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# MESSAGE FROM THE CEO

On behalf of ISA's Management and Board of Directors, I am pleased to share with all our stakeholders this Integrated Management Report 2023, which reflects the dedicated and constant work of a group of more than 5,000 employees throughout the continent.

This year we continued to lead our three business units with efficiency, technical excellence, and innovation. We maintained profitability as a premise for managing our businesses and directed our actions to leverage our strategic axes: corporate validity, shareholder value and the generation of positive social and environmental impact.

The projects awarded to ISA and delivered during the period represented a transformational step in the path to consolidate our position as one of the main enablers of energy security and transition in the region, always with sustainability as the articulating axis and with the implementation of

world-class operating, management, and corporate governance practices.

The materialization of important milestones in 2023 allowed us to make significant progress in our strategic commitment to reach new geographies, increase our competitiveness and continue participating in major projects in the countries where we operate.

# Business consolidation, one of the expressions of our value generation

Regarding business dynamics, through our company ISA INTERCOLOMBIA, we delivered in Colombia the El Río and Sabanalarga Bolívar Interconnection projects, two key works to strengthen the electrical system on the Atlantic Coast, which also represented investments of close to

In Brazil, through ISA CTEEP, in the largest public dition for the decarbonization of the energy ma-



COP 30 billion in social and environmental management for the region. In the Roads business unit, we installed in this important area of the country the new solar lighting system on the Vía al Mar, between Puerto Colombia and Barranquilla, with our company Ruta Costera, and we put commissioned the section that was affected by the winter effects. With these two works, we are providing better mobility and connectivity conditions for an area of immense value for the country's economy and progress.

auction in the country's history, we were awarded three projects representing more than 1,000 km of new lines for our electrical infrastructure, which will transmit clean, safe, and affordable energy to Brazilians. Another step in our path towards accelerating the energy transition was taken with the commissioning of substation 4.0, the first in the country and in ISA, with a technological innovation that puts us at the forefront, allowing an increase in operating efficiency and the optimization of energy transmission systems.

And we closed this great year in Brazil with an announcement that filled us with pride: the inclusion of the preference shares of ISA CTEEP (TRPL4) in the new portfolio of the São Paulo Stock Exchange Index (Ibovespa).

Similarly, the Chilean teams in both the Electric Power and Roads businesses units gave us important news for 2023. In the Electric Power business unit, through our company ISA INTERCHILE, we were awarded the Kimal-Lagunas transmission project, key to enabling the transportation of large blocks of renewable energy, which is a con-

dition for the decarbonization of the energy matrix. The company also successfully repurchased USD 127 million of its international bond (4.5 %) maturing in 2056 through a public offering. This visionary operation was awarded the Deal Toy, a recognition used in the financial world to highlight the most successful transactions of this type.

In the Roads business unit, we entered the interurban road business with ISA INTERVIAL CHILE. The company submitted the best offer to design, build and operate the Santiago Orbital Sur Concession, a tender promoted by the Ministry of Public Works, which will benefit close to half a million chileans and reduce their travel times. With this important project, the company will receive, on average, annual revenues of more than USD 46 million.

In Peru, through ISA REP, we were awarded the largest bidding for energy projects in recent years. More than 1,000 km of new lines will contribute to the acceleration of the energy transition in the region and will benefit more than nine million Peruvians. We were also awarded, through public bidding, other works totaling more than

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240 km of lines. With these awards, ISA increases its leadership position in this country by reaching a national market share of 75 %. Also in Peru, we commissioned the COYA project, which represented a historic event in the electrical evolution of that country: it is the largest energy transmission project in the last six years in that country. This project will benefit more than 12 million Peruvians and will be key to advancing regional electrical integration, as it strengthens the network for projecting future international interconnections to Ecuador, Colombia, Brazil, Chile, and Bolivia.

By the end of 2023, we met one of the objectives set out in our 2030 strategy: to enter a new geography with the Roads business unit. This important milestone was achieved by submitting the best offer for the rehabilitation, improvement, and operation of the East Pan-American Highway, the first Public-Private Partnership project awarded by the Panamanian Ministry of Public Works. This project is part of the Pan-American Highway, the most important highway in the country.

In the Telecommunications and ICT business unit, we defined the InterNexa 2.0 strategy, which refocuses the company on the operation of high-speed data connectivity network infrastructure in Colombia and Peru. The first step in the execution of this strategy was the signing of an agreement for the sale of InterNexa Brasil to Megatelecom, which is in the process of being

The projects awarded to ISA and delivered during the period represented a transformational step in the path to consolidate our position as one of the main enablers of energy security and transition in the region.

approved by Brazilian government agencies. It is also worth highlighting the work that has been carried out in Colombia, together with the Ministry of Information and Communication Technologies, in the "ConectiVIDAd para cambiar vidas" (Connectivity to change lives) project, which con-

tributes to closing the country's digital divide and which began with the connection of 38 Colombian municipalities through fiber optics.

## **Growth with profitability**

The consolidation of our three businesses, coupled with a management team focused on profitable growth and building efficiencies, make ISA an exceptional company in terms of performance, competitiveness, and an outstanding investment option. This is reflected in its historical profits, which reached COP 2.46 trillion in 2023, 11.9% higher than in 2022. At the end of the year, the return on equity indicator ROE was 15.1% and ebitda was COP 9.1 trillion, 6% higher than the previous year. Operating revenues reached COP 14 trillion, an increase of 6%.

These results allowed us to pay our shareholders the highest dividend in ISA's history. This amounted to COP 1.93 trillion in total, representing COP 1,742 per share, an increase of 133% with respect to the amount paid in 2022.

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Undoubtedly, other major news that stood out in shareholder value generation was the successful placement of bonds in the local Colombian market for COP 500 billion, which had an oversubscription of 3.35x the amount offered. These actions, together with our outstanding financial and operating results, boost the Colombian stock market, give investors confidence, and ratify our leadership in the capital markets.

# Sustainability, one of the cornerstones of our strategy

The leadership that ISA sustains today, not only on the continent, but worldwide, as one of the companies with the best sustainability practices, has been widely recognized by the major validators in the field. In this regard, we were recognized as ALAS20 Colombia 2023 Company -the highest category to which a company can aspire in the Sustainable Leaders Agenda- and the Company with the Best Investor Relations, by the same organization. We were also awarded the bronze medal of the Global Sustainability Yearbook and obtained a relevant position among the twenty energy companies in the world with the best performance in the Dow Jones Sustainability Index. These awards undoubtedly



and sustainable mobility.

place us among the most sustainable multi-Latin companies globally.

Among the main milestones achieved in this area, I would like to point out that we achieved carbon neutrality certification in five countries where we operate in Latin America. We thus became the energy transmission company with the largest geographic coverage certified by Icontec. Eleven companies from the three businesses units we operate obtained this recognition, which aims to contribute with concrete actions to mitigate

the effects of climate change and accelerate the energy transition.

We also made significant progress in the implementation of our social management model, Conexión Desarrollo, with important education, entrepreneurship and infrastructure projects that benefited close to 600,000 people in five countries and required an investment of close to COP 42.6 billion. The program was recognized with the BIBO award from the newspaper El Espectador and other national and international organizations,

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which acknowledges companies in Colombia with the best programs focused on halting and reversing biodiversity loss and generating new initiatives for resource conservation, sustainable use, and knowledge appropriation.

The consolidation of our three business units, coupled with a management team focused on profitable growth and building efficiencies, make ISA an exceptional company in terms of performance, competitiveness, and an outstanding investment option.

In 2023, Brazil was the scene of one of the great news of our Conexión Jaguar program: thanks to the technical and financial support provided by the program, the Instituto Homem Pantaneiro (IHP) certified the first REDD+ project (reducing emissions from deforestation and forest degradation) in the Pantanal biome, considered a Biosphere Reserve by Unesco. More than 231,000 carbon credits were certified, with high international standards, which are traded on the international voluntary market and have the potential to reduce approximately 430,000 tons of CO<sub>2</sub> by

2030. The project achieved International Gold Level by certifying exceptional benefits for biodiversity and communities.

Also, from Conexión Puma, the program with which we protect this species in Chile, we joined Club Deportivo Colo-Colo in an important match: working together to mitigate the climate crisis. This is how, in alliance with Fundación Reforestemos and Fundación Basura, we set the goal of making this team, by 2025, the first carbon neutral team in Chile and the region, and to carry out reforestation activities around the David Arellano Monumental Stadium, in the Macul community of Santiago de Chile.

# Innovation: an integral part of the 2030 strategy

At ISA, innovation is a strategic pillar for value generation, which leverages competitiveness and business excellence, contributes to the transformation of industries, and promotes the development of projects that address urgent social, economic, and environmental problems in Latin America.

With this goal in mind, we fulfilled the great dream of consolidating our social innovation program, which aims to provide access to good quality electric power and data connectivity to communities in the areas of direct influence of ISA's 50,000 km of linear infrastructure in Latin America.

On the other hand, in partnership with Rockstart, ISA launched the second cohort, focused on energy transition: ten accelerated startups achieved an average growth of 2x and investment opportunities of up to USD 3 million. These facts allowed us to be included in the Business Innovation Ranking of ANDI and Dinero Magazine, recognizing our commitment to innovation and the value we contribute to the entrepreneurial and business ecosystem in Colombia.

# CONEXIÓN | Samuel Conexión | Cone

# Our talent, what we take care of the most

In 2023 we launched Conexión Talento, the talent attraction and loyalty brand of ISA and its companies with which we develop organizational capabilities, mobilize the development of leaders, changes, and transformation, and take care of our people.

In particular, as one of the most important lines of action of Conexión Talento, I would like to mention the creation of the Universidad Corporativa (Corporate University), Campus ISA, which was created to respond to the current and future needs of the organization. This study platform has six training schools with emphasis on the Electric Power business unit, the Roads business unit, the Conectados con la Vida (Connected to Life) program, our leadership brand, innovation and digital transformation capabilities, and other organizational capabilities.

Another important line of this corporate initiative is precisely the ISA Seedbed, a program for the early attraction of high potential talent, which stimulates the creation of knowledge, reduces generational turnover times, and strengthens the employer brand. This year we have 33 professionals from different universities, regions, and professions to meet the needs of businesses. 27% of the participants were women; in addition, we had one professional with a disability and two representatives of ethnic groups.

Also, through ISA's occupational health and safety culture model, **Conectados con la Vida,** we managed to reduce the accident rate by 43.5% with respect to 2022 and we strengthened the incorporation of habits consistent with the principles of occupational health and safety.

