

isa

CONNECTIONS THAT INSPIRE

Special Report
ESG
Environmental, Social
and Governance
2020



Special ESG Report

We are presenting a report with emphasis in environmental, social and governance (ESG) matters during 2020. More information in this regard can be found in the [ISA 2020 Integrated Management Report](#), as this is an additional document to present in a more accessible and punctual manner, the management of non-financial matters, which have an influence on the valuations and decisions of our stakeholders, especially our investors.

ISA 2020 INTEGRATED MANAGEMENT REPORT

The integrated report is published on the corporate website www.isa.co. This report was prepared as per the methodology adopted by the International Integrated Reporting Council (IIRC) and under the new standard of the Global Reporting Initiative (GRI) essentially required.

The Company retained KPMG to conduct the verification of the Report according to the Global Reporting Initiative (GRI), ISAE 3000 and ISAE 3410 standards, to guarantee the reliability and accuracy of the published information.

The report addresses ISA and its businesses' management results: Energy Transmission, Road Concessions, and Telecommunications and ICT. It includes results of material issues that may affect the creation of value of the Energy Transmission and Road Concessions business units.

STAKEHOLDERS

ISA respects, recognizes, and values its stakeholders and incorporates them into its management model by formulating commitments to each of them, to generate value.

Stakeholders are groups of people, organizations, and institutions with whom common interests are built and shared. They may be affected by the company's services or activities. The relationship between them and ISA companies is clear, visible, and legitimate.

The company is committed to develop, strengthen, and promote mechanisms of relationship and commitment to its stakeholders to:

- Promote ethical, transparent, constructive, and respectful human rights relationships.
- Generate communication channels that provide information and ensure spaces for dialogue.
- Strengthen relationships based on trust and legitimacy.
- Provide timely information of public interest.
- Contribute to sustainable development and welfare of our society.



EMPLOYEES



SUPPLIERS



THE STATE



CUSTOMERS/
USERS



INVESTORS



SOCIETY

In ISA, sustainability is how we act: Knowing the environmental challenges our planet is facing, being aware of the different social realities, setting the goal of creating value for our stakeholders, respecting humans, and in an ethic, fair environment.

ISA2030 STRATEGY

The purpose of ISA2030 Strategy is to create **Sustainable Value**: it is the great commitment to create value over time and go beyond the creation of just financial value, because we take into account social and environmental values and see all the opportunities that the future brings as it is increasingly dynamic, collaborative, and digital. This ensures corporate sustainability.



The ISA2030 Strategy is supported by four pillars in its everyday actions and choices, as well as ISA's internal relations and its relations with the world.



GREEN
Minimize the environmental impacts of the business and promote positive environmental initiatives.



INNOVATION
Take advantage of business opportunities derived from technological evolution and trends.



DEVELOPMENT
Build capacities and leaders to face business challenges and promote the development of the territory and an entrepreneurship



ARTICULATION
Seal strategic alliances to meet objectives.

INSTITUTIONAL COMMITMENTS

Focused on the generation of sustainable value, the ISA2030 Strategy responds to global challenges included in the United Nations 2030 Agenda. It seeks to contribute to the Agenda's goals by means of specific actions within the framework of the next prioritized Sustainable Development Goals (SDGs). These actions are supported by partnerships and cooperation **(SDG 17: Partnerships for the goals):**



ISA is among the top 100 companies in Colombia with the best reputation and capacity to attract and retain talent.

Bernardo Vargas Gibsone, among the top 20 business leaders with best reputation.



Sustainability Award
Bronze Class 2021

S&P Global

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

SIX CONSECUTIVE YEARS



THREE CONSECUTIVE YEARS



FIVE CONSECUTIVE YEARS

<p>7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE</p>	<ul style="list-style-type: none"> • Energization and development of the communities where we operate • Promotion of innovation and development for new energy solutions
<p>9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA</p>	<ul style="list-style-type: none"> • Strong commitment to innovation in the different businesses of the Group • Offering solutions to economic and environmental challenges, like increasing energy efficiency
<p>13 ACCIÓN POR EL CLIMA</p>	<ul style="list-style-type: none"> • Ecoefficiency actions to avoid and reduce emissions in the operations • Strategic goal of reducing 11 million tons of CO2e • Alignment of corporate goals with the employee variable compensation system • Contribution to climate change mitigation through the Conexión Jaguar program
<p>15 VIDA DE ECOSISTEMAS TERRESTRES</p>	<ul style="list-style-type: none"> • Commitment to the protection of ecosystems through its forest offset programs, covenants, and partnerships that promote the protection of vulnerable ecosystems • Conexión Jaguar Program, which seeks, among other things, to preserve the biodiversity and connectivity of the jaguar's natural habitats
<p>4 EDUCACIÓN DE CALIDAD</p>	<ul style="list-style-type: none"> • Creation of opportunities for the development of capacities and for strengthening employability and entrepreneurship through the Conexiones para el Desarrollo Program • Improving the quality of education through the professional studies support program
<p>16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS</p>	<ul style="list-style-type: none"> • ISA declares its commitment to the promotion and protection of human rights and to an ethical, transparent conduct • Ethics and Compliance Business Program • Code of Ethics and Conduct • Good corporate governance practices

