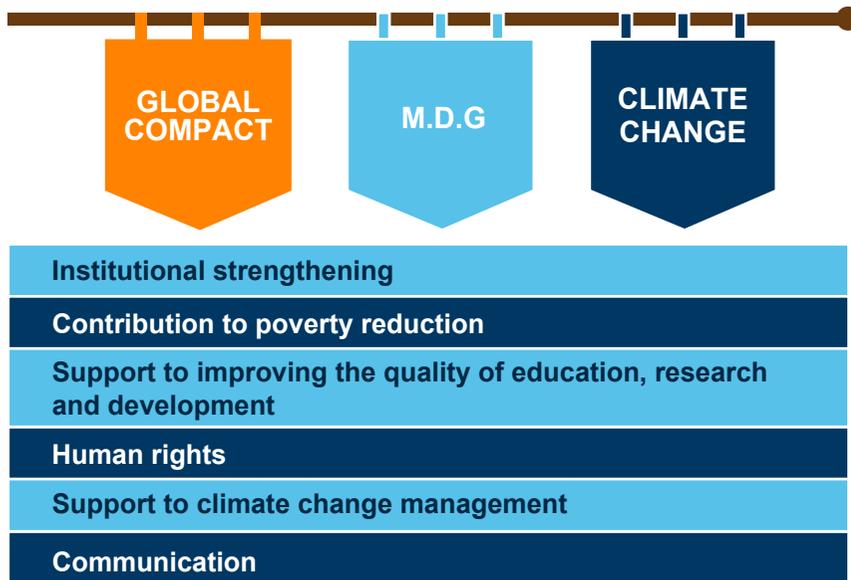


The results of investment by line are observed in the following graphic:



Results of the social and environmental Model of ISA and its companies

Social and environmental management of surroundings



Human Rights



In 2005, we adopted the Global Compact that provides specific guidelines to companies for becoming increasingly proactive in the respect and promotion of Human Rights.

In compliance with this commitment, at ISA we manage promotion actions from different areas to diverse scales and scopes: activities addressed to ensure the corporate philosophy of respecting Rights within the Business security strategy; in turn, under our social management, we make disclosures and encourage citizens to demand guarantees and compliance by the State.

ISA has set in place the Declaration on Commitment to Human Rights, through which it expresses its will of compliance with and strategy to implement UN's Guiding Principles to "protect, respect and remedy".

Thanks to these Principles, we were able to close the gap identified in the referencing made in 2011 compared with ISO 26000, in connection with the promotion and impact in the value chain, also making progress with our employees and suppliers.

Relationship with external entities

As member of the Mining and Energy Committee (Comité Minero Energético, CME) on Security and Human Rights, ISA participated in all the meetings convened and is part of the working groups and forces and Companies, Contractors and Relationship with Civil Society Organizations.

As a result of these meetings, the CME issued and updated documents on security and Human Rights on topics such as: Risk Analysis, prevention of the risk of extortion and kidnapping and support to the Comprehensive Policy on Human Rights and International Humanitarian Law of the Ministry of National Defense, use of emblems of the International Red Cross, among others.

As part of the promotion and respect for Human Rights, ISA and the Ministry of National Defense continued with the interagency cooperation agreement, whereby it has been possible to contribute to the welfare of soldiers and the training and development of strategies on promotion, respect and protection of Human Rights and the environment among the members of the National Army. This agreement benefited units from Divisions II, III, V and VII.

Promotion of Human Rights in the context of social management

The partnerships set by ISA with the Peace and Development Programs -PDP- have been used to encourage processes for the promotion, training and regional dialogue around the issues of Human Rights and the search for options that encourage peaceful coexistence and exercise of citizen rights and duties, ensuring the construction of conditions of sustainable human development. The partnerships with PDP of Central Magdalena and Eastern Antioquia stand out for this purpose, whereby the following actions have been implemented:

Central Magdalena	Eastern Antioquia – PRODEPAZ Actions proposed in the table of Human Rights and humanitarian protection of Eastern Antioquia.
<p>Three days of work in Human Rights and International Humanitarian Law, IHL, in the municipalities of Puerto Triunfo (Antioquia), Marulanda (Caldas) and Puerto Boyacá (Boyacá).</p> <p>85 participants in the different days (civil servants, army, police, INPEC, teachers, leaders of the working sub-tables, among others.)</p> <p>Three workshops on Human Rights addressed to the members of the Territorial Planning Councils (Consejos Territoriales de Planeación, CTP).</p> <p>Apersonémonos de la Democracia Program: workshops to students from student councils of schools from the region.</p> <p>Politeia: workshops in the various groups in context on grounds of Human Rights and IHL.</p>	<p>Initial agreements for the start of the Territorial Strategic Process for Human Rights operated by the Universidad Católica de Oriente.</p> <p>Prioritization of regional issues on Human Rights with NGOs for the Human Rights National Conference.</p> <p>Characterization of the Human Rights table under such dimensions proposed by Prodepa.</p> <p>Joint discussion with the planning Territorial Strategic Process –PET- to analyze the impacts of mining and land use in the region.</p> <p>Coordination with childhood and adolescence network for analyzing youth homicide in the highlands.</p> <p>Analysis of impacts of central and micro central projects in the region.</p> <p>In synergy with the direction of Human Rights of the Government of Antioquia, training to member organizations of the Human Rights table.</p> <p>PET Support for Human Rights and Political Subject tables for performing decentralized work tables in the municipalities of Guarne and Marinilla.</p>

Contribution to poverty reduction

The contribution to reduce poverty is one of the fronts we are proposing to achieve the Millenium Development Goals -MDG-.

We perform this action specifically and intentionally in partnership with the UNDP; however, we set other partnerships for this effect, supporting productive processes with social inclusión and equality.

Results of partnership with UNDP

Follow up to compliance with the country's goals regarding the Millennium Development Goals -MDGs -.

In 2012 the management was aimed at tracking priority projects during 2011 in four departments: Cundinamarca, Cesar, Santander and Cauca, with the following results:

In Cundinamarca, in the municipality of Ubalá, the monitoring of the coffee renovation project produced the following results:

(*) MAF methodology (acceleration of the MDGs) to identify the bottlenecks that prevent the achievement of goals and accelerate their attainment.

Before the MAF (*)	After the MAF
11,5 hectares of old crops	86 hectares of renewed coffee plantations
30 producers	120 producers
0 credits	30 credits approved
	10 families displaced by the conflict have returned to their lands. Implementation of coffee markets Inclusion of contributions from municipality in the 2012-2015 Development Plan Mobilization of additional resources, providing sustainability to the process.

In Cesar, in the municipalities of La Gloria and Chimichagua, housing projects had difficulties in legal, technical and financial viability, so they were not carried out.

It is noted that in the departments of Santander and Cauca the projects achieved continuity, thanks to sustainability actions generated under the agreement between ISA and UNDP during 2010 - 2011, taking into account that no ISA resources were applied during 2012.

Inclusive Economic Development Program

Through the Inclusive Economic Development Program, it was possible to generate impact in 2 municipalities of Eastern Antioquia: Sonsón and San Francisco, as follows:

- An inclusive business focused on the provision of products or services related to the value chain of identified and selected companies.
- Support and technical assistance to the actors involved in the implementation of the inclusive business.
- Participation of 70 farmers.
- An anchor company.
- Baseline of 70 productive units of farmers.

Results of partnership with Fundación Juanfe

Under the Primipara Adolescent Mothers Program in Cartagena, ISA and TRANSELCA, in cooperation with Fundación Juan Felipe Gomez Escobar -Juanfe-, support a program started ten

years ago to promote the rights of Afro-descendant teenage mothers and provide them with access to health services in order to reduce maternal mortality rates and adequate sanitation. Annually, this program benefits 360 mothers between 14 and 19 years old, first-time pregnant and/or lactating women with low levels of education living under extreme poverty in the city of Cartagena. The girls receive psychosocial support to build a life project and training in productive activities. This second component uses the resources provided by ISA and TRANSELCA as follows:

- 180 of the 360 teenage mothers are supported with the resources of the agreement.
- 80% of the districts are located in the area of influence of El Bosque project.
- 82 young females receive birth control assistance.
- Five days of violence prevention.
- 40 hours of training on sexual and reproductive rights.

- 20 hours of training in Human Rights.
- 40 hours of training in Project of Life.
- 180 hours of job training (beauty, jewelry, cooking, dressmaking).
- 40 hours of training in entrepreneurship.
- Of the 180 women, 41 received education to finish high school.

Productive projects in Porce

In 2012, in the vicinity of substation Porce III, ISA supported the organizational process of villages La Casita and Montefrío in the municipality of Anorí, around the identification, formulation and community implementation of a productive project for each village, in order to improve the living conditions of families and ensure their stay in the territory.

The project, proposed in phases, was implemented in the organization and identification components, in partnership with Corporation Prodepaz and its component of technical formulation and implementation, in its first phase, by the Colombian Network of Biological Agriculture (Red Colombiana de Agricultura Biológica, RECAB).

The most significant results of this effort are:

- Assistance in productive initiatives in the organization of communities in the villages of La Casita and Montefrío.
- Participatory identification of coffee production lines and pastures in La Casita, and the beginning of the establishment of 20 orchards.
- Participatory identification of pig production lines, bio-digester and composting, and the implementation of a community orchard.
- 22 of the 76 projected families, began the implementation process of orchards.
- 115 people participated in the training workshops.

The process in these two communities is a priority for ISA and its purpose is to invest in their continuity during 2013, supporting the management for leverage by other entities in the territory, as the municipal government.

Productive project in Arauca

In partnership with Fundación El Caraván, ISA supports rural communities in Arauca to develop productive chain projects in line with the region's livestock activity.

In 2012, as part of this partnership, ISA accompanied the Cattlemen's Association of Panamá de Arauca, in the municipality of Arauquita, by generating individual and collective capacities for empowerment and leadership of the different population groups linked to the livestock activity, led by the Milk Collection center of this town.

The project was developed in El Rosal, with participation of 107 people: 35 home-based women, 30 directly associated producers and 42 young children of associated producers, all linked directly or indirectly to the Cattlemen's Association of Panamá de Arauca from villages: Panamá de Arauca, El Rosal, Vista Hermosa, Los Colonos, Coño Salas, San Juan de Reinera, Santa Clara, Los Almendros, Gaviotas del Caranal, Fundadores, El Futuro, Santa Isabel, El Paraíso, Los Almendros and La Gloria.

Vallenpaz Partnership

As part of this partnership, ISA contributed to poverty reduction in the department of Cauca in three municipalities: Caldonó, Cajibío and Piendamó, through the following actions:

- Organizational strengthening of rural communities, by increasing the productivity of agricultural crops such as coffee, cassava, plantain, among others.
- Nine organizations from the three municipalities, were accompanied by a comprehensive monitoring of projects.
- 166 beneficiaries participated in training in self-management, strengthening each of the organizations, developing work plans and training on citizen participation.

Alianza Programa de Desarrollo y Paz del Cesar

The agreement with the Peace and Development Program of Cesar allowed achieving the strategy for comprehensive support to communities. The case of Curumaní stands out, in which 18 women heads of household, members of the Afro-descendent Association of Agricultural Entrepreneur Women of Sabana Grande -Asameas-, achieved a strengthened production unit for raising and selling chickens and eggs.

This action results in the generation of income for women joining the association; this process allowed creating new partnerships with other entities such as Ecopetrol and the Municipal Government, this way materializing for Asameas the implementation of an initial phase of production and marketing of chicken and eggs.

Today, the Association has a shed for 2,200 chickens and one with capacity for 2,000 broilers.

In Chiriguaná, 52 families gathered in Asoproasi, Association of Small Afro Landless Producers, from La Sierra and village Anima, who managed to strengthen the economic activity of production and marketing of plantain for revenue generation of these families, with a capacity of planting 20,000 suckers.

En palabras del director de la Corporación Desarrollo y Paz del Cesar “ Para el PDP Cesar e ISA, ésta labor ha sido fuente de aprendizaje. Lo avanzado hasta ahora permite definir la ruta metodológica para el acompañamiento a otras comunidades en el departamento del Cesar, en aras de lograr su articulación a dinámicas de desarrollo local y regional para la superación de la pobreza ”

said Canchila Castro and added that now actions will take place with the communities of Soledad and Guacochito of the

municipalities of Chimichagua and Valledupar, respectively. “These Communities reflect great willingness and openness to this possibility of exchange, not only with the PDP Cesar team, but also with the initially accompanied communities.”

Support to improving the quality of education, research and development

Under this management front, we have consolidated a nationwide program called Educational Transformation for Life. Since its inception in 2008, we have improved the quality of education in 190 schools from four departments of Colombia: Antioquia, Bolívar, Cauca and Nariño.

By the end of 2012, we arrived with the program to the department of Arauca to five rural schools, located in the influence area of ISA. With this program, carried out with Foundation Antonio Restrepo Barco-our partner expert in education- we intend improving the quality of life of communities where we are present. By replicating this program, we expect to progressively expand in dialogue with other educational experiences in the country.

Educational Transformation for Life Program

In 2012, we completed a new cohort of schools ending the four-phase program. Work was performed in 72 educational institutions located in 14 municipalities of 4 departments. 764 teachers, 20,242 boys, girls and teenagers; 14 mayors and 14 municipal education secretaries, 3 secretaries of department education, one indigenous council and 1 Peace and Development Program -PDP-, participated in the program.