Our commitment to strengthening equity in ISA and its companies was recognized with the award "Organization with the power to change towards gender equality", granted by the Global Compact and UN Women, at the She Is Global Forum 2023, the largest gender equality event in Latin America. Also, in the UN Women Standard, which measures the maturity of gender equity management, we ranked at the "leading level". We also launched the first cohort of mentoring in women's leadership, which addresses this topic and that of influential communication. On the other hand, in our female lineworker training program, we graduated the first eight women who are ready to transform their reality and that of their families.

At ISA, we also enable the work of the future with six flexible work arrangements that allow employees to achieve an appropriate work-life balance.

All of these efforts showed results in our organizational climate, in which we maintained a favorability rating of 83%, six percentage points above the regional market benchmark reported by Korn Ferry®. They are also reflected in the results of the Merco Talento monitor, which measures the

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Stakeholder Dialogues, a space for open conversation and construction, which in 2023 revolved around stakeholder understanding and expectations regarding the energy transition.

attractiveness of companies in Colombia, in which we ranked 14th among the one hundred companies in the ranking. In addition, we were the 2nd Best Company to Work for in the Energy, Gas and Water Sector, and the 7th Company with the Best Human Resources Team.

# **Co-constructing with our stakeholders**

We reaffirm our commitments to our stakeholders every year in Stakeholder Dialogues, a space for open conversation and construction, which in 2023 revolved around, among other topics, stakeholder understanding and expectations regarding the energy transition. Nearly three hundred people from all the regions where we operate in Colombia participated, with whom we reviewed and reaffirmed the commitments that allow us to continue strengthening the relationship of trust and openness.

We also held, with great success, the second edition of Inspiring Boards, a unique space for co-creation and learning that convenes independent members of boards of directors, governing bodies, governing boards and boards of ISA and its companies, in which commitments were

made to sustainability and the integration of social aspects in the sustainable value strategy.

Precisely, our new positioning strategy, which we launched this year, reflects ISA's intention to evolve towards a new leadership of greater dialogue, visibility and care for life in all its forms, and to "care for what we see least".

## **Gratitude and future challenges**

With immense gratitude to all our stakeholders, we close 2023, in which we consolidated our leadership in the region as fundamental enablers of the energy transition, the mitigation of climate change, the fulfillment of the value proposition to our shareholders, the efficient provision of our services, and the construction of a social fabric that allows each person we impact with our operation to have a better life.

The year 2024 arrives with important challenges in terms of expansion and consolidation in the countries where we operate, the promotion of public policies that make possible the new bu-

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sinesses that are indispensable for moving towards a decarbonized economy and addressing the region's urgent social agenda.

We, at ISA, will continue to inspire by example, doing our work with ethics, transparency, a deep respect for human rights, life, the environment and with the exercise of the best operational, sustainable and governance practices worldwide.

I cannot end this letter without giving a big thankyouto Juan Emilio Posada Echeverry, who, accompanied by the exceptional human team of ISA and its companies, led all the achievements summarized in this report. On behalf of each and every one of our employees, I would like to recogni-



ze his management as the company's CEO in a year in which important cultural changes were achieved in terms of innovation, safety, and agility, as well as an exceptional increase in the pace of growth and the success rate in international tenders.

**Gabriel Melguizo Posada**ISA's Interim CEO



REPORT

# REPORT PROFILE

This report was prepared in accordance with the methodology of the International Integrated Reporting Council (IIRC) and under the Global Reporting Initiative (GRI) standard, which is essentially required. Corresponds to the period from January 1 to December 31, 2023, and has an annual periodicity. [GRI 2-3 a] For comparative purposes, reference should be made to the Integrated Management Report 2022, presented in March 2023. [GRI 2-3 b] [GRI 2-3 c]

The report addresses ISA and its business units' management results: Electric Power, Roads, and Telecommunications and ICT, according to the focuses declared in the ISA2030 Strategy. These results are described according to ten material issues, which correspond to the environmental, social, and economic dimensions and may affect the creation of sustainable value in the Electric Power and Roads business units. Although the Telecommunications and ICT business unit was not part of this exercise, some actions that are relevant for the fulfillment of the business objectives are included.

For the period, the materiality analysis considered both ISA and its companies in the Electric Power business unit: ISA INTERCOLOMBIA, ISA REP, ISA

CTEEP, ISA TRANSELCA, ISA INTERCHILE, and XM; the Roads business unit considered ISA INTERVIAL and Ruta Costera. All these companies together represent 62% of ISA's total consolidated revenues. Each of the companies has their respective management reports, which can be consulted on their websites. [GRI 2-2 a] [GRI 2-2 b]

The Integrated Report was prepared by the Chief Strategy and Institutional Relations Officers, wich ensured the inclusion of relevant information reflecting the management of material issues for the company. The ISA Board of Directors and the Board Committee certified that all material issues were duly covered. [GRI 2-5 a]

KPMG verified the Report according to the Global Reporting Initiative (GRI) and ISAE 3000 and ISAE 3410 standards. The auditing firm assured the reliability and accuracy of the information published. The scope and conclusions of the verification may be examined in the independent review report, included in the Annexes. [GRI 2-5 bi-ii]

To facilitate the consultation of the indicators reported, the table of GRI indicators can be found in the annexes, which also includes the compliance with the Principles of the Global Compact.

[GRI 2-3 d] For suggestions, opinions, or inquiries regarding this Integrated Management Report, please contact:

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Olga Patricia Castaño Díaz
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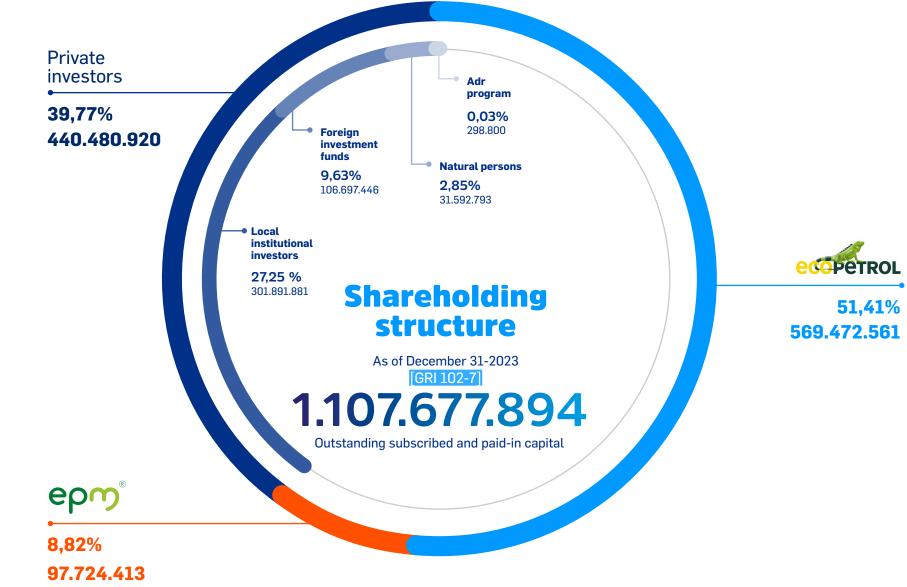
# PROFILE OF ISA AND ITS COMPANIES

[GRI 2-1-a] [GRI 2-1-b] [GRI 2-1-c] [GRI 2-1-d]

ISA, a company of the Ecopetrol Group, is a multi-Latin company with more than 56 years of experience and track record, which operates in the Electric Power, Roads, Telecommunications and ICT business units, and contributes to the quality of life of millions of people in Colombia, Brazil, Chile, Peru, Bolivia, Argentina and Central America, through the work of 5,011 employees in 53 companies.

The company develops its business based on technical excellence, the efficient provision of its services, the creation of sustainable value for its stakeholders and society in general, integrating cutting-edge technological solutions and supported by the best practices of ethics and corporate governance.

ISA and its companies are committed to the mitigation and adaptation to climate change, the rational use of resources, the development of programs that generate a positive impact on the environment, the comprehensive development of the communities where it operates, and the quality, reliability, and availability of the services it provides.



#### [GRI 2-1-b] [GRI 2-1-c] [GRI 2-1-d]

ISA is a mixed private-public owned utility company, incorporated as a joint-stock company, of commercial nature and national order, governed by Laws 142 and 143 of 1994 and domiciled in the city of Medellin (Colombia). Ecopetrol is ISA's majority or controlling shareholder since it owns 51.41% of the capital stock.

The company has state and private investors. Its stocks and bonds are traded in the Colombia Stock Exchange. Also, the company has a Level I American Depositary Receipt (ADR) traded in the U.S. Over the Counter (OTC) market. All the shares that comprise the capital stock have the same rights and are common, registered, and dematerialized. There are no statutory restrictions on their transferability. ISA applies high standards of transparency, efficiency, and corporate governance that provide protection and confidence to investors.

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# **IN FIGURES**

Financial figures included in this report are expressed in COP trillion, unless another currency is specified.

Figures by business unit consolidated



Electric

Power\*\*\*



Roads

**Telecommunications** and ICTs

Revenues\*

EBITDA\*\*

\$10.9

**\$2.8** ►19%

**\$0.5 \( \)** 3%

\$7.4 ▶ 81%

\$1.5 **▶**16%

**\$0.2** ▶ 2%

**Assets** 

\$58 ▶ 82% **\$12** ►17%

**\$0.7** ► 1%

**Consolidated** 

**Operating** revenues

**Variation** 

2023 vs. 2022

**△** 6%

**Assets** 

#### **Dow Jones** Sustainability Indices

Powered by the S&P Global CSA

Nine consecutive years

Sustainability Yearbook Member 2022

S&P Global

Seventh consecutive year and a bronze medal

Recognition: ALAS20 company, first place in the category "Leader in Investor Relations" and third place

as "Leading Company in Sustainability".

ALAS20

Six consecutive years

Seven consecutive years

► Participation %

\*\*\* The Electric Power business unit includes XM.

**Separate** 

**Net income** separate

Variation 2023 vs. 2022 **△** 12%

**Net income** separated

\$14.1 **△** 6% Ebitda\*

> **EBITDA** margin

Liabilities

**△** 12%

<sup>\*</sup> Includes revenues from the periodic tariff review in Brazil.

<sup>\*\*</sup> EBITDA restated from 2018 due to methodological homologation with Ecopetrol. This EBITDA is defined as: income from operating activities plus operating taxes, plus depreciation, amortization, and impairment of non-financial assets.