Materiality analysis

ISA Group performs materiality analysis to identify matters that are relevant to the achievement of its strategy and are valued as such both internally and externally.

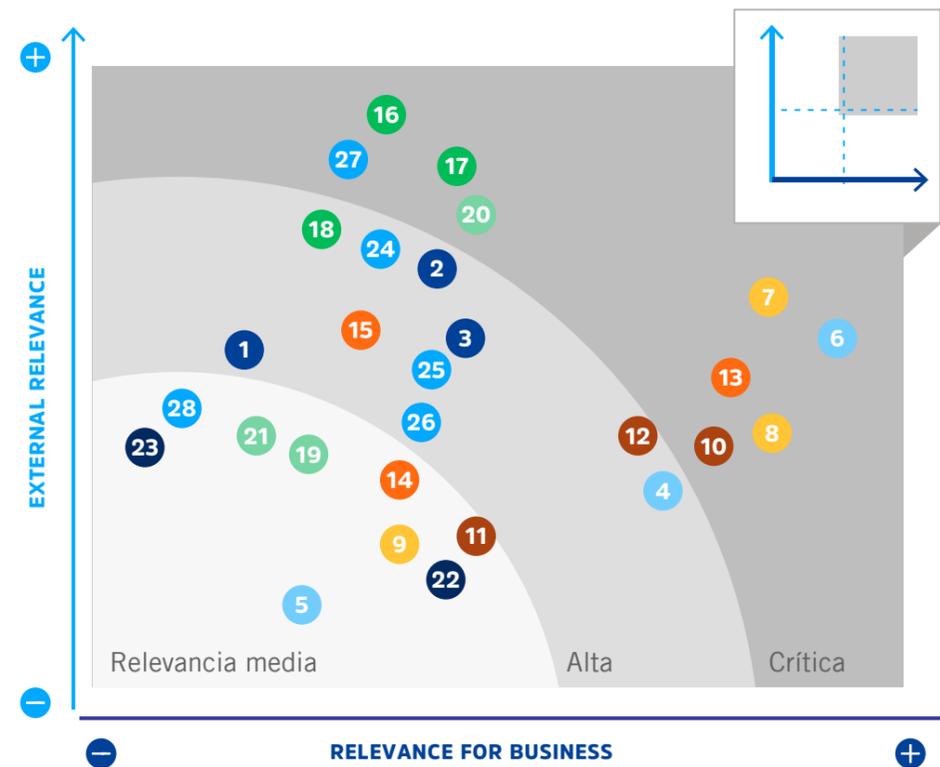
Steps for materiality analysis

1. Definition of relevant matters.
2. Internal validation of relevant matters.
3. Measurement and consultation with stakeholders.
4. Construction of materiality matrix.

Matters that are relevant to both the business and the stakeholders were identified.

The matrix of ISA Group is composed of the companies' materiality exercises: ISA, ISA INTERCOLOMBIA, ISA TRANSELCA, XM, ISA REP, ISA CTEEP, ISA INTERCHILE, and ISA INTERVIAL.

MATERIALITY MATRIX



Critical relevance

- 6 Fulfillment of commitments
- 7 Ability to meet financial and business objectives by benefitting from opportunities and ensuring corporate sustainability
- 8 Appropriate growth strategy
- 13 Fulfilling the value proposition in an accurate, seamless manner
- 16 Leadership in initiatives to contribute to the protection of ecosystems and biodiversity
- 20 Closeness and dialogue with stakeholders, listening to their expectations
- 17 Management of environmental impacts related to activities
- 10 Identification, foresight, and adaptation to challenges and trends
- 27 Occupational health and safety for direct and indirect employees

High relevance

- 2 Ethical, comprehensive, and transparent behavior
- 18 Strategy to mitigate and adapt to effects of climate change
- 12 Versatility in the definition of risk appetite and in its management facing new business opportunities
- 24 Attractive and desirable employer
- 4 Influential, inspiring Company capable of anticipating, adapting, and transforming the environment
- 3 Diverse corporate governance's structure and composition that responds to strategy challenges
- 15 Infrastructure and information security and cybersecurity
- 26 Quality labor practices and respect for employees
- 1 Independence from the state and/or third parties
- 25 Capacity to educate highly qualified employees who learn and see themselves linked to the organization in the long term.