- 72 Educational Improvement Plans (Planes de Mejoramiento Educativo, PEM), 5 PEM were completed and 1 is under construction.
- 59 diagnoses of replicating schools. The program is implemented in schools located in the area of influence of the Company; its methodology allows the transfer and replication in other schools, where local authorities decide to commit themselves with the comprehensive quality model being promoted.
- 7 strategic partners.
- Quality Improvement: The consolidated change rate, nationwide, in the four dimensions of educational quality management: participatory assessment, training, transformation, support, monitoring and evaluation, is 15%.

In 2012, this program was extended to the department of Arauca. For seven years ISA has contributed to improving the quality of life of this department through productive projects.

In the last quarter of 2012, Phase 1 - Diagnosis, of the Educational Transformation for Life Program began in Arauquita, with Fundación Restrepo Barco and Fundación El Alcaraván.

The four phases of the program in Arauquita schools are performed in the following timeline:

Phase 1	Phase 2	Phase 3	Phase 4
Diagnosis	Formation – Transformation	Support and Tracking	Evaluation
3 months	5 months	4 months	3 months
November - December - January 2012	February-March-April-May-June 2013	July-August-September-October	October-November-December



The support is provided to five schools from the rural area of the municipality of Arauquita: La Pesquera, Los Fundadores, Los Colonos, San Juan de Reineria and Mata Oscura. An integrated work is performed therein, covering 399 children and 19 teachers.

Ser + maestro

In partnership with Proantioquia, the program has two teacher training routes, one for skills development of BEING (Biocoaching, Interpersonal Communication) and second powers of DOING, school and project management. In 2012, the program covered 5 municipalities, 46 educational institutions and 200 teachers.

6 municipalities, 40 educational institutions and 75 teachers joined the Educational Transformation for Life program. The methodological strategy of the program is B-learning: attendance + bimodal distance education (textual + virtual).

ISA Scholarship

The ISA – Universidad Nacional agreement closes its 2008-2012 cycle, a chapter that was built to diversify the research lines and training opportunities giving possibilities in the master's degrees in environment and development, in computers with emphasis on operation research and specialization in energy markets.

This cycle ends with significant achievements, finishing with 31 scholarship students with a contribution of COP 328,373,369 million, more than 19 research projects funded by COP 598,745,500 million. These projects enabled among other results: the completion of 12 Master's thesis, a final specialization work, two undergraduate thesis, two publications in refereed journals and one participation in international seminar.

A solid academic link stands out, established through the interaction of ISA's Coordinating Committee and the UN, who worked for assertive generation of research products applicable to specific problems of the power sector.

Support to climate change management

Contribution to climate change mitigation involves a responsible business action and adjustment through partnerships that reinforce the efforts. Under this approach, concurrently with the vulnerability studies on the subbasin of River Molino in Popayan, we encourage and promote good practices in the electric sector through the ISA Award granted in the Ventures contest.

Methodology for vulnerability participation analysis in Popayán

In 2012, ISA established partnership with the Foundation Procuencia Rio Las Piedras y Ecohabitat to support the continued replication stage of the methodology and the lessons learned in the study conducted by the Foundation and UNDP in 2011. The study was based on risk reduction of sliding in the upper basin of Cauca river and development of a pilot participatory vulnerability analysis in Subcuenca Molina, in Popayan, Department of Cauca.

Significant achievements:

Identification of 18 critical points and adaptation measures:

- Two control interventions on landslide phenomena.

- One handling of stormwater.
- One construction of surface containment structures.

This accompaniment is significant for ISA to adopt and replicate the lessons of this methodology in the management of its assets.

ISA special award, Ventures contest.



Over a thousand entrepreneurs registered. Ventures contest is the main entrepreneurship contest in the country and one of the most important programs of Ventures Corporation. It was nine months of work, two phases of training, a month of counseling and four filters of assessment with experts on the different topics of the competition.

Throughout the year, the participating entrepreneurs structured and strengthened their business proposals under sustainability and impact scenarios, following new methodologies and specialized training for the competition.

ISA awarded the special prize for “energy efficiency and climate change,” which implies that entrepreneurs present projects that reduce, neutralize and offset climate change. The awards ceremony was held in Bogota on November 14, 2012.

The winning proposals were:

FIRST PLACE SMART IRRIGATION	SECOND PLACE HIBRI-2 SAS.
<p>Provides a set of wireless solutions in automation, in this case applied to intelligent networks for agricultural systems, such as irrigation and monitoring, that simplify the work of the farmers, optimize production quality and save up to 35% water and energy. It offers a comprehensive management of information and enables Colombian agriculture to be competitive with international standards.</p>	<p>Provides automotive counseling and services for fuel-saving, improve vehicle power and encourage environmental stewardship. It offers personalized guidance and products. It has a technical and human team, equipped with the best tools to provide excellent service and efficiency in solving problems and improving vehicles.</p>

Strengthening community-based organizations

We support the strengthening of community organizations to generate capacities for participation, social control, land use planning, among other key aspects to create favorable conditions to build sustainable development.

Results of management in strengthening social, local and regional organizations

In 2012, ISA continued supporting organizations through partnerships with the Peace and Development Programs -PDP-, and supported the creation and strengthening of new programs. The above, in order to contribute to technical, administrative, financial and political capacities in social organizations to strengthen and qualify their participation, obtaining results that impact public policies in the development of their territories and therefore in the improvement of their living conditions.

Based on this approach, the PDP carry out various methodologies for community empowerment as a strategic management front and share the same commitment to ISA of achieving transformations from the base, so that initiatives arising from the processes are sustainable in the long term.

These methodologies, address organizational processes in the territories at the household level, organizations, workshops and networking spaces from which the country's interests are articulated and planned.

A significant milestone was reached in Porce, thanks to the creation of three tables for Development and Peace, in partnership with Corporación Prodepaz.

Relevant actions	Achievements
<ul style="list-style-type: none"> ■ Methodology for strengthening community participation: baseline measurement; identifying initiatives, modeling, execution, monitoring. ■ Coverage: in three municipalities: Anorí, Guadalupe, Amalfi ■ Strengthened organizations: three tables created. ■ Beneficiaries: 131 ■ Training: 15 ■ Rating: two per municipality. ■ Technical visits. 12 	<ul style="list-style-type: none"> ■ Identification and activation of community leaders. ■ Coordination of actors and inter-institutional relations. ■ Exchange of experience East - North East. ■ Creation of three development boards ■ Proposal of subregional board. ■ Identification and development of community strengthening initiatives. ■ Enabling local and subregional processes with municipal leadership. ■ Development of communication strategy.

Comunication

Communication is a transverse line to the other lines of our model management. During 2012, in addition to direct actions for disclosure, relationship and education through our institutional media, we strengthened this component in the partnerships in order to ensure the visibility of the results of the projects, so that they are recognized as capabilities that the Territory is strengthening for its development. Also, it is intended to evidence the joint efforts of private, public and community as an essential relationship to achieve sustainability of the projects.

Although this approach is underlying to all projects, it is worth to be noted the management carried out since 2007, through the agreement we have with the Regional Indigenous Council of Cauca –CRIC- to support the communication processes, institutional strengthening and defense of Human Rights developed by indigenous communities that have a presence in the department of Cauca.

The results of this management have been highly significant, due to the organizational capacity of indigenous communities, achieving the harmonization of ten communication groups existing in this department. Their technical improvement and formation on regulatory matters on the right to communication and information have led to building a proposal for a public policy on indigenous communication led by CRIC, an organization recognized as traditional authority of indigenous people of Cauca, that gathers over 90% of indigenous communities of the department, present in nine strategic zones where ethnic groups Nasa, Guambiano, Kokonuko and Totoró live.

Results of communication line:

Timely provide public interest information

ISA advanced in the definition and implementation of guidelines standardizing communication processes that facilitate the understanding of its nature and business between the different stakeholders, and streamline the production of public interest information through conventional media and social networks.

To give continuity to the early structured positioning campaigns and better communicate the general society about what ISA does, the 2012 positioning campaign sought to better explain the business, generate greater closeness and increase awareness on the Company in key targets.

Considering ISA's business dynamics, the changing environments in which its management develops, and the high sensitivity around impacts associated with infrastructure projects, risk exposure that compromised corporate reputation was increased in the former period. To follow up this dynamic and implement actions to protect this resource, ISA and its companies permanently monitored the perceptions of opinion leaders, media and the general public. This work was complemented by the internal display and updating of the Communication Manual to Mitigate Risk and Reputational Crises.

The Communication Line for the Road Concessions Business was concluded in this period, and managers of subsidiaries and affiliates were trained as corporate spokesmen, initiatives aimed at strengthening institutional messages that result in reducing gaps between what the Company says and that perceived by its key targets.

In parallel, ISA strengthened its presence in specialized groups of communication, through which it shared practices and led proposals that benefit its own and the Sector's interests. In this sense, it is to be highlighted the initiatives undertaken in the Chamber of Communications and CSR of ANDESCO, the Communications Group of the National Operation Council, the Corporate Reputation Group and the Communications Committee of ISA and its companies.

After a diagnosis of such social networks that have greater reach and influence among its stakeholders, ISA dabbled in Twitter (@ISA_Avanza), LinkedIn (Interconexión Eléctrica S.A.), Facebook (ISA Avanza) and YouTube (Channel ISA Avanza), with highly satisfactory results in terms of contacts and interactions.

As for the dissemination of information related to the provision of the energy transmission service, it is worth noting that the power outages scheduled for maintenance or resulting from attacks on infrastructure were timely informed to those affected. Also, ISA kept available and updated information associated with the attacks on its grid, in its website www.isa.com.co, considering the situation as a matter of public interest.

Media plan for institutional release

- 196 informative impacts through various institutional media and certain specialized media noticed CSR management with emphasis on management of stakeholder society.
- 112 messages in social networks (twitter).
- 17 educational communication activities to promote and share topics of interest related to the online course on Human Rights, Dialogues with stakeholders, socialization and communication strategy with partners, socialization of projects for institutional articulation.
- Two campaigns: Human Rights and Corporate Social Responsibility (Dialogues).

<p>ISA connects regions program (ISA conecta regions)</p>	<ul style="list-style-type: none"> ■ Publicize the program through 24 community radio stations and 10 indigenous stations of Cauca to replicate the program in the region through an agreement with CRIC. ■ Coverage of the program: 229 municipalities covered by the radio program altogether. ■ The topics covered were: Community Radio / Relationship between radio and energy; Christmas and energy/ Security Recommendations on the infrastructure at the end of the year.
<p>Agreement with CRIC</p>	<p>This agreement seeks to combine resources to develop communication strategies for indigenous peoples, as a tools for development, autonomy and peace building, which contribute to the social viability of ISA's projects.</p> <ul style="list-style-type: none"> ■ The CRIC presented the work plan for the implementation of the proposal and progress of the design to link ten (10) indigenous stations of Cauca and the results of three (3) mingas of thought, with respective records of attendance and photographs. The mingas are training forums for different groups of communication on issues that contribute to the knowledge of different communication aspects, the right to information, knowledge of the culture and life plan of Cauca indigenous people.

Continued on next page

<p>Aprendamos con Eloísa Latorre School Kits</p>	<p>For 17 years, the start of school classes in rural schools has been supported to promote, by providing school kits, retention and inclusion in the school system of children between first and fifth grades of elementary school, where the Company is present through substations. This management allows direct relationship with communities to address issues related to the rights and best practices for coexistence with ISA's infrastructure. This year attention was performed as follows:</p> <ul style="list-style-type: none"> ■ 44 substations. ■ 264 educational institutions. ■ 28.584 school kits provided. ■ 53 municipalities.
<p>Supporting events</p>	<ul style="list-style-type: none"> ■ International Event Urban Environments: Changing cities-transforming landscapes, Medellin, October 25-26, 2012, organized by Universidad EAFIT and Fulbright Colombia. ■ V Congress of the Environment "Green economy: entrepreneurial strategic realignment", Bogota October 9, 2012, organized by Center for Sustainable Development Studies -CEID-. ■ Publication of advertising in the magazine "Woman: wake-up, you have rights", December 2012, organized by Desarrollo Social S.A. ■ XIV National Congress of Anthropology, October 24 - 26, 2012, Medellin, organizer: Universidad de Antioquia. ■ Celebration of the 10th anniversary of REDprodepaz and launch of the social label, Bogota December 5, 2012, organized by REDprodepaz. ■ National Indigenous Communication Forum, Popayan November 28-30, 2012, organized by the Regional Indigenous Council of Cauca.

RESULTS FOR EACH LINE			
Human Rights	Support to climate change management	Social management and community participation (Active)	Communication
<ul style="list-style-type: none"> ■ 55 municipalities involved, 8 from the area of influence of CTE Center, 1 ICP, 31 CTE Northwest, 10 CTE East, 2 CTE Southwest, 3 (unclassified). ■ 6 partners. ■ Zero Events of infringement caused by the business. ■ 3,288 sensitized people. ■ 76 Promotional activities undertaken. ■ Monitoring suppliers (% Compliance with contractual clause): No report. ■ Respect for Human Rights (# ISA Projects with risk analysis): No report. 	<ul style="list-style-type: none"> ■ 20 municipalities involved, 6 in the area of influence of the CTE center, 3 CTE Northwest, 2 CTE East, 5 CTE Southwest, 2 INTERNEXA, 2 TRANSELCA). ■ One partner. ■ 20 strategies for adaptation to climate change through risk management. 	<ul style="list-style-type: none"> ■ 100% of complaints and claims attended ■ Eight coexistence initiatives executed according to the observatory alerts in the municipalities of Herveo, Montelibano, Puerto Berrio, Campamento, Buga, Anori, Cali, Valledupar. 	<ul style="list-style-type: none"> ■ 140 municipalities involved. ■ Two partners. ■ 334 communications sent. ■ 95 deliveries of information material. ■ 23 rounds completed ■ 6,716 radio broadcasts made. ■ Others: No report.