# PRESENCE OF ISA AND ITS COMPANIES

[GRI 2-6 iii]

1SA 452

subordinate companies

Shareholding in 16 other companies

- Selectric Power
- Roads
- Telecommunications and ICT
- Other business units
- Investment vehicle

# **OPERATIONS IN**

6 COUNTRIES
IN SOUTH AMERICA
AND CENTRAL
AMERICA

#### Colombia

#### ISA

- ISA INTERCOLOMBIA
- ISA TRANSELCA
- INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ
- XM
- ISA INTERVIAL COLOMBIA
- RUTA COSTERA
- INTERNEXA
- INTEIA
- DERIVEX
- CRCC
- PARQUES DEL RÍO

#### Chile

- ISA INTERCHILE
- INTERCONEXIONES DEL NORTE
- CONEXIÓN ENERGÍA
- INTERVIAL CHILE
- RUTA DE LA ARAUCANÍA
- RUTA DEL BOSQUE\*
- RUTA DEL MAIPO
- RUTA DEL MAULE\*\*
- RUTA DE LOS RÍOS
- RUTA DEL LOA
- INTERNEXA
- ISA INVERSIONES CHILE
- ISA INVERSIONES COSTERA

#### Peru

- ISA REP
- CONSORCIO TRANSMANTARO
- ISA PERÚ
- CONSORCIO ELÉCTRICO YAPAY
- INTERNEXA

#### INTERCONEXIONES VIALES SPA

- ISA INVERSIONES CHILE VÍAS SPA
- INVERSIONES TOLTEN

#### **Central America**

- INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ
- EPR
- REDCA

#### **United States**

• ATP\*\*\*

#### **Bermudas**

• LINEAR SYSTEMS RE\*\*\*\*

### Brazil

- ISA CTEEP
- IE IVAÍ
- IE AGUAPEÍ
- IE AIMORÉS
- EVRECY
- IE GARANHUS
- IE ITAÚNAS
- IE BIGUAÇU
- IE RIACHO GRANDE
- IE JAGUAR 6
- IE JAGUAR 8
- IE JAGUAR 9
- IE SERRA DO JAPI
- IE MADEIRA
- IEMG
- IENNC
- IE PARAGUAÇU
- IE PINHEIROS
- IE SUL
- IE TIBAGI
- IE ITAPURA
- IE ITAQUERÊ
- TAESA
- INTERNEXA
- INTERNEXA PARTICIPAÇÕES
- INVESTIMENTOS E PARTICIPAÇÕES
- ISA CAPITAL DO BRASIL

## Bolivia

• ISA BOLIVIA

### Argentina

INTERNEXA

- \* In February 2023, the concession in Chile expired.
   \*\* The Talca-Chillán concession ended in March 2021.
- \*\*\* ATP, headquartered in the USA, operates in Colombia,
- \*\*\*\* Reinsurer for property damage and all risks construction and vehicle policies to access the reinsurance market.





**ESG** 

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# **ESG DATA**

**Environmental investment** COP 168,496\*

> million **○** -10 %

Tons of CO₂e offset\*\* 40,408 **∞** -2 %

**Non-monetary** fines or sanctions

■ No variation

**Monetary sanctions** or fines (under USD 10,000)

5

**⋄** -64%

Tons of CO2e avoided due to SF<sub>6</sub>\*\*\* leakage

20,617

**○** -23%

# Environmental [GRI 305-5] [GRI 304-3]

11 companies in 5 countries are

> carbon neutral

in operations (scope 1 and 2)

Hectares protected\*\*\*\*

3.112

## **Social**

**Shareholder inquiries** addressed

100%

**■** No variation

Suppliers in strengthening

**△** 41%

**Investment in communities** 

COP **42,638** million

**△** +8%

Local purchases

86.2%

**△** 2%

# Good governance GRI 2-9-ci-ii-ii

**Board of Directors** 

78% Independent members

■ No variation

**Average seniority** on the Board of **Directors** 

3.6 years

rights violation

■ No variation

Human

cases

Women on the Board of Directors

22%

**■** No variation

Complaints addressed by the **Ethics Line** 

■ No variation



<sup>\*</sup> This value includes provisions and payments to authorities.

<sup>\*\*</sup> Tons of CO2 equivalent is the unit of measurement of the gases that cause global warming.

<sup>\*\*\*</sup> Sulfur hexafluoride (SF6) is an artificial insulating gas essential for the correct operation of high-voltage equipment.

<sup>\*\*\*\*</sup>In contrast to previous years, 2,072 hectares of protected forests in Bolivia are considered.

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# **STAKEHOLDERS**

[GRI 2 10-b] [GRI 2 23-b] [GRI 2 23-c] [GRI 2 24-a] [GRI 2 29] ISA respects, recognizes and values its stakeholders and incorporates them into its management model by formulating commitments with each one of them, aimed at generating value.

[GRI 2 29-ai-aii-aiii] For ISA companies, stakeholders are people, organizations, and institutions with whom we build and share common interests and could be affected by the company's services or activities. The relationship between them and the 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 relationships that are ethical, transparent, constructive, and respectful of human rights.
- Generate communication channels that provide information and ensure opportunities for dialogue.
- Strengthen relationships based on trust and legitimacy.
- Provide timely information of public interest.
- Contribute to sustainable development and the well-being of society.

Stakeholder	Commitment	Material interest	Strategic response	Indicators	Relationship mechanism
Employees	<ul> <li>To ensure freedom of association in ISA and its companies</li> <li>To manage employee development and recognition</li> <li>To ensure occupational health and safety</li> <li>To promote equity and equal opportunities</li> <li>To promote diversity and inclusion</li> <li>To promote work-life balance</li> </ul>	<ul> <li>Attracting, developing, and taking care of the best talent</li> <li>Attractive, sought-after employer</li> <li>Capacity to develop highly qualified employees who learn and project themselves linked to the organization</li> <li>Quality work practices and respect for employees</li> <li>Occupational health and safety for direct and indirect employees</li> <li>Equity, diversity and inclusion management</li> </ul>	Corporate validity  Training programs  Health plans  Leadership program  Competitive labor conditions	<ul> <li>Organizational climate</li> <li>Employees with superior performance</li> <li>Accident frequency rate</li> </ul>	<ul> <li>Intranet, bulletins, email and suggestion boxes</li> <li>Virtual communities</li> <li>Joint occupational health committees and coexistence committees</li> <li>Primary committees and groups</li> <li>Collective negotiation processes</li> <li>Labor environment and leadership measuringo</li> <li>Psychosocial risk measuring</li> <li>Performance management</li> </ul>

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Stakeholder	Commitment	Material interest	Strategic response	Indicators	Relationship mechanism
Suppliers	<ul> <li>Compliance with contractual commitments</li> <li>Collaboration to generate mutual benefits with efficiency and competitiveness criteria</li> <li>Joint development and strengthening based on transfer of capabilities</li> <li>Fulfilment of environmental and social commitments in line with sustainability best practices</li> <li>Promotion of sustainability standards</li> </ul>	<ul> <li>Foresight and innovation</li> <li>Application of innovation to develop new products and services</li> <li>Continuous improvements, innovation of processes, and digital transformation</li> <li>Strategic alliances for transformation</li> <li>Long-term alliances for achieving goals and enhancing the capabilities of the parties</li> </ul>	Shareholder value  Responsible procurement practices  Management of ethics and human rights  Local purchases  Development programs  Social and environmental impact  Commitment and permanent training in OHS	Employee-contractor accident frequency rate	<ul> <li>Biennial meeting</li> <li>Performance evaluation</li> <li>Field and plant visits</li> </ul>
Allies	<ul> <li>To add capabilities to generate mutual benefits or benefits of general interest</li> <li>To jointly build and benefit from opportunities and manage risks</li> <li>To consolidate joint best practices</li> <li>To boost results</li> </ul>	Strategic alliances for transformation • Long-term alliances for achieving goals and enhancing the capabilities of the parties	Shareholder value  Social and environmental impact  • High-impact programs  • Investment in entrepreneurship  Corporate validity		<ul> <li>To incorporate strategic partners</li> <li>Alliances for the development of social and environmental programs</li> <li>Alliances to improve competitiveness and capability building</li> </ul>
<u>IIIII</u> States	<ul> <li>To respect and promote the rule of law</li> <li>To contribute to the construction of an environment that promotes transparency and clear rules</li> <li>To promote a proactive and coordinated leadership, as an active agent of transformations and the construction of public policies, contributing to the development of sectors and countries, improving people's quality of life</li> </ul>	<ul> <li>Good governance</li> <li>Promotion and provision of high-quality utilities</li> <li>Ethical management and anticorruption practices</li> <li>Diverse structure and composition of government that responds to the challenges of the strategy</li> </ul>	<ul> <li>Shareholder value</li> <li>Promotion and provision of high-quality utilities</li> <li>Ethical management and anti-corruption practices</li> </ul>		<ul> <li>Participation opportunities to promote public policies.</li> <li>Opportunities for trade associations</li> <li>Consultations</li> </ul>
Shareholders and investors	<ul> <li>Create sustainable value with profitability, efficiency, competitiveness, and growth</li> <li>Take advantage of opportunities and ensure corporate validity</li> <li>Good governance and risk control</li> <li>Public and transparent information</li> </ul>	<ul> <li>Good governance, soundness, and growth</li> <li>Ability to meet financial and business objectives by taking advantage of opportunities and ensuring corporate validity</li> <li>Appropriate growth strategy</li> </ul>	<ul> <li>Shareholder value</li> <li>Leadership and commitment of the Board of Directors</li> <li>Good governance practices</li> <li>Payment of dividends</li> </ul>	<ul><li>Net income</li><li>Ebitda</li></ul>	<ul> <li>General Shareholders' Meeting</li> <li>Shareholder attention office</li> <li>Webcast</li> <li>Quarterly reports</li> <li>Meetings and visits</li> <li>Support hotline</li> <li>E-mail</li> <li>ISA shareholder chat</li> </ul>