Medium relevance

- 14 Reference in its standards and practices
- 28 Management of equity, diversity, and inclusion
- 21 Respect and promotion of human rights and management of social impacts
- 19 Contribution to sustainable development and transformation of territories, building a positive legacy for the regions
- 11 Flexible, agile innovation culture
- 22 Long-term alliances for achieving goals and enhancing the capabilities of the parties
- 9 Optimization of its resources and capabilities to generate synergies between group companies
- 23 Third-party risk management
- 5 Inspirational, adaptive, referential, and transformative leaders



Environmental

CLIMATE CHANGE

Our climate strategy is based on the consolidated practice of measuring, reducing, and offsetting greenhouse gases (GHG) produced by our operations. The strategy also takes into account impacts of climate variability and climate change opportunities to plan various actions, most of which are focused on mitigation. In 2020, **36.781** tons of CO₂e from our power transmission business operations were offset.

36,781 TON

CO₂E OFFSET

80% OF OUR OPERATIONS ARE CARBON NEUTRAL.

100%

CARBON NEUTRAL

- ISA
- ISA INTERCOLOMBIA
- ISA TRANSELCA
- XM
- SIER
- ISA CTEEP
- ISA REP

COP 55,029

MILLION OF ENVIRONMENTAL INVESTMENT

Emission reduction potential in Conexión Jaguar projects:

5.728.129 Tons of CO₂e

COMMITMENT TO THE PROTECTION OF BIODIVERSITY

- Cost-effective, sustainable forest offset portfolio within the framework of the recovery of priority areas according to environmental authorities, as they are of ecological interest.
- Forest exploitation variable strips

- Installation of bird flight diverters to mitigate collisions with transmission lines.
- Drones for surveillance and cable

548.6

HECTARES OF RECOVERED AND PROTECTED ECOSYSTEMS

12

PROTECTED HABITATS

784,000

HA OF FOREST ECOSYSTEMS RECOVERED AND PROTECTED IN CONEXIÓN JAGUAR PROJECTS

ECO-EFFICIENCY

The goal established for 2020 was to achieve a percentage of SF6 leakage equal to or lower than 0,5%, in line with the International Electrotechnical Commission (IEC) standard. The goal was achieved with consolidated 0,45 % leakage for the Group. For 2020, the goal was to reduce 533 tons of CO₂e, considering water and energy consumption, waste generation, and sustainable mobility. The goal was exceeded with a total of **952 tons of CO₂e avoided**. **100%** of the energy consumption of the main corporate headquarters comes from zero emission renewable sources.

OUTSTANDING ACTIONS

- Green sites and substations project on local roads and shoulders
- Sustainable Mobility Program
- Higher number of drones for asset and substation inspection
- Improved energy efficiency by switching to LED lights
- Optimization of fiber optic utilization capacity
- Use of recycled asphalt
- XM launched EcoGox, a platform for certification and registration of renewable energy, which uses 4.0 technology to the service of sustainability, dynamizing the market in Colombia and Latin America.
- Solar plant at the headquarters of ISA in Medellín

ISA and its companies ensure that their processes and operations are aligned with the search for sustainable development, thus complying with acquired commitments, applicable regulations, and corporate guidelines and standards.



First green bonds issuance in the public market of Colombia for COP 300 billion. The resources will be used to finance the connection of non-conventional renewable energies to the National Interconnected System (SIN).

Social

The ISA Group contributes to the development and transformation of territories where it is present, seeking to leave a positive and everlasting legacy of fostering and respect for human rights. In design and construction of projects, as well as in the execution of operations, the company aims to cause the lowest impacts on the surrounding community and on the environment, with a peaceful coexistence and sustainable approach.

<p>13 STRENGTHENING SUPPLIERS ▲ 18%</p>	<p>90,4% LOCAL PROCUREMENT ▼ -0,66%</p>	<p>100% SHAREHOLDER'S ENQUIRIES PROCESSED Without variation</p>
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CONEXIONES PARA EL DESARROLLO



General satisfaction average of training events in the Group:
4,48/5

Total investment in training USD1.803.650
 Decrease compared with 2019 due to 50% reduction in the planned budget, because of the COVID-19 pandemic.