Institutional strengthening *	Contribution to overcome poverty	Support to quality of education
<ul style="list-style-type: none"> ■ 101 municipalities involved, one in the area of influence of the CTE Central, 11 CTE Northwest, 13 CTE East, 14 CTE southwest, 4 in others. ■ 16 partners. ■ 180 strengthened organizations (public, community, PDP) ■ 53 Planning Tools (PDD, PDM Fiscal Framework, PEM) ■ 1,542 participants in political and democratic formation processes. <p>*These results reflect institutional strengthening management reported in management with stakeholder society and State.</p>	<ul style="list-style-type: none"> ■ 30 municipalities involved, one in the area of influence of the CTE Central, 11 CTE Northwest, 9 CTE East, 3 CTE Southwest, 2 in others. ■ 10 partners. ■ 100 people with decent jobs. ■ 13 solar / orchards installed. ■ 270 people (Benefited with the food security program). ■ 682 people benefited from production projects. ■ 2% increase in earnings of participants (Valleparaiso). ■ 447 beneficiaries (inclusive business strategy). 	<ul style="list-style-type: none"> ■ 69 municipalities involved, 24 in the area of influence of the CTE Northwest, 16 CTE East, 16 CTE Southwest, 13 CTE Central. ■ 3 partners. ■ In the Program Educational Transformation for Life: 24 municipalities in five departments (Antioquia, Cauca, Nariño, Bolivar, Cesar). 11 in the area of influence of CTE Northwest, 8 CTE East, five CTE Southwest. ■ 14% rate increase in quality of education. ■ 298 educational institutions. ■ 65,464 benefited children students. ■ 2036 qualified teachers. ■ 271 institutional improvement plans. ■ Program Eloísa la Torre: 28,584 deliveries of educational materials (school kits), with the same number of children benefited, in 53 municipalities, 17 in the area of influence of the CTE Northwest, 13 CTE East, 13 CTE Southwest, 10 CTE Center. ■ Two Investigations made and systematized.

State



In addition to rigorous compliance with regulations inherent to the Company's activities, our social management works for institutional strengthening in two levels: with public administration and community-based social organizations.

Respect and promote the Rule of Law

ISA views the State as the set of institutions responsible for ensuring the rights of the people, ensuring the public interest and protecting public property. In addition to meeting the obligations to the State, the Company contributes to the strengthening of the institutions through agreements with public and private entities, seeking to improve governance and raise awareness in population about the proper use of natural resources and coexistence with infrastructure in the municipalities in their areas of influence.

Objectives and challenges

ISA's relationship with the State is based on the constitutional principle that the State must ensure the efficient delivery of utilities to the people of the country. To fulfill this purpose, the State reserves the regulation, control and monitoring of these utilities.

ISA respects and promotes the Rule of Law:

- Strict compliance with the law (compliance with regulations).
- Provision of timely information.
- Institutional Relationship.
- Institutional strengthening.

One of the challenges for 2012 was further the consolidation of the institutional strengthening program, by supporting local governments and grassroots organizations. This Report shows significant progress in this area, and the same challenge is posed for during 2013; it is necessary to have more results that will address the indicators present in the Model for Social Management in the line of institutional strengthening.

Institutional strengthening

Thanks to the information supplied by the Territorial Observatory of the Grid, the following is the consolidated data:

- Presence in 101 municipalities: One in the area of influence of the Energy Transmission Center (Centro de Transmisión de Energía, CTE) - Center, 11 in CTE Northwest, 13 in CTE East, 14 in CTE Southwest and four in other municipalities.
- Management performed through 16 partners.
- Strengthened organizations: 180, public, community, PDP.
- Planning tools: 53, Department Development Plan, Municipal Development Plan, Fiscal Framework, Municipal Education Plan).

- People participating in political and democratic formation processes: 1,542.

Results of strengthening local public administrations

ISA established a framework agreement with the Department of National Planning -DNP- to join forces in order to strengthen the institutional capacities of municipal governments in the area of influence of the project to improve its overall and fiscal performance indicators. For the launch in 2012, a pilot project was defined to increase the institutional capacity of the municipalities in the subregion of Bajo Cauca in Antioquia, to enhance their development as territorial entities and achieve good governance in public management, through technical assistance to elected mayors and their teams, in the use of tools to plan, execute and track management. To advance this work, it had the logistic support of Corporación para la Participación y la Ciudadanía -CON-CIUDADANÍA-, with the following results:

- Methodology implemented: workshops – in-field technical advice and online counseling.
- Coverage: six municipalities Bajo Cauca: Caucasia, Taraza, El Bagre, Nechí Cáceres, Zaragoza.
- Strengthened organizations: Six municipal administrations.
- Trained people: 128 in workshops, 225 in technical assistance.
- Induction to candidates – government programs
- Handover process.
- Development plan and indicative plan.
- FUT – SICEP information report.
- Medium-term fiscal framework and budget.
- Additional workshops: action plan, General System of Royalties -SGR-, Adjusted General Methodology -MGA- and projects.

TOTAL BENEFICIARIES	
Municipality	Number of beneficiaries
Cáceres	17
Caucasia	25
El Bagre	26
Nechí	15
Tarazá	21
Zaragoza	24
Total	128

IN-FIELD TECHNICAL ASSISTANCE								
Municipality	Splicing	Development Plan	SICE P FUT	Action plans	Projects and MGA	MFMP	2013 Budget	Total and visits per Municipality
Cáceres	1	0	1	1	2	2	1	8
Caucasia	1	1	3	3	1	1	2	12
El Bagre	2	2	1	1	1	2	0	9
Nechí	1	3	1	1	2	1	1	10
Tarazá	1	1	2	2	1	2	0	9
Zaragoza	2	2	1	1	1	2	2	11
Total of visits in the subregion								59

IN-FIELD TECHNICAL ASSISTANCE								
Municipality	Splicing	Development Plan	SICE P FUT	Action plans	Projects and MGA	MFMP	2013 Budget	Total and visits per Municipality
Cáceres	7	0	4	3	1	5	1	21
Caucasia	5	12	4	14	3	4	1	43
El Bagre	15	14	6	5	3	3	0	46
Nechí	8	9	5	5	6	4	1	38
Tarazá	11	6	5	4	2	3	0	31
Zaragoza	12	12	8	5	1	4	4	46
Total supports by officers								225

Achievements

- Planning tools prepared: six diagnoses, six development plans, six fiscal frameworks, six municipal budgets, six action plans and reports.
- Exchange of experiences between theory, regulations, day-to-day tasks of administrations and the context of the region. Map of actors.
- Coordination of joint actions for improvement of processes and sharing of best practices.
- Awareness of the relationship between the development plan, the budget and the appropriate report as strategy of the senior management in public administration.
- The development plan for Amalfi was included among the top five of the country and the best of Antioquia.
- The fiscal performance index reported an improvement in the municipalities of Cáceres, Caucasia, El Bagre and Zaragoza.

FISCAL PERFORMANCE					
Municipality	2011 Indicator	2010 Indicator	Indicator Difference	2011 nationwide position	2010 nationwide position
Cáceres	63,7	61,5	2,2	725	810
Caucasia	72,1	71,7	0,5	253	304
El Bagre	68	63,3	4,7	467	714
Nechí	65,2	67,5	-2,3	618	463
Tarazá	52,5	66,4	-13,9	1.045	521
Zaragoza	71,3	53	18,3	298	1.061

The overall performance index reported improvement in Caucasia and el Bagre.

OVERALL PERFORMANCE					
Municipality	2011 Indicator	2010 Indicator	Indicator Difference	2011 nationwide position	2010 nationwide position
Cáceres	58,35	69,26	-10,9	504	477
Caucasia	77,54	72,41	5,1	142	363
El Bagre	62,02	59,15	2,9	457	760
Nechí	58,72	60,87	-2,2	786	736
Tarazá	43,49	62,13	-18,6	972	702
Zaragoza	48,69	66,22	-17,5	906	587

Impact on public policy for achievement of the Millennium Development Goals -MDG-

In partnership with the United Nations Program for Development -UNDP-, we worked in order to achieve the inclusion of the Millennium Development Goals -MDGs- in municipal planning exercises, with the following results:

- Information gathering and publication of the baseline on the progress of the MDGs in the departments of Bolívar and Córdoba and the municipalities of Santa Marta, Cartagena and Valledupar.
- Inclusion of the MDGs in the formulation of four development plans: two departmental in Bolívar and Córdoba and two municipal in Santa Marta and Valledupar.
- This management comprised the baseline presentation to the incoming government teams, headed by their governors and mayors. The inclusion of the baseline and setting of targets for indicators in the 2012-2015 development plan.
- Construction began for public policy to define medium and long term strategies around less undeveloped MDG identified with high institutional participation in local and departmental levels.

Territorial Entity	Public policy
Department of Bolívar	Food Safety
Department of Córdoba	Housing Policy Food Safety Policy
Municipality of Santa Marta	District Strategy for overcoming Extreme Poverty, with articulation of all district offer and activation of equity network.
Municipality of Valledupar	Housing Policy

Since 1999 to 2012, with investment of over 6 billion pesos to support the process of institutional strengthening and territorial integration in the region of Eastern Antioquia, through Corporación Prodepaz, ISA supports over 280 projects. Through these projects, over 82 billion pesos were channelled for the territory, with cofinancing of the European Union, the National Government, the Government of Antioquia and other institutions through the II Peace Laboratory and its consolidation phase, developed through the Territorial Strategic Processes (Procesos Estratégicos Territoriales, PET).

Political and democratic training

In this component of the institutional strengthening line stands out the Politeia Program, leadership school for the Peace Development Program of Central Magdalena, which streamlines a process articulating management in 17 municipalities in four departments: Antioquia, Boyacá, Cundinamarca and Caldas. This process was consolidated in 2012 as a training forum for citizen participation and advocacy.

Main achievements:

- 255 people trained in the issues of territory, State, participatory planning and social control in order to exercise their rights and duties in public decisions.

- Capacity building for leaders of 17 municipalities of Central Magdalena region to participate, as reflected by the increase of their participation in public affairs and greater confidence to dialog with local governments.
- The approach to the procedures of public resource allocation and budget execution of its municipalities, has generated greater confidence and motivation to participate in the relevant decision-making, generating a greater oversight and empowerment for the development of its territory.

Further information

In Lower Magdalena, progress was made in consolidating the Comprehensive Citizen training School -ECI-, accompanied by the PDP in the region through the:

- Training in political, civil and social institutions to new social leaders and institutions of 10 municipalities of the region: Plato, Tenerife, Pivijay, Salamina, Pinillos, El Banco, Mompox, Pijiño del Carmen, El Peñón and Magangué.
- Documentation of the ECI experience identifying benefits, results and areas for improvement.

- Promoting advocacy spaces of the leaders in the development of municipal development plans and monitoring the commitments established.
- Evaluation with leaders benefited from the ECI to determine achievements and social, community and personal impacts and process improvement suggestions.

REPORT OF CONTROL ENTITIES	
General Accounting Office	<ul style="list-style-type: none"> ■ Annual consolidated report with chart of accounts, accounts payable movements, reciprocal operations, equity accounts, real estate, cash flow, internal control report, financial statements and notes to the financial statements. ■ Three quarterly interim reports with information for chart of accounts, accounts payable movements, reciprocal operations, equity accounts, real estate, cash flow, balance sheet and statement of financial and economic activity. ■ Two semi-annual reports to the State Delinquent Debtors Bulletin.
Comptroller General (Contraloría General de la República, CGR)	<ul style="list-style-type: none"> ■ Government auditing with comprehensive approach, carried out from January to June by CGR. ■ Annual Report on account surrendering with contract, environment, indicators, financial statements, debt and internal audit information. ■ Two reports on progress of the improvement plan. ■ Twelve reports on debt to the Unified Statistical System of Debt (Sistema Estadístico Unificado de Deuda, SEUD). ■ Four quarterly reports on ISA budget information to the Consolidating System of Finance and Public Financial Information (Sistema Consolidador de Hacienda e Información Financiera Pública, SCHIP). ■ One annual report with information of Personnel and Cost for SIDEF.
Financial Superintendence of Colombia	<ul style="list-style-type: none"> ■ Information before and after the Annual Regular Shareholders Meeting: date of the meeting and profit distribution project, and copy of the minutes of the meeting and the annual report (financial statements). ■ Twelve reports on document placement, and evolution of each issue of ISA outstanding securities standing in the primary market. ■ Annual financial report, with notes to the financial statements and report from Statutory Auditor. ■ Quarterly financial statements. ■ Relevant information in the page of the superintendence as necessary.