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Stakeholder	Commitment	Material interest	Strategic response	Indicators	Relationship mechanism
QQ QQQ Society	<ul> <li>Proactive contribution to socioeconomic development and the solution of global environmental challenges</li> <li>Collective construction of best practices</li> <li>To promote open conversations</li> </ul>	Proactive contribution to global environmental challenges  • Strategy for mitigation and adaptation to the effects of climate change  Commitment to socioeconomic development  • Contribution to sustainable development and transformation of territories, building a positive legacy for the regions	Social and environmental impact  Offsetting of CO <sub>2</sub> emissions  Promotion of SDG ( 7 access to energy, 13 climate change, 15 ecosystems)  Conexión Jaguar Program  Todos Somos Uno Program  Conexión Desarrollo	• CO <sub>2</sub> e reduction	<ul><li>Surveys</li><li>Dialogues with stakeholders</li></ul>
Communities	<ul> <li>Closeness, dialogue, listening to their expectations and collaborative construction</li> <li>Development of territorial alliances</li> <li>Respect and promotion of human rights</li> <li>To create positive social and environmental impacts</li> <li>Contribution to sustainable development and transformation of territories</li> </ul>	<ul> <li>Proactive contribution to global environmental challenges</li> <li>Leadership in initiatives to contribute to the protection of ecosystems</li> <li>Strategy for mitigation and adaptation to the effects of climate change</li> <li>Commitment to socioeconomic development</li> <li>Contribution to sustainable development and transformation of territories, building a positive legacy for the regions</li> <li>Closeness and dialogue with stakeholders</li> <li>Respect and promotion of human rights and management of social impacts</li> </ul>	Social and environmental impact  Commitment to development  Investment in critical business areas  Communication and consultation with the community and its representatives  Conexión Jaguar Program  Conexión Desarrollo Program  Todos Somos Uno Program	• Reduction of CO <sub>2</sub> e emissions	<ul> <li>Training workshops</li> <li>Information and awareness meetings</li> <li>Relationship-building rounds</li> <li>Agreement closing surveys</li> <li>Meetings with the community</li> </ul>
റ്റ്റ് Customers and users	<ul> <li>Fulfillment of the value proposition</li> <li>Maintain standards of rigor and excellence</li> <li>Infrastructure and information security and cybersecurity</li> <li>Effective solutions to new market opportunities</li> </ul>	<ul> <li>Excellence in the performance of its business</li> <li>Fulfillment of the value proposition with rigor and excellence</li> <li>Benchmark for standards and practices</li> <li>Infrastructure and information security and cybersecurity</li> </ul>	Social and environmental impact  • Permanent communication  • Service delivery qualification programs  • Client/user satisfaction  • Reliability and availability of the power grid  • Road safety	Compliance with service standards:  • Unsupplied unscheduled electric power  • Physical progress of power transmission projects  • Road safety index  • Physical progress of roads projects  • Compliance with service levels Telecommunications and ICT  • Compliance with CREG indicators	COMPANIES  • Annual meeting  • Bulletin  • Visits  • Satisfaction evaluation  • Client mailbox

**States** 

2023 Integrated Management Report

# **BUSINESS MODEL**

[GRI 2-6-b]

#### **ACTIVITIES**

Design, construction, operation, and maintenance of electric power transmission and road infrastructure

Procurement

Social management

Environmental management

Regulatory management

Project management

Customer management

#### **RESOURCES**

Physical assets

Financial assets

Natural capital

Intellectual capital

Reputation

**Suppliers Employees** Electric power Roads Allies **WE CREATE CONNECTIONS THAT INSPIRE** THE DEVELOPMENT OF LATIN AMERICA

Pecommunications and IC

**Society** 

**Customers** 

and users



**Shareholders** and investors

NI T

**Communities** 

#### **REVENUES**

Revenues from investments and management of energy transmission assets

Revenues from investments and road concession assets management

Revenues from system operation and Colombian energy market

Payment for the provision of Information and **Communication Technology** (ICT) services

#### **RISKS**

Legal and regulatory

Environment, society, and land

**Business operation** 

Project design and construction

Market and competition

Political

Stakeholders

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# © ELECTRIC POWER BUSINESS UNIT GRI 2-6 a GRI 2-6 b i-ii

## In operation

49,426\*—→

72,246

including ISA's shareholdings in other companies.

It is equivalent to circling planet Earth **1.2 times.** 

MVA of transformation

109,258

141,990

including ISA's shareholdings in other companies.

GWh annual demand served

490,000

## Under construction

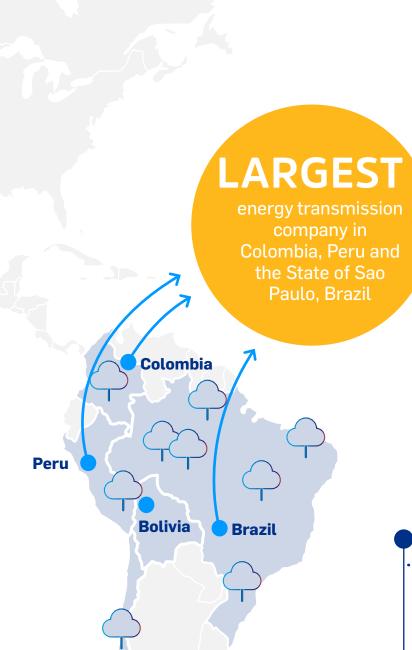
Km of circuit

6,897

MVA of transformation

16,321

\*The kilometers of circuit correspond to 100% of the infrastructure of each company (not affected by the percentage of shareholding of ISA or its companies). In TAESA, this corresponds to km of line.



Chile

3,718
people

# **Operation results**

99.72%

availability

99.99%

reliability



Coordination of the operation and administration of the Colombian energy market

# **Electric Power Transmission**

ISA is the largest energy transmission company in Colombia and Peru, the second largest in Chile and Brazil, and the third largest in Bolivia.

The electric power transmission companies of ISA build, operate, and maintain a high-voltage transmission grid in Colombia, Peru, Bolivia, Brazil, and Chile, as well as the international interconnections between Colombia-Ecuador and Ecuador-Peru. In Central America, the company has an 11% stake in Empresa Propietaria de la Red (EPR), which operates the Energy Interconnection System for the Countries of Central America (Siepac).

### Market share in the countries where ISA is present

Country	Company	% shareholding	% country total	Ranking
	Consorcio Transmantaro (CTM)	39		1
U	ISA REP	28	72	
	ISA Perú	5		
	ISA INTERCOLOMBIA	57		1
	ISA	2	65	
	ISA TRANSELCA	6		
	ISA INTERCHILE	13	13	2
	ISA CTEEP	12	12	2
	ISA BOLIVIA	4	4	3

Note: ISA CTEEP includes controlled and jointly controlled subsidiaries. TAESA is not included (TAESA's market share, as an economic group, is 7.90% and it ranks fourth).

In countries where ISA is present, energy transmission is a regulated activity within the productive chain of the energy sector. Its expansion is awarded through bidding processes; therefore, the legal and regulatory stability conditions in the different countries have a direct influence on the management of the business.

Revenues associated with the provision of the energy transmission service are regulated and indexed according to macroeconomic variables such as the COP-USD exchange rate, the Producer Price Index (PPI), the Consumer Price Index (CPI), or the corresponding indexes in the different countries.

[GRI 2-6 a] [GRI 2-6 b] Services provided by ISA's electric power transmission companies include:

Total new investments amount to USD 1,935 million

# Commissioned in 2023:

- 80 Projects
- 64 km of circuit
- 3,550 MVA of transformation

For further
information on the
business units, please
refer to the material issues:
strength and growth, and
excellence.





Design, construction, operation, and maintenance of high-voltage energy transmission systems.



Connection of generators, grid operators, regional transmission companies, and large consumers to the energy system.

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XM plays an important role in the Colombian energy sector, in charge of guaranteeing a reliable, cost-effective and safe energy supply in the short, medium, and long term. Its work includes planning and coordinating the operation of the resources of the National Interconnected System (SIN), managing the Commercial Exchange System (SIC) in the Wholesale Energy Market (MEM) and the International Electricity Transactions (TIE) with Ecuador, and settling and managing the charges for the use of the SIN networks.

In the Inter-administrative Share Purchase Agreement whereby Ecopetrol acquired in 2021 the Ministry of Finance and Public Credit's shareholding in ISA, certain obligations were established for Ecopetrol, as a direct shareholder of ISA and indirect shareholder of XM, regarding the services of the National Dispatch Center (CND), Administrator of the Commercial Exchange System (ASIC) and Account Liquidator and Administrator (LAC), aimed at reinforcing the neutrality with which XM provides such services.

Consequently, XM does not operate under strategic guidelines of Ecopetrol, the parent company of the business group to which ISA belongs; this fact, added to the independence of XM's governing bodies, implied the termination of the unity of purpose and direction, and therefore the absence of a business group composed by XM and Ecopetrol, which, since the purchase of the majority shareholding in ISA, exercises control over XM through ISA.

During 2023, XM carried out an external audit to verify compliance with the obligations established in the aforementioned contract. The audit concluded that XM complies with all aspects considered therein, but also identified some opportunities for improvement that are in the process of analysis and implementation.



XM contributes to the sustainable development of the country and provides the best energy to Colombians.

Colombia

2023 Integrated Management Report

# **ROADS BUSINESS UNIT**

[GRI 2-6 a] [GRI 2-6 b i-ii]

699 km of highways in operation \* Includes 136 km of Ruta del Loa, as well as the 25 km corresponding to the new project awarded in Chile, Santiago Orbital Sur.

161
km of highways\*
under construction

In operation

12

1 under construction





612
people

Juman talen

Number of Free Flow\*\* exclusive lanes

Free Flow\*\* Electronic toll collection system

\*\* Free flow: electronic payment system in which users do not stop to pay, thus maintaining a constant speed, reducing congestion, saving driving time, reducing the risk of accidents, and reducing CO₂ emissions.

Chile

Concessionaires		Under construction				
Trancha	Ruta del Maipo	Ruta de la Araucanía	Ruta de los Ríos	Total in Chile	Ruta Costera	Ruta del Loa
Tranche	Santiago- Talca	Collipulli-Temuco	Temuco-Río Bueno		Cartagena-Barranquilla	Carmen Alto-Calama
Length (km)	237	144	172	553	146	136*
Trunk road toll booths	3	2	2	7	5	1
Lateral road toll booths	39	8	5	52	-	_
Service areas	4	3	4	11	4	1



ISA designs, builds, operates, and maintains road infrastructure, creating connections between millions of people in Chile and Colombia, contributing to social, economic, and environmental development, and ensuring high standards of quality, safety, and connectivity to users.

ISA was awarded its first urban highway in Chile with the best bid submitted through ISA INTERVIAL for the Santiago Orbital Sur Concession. This project includes the construction of 25 km of highway that will benefit half a million people, reducing travel times by more than 30 minutes.