Total training hours 260.308

COMMITMENT AND SOLIDARITY WITH THE ENVIRONMENT

In the humanitarian crisis caused by the pandemic, the ISA Group has materialized its higher purpose and its maxims: "If we are aware that we are all one, if we are certain that our well-being is linked to everyone else's, there is connection." To promote solidarity and unity as people and companies, a humanitarian aid strategy called "TODOS SOMOS UNO" was defined, with the following objectives:



Help flattening the COVID-19 curve.



Protect medical staff and most vulnerable populations.



Generate installed capacity in countries where the Group is present.

MORE THAN USD **4,5 MILLION** total contributions in Latin America

WE ARE ALL ONE



Learn more about this experience

STANDARDS LABOR

- Organizational climate reached **86%** favorability, one of the best among peer companies in LATAM
- **29%** female directors
- **32%** of new openings filled by internal candidates
- **38%** of employees in agreements and unions
- Turnover index **8%**
- Employees with performance management **97%**

OCCUPATIONAL HEALTH AND SAFETY

- **USD 2.627.663** were invested in the implementation of control measures to deal with the pandemic
- 24 crisis committees and close to **50.000** hours of work
- **30** OHS professionals and leaders continuously operating since March 16, 2020
- **37,5% reduction** in total accidents suffered by our own employees
- **28,06% reduction** in total accidents suffered by contract employees

GESTIÓN SOCIAL

The ISA Group contributes to the development and transformation of territories where it is present, seeking to leave a positive and everlasting legacy of fostering and respect for human rights.

- Social management investment: **COP 40.605.576.061**
- People benefited: **349.044**
- Organizations benefited: **1.591**



Corporate Governance

CORPORATE GOVERNANCE, SUSTAINABILITY AND RISK COMMITTEE

This committee guides the Management to adopt, follow up, and improve the sustainable practices in the environmental, social, and economic dimensions, which are an essential part of the Group's strategy. During 2020, this committee analyzed and approved the following sustainability matters:

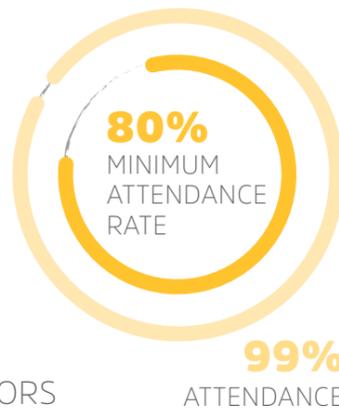
- Sustainability fiduciary duty
- Reputation and materiality model presentation
- Sustainability roadmap
- Transversal Programs Progress
- Sustainability improvement route (DJSI results analysis)

9 MEMBERS
OF THE BOARD
OF DIRECTORS
Without variation

78%
INDEPENDENT
MEMBERS IN THE
BOARD OF DIRECTORS
Without variation

COP 5.020.587
REMUNERATION PER BOARD
MEETING
↗ 7,39%

7,3
years
AVERAGE PERMANENCE
TIME IN THE BOARD
OF DIRECTORS



ETHICS AND ANTICORRUPTION

Grupo ISA has reporting channels that are a mechanism to prevent and detect acts of corruption and ethical failures, and to comply with the Company's responsibility to carry out the relevant procedure.

- **100%** cases processed
- **0** corruption cases
- **0** cases of human rights violations
- **0** confirmed cases of misuse of information

COMPREHENSIVE RISK MANAGEMENT

ISA and its companies' Comprehensive Risk Management (GIR in Spanish) seeks to preserve the integrity of corporate resources, continuity, and sustainability of business units. For this, ISA and its companies systematically perform the identification, analysis, evaluation, monitoring, and communication of risks to which companies are exposed, to minimize impacts on the financial resources and reputation resources, and benefit from opportunities that can come from them.

EMERGING RISKS

- Unstable governments, economies, institutions, or government relations
- Reconfiguration of the energy sector's value chain (energy transition)
- Deep social instability in countries of interest
- Legal and regulatory uncertainty and new revenue schemes
- Climate turning points and catastrophic external events
- Cyber-vulnerability and critical information fraud
- Acceleration of new technologies (artificial intelligence, new materials, and cable free solutions and remote operating models).
- Changes in user preferences or technologies that affect the use of current road infrastructure

RISK MAP OF ISA AND ITS COMPANIES