Continued on next page



REPORT OF CONTROL ENTITIES	
Superintendence of Domiciliary Utilities (Superintendencia de Servicios Públicos Domiciliarios, SSPD)	<ul style="list-style-type: none"> ■ Two updates of the Public Utilities Providers Record (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 financial supplementary information. ■ Report on interim financial supplementary information. ■ Annual supplementary report on billing and collection. ■ Annual administrative supplementary report. ■ Annual report on investment in infrastructure projects. ■ Presentation of the annual report and the minutes of the meeting. ■ Completion of annual survey of customer satisfaction measurement.
DANE	<ul style="list-style-type: none"> ■ Four quarterly surveys on import and export of services.
Chamber of Representatives	<ul style="list-style-type: none"> ■ Annual Report.
Ministry of Finance and Public Credit	<ul style="list-style-type: none"> ■ Four quarterly reports on stock composition and equity information.

PAYMENT OF TAXES			
Item	Millions COP		Millions COP
	2010	2011	2012
Income tax (income provision expense)	108,637	121,675	101,525
FAER contribution	48,076	52,486	54,045
Tax on Financial Transactions	1,049	3,938	3,918
Industry and Trade Tax	6,803	7,262	7,650
Estate tax	20,173	39,050	39,050
Transfer to UPME	3,178	3,283	1,936
PRONE Contribution	34,536	36,562	37,207
Fiscal Control Fee to Comptroller's Office	1,145	1,972	1,857
Contribution Superintendencies and Regulation Commissions	1,974	2,277	1,894
National stamp tax	0	0	0
Unified property tax	818	1,411	2,295
Sign and billboard tax	54	53	55
Lighting tax	630	646	676
Fire Department surcharge	142	185	191
Energy service contribution	163	191	40
Contribution on public works contracts	120	0	0
Vehicle tax	6	10	4
Disaster prevention surtax	0	0	0
Stamps	2,038	2,063	2,319
Total	229,543	273,065	254,662



Economic Performance

2012 ISA'S CASH INVESTMENTS FIGURES IN MILLIONS OF PESOS	
Assets Optimization	\$6,483
Renewal Betania S/S	\$13,046
Renewal Sub. Esmeralda, Jaguas and Yumbo 230 kV	\$ 1
Subtotal Replacement of Assets	\$19,530
Project UPME 07	\$1,220
Project El Bosque	\$52,580
Project UPME 10	\$165
Subtotal UPMES	\$53,965
Project Infantas	\$ 394
Project Caricare	\$ 24
Enlargement Substation Torca	\$ 1,300
Connection Substation Sogamoso	\$18,732
Connection substation Santa Marta 220 Kv	\$233
Enlargement Transformation 230/115 kV – 150 MVA Substation Jamondino	\$1,661
Enlargement Transf. Subs. Cerromatoso 500/110 kV	\$410
Substation Chinú	\$985
Connection Sogamoso to STN	\$650
Connection CHEC substation Purnio 230/115 kV	\$7
Enlargement S/E Guatiguará	\$1,715
Enlargement of Transformation 230/115/13.8 kV - 75 MVA in Chivor Substation	\$3,309
Subtotal Transmission Projects	\$29,420
Investment Studies	\$5,147
General Plant, Computers and others	\$23,300
Other gral. projects Plant, computers and telecom.	\$23,300
	\$131,362

* ISA cash investments

ISA'S RESULTS IN THE PERIOD (MILLIONS COP)	2012	2011	VARIATION	% VARIATION
Results				
Operating revenues	1,008,858	996,688	12,170	1.2
Operating costs and expenses	(519,678)	(518,037)	(1,641)	0.3
AOM Costs and expenses (without pensions)	(398,796)	(382,476)	(16,320)	4.3
Provisions, depreciations, amortizations and pensions	(120,882)	(135,561)	14,679	-10.8
Operating income	489,180	478,651	10,529	2.2
Non-operating result	(114,717)	(19,358)	(95,359)	-492.6
Income before taxes	374,463	459,293	(84,830)	-18.5
Income tax provision	(101,525)	(122,517)	20,992	-17.1
Net Income	272,938	336,776	(63,838)	-19
Balance				
Assets	8,912,305	9,384,833	(472,528)	-5
Liabilities	2,792,599	2,988,490	(195,891)	-6.6
Equity	6,119,706	6,396,343	(276,637)	-4.3
Indicators				
EBITDA (Millions COP)	610,062	614,212	(4,150)	-0.7
EBITDA Margin (%)	60.5	61.6		
Operating margin (%)	48.5	48		
Net margin (%)	27.1	33.8		
Return on Assets (%)	3.1	3.6		
Return on Equity (%)	4.5	5.3		
Indebtedness (%)	31.3	31.8		
Net debt / EBITDA (times)	1.95	2.31		
EBITDA / Interest (times)	4.28	5.26		

Shareholders



During 2012, the shareholders' assistance center recorded an average service level of 99%, showing a total for the whole year of 29,355 contacts. The shareholders' toll-free line received 85.34% of the requirements through the Call Center and its shareholders' toll-free assistance line (25,053 calls), which were attended with an average service level of 95%.

61.58% of shares belong to State shareholders, including the Nation (51.41%) and Empresas Públicas de Medellín -EPM- (10.17%). Private and public capital companies include Empresa de Energía de Bogotá -EEB- (1.67%) and Ecopetrol (5.32%).

The remaining 31.44% (floating) belongs to the private shareholders and investors, including the following rankings by category: institutional investors (19.03%), individuals (6.67%), corporate entities (1.59%), foreign investors (4.08%), and ISA Level 1 ADR Program (0.07%).

The outstanding shares are common, registered and dematerialized. The central securities depository of Colombia -DECEVALSA- is the entity that receives the securities in deposit for management and custody helping to facilitate and streamline the operations of the market players.

At the end of December 2012, the Company had 30,091 ADRs, which are traded in NASDAQ's Over-the-Counter market -OTC- equal to 752,275 shares (One ADR represents 25 shares of ISA).

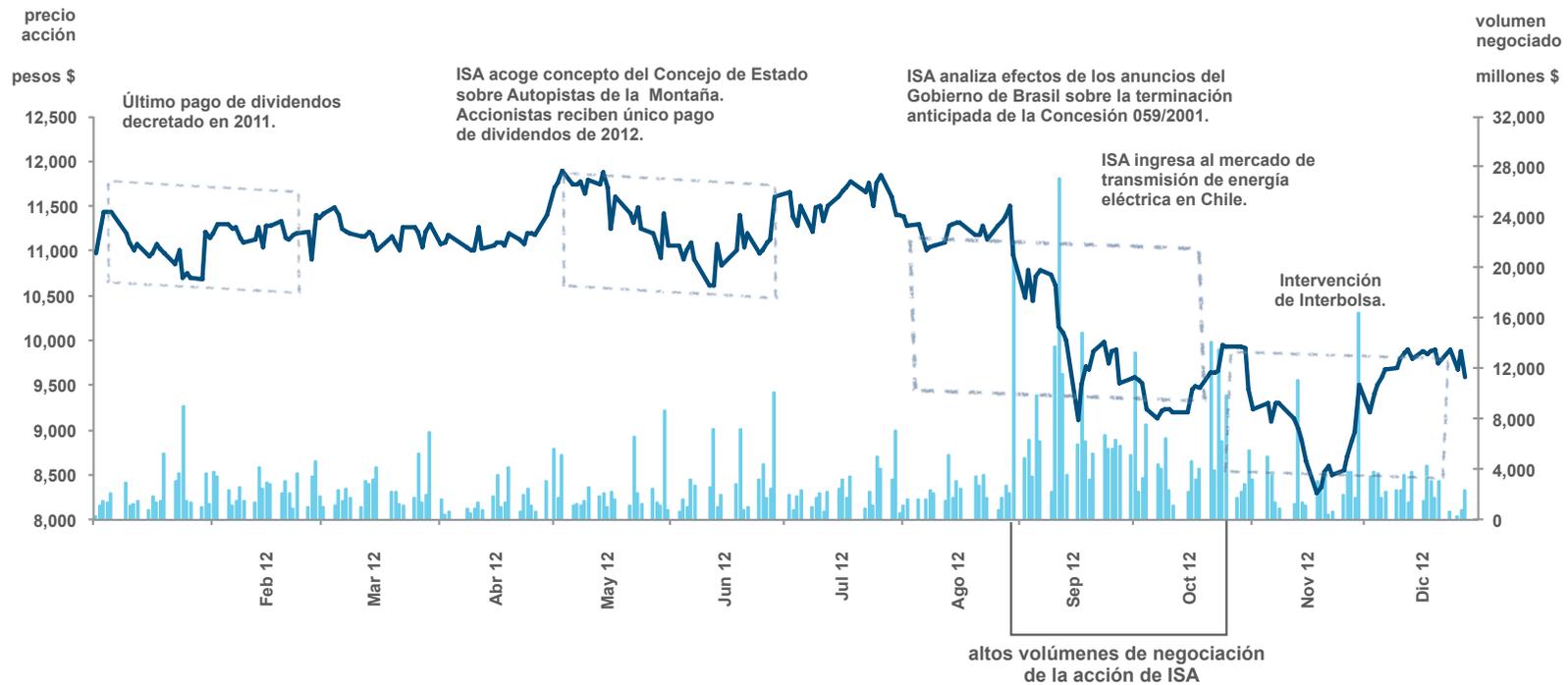
SHARE COMPOSITION (DEC 31 – 2012)		
Shareholders	Shares	%
State investors	682,078,108	61.58
Nation	569,472,561	51.41
Empresas Públicas de Medellín	112,605,547	10.17
Private and public capital companies	77,373,530	6.99
ECOPETROL	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Private investors	348,226,256	31.44
Institutional	210,792,837	19.03
Individuals	73,827,885	6.67
Corporate entities	17,629,611	1.59
Foreign investment funds	45,223,648	4.08
ISA ADR Program	752,275	0.07
Subscribed and paid-in outstanding capital	1,107,677,894	100.00

The number of Shareholders at the end of 2012 was 43,986, located in the following cities:

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS BY DECEMBER 31ST, 2012		
Cities	Shareholders	Percentage
Bogotá	15,699	35.69%
Medellín	8,191	18.62%
Cali	2,988	6.79%
Barranquilla	1,435	3.26%
Bucaramanga	983	2.23%
Other cities	14,690	33.40%
Total	43,986	100.00%

Share behavior

During the first half of 2012, the share price of ISA was relatively stable, but in September it was noticeably affected (-13.14%), due to the uncertainty created by the Brazilian government announcements regarding early termination of the electric sector concessions.



In 2012, ISA's share reached a maximum price of COP 11,900, an average of COP 10,378 and a closing price of COP 9,600, accumulating in the year a drop of 14.29%.

The volume of shares traded in the 244 rounds of the Colombian Stock Exchange was 77,030,392 shares, 63.74% more than in 2011, with a daily average of 314,145 shares and average volume per round of COP 3,260 million.

Between September and November there was an increase in the traded amounts, which made ISA's share ranking 6th and 7th in the Stock Trading Activity Index (Financial Superintendence of Colombia); however, by the year end, the stock fell to 11th place.

Management with shareholders

Dividend policy

The Shareholders' General Meeting held on March 30, 2012 approved the proposal on the 2011 distribution, which consisted of distributing profits and reserves for COP 198,274 million to pay a dividend of COP 179 per share. The payment was made in one installment on June 26, 2012.

Information center for shareholders

During 2012, the shareholders' assistance center recorded an average service level of 99%, showing a total for the whole year of 29,355 contacts.

The shareholders' toll-free assistance line received 85.34% of the requirements through the Call Center and its shareholders' toll-free assistance lines (25,053 calls), which were attended with an average service level of 95%. Our Shareholders made 1,553 requests through the mailbox accionesis@isa.com.co, while at the personalized service offices in Medellin 164 requirements were addressed, in Bogota 9 were attended and in other regional offices, there were 28 requirements attended.

Furthermore, and in order to keep trust relationships to strengthen and increase communication for monitoring of the essential facts relevant to the company, based in providing timely and reliable information, the following activities were conducted:

- The Regular Shareholders' Meeting was held; transmitted via Internet, it ensured greater coverage nationwide for shareholders residing in other cities.

- The results were published in the corporate website, Investors' section.
- The Financial Statements, in English and Spanish were published each quarter.
- Through conference calls and web presentations, the CEO and the Chief Financial Officer presented the results and responded to questions from the financial community. The conference calls were broadcasted in Spanish with simultaneous translation in English, providing the possibility for investors, both Spanish and English speakers, to access simultaneously to information.

As part of the communication strategy and seeking a better understanding of the company by institutional investors, several conference calls on specific topics, such as the Road Concessions in Chile and the Renewal of the Electricity Transmission Concessions in Brazil, were held.

Contact with Capital Market analysts, Investment Funds, Stock Brokers and potential Investors was strengthened with the Company's participation in local, regional and international events, by using mass gatherings and one-to-one meetings.

Also, there was permanent direct communication, through visits to ISA's premises and teleconferencing. Mechanisms for content advertising and third-party participation in events was also arranged, keeping active presence to stakeholders.

The Company kept timely communication of news and highlights to the market by sending 648,717 successful emails, corresponding to various publications classified in relevant news, quarterly financial results reports, bulletins and guides to shareholders, certificates for income tax return purposes and several generic documents, among others.

On the other hand, three bulletins for shareholders and an Educational Guide were published and physically sent, in accordance with ISA's Good Governance Code. In the second half, the Company promoted the assistance to free formative lectures on topics concerning the stock market, which were announced through the last shareholders' bulletin and ISA's call center, by phone promotion, reaching a total of 1,727 confirmations of assistance in the cities of Medellín, Bogotá, Cali, Pereira and Manizales.