Through ISA INTERVIAL CHILE, the company manages the concessionaire companies it owns in that country. Today, it is the largest operator of interurban roads, with 553 km in operation and 136 km under construction. The coverage of its operating concession companies includes the sections of Ruta 5:



Between Santiago de Chile and Talca (Ruta del Maipo)

Collipulli and Temuco (Ruta de la Araucanía)

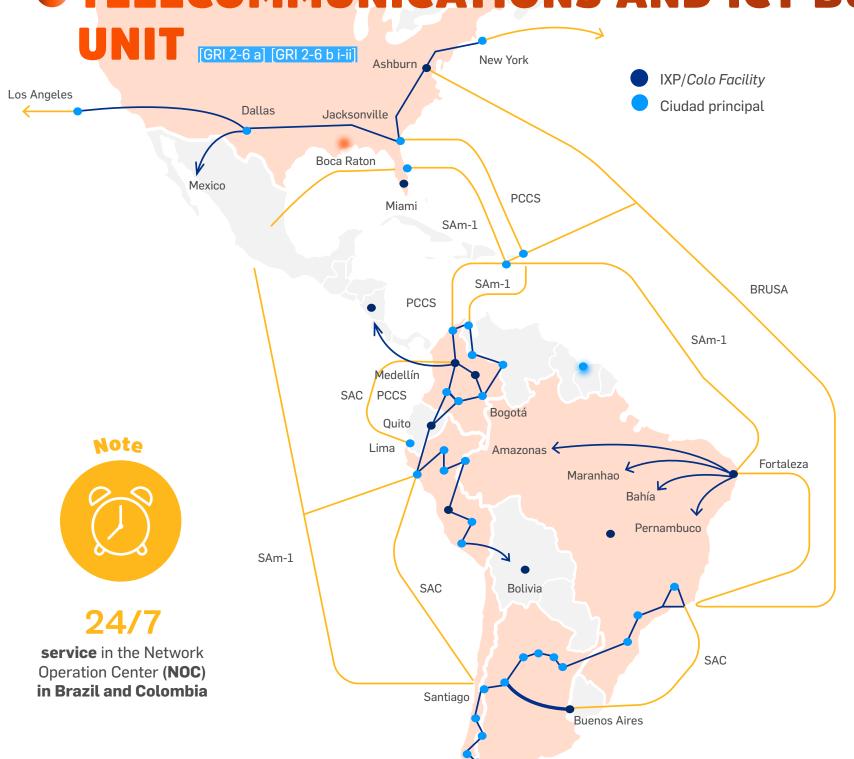
Temuco to Río Bueno (Ruta de los Ríos)

In Colombia, ISA is present through the company Ruta Costera, responsible for the Costera Cartagena-Barranquilla Concession and the Circunvalar de la Prosperidad, including the Gran Manglar Viaduct, located over the Ciénaga de la Virgen in Cartagena. The concession has 146 kilometers of roads in operation connecting two important cities in the country, which constitutes a strategic corridor for tourism and industry.

For further information on the business units, please refer to the material issues: strength and growth, and excellence.

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# **TELECOMMUNICATIONS AND ICT BUSINESS**





**Services 7,333** 



**Customers** 985



More than

connected cities

and more than

points of presence (PoPs)



**56,493** km of fiber optics in operation

ATP, based in the U.S., operates in Colombia, Peru, and Chile.



388
people

98.97%

**Service level** 

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InterNexa is an information technology and telecommunications company specialized in digital solutions, present in Colombia, Brazil, Peru, Chile, and Argentina. It specializes in developing and offering innovative, technological, and OTT (Over The Top) products, services, and solutions for companies in the mining-energy sector, governments, and telecommunications operators.

ISA approved the InterNexa 2.0 strategy to boost wholesale connectivity services in Colombia and Peru. The strategy will utilize the company's expertise in urban and interurban connectivity, along with divestitures in Brazil, Chile, and Argentina, to consolidate its position as a leader in high-speed data connectivity network infrastructure.

Today, the company has a highly reliable fiber optics connectivity ecosystem that enables its customers to keep their businesses online. The solutions portfolio consists of connectivity services, a regional IP ecosystem, integration, and interconnection of data centers, which allow us to provide a reliable and expert service, in which the joint work with customers to deliver the



InterNexa, an affiliate of ISA, is a wholesale operator of fiber optic connectivity services.

best solution adapted to the needs of each business stands out.

InterNexa has a growth strategy that includes development and expansion of current networks, strengthening of interurban infrastructures, growth of urban FTTX\* (Fiber to the X) capillarity and

high-capacity interconnection of the main data centers, with a presence in Colombia, Peru, Chile, and Argentina.

<sup>\*</sup> FTTx is the deployment of the fiber optics network (cables and other components) to a specific location or area.

Message from ISA's CEO

Report profile

Profile of ISA and its companies

Strategy

Materiality analysis

Financial results

Bahréin

Annexes

China

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# **PROCUREMENT**

[GRI 6-b]



**Equipment for high-voltage electrical substations** 

Aluminum, copper, oil and other metals

USD 588 million\*



Galvanized metal structure

Steel and zinc

USD 199,8 million



**Secondary systems** 

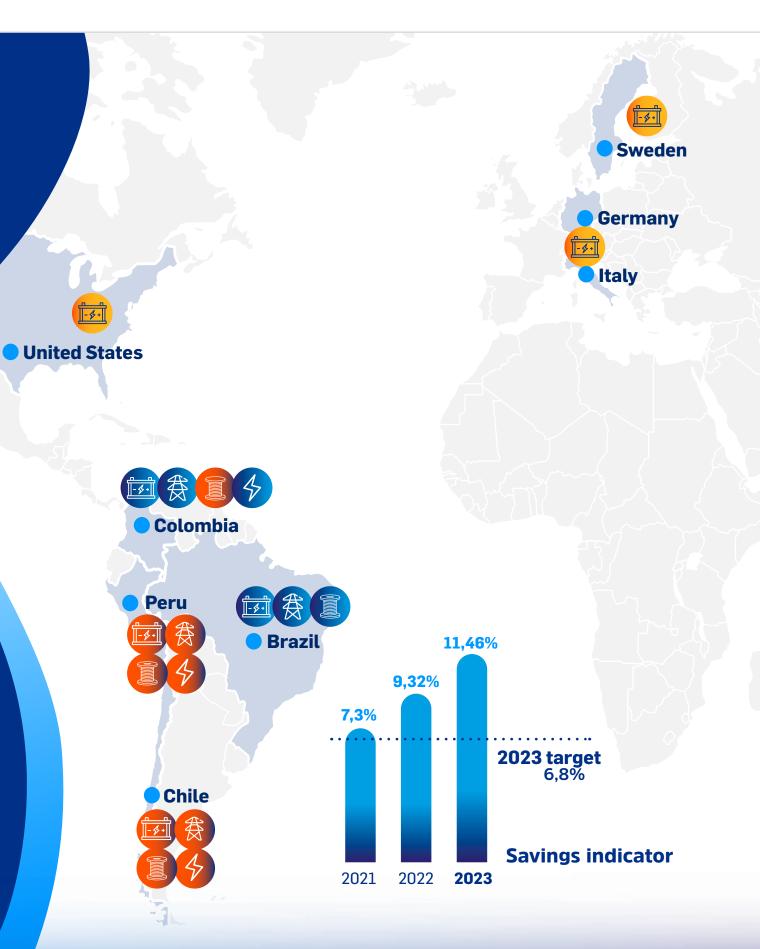
Engineering, electronic goods, supervisory services

USD 12,4 million



Conductor cables

USD 256,8 million





Country of **destination** of goods

India

- Country of origin and destination of goods
- Suppliers

#### Raw materials

NOTE: The main purchases associated with the Roads business unit are asphalt, toll systems, telecommunications equipment and anti-noise barriers, which are made through third parties.

The highest percentage of the contracts signed by ISA's affiliates in Brazil are local. Likewise, in Brazil, ISA acquires goods for its projects in Colombia, Peru and Chile.

# PROCUREMENT MODEL GRI 2-6

CONSOLIDATED PROCUREMENT PLAN

# **STRATEGIC MATRIX**

**Categories according to criticality and complexity** 



#### **Critical suppliers:**

suppliers of goods/ services of categories of this quadrant, which represent the highest expenses as well as the greatest complexity of the market and criticality for the business.



Strategic management of suppliers



NNOVATION AND IMPROVEMENT

What?

Who?

Focused on what?

How?

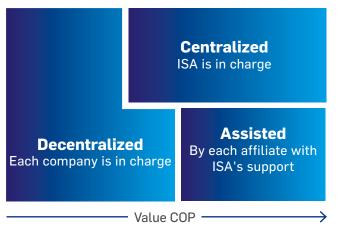
# SEGMENTATION MATRIX

**Business-specific categories** 

# SERVICE CENTER

In charge of transversal purchases

Centralization Level



They are managed by the procurement areas of ISA and its companies according to the distribution of the segmentation matrix.

# STRATEGIC PROCUREMENT SOURCING

- 1 Build a project
- 2 Understand category
- 3 Design strategy
- 4 Execute purchase
- Manage contracts



# **AWARDS**

## **January**

isa

**ISA CTEEP** is included in Bloomberg's 2023 **Gender Equality Index.** 



ISA CTEEP entered the B3 corporate sustainability index (ISE) in Brazil, ranking fifth among the country's energy companies.

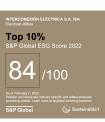
ISEB3

## **February**

Icontec granted
ISA the carbon
neutrality
certification in
scope 1 and 2
(operation and
maintenance of
assets) for eleven
of its companies.



ISA is part of the S&P Global's Sustainability Yearbook 2023 and obtains a bronze medal for its sustainability performance.



# May

ISA REP obtained the highest level of the Innovation Maturity Index, IMI, awarded by Innovation Expert.



Índice
 de Madurez
 de la Innovaciór

## June

INTEIA received the
ICII 23 Award in the innovation
category of the Medellín Traffic
Control Center, awarded by
the Metropolitan Area of the
Aburrá Valley.

# July

Merco Talento recognizes ISA among the fifteen best companies for attracting and retaining talent in Colombia.



XM was the winner in the decentralization category with the project Implementation of New Technologies to Technically Validate the Integration of New Actors as DER, awarded by Cocier.



#### ISA INTERCOLOMBIA

took first place in the innovation category with the project **Digitalization** in the Maintenance of Transmission Line **Easements**, awarded by Cocier.

ISA REP obtained the Sustainable Management Company Distinction (DEGS) for its contribution in the field of social, environmental, and corporate governance (ESG), granted by Perú Sostenible.



Empresa con Gestión Sostenible

## **August**

Global Compact and UN Women awarded ISA with the Power of Change Award for Gender Equality.



ISA ranked among the fifteen most innovative companies in Colombia, according to the Business Innovation ranking of ANDI and Dinero magazine.



recognized for the placement of the green bond for USD 1,200, through a deal toy, a recognition from the financial world to highlight a successful transaction.

ProActivo recognized ISA REP for its social development projects, Digital Communities and Bioproductive Families, by awarding it a third place.



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# **September**

The Government of
Antioquia recognized the
leadership and commitment
to promote the development
and equity of each region
of this department
through the mechanism
of Works for Taxes; this as
a result of an exercise of
articulation between ISA,
ISA INTERCOLOMBIA,
and ISA TRANSELCA, with
which opportunities have
materialized to contribute to
the development of Antioquia.



Consorcio Transmataro (CTM) received the Peru Golden Award, which recognizes the best international market bond (the transaction had a demand of 3.4 x), granted by El Dorado Investments.



### **October**

ISA's social management model Conexión Desarrollo, in its entrepreneurship and productivity line, won the BIBO award at the gold level in the bioeconomy category.



ISA ranked first in the energy, gas, and water sector in Merco Empresas Colombia 2023.



The local network of the Global Compact Colombia recognized ISA INTERCOLOMBIA for its contribution to SDG 6 (clean water and sanitation), as a result of the work carried out within the framework of the Public Taps of Maicao, in La Guajira. This project strengthens women's leadership for governance and access to water.



ISA INTERVIAL receives the award for the recycled asphalt project, granted by the Chilean Chamber of Construction.



In **100 Open Startups, ISA CTEEP** ranked in the top 10 in the electric and renewable energy category.



## **November**

XM was the winner, in the research category, at the XIX Electric Power Distribution Conference, for the design of Hierro, a tool based on reinforced learning for the planning of restoration routes of the Colombian national interconnected system, awarded by Asocodis.

ISA INTERVIAL won first place in the highway sector in Most Innovative Companies Chile 2023, awarded by the Innovation and Entrepreneurship Center of the ESE Business School of the Universidad de los Andes.



INTEIA and ISA
INTERCOLOMBIA received
the Nitrogen Plus award
from the Mayor's Office of
Medellín for compliance
with the objectives of the
Air Quality Pact.



### December

**ISA** ranked among the world's **twenty best-performing energy companies** in the Dow Jones index.

Member o

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

ISA was recognized as "ALAS20 company", first place in the category "Leader in Investor Relations" and third place as "Leading Company in Sustainability".



# **INTEGRATED MANAGEMENT SYSTEMS**

Consistent with the decision to apply international standards that contribute to raising its levels of competitiveness, ISA and its companies have adopted these standards, which allow them to comprehensively manage aspects of quality, occupational health and safety, the environment, information security, asset management and gender equality.

# New certifications were obtained for 2023:

#### ISA INTERVIAL

Was certified in Chilean Standard NCh 3262:2011, which establishes the requirements to be met by a management system for gender equality and work-life balance.

#### ISA, ISA INTERCOLOMBIA, ISA TRANSELCA and XM

Obtained the recertification of Equipares, Gender Equality Management System, maintaining the Silver Seal.

#### **INTERNEXA**

Was certified as a Family Responsible Company (EFR).



<sup>\*</sup> Fundación Másfamilia's EFR certification has been recognized by the United Nations and the Interreg Europe program as a good practice for promoting work-life balance management policies within companies, considering the needs of employees, and offering entities a series of guidelines to be more aware of the work environment they provide to their collaborators.

<sup>\*\*</sup> ISA INTERVIAL and all Rutas are certified under the same standards, except Ruta del Loa, which is currently under construction.

isa

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78% independent

attendance

96% 80% attendance goal

Remuneration of

COP 5,980,092 per attended meeting

Remuneration of the Chairman of the Board of Directors

COP 7,167,628 per attended meeting

12 ordinary

6 extraordinary

meetings

held during

the year

# **GOOD GOVERNANCE AND INTEGRITY**

[GRI 2 9-a] [GRI 2 b] [GRI 2 9 c] [GRI 2 10 a] [GRI 2 11] For ISA and its companies, good governance and integrity mean having governance bodies that ensure the transparency and independence of the company and ensure the creation of sustainable value.

**INSPIRING BOARDS** is an event shared by ISA board members and their companies and started with the mission of becoming a benchmark for good corporate governance practices in Latin America. "Our social impact transcends" was the theme of this second version of the event, held in 2023, and motivated deep reflections on a fundamental aspect: the importance of materializing the strategic aspirations of the social dimension in the Sustainable Value strategy.

100+ attendees

**65** board members

4 countries

**12** speakers and special guests

> **10** community representatives

**500+** people connected in the transmission

# **BOARD OF DIRECTORS**

[GRI 2-9 a] [GRI2-9 b] [GRI2-9 c i - ii - ii - iv - v]



Chairman of the Board of Directors

Nominated by: Pensions and

Severance Funds

Head of the Business Committee

Ricardo Roa Barragán

Nominated by: Ecopetrol S.A.



Nominated by: Ecopetrol S.A.



**Nominated by:** Ecopetrol S.A.

Diego Muñoz Tamayo



Nominated by: Ecopetrol S.A.

Head of the Corporate Governance,
Sustainability, Technology, and
Innovation Committee



Nominated by: Ecopetrol S.A.



**Nominated by:** Empresas Públicas de Medellín



Nominated by: Pensions and Severance Funds

• Head of the Audit

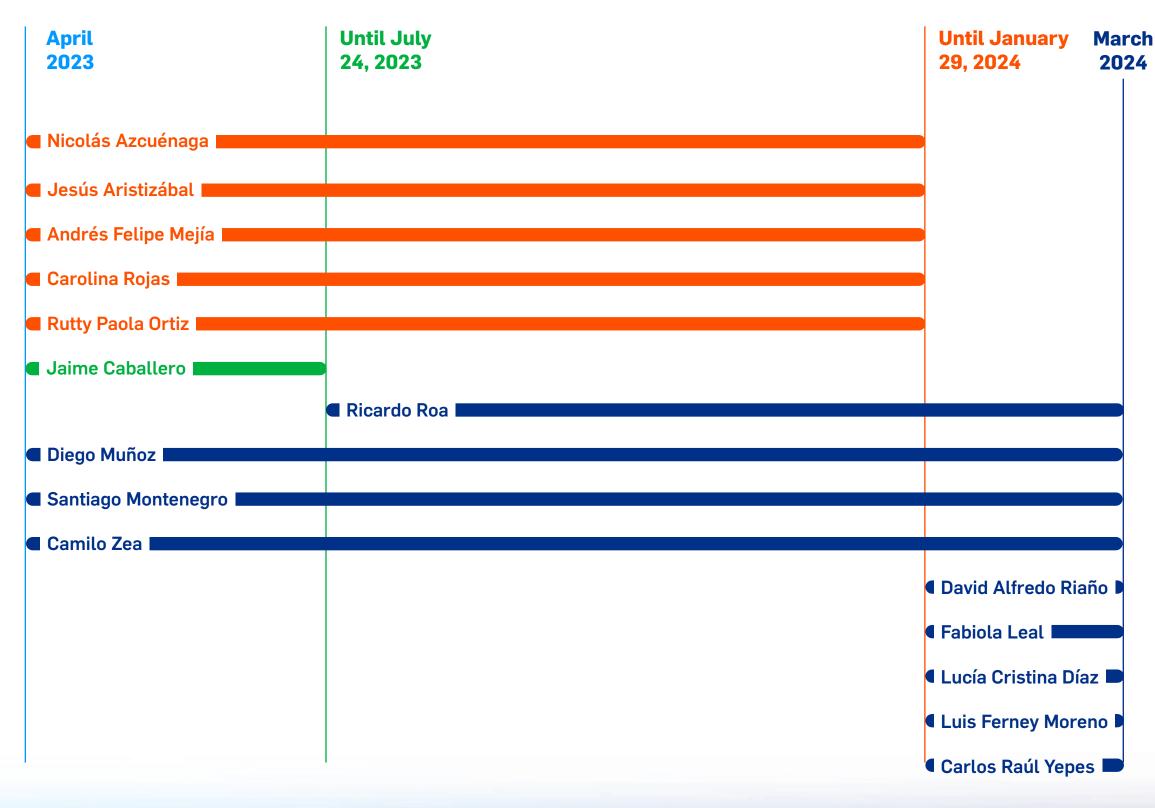
and Risk Committee

Nominated by: Pensions and Severance Funds
• Head of the Organizational Talent Committee

- Corporate Governance, Sustainability, Technology, and Innovation Committee
- Business Committee
- Audit and Risk Committee
- Organizational Talent Committee
- Independent

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# **Changes in the 2023 term of the Board of Directors**



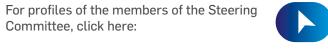
On March 29, 2023, Nicolás Azcuénaga Ramírez joined the Board of Directors at the Ordinary General Shareholders' Meeting, due to the departure of Felipe Bayón Pardo from the Board.

At the Extraordinary General Shareholders' Meeting held on July 24, 2023, Jaime Caballero Uribe left the Board of Directors and Ricardo Roa Barragán joined the Board.

On January 29, 2024, in an Extraordinary General Shareholders' Meeting, the composition of the Board of Directors was modified, in the sense that Nicolás Azcuénaga Ramírez, Jesús Aristizabal Guevara, Andrés Felipe Mejía Cardona, Carolina Rojas Hayes and Rutty Paola Ortiz Jara ceased to be part of the Board, and David Alfredo Riaño Alarcón, Lucía Cristina Díaz Armenta, Fabiola Leal Castro, Luis Ferney Moreno Castillo and Carlos Raúl Yepes Jiménez joined the Board.

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# **MANAGEMENT**





CEO (until January 2, 2024)



Chief Energy Transmission Officer



Chief Strategy Officer



Chief Growth and Business Development & Road office



Chief Institutional Relations Officer



Chief Risk and Compliance Officer



Chief Organizational Talent Officer



Chief Legal Officer



Chief Corporate Finance Officer



Chief Information Technology Officer



Chief Corporate Audit Officer



CEO InterNexa

<sup>\*</sup> Eduardo Larrabe Lucero resigned in September 2023, and as of October 14, 2023, Sebastián Castañeda Arbeláez, ISA's current Chief Growth and Business Development Officer, took over as Chief Road Concessions Officer.

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The commitment of ISA and its companies to ethical and transparent behavior is embodied in the Code of Ethics and Conduct.

# **ETHICS**

#### [GRI 2-15 a] [GRI 2-15 b] [GRI 2-16 a] [GRI 2-16 b] [GRI 2-25

In an increasingly competitive and globalized business environment, ethics is positioned as a fundamental pillar for organizational success. More than a desirable value, ethics is manifested in concrete actions that positively influence the company's reputation and profitability and stakeholder trust.

# **Ethics and compliance** framework

The commitment of ISA and its companies to ethical and transparent behavior is embodied in the Code of Ethics and Conduct, which establishes the organization's zero tolerance to any act of fraud, corruption, bribery, money laundering and financing of terrorism. During the period, the revision of the Anti-Corruption and Anti-Bribery Guidelines and the Third-Party KYC (Know Your Customer/Counterparty) and Due Diligence Guidelines was initiated.

# **Compliance risk management**

In 2023, we continue to identify and assess compliance risks at the process level:



a) Fraud, bribery, corruption



b) Money laundering, financing of terrorism and proliferation of weapons of mass destruction



c) Protection of personal information

The exercise covered the support and business processes with the highest level of exposure to these risks: procurement, bids and tenders, new business, projects, and sustainability. It is expected to continue in 2024.