External measurements

Through Fiduciaria Bancolombia, ISA retained the services of INVAMER S.A. (entity in charge of conducting the satisfaction survey on shareholders' service) to assess the quality of the shareholder's assistance line in 2012. The rating is placed by Quality Service Audit S.A. in the rank of "Excellent" in the international scope.





Annexes

Performance with Affiliates

XM

INDICATOR	XM
Website for business reports	http://www.xm.com.co/Pages/InformesEmpresariales.aspx
Company Information	This information is available in the sustainability report in the Organization dimension chapter.
Relevant issues	<p>In January, 2012 XM conducted the GPPS auction for the allocation of firm energy obligations on the projected increase in demand between 2016 and 2022. The projects not only provide the energy required to ensure that Colombia has this resource, even in critical conditions such as the El Niño phenomenon, but also it will be significant in the development of the economy due to the direct and indirect construction effects.</p> <p>2012-2013 Sale Reconfiguration Auction. XM conducted two sale reconfiguration auctions to adjust the firm energy obligations to the updated energy demand projections for the period between December 2012 and November 2013. The benefit to the country, in this case to the end users of the national interconnected system, is a reduction in the cost of electricity reflected in a relief of the cost of restrictions estimated in US 44 million.</p> <p>Coordination of attention of Demand in crisis events caused by attacks in the Southwest of Colombia. The southwestern region of Colombia was subjected to a series of attacks on the electrical infrastructure that highly impacted the attention of the energy demand for the inhabitants of this region. XM coordinated with the Ministry of Mines and Energy, the Ministry of Defense and companies in the region to ensure the attention of service and infrastructure recovery.</p>
Awards and honors	

INDICATOR	XM
EN1 Materials used by weight or volume.	No information available as of March 22, 2013.
EN3 Direct energy consumption by primary source.	Energy consumption kWh/month 143395.97.
EN16 Total direct and indirect greenhouse gas emissions by weight.	No information available by the closing date of the Report.
EN22 Total weight of managed waste, by type and treatment method.	No information available by the closing date of the Report.
EN28 Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	During 2012 there were no environmental fines or sanctions.

INDICATOR	XM
Labor matters	
<p>LA1 Breakdown of workforce by type of employment, contract and region.</p>	<p>XM has 209 employees, 25 under undefined-term contract and 184 under fixed-term contract. Distribution by employees is the following: Analysts: 127, Assistant: 3, Specialist: 62, Directive officers: 17 Employees are mainly located in the head office in the city of Medellín.</p>
<p>LA7 Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.</p>	<p>1.15% The primary causes of absenteeism are: Injuries and poisoning, respiratory diseases, diseases of the nervous system and the sense organs. Zero occupational diseases, zero mortal victims, zero work-related accidents.</p>
<p>LA13 Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators.</p>	<p>XM has a total of directive positions which includes participation of 8 women and 9 men. The age range is between: 30-40: 4 people 41-50: 13 people 52-60: 2 people</p>

INDICATOR	XM
<p>LA14 Ratio of basic salary of women to men by employee category.</p>	<p>Salary allocation is made taking the following criteria into account:</p> <ul style="list-style-type: none"> Job valuation. Salary competitiveness studies. Adjustment of individual to job, in terms of education, experience, human and technical competencies. Matrix of performance and potential. <p>These criteria are applied in terms of equal conditions to all employees without gender differences.</p>
<p>Human Rights</p>	
<p>HR3 Training of employees on Human Rights.</p>	<p>In 2012, an online training course on Human Rights was conducted. This topic was also presented and disclosed in all primary groups of each management and direction of the Company.</p>
<p>HR5 Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights</p>	<p>In 2012, the Collective Agreement was negotiated with effect until December 31st, 2016. The negotiation table was composed of 3 workers' representatives and equal number of Company's representatives. Several extralegal benefits of workers and their families were improved at such negotiation. There was an environment of trust, respect and cordiality among negotiators. Some of these benefits were extended to people earning comprehensive salary.</p>

INDICATOR	XM
Compliance	
<p>SO8 Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations</p>	<p>During 2012, there were no monetary and non-monetary sanctions for infringement of laws and regulations.</p>
Customer practices	
<p>PR3 Type of information of products and services required by standing procedures and regulations, and percentage of products and services subject to such informative requirements.</p>	<p>EXM's portfolio of services offered:</p> <ul style="list-style-type: none"> - Operation and Management of the National Interconnected System <p>XM operates the National Interconnected System (Sistema Interconectado Nacional, SIN) and manages the Colombian Wholesale Energy Market (Mercado de Energía Mayorista Colombiano, MEM). It also manages the international short-term electricity transactions with Ecuador -TIE- and provides services for power system operations and real-time systems, solutions for electricity markets and associated products.</p> <p>For the provision of services, we use technology and the overall development of our people. We act with social and ethical responsibility and we are committed to welfare of society.</p> <ul style="list-style-type: none"> - Training through simulators to prepare operators <p>XM offers training for operators that require knowledge of the operation of power systems by using a simulator that reproduces the behavior of the Colombian National Interconnected System in real time and customizable to other systems (DTS), and using methods based on the assessment of technical and human competencies, which allow the evaluator to identify the conditions of each operator and the gaps existing in accordance with that expected by each organization.</p>

INDICATOR	XM
<p>PR4 Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents</p>	<p>A monthly report is published on the compliance with indicators of CREG Resolution 081 of 2007, which set the quality of service required for the SIN operation and the market management. For 2012, the behavior of these indicators remained within the limits provided.</p>
<p>PR5 Practices for customer satisfaction, including satisfaction surveys</p>	<p>As part of its strategic direction, XM has expressed its customer orientation in the Good Governance Code, the Policy of Service and the Promise of Value.</p> <p>The Promise of Service is a voluntary declaration of commitments undertaken by XM with its customers and its primary purpose is to set the framework for action to generate trust. It is framed within four thematic fronts, leveraged in values, competencies and motivation of XM's staff:</p> <ul style="list-style-type: none"> -Quality assurance in provision of services -Strengthening of long-term relations -Practices of Good Corporate Practices -Strengthening of the integral management of risks <p>The implementation of actions in each of the lines above led customers' satisfaction regarding services provided in 2012 to be rated 84,3, as remained in former years.</p> <p>Also, inquiry was made on customers' general feelings to XM; the results are evidenced in the following graphic, and show that most of them have a quite positive perception of the company.</p>

INTERNEXA

INDICATOR	INTERNEXA
Website for business reports	http://www.internexa.com/Paginas/centro_recursos.aspx
Company Information	This information is available in the sustainability report in the Organization dimension chapter.
Relevant issues	Although INTERNEXA has published annual management reports since its incorporation in 2001, since 2012 the company migrated to a report with account rendering parameters under the methodology of the Global Reporting Initiative (GRI), as an international recognized standard that will allow the company, from now on, to compare its different annual reports under a same parameter and with other market reports that use the same methodology as part of a multinational company now holding operations in 7 South American countries.
Awards and honors	For second consecutive year, INTERNEXA won in the categories of: “Regional Service Provider of the year” and “Best Ethernet Wholesale Service” and for the first time as: “Best Carrier Ethernet Corporate Application- Government Sector” for the solution delivered to the ICBF. This award recognizes providers for their excellence and leadership in the development, marketing and delivery of Carrier Ethernet services during the last year in their region. The selection was made by an independent group of senior industry analysts where INTERNEXA competed with companies such as Level3, Verizon, IFX, Oi and Columbus. It was also honored with the Capacity Award Best Latin American Wholesale Carrier due to the content strategy in Latin America.
Environmental matters	
EN 1 Materials used by weight or volume	Water consumption: 589 m3. Note 1: 408 m3, were consumed by taking advantage of rainwater, that is, 69,27% of all water consumed during the year Note 1: The value does not include the consumption by ISA's head office.

INDICATOR	INTERNEXA
EN 3 Direct energy consumption by primary source.	Energy consumption KwH/month =3424420+814890
EN 16 Total direct and indirect greenhouse gas emissions by weight.	No information available by the closing date of the Report
EN 22 Total weight of managed waste, by type and treatment method.	<p>Waste:</p> <p>Refrigerant gas emissions from R22 refrigeration systems: Air from head office 10 Pounds. Amount of hazardous waste in Kg. generated in the year (310) Amount of waste properly managed with certified companies 47.307,5 (disposal of electronic equipment and infrastructure made in the year).</p>
EN 28 Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	During 2012 there were no sanctions or non-compliance with the requirements from environmental entities in each country where INTERNEXA is present.

INDICATOR	INTERNEXA
Labor matters	
<p>LA1 Breakdown of workforce by type of employment, contract and region.</p>	<p>Internexa in Colombia has 158 employees under undefined-term contract and 1 under fixed-term contract:</p> <p>Distribution by employees is the following:</p> <p>General Manager: 1 Manager: 9 Director: 10 Specialist: 29 Analyst: 108 Assistant: 2</p> <p>Employees are located in four cities of Colombia, mainly in the city of Medellín.</p>
<p>LA7 Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.</p>	<p>0,07%</p>

INDICATOR	INTERNEXA
LA13 Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators.	<p>Internexa has 19 directive officers and 140 non-directive officers. The whole employee population is composed of 101 men and 58 women.</p> <p>The age range is between:</p> <p>20-24:1 25-30: 38 31-35:40 36-40:38 41-45:26 46-50:9 51-55:5 56-60:1 Above 60: 1</p>
LA14 Ratio of basic salary of women to men by employee category.	<p>There are no salary differences between men and women, the differences are associated to job responsibilities and the gender variable is not taken into account for salary definition.</p>
Human Rights	
HR3 Training of employees on Human Rights.	<p>In 2012, training actions were carried out on Human Rights using the corporate video to facilitate the access to all staff.</p>

INDICATOR	INTERNEXA
<p>HR5 Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights</p>	<p>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 regulations and applicable national laws, the own internal regulations of each company, individual employment contracts and collective agreements in force.</p>
<p>Cumplimiento normativo</p>	
<p>SO8 Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations</p>	<p>During 2012, there were no monetary and non-monetary sanctions for infringement of laws and regulations.</p>

INDICATOR	INTERNEXA
Customer practices	
<p>PR3 Type of information of products and services required by standing procedures and regulations, and percentage of products and services subject to such informative requirements.</p>	<p>Internexa's portfolio of services includes:</p> <p>Transportation: connectivity services supported on the only terrestrial fiber network directly connecting the major cities of the region, creating the shortest and fastest way to link them with the best availability and security.</p> <p>IP: Services that provide access to content and applications available on private or public IP networks (Internet). Connection: The connection services provide access to specific sites in the customer network architecture.</p> <p>Infrastructure: Provides space, energy and optimal conditions for the hosting of customer owned equipment.</p> <p>Operation and maintenance: Supervises, operates and integrally maintains telecommunications transmission networks and data routing (fiber, microwave, satellite).</p>
<p>PR4 Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents.</p>	<p>A monthly report is published on the compliance with indicators of CREG Resolution 081 of 2007, which set the quality of service required for the SIN operation and the market management. For 2012, the behavior of these indicators remained within the limits provided.</p>
<p>PR5 Practices for customer satisfaction, including satisfaction surveys.</p>	<p>INTERNEXA conducts the annual customer satisfaction survey at the national and international level according to distribution of customers, with a 95% Trust Level, with the aim of determining the satisfaction of external customers of the company in each of the services and processes that occur in the service relationship, fundamental input to develop action to keep and improve customer loyalty.</p>

TRANSELCA

INDICATOR	TRANSELCA
Website for business reports	http://www.transelca.com.co/SitePages/RSE.aspx
Company information	This information is available in the sustainability report in the Organization dimension chapter.
Relevant issues	<p>Transcending With the purpose of developing our stakeholder group suppliers, improve processes and meet increasingly demanding quality standards, we designed and implemented a program of consultancy and support to a group of major and recurrent suppliers, which program consists of 3 phases:</p> <ul style="list-style-type: none"> -partner business diagnosis of Business Units. - Formulation of business improvement plans differentiated according to the characteristics, needs and expectations of each company. - Assistance for implementation of the guidelines of improvement set out in the plan. <p>Program Trasciende began activities with Twenty (20) prioritized suppliers and by the end of 2012 with Seventeen (17) of these, there are improvement plans agreed and under execution for an effectiveness of 85% of stay in the program.</p> <p>The topics on Quality Management (88.2%), Strategic Management (70.5%), and Human Resource Management (64.7%) lead the frequency of the issues addressed and agreed with the areas of management and/or supplier processes that the Consultancy has been supporting.</p> <p>Through this program, which is part of TRANSELCA's CSR management, we promote the development and professionalization of our value chain, ensuring quality standards and efficiency of our services.</p>
Awards and honors	

INDICATOR	TRANSELCA
Environmental matters	
EN1 Materials used by weight or volume.	Water consumption m3: 18.285 22.3 Tons of hazardous waste, of which 8.9 tons are reusable hazardous waste (battery bank); the treatment methods include incineration and use of safety cells.
EN3 Direct energy consumption by primary source.	Energy consumption KwH/month: 935.714 kW-h
EN16 Total direct and indirect greenhouse gas emissions by weight.	E900,6 Ton CO2-eq (escapes SF6) 6.329,78 gallons of Diesel 6.969,83 gallons of regular gasoline 1.060.12 gallons of premium gasoline
EN22 Total weight of managed waste, by type and treatment method.	Waste: 53,785 kg of materials and 708 gallons of discharged oil.
EN28 Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	During 2012 there were no environmental fines or sanctions.