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## **Culture**

To strengthen the ethical culture in the company, ISA trained 1,603 employees of the organization and its companies in ethics and compliance in 2023. The training went in depth on the ethics program, employee responsibilities, whistleblower mechanisms and the framework for action, reaffirming the company's commitment to ethical behavior.

The role of managers in managing ethical issues is also a key factor that permeates the culture. For this reason, the Board of Directors and the Steering Committee were provided with tools to promote the associated behaviors, and training was provided on conflicts of interest, corporate integrity and relations with the State; in addition, a space called "Let's talk about the relevance of ethics in our business," led by the ISA's CEO, in which ethical dilemmas that arise in the development of projects and how to face them considering the position of ISA and its companies with respect to these situations were addressed.

Different communication, training and conversation strategies were established for managers, workers and third parties:



ISA and its companies create opportunities for dialogue with suppliers on issues that concern both parties, such as ethics and conduct, among many others.

Awareness-raising to avoid acts related to work and sexual harassment, corruption among individuals, money laundering and financing of terrorism, tax, economic and labor crimes, and other matters relevant to the understanding and application of the program.

Focused training for key work teams on fraud risk management in projects, personal data protection, antitrust practices, best practices regarding confidential information, competitively sensitive or related to the company's strategies.

Training with 100% coverage of employees on topics such as conflict of interest, purpose and scope of ethical channels, criteria for participation in political campaigns, and management of gifts and presents.

For third parties with whom ISA and its companies have relationships, the suppliers' meeting provided opportunities to discuss ethics, as well as to strengthen the criteria for gifts and presents and the Code of Ethics and Conduct to which they adhere.

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# **Voluntary actions**

ISA and its companies actively participate in various initiatives that promote ethics, transparency, and respect for human rights, aligning with its purpose and supporting the development of the strategy.



RITA, Institutional
Transparency and
Anticorruption
Network,
created by the
Vice-Presidency
of the Republic
of Colombia.



on Ethics and
Transparency in
the Energy Sector,
led by the CNO
(National Operation
Council) and XM,
in Colombia.



Good Anti-Corruption
 Practices, an action
 organized by the Global
 Compact, the United Nations
 Office on Drugs and Crime
 (UNODC) and the Alliance for Integrity, Colombia.



Renoba desde la Acción
(National Network of
Anticorruption Observatories).



 Working Group of the UN Platform for Action against Corruption in Brazil.



for Integrity of the Energy Sector in Brazil.



XM organized the 11th Ethics
Forum of the Colombian Energy
Sector with the purpose of
continuing to promote a space
for reflection, action, and
commitment around ethics.
This event was attended by
181 people, representatives
of companies in the country's
energy ecosystem.



Participation in the integrity working group of the **Ethos Institute** in Brazil.

Message from ISA's CEO

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# **Conflicts of interest**

In accordance with the provisions of the Code of Ethics and Conduct and the Anti-Corruption and Anti-Bribery Management Guide, managers and employees must report, upon joining the company or at least once a year, the existence or not of conflicts of interest, in order to manage such situations in a timely manner and in the best way possible. In compliance with internal definitions, the members of the Board of Directors made the respective declaration of conflicts of interest and independence prior to their appointment. During 2023, 96% of the workers made this declaration; the doubts or conflicts reported were analyzed and managed.

# Follow-up and monitoring

In order to strengthen the follow-up and monitoring of compliance with the provisions of the Corporate Ethics and Compliance Program, automated tools were implemented to monitor management, verify compliance and identify early warning signals on issues such as payments to PEP (politically exposed persons), conflict of interest, relations with countries in high-risk jurisdictions, management of ethical cases, among others.



# **Ethics Line Management**

The Ethics Hotline has several communication channels that allow stakeholders to make their complaints or queries anonymously, securely and with due care for their personal data and identity protection.

The management of these channels is supported by the protocol for the management of ethical issues, which guarantees adequate diligence from beginning to end of the reports received. For the cases considered as effective when a breach of ethics was detected, corrective actions were taken, and adjustments were made to the processes aimed at:

- Raising awareness with the departments where the events occurred.
- Generating administrative actions for the workers involved, which were in accordance with the sanctions established in the framework of the labor law and the internal regulations applicable in each of the countries.
- Terminating contracts signed with third parties involved in ethical misconduct.
- Evaluating the performance of suppliers indicating ethical breaches, which conditions their contracting to the implementation of improvement plans.
- Reporting to the authorities when required to do so.
- Reviewing and adjusting processes to avoid the occurrence of future situations.

Message from ISA's CEO

Report profile

Profile of ISA and its companies

Strategy

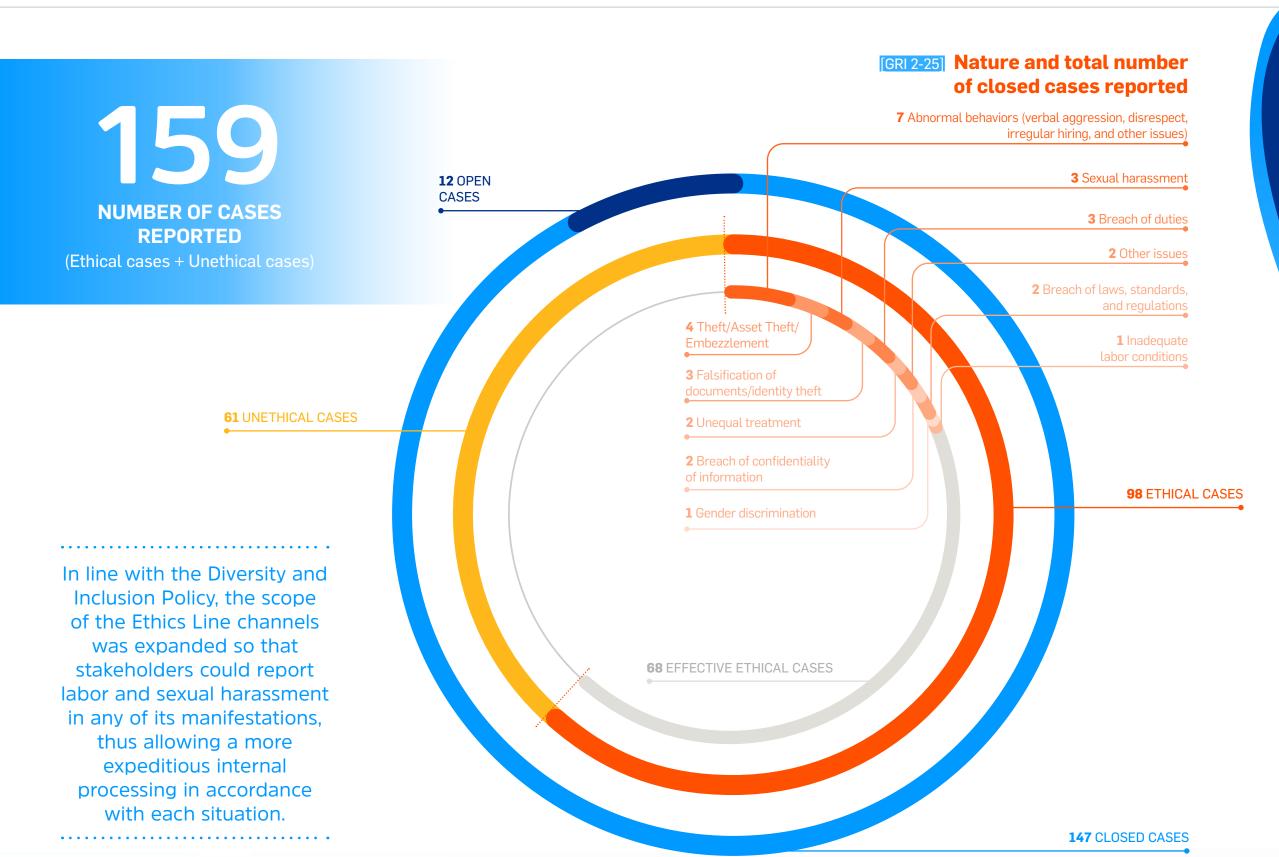
Materiality analysis

Financial results

Annexes

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Zero

- Confirmed corruption cases [GRI 205-3] [GRI 2-25b]
- Confirmed cases of human rights violation
- Data protection and management

Habeas data

Number of confirmed cases of information misuse

COMPLAINTS
ADDRESSED BY
THE ETHICS LINE

100%

2021 | 2022 | 2023



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## **Action framework**

[GRI 2 12-a] [GRI 2 23-a] [GRI 2 24-a

**HIGHER PURPOSE** 

# CONNECTIONS **THAT INSPIRE**



**Commitments** with stakeholders >





# **ISA2030 STRATEGY -**SUSTAINABLE VALUE

#### Shareholder value

Growth, generation of profitability, application of good corporate governance practices.



Positive social and environmental impact

Significant contribution to the protection of the planet and the achievement of the Sustainable Development Goals in the countries where ISA and its companies are present.



ISA's 2030 strategy is oriented towards the creation of sustainable value: it is the great commitment to create value over time, which transcends the generation of purely economic value to the inclusion of social and environmental aspects, considering all the opportunities offered by an increasingly dynamic, collaborative, and digital future, ensuring corporate validity. [GRI 2 12-a] [GRI 2 12-b] [GRI2-22-a]

# **Corporate validity**

Incorporation of innovation, digital transformation, partnerships, and evolution of capabilities to ensure positive results in the long term.

> consolidates its progress in meeting the objectives set for 2030 and advances in the definitions of the 2040 strategy. This transition process has served to validate the fundamental premises that support the long-term vision, responding to the expectations of the stakeholders that drive the company to transcend. This confirms the importance of generating a **net** positive impact on the environment and ensuring the future validity of ISA through constant innovation. [GRI 2 12-b]

The ISA2030 Strategy is based on four pillars that guide the day-to-day actions and decisions, as well as the way ISA interacts internally and with the world.

Verde (Green) Minimize the environmental impacts of the business and promote positive environmental initiatives.

#### Innovación (Innovation)

Take advantage of business opportunities brought by technological evolution and trends.

# Desarrollo (Development)

To build capabilities and leaders to face business challenges and promote the development of the territory and the entrepreneurship ecosystem.



objectives.