INDICATOR	TRANSELCA
Labor matters	
<p>LA1 Breakdown of workforce by type of employment, contract and region.</p>	<p>TranSelca has 174 employees, of which 48 have comprehensive salary, 117 have joined the collective agreement and 9 under ordinary regime. Employee distribution is as follows: Analyst = 59 Assistant =7 Assistant coordinator =1 Assistant substation =14 Support Jr. assistant =2 Driver =2 Coordinator =17 Drawer=1 Audit director =1 Customer executive =4 Electro mechanic officer=19 Specialist=8 Area manager area =4 General manager =1 Head of department =9 Improvement Leader =1 Lineman=6 Delivery boy=1 Executive secretary =5 General secretary =1 Supervisor =6</p>

INDICATOR	TRANSELCA
<p>LA7 Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.</p>	<p>The percentage of absenteeism accumulated by the fourth quarter of 2012 is: 2.48 days / employee The percentage of other absenteeism (includes general disease, union leave, paid leave, etc.) is: 2.04%</p>
<p>LA13 Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators.</p>	<p>Transelca's directive positions includes the participation of 8 women and 8 men.</p> <p>The age range is between:</p> <ul style="list-style-type: none"> 30-40: 3 people 40-50: 7 people 50-60: 5 people 60-70: 1 individual

INDICATOR	TRANSELCA
LA14 Ratio of basic salary of women to men by employee category.	There are no salary differences between men and women, the differences are associated to job responsibilities and the gender variable is not taken into account for salary definition.
Human rights	
HR3 Training of employees on Human Rights.	A workshop was held for Comprehensive Management of Easements, attended by 60 people including employees, and contractor staff for the maintenance of lines. Topics including the management of Human Rights under the Code of Ethics were addressed in a five-hour session.
HR5 Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights.	With regard to freedom of association, the Company complies with the implementation of the Convention in all areas, such as recruitment, internal competition process, disciplinary process, recognition of benefits to collective agreement workers, discounts in favor of the union, delivery of aids to the union and authorization of union leaves, among others. For example, by December 31st, 3 workers enjoyed permanent trade union leaves and 117 employees were beneficiaries of the collective agreement, of which 69 are unionized.

INDICATOR	TRANSELCA
SO8 Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations.	Compliance
	<p>Investigation by the SSPD (Superintendence of Domiciliary Utilities) – Case: San Andrés de Sotavento Event November 2009.</p> <p>Charges raised by the SSPD : Failure to provide the service, as TRANSELCA exceeded the suspension term for the power service, approved by XM without any valid reason. By means of Resolution No.SSPD - 20112400020335 of July 25, 2011, the SSPD resolves to “Impose fine to company TRANSELCA S.A. E.S.P. in the amount of COP 28,922,400.00”. TRANSELCA S.A. E.S.P. being in total disagreement with the decision adopted by the SSPD, filed reconsideration recourse on August 30, 2011 against Resolution No. SSPD - 20112400020335 of July 25, 2011. Decision is pending by the SSPD.</p> <p>Updated by December 31st, 2012.</p> <p>By Resolution No.20122400014235 of May 9, 2012, the SSPD resolves to “Fully confirm Resolution No. 20112400020335 of July 25, 2011, which resolved to “Impose fine to company TRANSELCA S.A. E.S.P. in the amount of COP 28,922,400.00” Transelca proceeded to pay the fine on June 25, 2012.</p> <p>Also, on December 11, 2012 Transelca filed Nullity and Restoration of Right Action against the SSPD, based on the following claims:</p> <ol style="list-style-type: none"> 1.1. To declare nullity of Resolutions SSPD-201 12400020335 and SSPD20122400014235, issued by the Superintendence of Domiciliary Utilities. 1.2. As a result of nullity, to order the devolution of the amount paid as fine, plus interest accrued since the payment date to the reimbursement date. 1.3. To order to the defendant entity the payment of court costs and attorney’s fees. <p>We are expecting decision accepting the complaint to proceed.</p>

INDICATOR	TRANSELCA
Customer practices	
<p>PR3 Type of information of products and services required by standing procedures and regulations, and percentage of products and services subject to such informative requirements.</p>	<p>1. Electricity Transmission in the STN. TRANSELCA's electric power transmission grid, allows the interconnection of generators, grid operators and large consumers, so that energy exchanges are made between different market players, as contemplated in the current regulation of the Electricity Sector in Colombia.</p> <p>2. Connection to the National Interconnected System (SIN) TRANSELCA provides the connection or modification of the existing connection of generators, carriers or large consumers, the National Transmission System (STN), Regional Transmission (STR) and / or Local Distribution (SDL).</p>
<p>PR4 Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents.</p>	<p>There were no infringements of the regulations or for services provided.</p>
<p>PR5 Practices for customer satisfaction, including satisfaction surveys.</p>	<p>The general satisfaction index was 85.4% An annual plan of improvement will be prepared to improve the attributes with areas for improvement which will be implemented during 2013.</p>

REP

INDICATOR	REP
Website for business reports	http://www.rep.com.pe/rep/Reporte%20de%20sostenibilidad/Forms/AllItems.aspx
Company information	This information is available in the sustainability report in the Organization dimension chapter.
Relevant issues	<p>Our Vision: By 2016, we will generate annual revenues in excess of USD 300 MM and be recognized for leadership in the electricity transmission sector in Peru and our management model based on the creation of value with profitability, operational excellence and corporate social responsibility.</p> <ul style="list-style-type: none"> -371 Employees - Over one billion USD invested in the country - 6, 740 km of transmission lines in 20 of the 24 departments of Peru - 15 enlargement concession contracts for REP and CTM - 07 new concession contracts
Awards and honors	<p>The Lima Stock Exchange gave, for the second time, the “Good Corporate Governance Index” recognition</p> <ul style="list-style-type: none"> -Certification of the Integrated Management System for San Juan headquarters. -“Socially Responsible Company” Honor given by the NGO Peru 2021 (Board of socially responsible companies in Peru) and the Mexican Center for Philanthropy - CEMEFI. The “SRC” seal is valid for one year and to renew it, it is necessary to achieve a minimum score of 75% on the questionnaire. Red de Energía del Perú is the only power company that obtained the “SRC” distinctive. The strengthening of the corporate image and business reputation achieved is highlighted with this recognition.

INDICATOR	REP
Environmental matters	
EN1 Materials used by weight or volume.	No information available for 2012.
EN3 Direct energy consumption by primary source.	01/06/2013 – Carbon footprint.
EN16 Total direct and indirect greenhouse gas emissions by weight.	<p>REP, held its carbon footprint measurement in 2012 with information collected in 2011. The data obtained were as follows:</p> <p>Scope 1: 654.09 tCO₂e, representing 18.1% of total GHG emissions, with the following greater involvement sources: fuel consumption in own vehicles (73.8% in this Scope) and Leakage emissions of SF₆ in switches (25.2% in this Scope).</p> <p>Scope 2: 950.71 tCO₂e, representing 26.3% of total emissions generated by REP.</p> <p>Scope 3: 2012.51 tCO₂e, representing 55.6% of total GHG emissions generated by REP.</p>

INDICATOR	REP
EN22 Total weight of managed waste, by type and treatment method.	Disposal of 179,532 tons of waste, of which 5,445 tons were managed. 16,722 tons of hazardous waste and 168,255 tons of non-hazardous waste was generated.
EN28 Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	<p>ISA's Companies in Peru did not receive any penalty or fine by the regulator regarding compliance with environmental regulations. Fines were neither received for noncompliance with laws and regulations imposed by OSINERGMIN regarding transmission service, with the exception of the payment of compensations under the NTCSE Quality Standard of the electricity sector. The organization fully complies with the provisions contained in the concession contract and the payment of taxes. Also, REP meets the requirements established by OSINERGMIN and the Ministry of Energy and Mines, supervisory bodies, regulator, planner and environmental authority in the electricity sector. Similarly, Consorcio Transmantaro and ISA Perú meet the requirements established by supervisory and regulatory bodies.</p> <p>Compensation (fines) for system failures:</p> <p>REP : 491 558 USD CTM : 3 678 USD ISA PERÚ: 84 272</p>
Labor matters	
LA1 Breakdown of workforce by type of employment, contract and region.	<p>REP has 377 employees, 327 under undefined-term contract and 50 as temporary employees.</p> <p>Coordinators: 28 under undefined-term contract. 4 as temporary employees. 32 in total. Managers: 7 under undefined-term contract. Heads of department: 16 under undefined-term contract. Support professional: 45 under undefined-term contract, 15 as temporary employees. 60 in total. Business professional: 53 under undefined-term contract, 23 as temporary employees, 76 in total. Support technician: 19 under undefined term contract. 2 as temporary employees, 21 in total. Business technician: 159 under undefined term contract, 6 as temporary employees, 165 in total.</p>

INDICATOR	REP
<p>LA7 Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.</p>	<p>Accident rate:</p> <p>The accident rate at the 2012 year end was 0.56 accidents per 240,000 worked man hours. This indicator is above the limits set by the top-level goals established by the Board. The same records 29 accidents of own and contractors staff.</p> <p>Each accident involves the implementation of a comprehensive analysis and plan of action within the organization. In addition, REP is certified with the International Standard OHSAS 18001: 2007; it is implementing the management plan aimed at reducing accidents among contractor companies and PDI-associated contractors, which plan uses the methodology of continuous improvement and the Lean Six Sigma tool. It seeks to have management practices for accident prevention, consistent with current laws in the country and the standards of ISA and its companies.</p> <p>The formula for calculating the accident indicator is:</p> <p>IA: $\text{Number of work accidents} * 240\ 000 / \text{HHT}$</p>
<p>LA13 Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators</p>	<p>REP has 7 managers of which 20% are women and 27% are men.</p> <p>The age range is between:</p> <p>Below 30 years: 35 30-40 years: 106 40-50 years:84 Above 50 years: 152</p>

INDICATOR	REP
LA14 Ratio of basic salary of women to men by employee category.	There are no salary differences between men and women, the differences are associated to job responsibilities and the gender variable is not taken into account for salary definition.
Human rights	
HR3 Training of employees on Human Rights	A handbook was released for good behavior in communities to contractors, through induction talks to suppliers and new employees, promoting respect for human rights and children's rights. At the end of the second half a video was prepared on management of electric power easements, through which it was possible to sensitize staff on the correct approach to community. The video was broadcasted on all DT's and San Isidro Head Office.

INDICATOR	REP
<p>HR5 Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights</p>	<p>REP goes beyond the agreements it could have on Freedom of Association, as we have incorporated it in both the RIT (political issues) and the Code of Ethics. An objective evidence to show that there is risk for those joining it, is: Of the total number of employees (168 technicians) 96% have an undetermined contract (Stable). Of the total employees, 72% are unionized.</p>
Compliance	
<p>SO8 Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations.</p>	<p>ISA's Companies in Peru did not receive any penalty or fine by the regulator regarding compliance with environmental regulations.</p>

INDICATOR	REP
Customer practices	
<p>PR3 Type of information of products and services required by standing procedures and regulations, and percentage of products and services subject to such informative requirements.</p>	<p>Energy Transmission, Market Operation and Management, Telecommunications Transport, Construction of Infrastructure Projects and Road Concessions.</p>
<p>PR4 Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents</p>	<p>There were no infringements of the regulations or for services provided.</p>

CTEEP

INDICATOR	CTEEP
Website for business reports	http://www.cteep.com.br/
Company Information	This information is available in the sustainability report in the Organization dimension chapter.
Relevant issues	<p>The extension of the concession for other 30 years was signed on December 2012.</p> <p>Launch of CTEEP, New Corporate Positioning to improve attributes as Brazilian and intends highlighting people as the reason for our business.</p> <p>Activation of the 60 projects representing approximately R \$ 202 million in RAP and the estimated investment of R \$ 29.4 million.</p> <p>Launch of program Live Better, structured to contribute to the quality of life for employees.</p> <p>Implementation of More Project (Proyecto Más) (change of attitude inspires security) at the Regional Office in Sao Paulo to promote safe behavior in the workplace.</p> <p>Education for Sustainability, in cooperation with the Department of Strategic Management. Conducting online training, aimed at all employees of the company, focused on raising awareness of the issue.</p>
Awards and honors	In 2012, CTEEP did not receive any awards. However, the company earned the APIMEC Gold Assistance Seal 11 years - 2012, representing the recognition and credibility to all companies holding meetings of Apimec (Association of Capital Market Investment Professionals and Analysts) at least once a year, acting in line with good corporate governance.

INDICATOR	CTEEP
Environmental matters	
<p>EN1 Materials used by weight or volume.</p>	<p>Non-renewable materials Material Measurement Volume / amount of Plug: 70 units Command and Control Cable: 262,320 meters Connectors: 4,001 units Switches: 75 units Structures: 214 tons Gas: 788 m3 Insulator: 28,004 units Oil: 4,801 liters Lightning rods: 327 units Reactors: 2,903 units Relays: 988 units Disconnectors: 50 units Transformers: 228 units</p> <p>Renewable materials 3,209 packs of 500 sheets of recycled paper</p>
<p>EN3 Direct energy consumption by primary source.</p>	<p>The substations have their own sources of energy supplies through equipment called auxiliary service transformer. When there is shortage of energy, they use Diesel-based Energy Auxiliary Groups GAE. At the moment there has been no consumption of this fuel. During 2012 the vehicle fleet consumed during 2012: 357,959,02 Lt de diesel (12,482.03 GK) and 489,554.89 Lt of gasoline (17,036.51 GJ).</p> <p>Non-renewable Diesel oil 12.482,03 GJ Gasoline 17.036,51GJ</p> <p>Renewable Ethanol 660,05 GJ</p>

INDICATOR	CTEEP
EN16 Total direct and indirect greenhouse gas emissions by weight.	Partial report of the indicator: Electricity consumption in the head office: 1,432,458 Kwh - 91.68 tons CO 2e Electricity consumption in substations 21,177,189 Kwh - 1355.34 tonCO 2e
EN22 Total weight of managed waste, by type and treatment method.	Materials contaminated with oils or inks: 9,247.35 Kg (available: co-processing) Lubricating oil and insulating oil: 9,627.45 Kg (available: co-processing) Asbestos-Asbestos cement: 1,795 kg (available: embankment calcs 1) Packaging of herbicides and insecticides: 132.30 (final incineration disposal) Chemical cleaning product for weights: 16,803 kg (final incineration disposal) Total: 37,605.10 Kg Other waste: Sodium-mercury fluorescent bulbs: 9,594 units (recycled) Nickel batteries: 286 units (incinerated) Dry battery / batteries: 974 units (incinerated) Scrap lamp reactor: 338 units (co-processing) Tire Waste: 841 Kg (co-processing) Incandescent bulbs: 80 units (recycled)
EN28 Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	CTEEP did not receive any penalty or fine in 2012.

INDICATOR	CTEEP
Labor matters	
<p>LA1 Breakdown of workforce by type of employment, contract and region.</p>	<p>CTEEP has 1,593 employees. Full-time Undefined term: 1.493, of which 1,344 are men and 149 are women. Fixed-term contract: 25, of which 79 are men and 21 are women. Mid-time Undefined term: 0 Fixed-term contracts: 75</p>
<p>LA7 Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.</p>	<p>Injuries: Injury Rate: 0.55% Number of Injuries: 2 Occupational diseases Occupational disease rate: - Number of occupational diseases: 0 Days lost Lost day rate: 3.88% Number of days lost: 14 Absenteeism Absenteeism rate: 1.14% Hours scheduled to work: 3.502.400 Fatalities Number of fatalities: 1</p>

INDICATOR	CTEEP
<p>LA13 Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators.</p>	<p>Age ranges in CTEEP are as follows: Above 50 years old: 272 Between 30-50 years: 1.011 Below 30 years old: 310 Category Advisor: 20 (17 men- 3 women) President: 1 (1 man) Directors: 4 (4 men) Managers: 26 (21 men - 5 women) Coordinators: 84 (74 men- 10 women) Administrative: 288 (165 men - 123 women) Operating technicians: 1.095 (1084 men - 11 women) Trainees: 62 (50 men - 12 women) Apprentices: 13 (7 men - 6 women)</p>
<p>LA14 Ratio of basic salary of women to men by employee category.</p>	<p>There are no salary differences between men and women, the differences are associated to job responsibilities and the gender variable is not taken into account for salary definition.</p>

INDICATOR	CTEEP
Human rights	
<p>HR3 Training of employees on Human Rights</p>	<p>CTEEP offers employee training through e-learning that is part of education for sustainability. This online course is divided into three modules: the first presents general concepts (regarding a background of sustainability in Brazil and globally to fight against child labor, forced labor and slavery, the fight against corruption, distribution, equity and income, poverty eradication, diversity, violence, environmental management, etc.). The second addresses the concept of corporate sustainability associated with the Power Transmission sector. The latter addresses the vision of the company on the subject matter.</p> <p>Aimed at all areas and levels of the Business, in 2012, training was attended by 620 employees (39% of the total workforce of the company professionals) and represents 1,240 hours of training.</p>
<p>HR5 Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights</p>	<p>CTEEP respects the constitutional principle of free association or union recognition and collective agreements, which ensures to the value chain of the company the adoption of these procedures.</p> <p>This position was consolidated in instruments such as the Code of Ethics, Human Management and Policy, Collective Bargaining Agreement.</p> <p>Collective agreements covering 100% of professionals hired by the Consolidation of Labor Laws (CTEEP has 1593 employees, including the President, Directors, Advisors and trainees, 1506 of which are governed by the CLT according to that reported in the Caged - General Record of the Employed and Unemployed, December 2012).</p>

INDICATOR	CTEEP
Compliance	
SO8 Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations	<p>In 2012 CTEEP had no monetary sanctions for noncompliance with laws and regulations.</p> <p>CTEEP is waiting for decision on 02/27/2012 on the administrative appeal against delinquency notice prepared by the Secretary of Internal Revenue for the collection of social contributions on account of the no-PIS and COFINS accrued during years 2009 and 2010.</p>
Customer practices	
PR3 Type of information of products and services required by standing procedures and regulations, and percentage of products and services subject to such informative requirements.	<p>CTEEP is the largest private operator of electricity transmission in Brazil and is responsible for the transmission of nearly 100% of the electricity produced in the state of Sao Paulo, which corresponds to about 30% of the energy transmitted by the National Interconnected System –SIN-. With an installed capacity of 43,973 MVA (Mega Volt Ampere), has an infrastructure consisting of a grid of 12,316 kilometers of transmission lines, 18,794 circuit kilometers, 2,488 kilometers of fiber optic cable in 105 substations. 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 e Piauí – CTEEP has five regional premises, all installed in Paulista cities (Cabreúva, Taubaté, Bauru, Jupiá and São Paulo); one Transmission Operation Center (Centro de Operación de Transmisión, COT), in Jundiá; and one Rearguard Operation Center (COR), in Cabreúva.</p>

INDICATOR	CTEEP
<p>PR4 Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents</p>	<p>There were no cases of failure / non-compliance related to regulations on this topic.</p>
<p>PR5 Practices for customer satisfaction, including satisfaction surveys</p>	<p>Recognized by its customers for excellence in the provision of electricity transmission, CTEEP keeps a Quality Management System that meets the guidelines of ISO 9001:2008.</p> <p>The Company also conducts regular customer satisfaction surveys in order to implement plans for improvements in the management of these customers. The timing of the survey may change, according to internal and market variables. The last customer satisfaction survey was conducted in 2010. The results and information about the target analyzed are included in the 2011 Annual Report and Sustainability Report.</p> <p>In April 2012, the Company held a workshop with managers and engineers involved in the areas of customer management with the aim to define improvement plans that focus the results of the last survey in 2010; it focuses on the expectations, needs and pain points reported by customers in order to achieve even better performance indicators evaluated by customers.</p>

GRI MDG Table and Global Compact



ISA is committed to the management of the 10 principles of the Global Compact; for this period of the Report, it has made great progress in principles 1 and 2, generating innovations on the processes and commitments extensive to the value chain, through the Declaration on Human Rights and Business under form A1.

Principles 4, 5 and 6 have a significant presence in the Declaration on Human Rights and the Code of Ethics; based on these two commitments declared by ISA, it declares an action of promotion and influence in the value chain on these matters.

Principle 10, through the implementation of an entire management system of ethics and anti-corruption that allows leveraging the Code of Ethics, as well as the creation of the anti-fraud Protocol, with actions that enable the Organization and its

stakeholders generating actions for encouraging the fight against corruption.



GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	ODM
Strategy and Analysis				
1.1 Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization.	From the management			
1.2 Description of key impacts, risks, and opportunities.	From the management			
Profile of the Organization				
2.1 Name of the organization.	ISA's Profile			
2.2 Primary brands, products and/or services.	ISA's Profile: ISA and its businesses			
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	ISA's Profile: ISA and its businesses	<u>Structure of the Organization</u>		
2.4 Location of organizations headquarters.	ISA's Profile			
2.5 Number of countries where the organization operates and name of countries with major operations.	ISA's Profile			
2.6 Nature of ownership and legal form.	ISA's Profile			
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	ISA's Profile: ISA and its businesses			
2.8 Scale of the reporting organization.	Economic performance: ISA's primary results			
2.9 Significant changes during the reporting period regarding size, structure and ownership of the organization.	ISA's Profile: ISA and its businesses			

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
2.10 Awards and honors received in the reporting period.	<p>-The Company received awards in three categories of the Latin American Investor Relations Awards 2011, international distinction made parallel in Chile, Colombia and Peru, to recognize excellence in investor relations and corporate governance communication of companies with market presence . ISA won first place in “Best Web site for investors” and third place in the categories of “Best annual report for investors” and “Better communication of financial results.”</p> <p>-The Stock Exchange of Colombia-BVC-as part of the third version of the BVC Awards, appointed ISA as the company with the largest bond issue term. The Award was attended by 41 companies in 13 categories.</p>			
Report Parameters				
Organization Profile				
3.1 Reporting period for information provided.	Scope and Boundary of the Report			
3.2 Date of most recent previous report (if any).	Scope and Boundary of the Report			
3.3 Reporting cycle (annual, biennial).	Scope and Boundary of the Report			
3.4 Contact point for questions regarding the report or its contents.	Scope and Boundary of the Report			

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Scope and Boundary of the Report				
3.5 Process for defining report content.	Scope and Boundary of the Report			
3.6 Boundary of the report (countries, divisions, subsidiaries)	Scope and Boundary of the Report			
3.7 State any specific limitations on the scope or boundary of the report.	Scope and Boundary of the Report	The financial information presented represents ISA and its companies. ISA Energy Transmission Business in Colombia is the management that responds to the issues contributing to the goal of sustainability and fulfills the commitments to stakeholders.		
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period.	Scope and Boundary of the Report			
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Scope and Boundary of the Report			

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
3.10 Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement.	In 2012 there was no re-statement of information regarding earlier reports.			
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	In 2012 there were no significant changes compared with the scope of the information reported.			
Report Content Index				
3.12 Table identifying the location of the standard disclosures in the report.	Content			
Assurance				
3.13 Policy and current practice with regard to seeking external assurance for the report.	ISA did not seek for assurance of its sustainability report for 2012.			
Governance, commitments and participation of stakeholders				
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance	Further information		
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (if so explain their function within the organization and the reasons for this arrangement).	ISA's Chairman does not hold any position in the Company.			

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent or non-executive members.	Governance: Board Composition	Further information		
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body órgano de gobierno.	Governance and Communication with stakeholders			
4.5 Linkage between compensation for members of the highest governance body, senior managers and executives and the organization's performance.	GRI Table: variable compensation	Balance of variable compensation based on individual and corporate performance Directors: individual 0% corporate 100%. Specialist: individual 0% corporate 100%. Analyst: individual 0% corporate 100%. Support: individual 0% corporate 100%.		
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Governance: Conflicts of interest			
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	Governance: Board Committees	Further information		

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
4.8 Internally developed statements of mission and values, codes of conduct, and principles relevant to economic, social and environmental performance, and the status of their implementation.	Strategy of sustainability: Vision			
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Governance: Board Committees	Further information		
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Governance: Assessment of the Board			
Commitments to External Initiatives				
4.11 Explanation of how the precautionary approach or principle is addressed by the organization.	Strategy and priorities: - Risk management Social performance – Employees: - Socio-political risk project		Principle 7 & 8	Goal 7
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Strategic partnerships Social performance - Society		Principle 1, 2, 3, 4, 5, 6, 7, 8, 9 & 10	Goal 1, 2, 3, 4, 7 & 8
4.13 Memberships in associations (such as industry associations) and/or national/international organizations that the organization supports.	Strategic partnerships			Goal 8

GRI CONTENT	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Stakeholder engagement				
4.14 List of stakeholder groups engaged by the organization.	Responsible and ethical performance with stakeholders: - Communication with stakeholders and forums for participation.			
4.15 Basis for identification and selection of stakeholders with whom to engage.	Sustainability strategy: - Vision			
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Responsible and ethical performance with stakeholders: - Communication with stakeholders and forums for participation.			
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Responsible and ethical performance with stakeholders			

Environmental

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Materials						
EN1	Materials used by weight or volume.	Total	Environmental performance: - Paper consumed by employee, Medellin head office		Principle 8 & 9	Goal 7
EN2	Percentage of materials used that are recycled input materials.	No material	Due to the nature of ISA's business, this indicator is not material.		Principle 7 & 8	Goal 7

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Energy						
EN3	Direct energy consumption by primary source.	Total	Diesel consumption was 9,225.24 gallons, equal to 1,251.54 GJ		Principle 7 & 8	Goal 7
EN4	Direct energy consumption by primary energy source.	Total	Environmental performance: - Energy consumption Kwh/month			
EN5	Energy saved due to conservation and efficiency improvements.	Partial	Environmental performance: - Energy Savings: Rational and Efficient Use of Energy Program -URE-		Principle 8 & 9	Goal7
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	Non- material	Not a material indicator for ISA's Environmental performance.			
EN7	Initiatives to reduce indirect energy consumption and reductions achieved with such initiatives.	Partial	Energy Savings: Rational and Efficient Use of Energy Program -URE-		Principle 8 & 9	Goal 7
Water						
EN8	Total water withdrawal by source.	Total	Environmental performance: - Water consumption.		Principle 7 & 8	Goal 7
EN9	Water sources significantly affected by withdrawal of water.	Not material	GRI Table : - Not material indicator. ISA does not use water in its productive process.			
EN10	Percentage and total volume of water recycled and reused.	Not material	GRI Table : Not material indicator. ISA does not use water in its productive process.			

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Biodiversity						
EN11	Description of lands/waters adjacent or located within protected natural spaces or at non-protected high biodiversity areas. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Non-material	Not material. While there is an identification of infrastructure on land adjacent to protected areas, there is no impairment to the area, is not considered feasible because it is a static indicator that does not generate added value.			
EN12	Description of significant impacts on biodiversity in protected areas or in unprotected areas of high biodiversity, arising from activities, products and services in protected areas and areas of high biodiversity value areas outside protected areas.	Total	Environmental performance: - Vegetation affected - ISA's activity does not generate significant impacts on protected areas or areas of high biodiversity areas.		Principle 7	Goal 7
EN13	Habitats protected or restored Habitats.	Total	Environmental performance: - Forest compensation. - Vegetation management.		Principle 7 & 8	Goal 7
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Non-material	Not material. ISA's operations were not developed at sites causing significant environmental impacts or affecting species in danger of extinction.		Principle 7 & 8	Goal 7

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Non-material	Not material. ISA's operations were not developed at sites causing significant environmental impacts or affecting species in danger of extinction. However, with the Forest Compensation Program, upon the construction of the 500-kV Bolivar - Copey - Ocaña – Primavera transmission line, we contribute to the protection of the Regional Natural Park Los Rosales, in the municipality of Luruaco Atlantico where Bald Titi monkeys, endemic in Colombia, have a greater chance of survival.			Goal 7
Emissions, Effluents and Waste						
EN16	Total direct and indirect greenhouse gas emissions by weight.	Total	Environmental performance: - Climate Change Management: Scope 1 and 2			
EN17	Other relevant indirect greenhouse gas emissions by weight.	Total	Environmental performance: - Climate Change Management: Scope 3.			
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	Environmental performance: - Improvements achieved in handling SF6.			
EN19	Emissions of ozone-depleting substances by weight.	Total	Environmental performance: - Refrigerant R22 (15,27 tons).			
EN20	NO, SO and other significant air emissions by type and weight.	Non-material	Not material. ISA's air emissions are not significant.			
EN21	Total water discharge by quality and destination.	Not material	Not material. ISA does not affect water sources in development of its Business.			

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
EN22	Total weight of waste by type and disposal method.	Total	Environmental performance: - Generated waste (hazardous). - Generated waste (non-hazardous).		Principle 8	Goal 7
EN23	Total number and volume of significant spills.	Total	Environmental performance: - Discharge of oils and fuels environmental near-misses)		Principle 8	Goal 7
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.	Total	There is no PCB oil management in the reporting period.		Principle 8	Goal 7
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.	Not material	Not material indicator. ISA does not use water in its productive process.		Principle 8	Goal 7
Products and Services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Total	Environmental performance: - Solid waste compactor.		Principle 7, 8 & 9	Goal 7
EN27	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life, by category.	Not material	Due to the nature of ISA's business, this is not a material indicator.		Principle 8 & 9	Goal 7

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Compliance						
EN28	Cost of significant fines and number of non-monetary sanctions by breach of environmental regulations.	Total	There were no environmental sanctions.		Principle 8	Goal 7
Transport						
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Total	Environmental performance: - Climate Change Management: Scope 3		Principle 8	Goal 7
Overall						
EN30	Total environmental protection expenditures and investments by type.	Total	Environmental performance: - Environmental investments and expenses.		Principle 7, 8 y 9	Goal 7

Social

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Social performance indicators: Labour practice and Decent Work						
Employment						
LA1	Breakdown of workforce by type of employment, employment contract and region.	Total	Social performance - Employees: - Job generation.		Principle 6	
LA2	Total number and rate of employee turnover by age group, gender and region.	Total	Social performance - Employees: - Turnover rate.		Principle 6	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Total	Social performance - Employees: - Social benefits		Principle 6	
Labour/Management Relations						
LA4	Percentage of employees covered by collective bargaining agreements.	Total	Social performance - Employees: - Participation and free association. ISA as 93 people joining SINTRAISA, the union of the Company. These people may also belong to the Sindicato de Trabajadores de Empresas de Energía Eléctrica de la República de Colombia -SINTRAENERGÍA- or the Sindicato de Trabajadores de la Industria Energética -SINTRAE-.		Principle 1 y 3	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Total	ISA does not have a policy in place for organizational changes.			
Occupational Health and Safety						
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Total	Social performance - Employees: - Joint Committee on Occupational Health (Comité Paritario de Salud Ocupacional, COPASO)		Principle 1 y 3	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
LA7	Rates of absenteeism, occupational diseases, lost days and number of work-related fatalities by region.	Total	Social performance - Employees: - Accidents and absenteeism In 2012, the accident indicator closed at 1.59 (Goal: 2-1), increasing 0.18 compared to 2011. The above associated to eight disabling work accidents, eight non-disabling work accidents, three sports accidents at work and unfortunately, a fatal accident.		Principle 1	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Total	Social performance - Employees: - Occupational health and safety.		Principle 1	
LA9	Health and safety topics covered in formal agreements with trade unions.	Total	All employees, regardless of their type of employment, have health and safety benefits.		Principle 1	
Training and Education						
LA10	Average hours of training per year per employee by employee category.	Total	Social performance - Employees: - 3,229 million, for a total of 48,200 hours (year goal 39,800) of training, equal to an average of 68.2 hours/men of training.			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Total	Social performance - Employees: - Development of managerial and technical talent. – Sponsorship of post-graduate and specialized programs.			

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
LA12	Percentage of employees receiving regular performance and career development reviews.	Total	Employees: - Performance management.			
Diversity and Equal Opportunity						
LA13	Composition of governance, corporate bodies, broken down by gender, age, minority group membership and other diversity indicators.	Total	Social performance - Employees: - From 32 people in directive positions, eight are women and 24 are men.		Principle 1 y 6	
LA14	Ratio of basic salary of men to women by employee category.	Partial	Employees: - Remuneration and fringe benefits.		Principle 1 & 6	Goal 3
Social Performance Indicators: Human Rights Management Approach						
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not material	Due to the nature of ISA's business, this is not a material indicator.		Principle 1 & 2 Principle 5	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Total	Social performance - Suppliers: - Strengthening of operational controls on occupational health and safety and environmental performance. - Assessment of 282 companies.		Principle 1 & 2	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
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.	Partial	Responsible and ethical performance with stakeholders: - One-hour On-line course on Human Rights, for 389 workers, equal to 55% of ISA's population.		Principle 1, 2, 3, 4, 5, 6	
Non-Discrimination						
HR4	Total number of incidents of discrimination and actions taken.	Total	Durante el período reportado no se tuvo conocimiento de quejas, reclamos o denuncias que indiquen discriminación.		Principle 6	
Freedom of Association						
HR5	Company's activities in which the right to freedom of association and collective bargaining might be at significant risk, and measures adopted to support these rights.	Total	Social performance - Employees: - Participation and free association: In 2012 no complaints or tutela actions were filed against ISA by any unionized worker alleging dismissal, transfer or impaired working conditions, having union immunity and without prior court authorization.		Principle 3	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Child-Labour						
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Total	La contratación directa de trabajadores que ISA efectúa es de ciudadanos con su mayoría de edad, por lo cual no se generan situaciones en las cuales potencialmente se pueda dar la explotación infantil, por cuanto no existe en la nómina de trabajadores de la Empresa población infantil, siendo respetuosos de los convenios de la OIT existentes sobre el tema, con la Declaración Universal de Derechos Humanos y la Declaración Universal de los Derechos del Niño.		Principle 1, 2 & 5	
Forced Labor						
HR7	Operations identified as having significant risk of incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.	Total	As part of the performance of Interconexión Eléctrica S.A. E.S.P., there are no forced labor conditions for any job of the organizational structure, neither directed nor consented.		Principle 1, 2 & 4	
Security Practices						
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Total	Society: - Human Rights. Four people of the Organization attended the diploma course on "Recommendations to support the Human Rights Policy and Humanitarian Law of the Ministry of National Defense" by companies, with a duration of 100 hours.		Principle 1 & 2	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Indigenous Rights						
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Partial	During the reporting period there were no incidents involving violations of rights of indigenous communities.		Principle 1	
Society Performance Indicators						
Community						
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Total	Social performance - Society: - Leveraging and prioritization. - Results by lines. - Contribution to promotion as part of Peace and Development Programs -PDP -. - Contribution to poverty reduction. - Adolescent Mothers Program. - Support to improvement of quality of education, research and development. - Results of each line. Environmental performance: - Management on design and construction		Principle 4, 5 & 6	Goal 1 & 2
Corruption						
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Not reported	There is an anti-fraud code that provides for the prevention, detection, research and response actions. The evaluation of the management of the risk of fraud is planned for 2013.		Principle 10	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Total	Management of ethics and key results: - 82% of all employees trained in the Code of Ethics. - Release of anti-fraud code to employees with assistance of 430 people. - The culture for prevention of Money Laundering and Terrorism Financing was strengthened through training of employees, suppliers and customers		Principle 10	
SO4	Actions taken in response to incidents of corruption.	Total	Management of ethics and key results: - In 2012, a total of 17 alleged charges were received through the Ethics Line; none of them was effective after conducting validations.		Principle 10	
Public Policy						
SO5	Public policy positions and participation in public policy development and lobbying.	Total	Environmental performance: - Sector management. Social Performance - Society: - Relationship with external entities. Social performance – State		Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Total	ISA does not engage in or support political parties or candidates for public office, and none of its employees can do so, following the Code of Ethics of the Company.		Principle10	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Anti-Competitive Behavior						
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	Total	Due to the nature of ISA's business, there are no actions for causes related with monopoly or anti-trust practices.			
Compliance						
SO8	Monetary value of sanctions and fines and total number of non-monetary sanctions for infringement of laws and regulations.	Total	There were no significant fines or sanctions in the reporting period.			
Social performance indicators: Product Responsibility Consumer Health and Safety						
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Total	Integrated Management System -SIG-: Certifications		Principle 1 & 7	

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
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.	Total	There were no incidents within the reporting period		Principle 1	
Product and Service Labeling						
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not material	Due to the nature of ISA's business, this indicator is not material.			
PR4	Total number of infringements of regulations and voluntary codes concerning information and labeling of products and services, by type of result of such incidents.	Total	There were no infringements in the reporting period.			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Total	Social performance - Customers: - Customer satisfaction survey.			

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	Total	Social performance - Customers: - Marketing communications.			
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.	Total	There were no non-compliance incidents within the reporting period.			
Customer Privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Total	There were no claims regarding breaches of customer privacy and losses of personal data within the reporting period.			

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Compliance						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services of the organization.	Total	<p>ISA is responsible for the construction, installation, commissioning, management, operation and maintenance of 220-kV El Bosque Substation and associated transmission lines to increase the reliability of energy supply and meet the growing demand of the area of Cartagena (Bolívar). The date provided in UPME's call for the commissioning of the project was May 2011; however, there were construction delays due to problems with the authorization of the Mayor of Cartagena and in obtaining the environmental license for the line, which was granted by the Ministry of Environment in March 2012, and this has led to the Company recognizing compensation established in the regulation. Considering the progress in the construction of the line (90% as of December 31st), it is estimated to be in operation in the second quarter of 2013.</p> <p>Construction of El Bosque substation ended in 2011. In late 2012, to comply with the requirements stipulated in the environmental license granted by the National Agency of Environmental Licenses -ANLA-, and as an expression of good will and commitment to deliver to Cartagena a project in line with sustainable development, ISA signed an agreement with the Ministry of Mines and Energy, the Mayor of Cartagena and the Attorney General's Office to build and underground section of line on the current perimeter road, which should be completed in November 2018.</p> <p>Given the nature of this project involving rural and urban sections, ISA has been conducting a comprehensive socio-environmental management to prevent, mitigate, correct and compensate for impacts that such projects generate.</p>			

Economic

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
Economic Performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Not reported	Not reported in this indicator			
EC2	Financial implicatins and other risks and opportunities for the organization's activities due to climate change.	Total	Sustainability strategy: -Methodological design for the determination of climate variability in communities -Design of adaptation to climate variability -Identification of initiatives for a low carbon economy by supporting the Ventures contest -Support for the establishment of protected areas in terms of actions to preserve watersheds and strategic ecosystems.		Principle 7	Goal 7
EC3	Coverage of the organization's defined benefit plan obligations.	Total	Social performance - Employees: - Nominated Institutional Fund.		Principle 1 & 2	Goal 1 & 2

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
EC4	Significant financial assistance received from government.	Total	No government assistance was received in 2012			
Market Presence						
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Total	Social performance - Employees: - Remuneration and fringe benefits		Principle 1 & 6	Goal 3
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of the operation.	Partial	Social performance – Suppliers: - Improved supplier management scheme. - Strengthening of operational controls on health and safety at work and environmental management issues. - Purchases made, types of providers, location.			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Total	Managers and directive officers are Colombian citizens.		Principle 6	Goal 1
Indirect Economic Impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Total	Social performance – Society: - Investment.		Principle 1 & 2	Goal 1 & 2

GRI	INDICATOR	SCOPE	2012 INFORMATION	OBSERVATIONS	GLOBAL COMPACT	MDG
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Total	Suppliers: Amount of jobs and wages generated			