Build and manage longterm relationships with external stakeholders to build organizational capabilities to achieve

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# **Strategic choices**



# **Current business units**



#### Electric Power

#### **Core business**

Includes sub transmission



# Roads

#### **Growth platform**

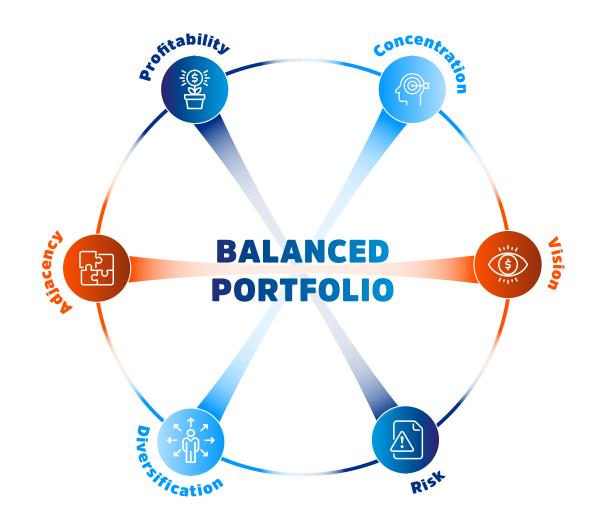
- Alliances for growth
- Strengthening of existing capabilities



# **Telecommunications and ICTs**

#### **Profitability**

- Strategic alliances
- InterNexa and ATP synergies
- Synergies in future businesses



# **New electric power** businesses



- Large-scale storage
- Renewables connection
- Distributed energy resources \*
- Other technologies (e.g., SmartValves)

\* It refers to traditional connection, renewable energy connection, storage services for generators and distributed energy solutions for large consumers and system agents.



## **Future business\***

#### **Services beyond the core business**

- Transformational innovation
- Vehicles:
- Open innovation ecosystem
- Corporate entrepreneurship



# New geographies



## Electric Power

- United States
- Panama
- Mexico
- Argentina



## Roads

- Colombia
- Peru

Business choices reflect a balanced portfolio, reconciling criteria of risk and profitability, vision and adjacency, and geographic diversification and business diversification.

Growth in each segment and geography will be achieved through organic and inorganic transactions, being more competitive thanks to an excellent formulation and execution of capex and opex, creating strategic alliances, generating a positive social and environmental impact, and an ambitious commitment to innovation and digitization.

<sup>\*</sup> Refers to businesses that transcend and take advantage of the opportunities generated by current business trends and convergence.

Shareholder valu

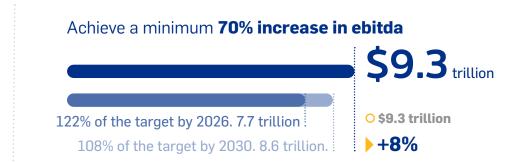
**VALUE** 

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# STRATEGY PROGRESS

The ISA2030-Sustainable Value Strategy integrates objectives and targets as a fundamental instrument for advancing the strategy. These objectives and goals make it possible to ensure the implementation of the choices made, to maintain a long-term vision of transcendence and to develop in the short term the actions required to achieve future results.



**Invest USD 10.5 billion** in existing businesses and geographies and in new geographies.

By the end of 2018, when the 2030 strategy statement was presented, ISA and its companies had already committed investments of USD 4.6 billion. Currently, total investments agreed and under development amount to USD 11.82 billion.



million of new investment committed between 2019-2023\*.

GRI2-4] Update of consolidated information due to 67% of the target by 2030. 10.5 billion. variation in the execution of Ruta del Maipo and Ruta del Loa.

#### Reduce **11 million tCO<sub>2</sub>e** to the planet



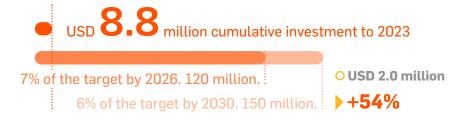
79% of the target by 2026. 9 million. 64% of the target by 2030. 11 million.

#### 22,864 tCO₂e avoided and reduced by eco-efficiency in operations by 2023

The eco-efficiency measures implemented in the operations during 2023 tripled the reduction of CO<sub>2</sub> emissions with respect to the previous year, reaching a decrease of 22,864 tCO<sub>2</sub>e; this achievement is mainly due to the prevention of SF<sub>6</sub> leakage.

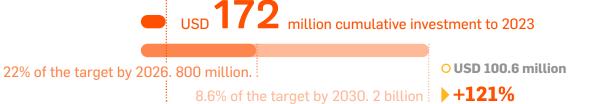
As part of the Conexión Jaguar program, the organization signed a contract in Peru in 2023 for a project with an emissions reduction potential of around 300,000 tCO<sub>2</sub>e over 10 years. Although the reference levels for this project are not yet official, this project does not reflect the organization's efforts to reduce CO<sub>2</sub> emissions.

#### Invest **USD 150 million** in entrepreneurship



The impact innovation line experienced a notable consolidation during the year, strengthening its position within the entrepreneurial ecosystem through a successful collaboration with startups and obtaining funding from USAID to promote rural electrification and connectivity.

#### Invest **USD 2 billion** in new energy businesses



The connection of the Caucasia substation, a joint project between ISA and Ecopetrol, marks a milestone in the development of the Colombian energy sector. With an investment of USD 12 million, this initiative materializes the synergy between the two leading companies, opening new opportunities for growth and energy transition.

ISA marked a historic milestone in Peru by winning the bidding for the two largest energy transmission projects in the country, with a total length of 1,054 kilometers. These projects will drive the energy transition and benefit more than nine million people.



#### **Political**

In 2023, the lack of parliamentary majorities, the system of checks and balances and the low popularity of the presidents of Chile and Colombia limited the implementation of structural changes that could affect market dynamics.

By 2024, political events such as regional elections in Brazil, Chile, and Panama, as well as presidential elections in Panama could accentuate volatility or improve the outlook for business. High country risk is expected in Latin American markets of interest to ISA.

Accelerating the energy transition in 2024 will depend on managing regulations and permitting processes that facilitate the development of energy system support structures, such as transmission and storage.



#### **Economic**

The slowdown in regional economic activity in 2023 was due to a complex macroeconomic scenario and adverse weather events that slowed investment and production.

The region's economies are expected to remain sluggish in 2024, with a continuation of the disinflation process without a recession.

In this context, the demand for countercyclical policies and alignment with the rapid energy transition may open new opportunities for infrastructure investment in the region.



#### **Environmental**

The intensification in the frequency and severity of extreme weather events, together with the scarcity of water resources, underscores the urgency of investing in infrastructure adaptation to climate change.

The growing awareness that climate change and the associated risks to natural capital are interconnected increases the pressure to manage impacts on biodiversity.

In this context, COP 28 and international commitments are intensifying the regulatory demand for ESG (Environmental, Social and Governance) management, including data on climate risks, biodiversity impacts and decarbonization.



#### Social

Increased operational risks associated with the increase in violence due to the upsurge in organized crime in countries such as Colombia, Peru, Chile, Brazil, and Bolivia.

Increasing social demands impact the dialogue between public and private actors in society, within the framework of the challenges posed by a just energy transition.





# Technological

Digitalization, by integrating tools such as artificial intelligence, offers opportunities to improve the monitoring, operation and maintenance of assets, operations, and control of systems in real time.

Consequently, the importance of adapting and integrating new technologies into operation, maintenance and construction becomes evident.

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# **COMPREHENSIVE RISK MANAGEMENT**

[GRI 2-23] [GRI 2-13 b]

The purpose of comprehensive risk management is to generate and protect the value of ISA and its companies, preserve the integrity of corporate resources and the continuity and sustainability of the business. The Comprehensive Risk Management System (GIR) is led by the Chief Risk and Compliance Office through the Corporate Risk Department, which is responsible for the design, implementation, administration, maintenance, and continuous improvement of the system, as well as its deployment in ISA's companies.

# **Business risk management**

Comprehensive risk management supports strategic, tactical, and operational decisions to preserve the integrity of business resources, as well as to examine possible events that could have a positive or negative impact on the company. The Risk Policy and the Risk Manual, which establish the guidelines for risk management throughout the life cycle of the asset, serve as a framework for action.

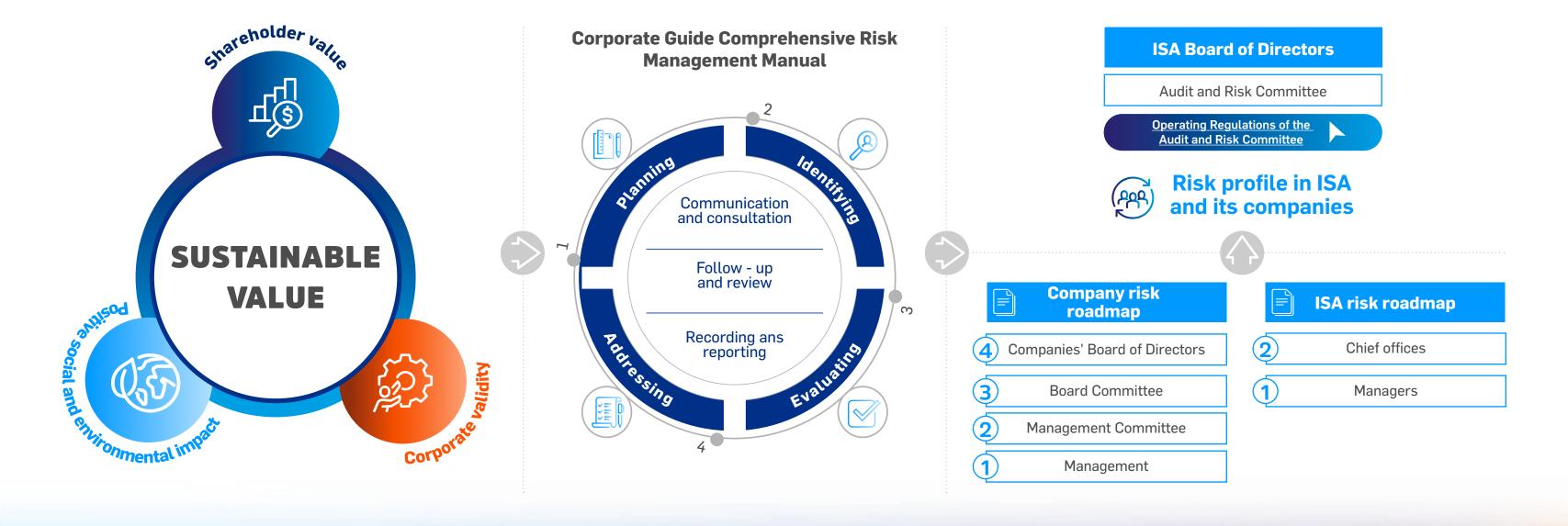
**Management Policy** 



# **Enterprise risk management system model and governance**

The model systematically covers the planning, identification, assessment, treatment, communication, monitoring, and review of the risks to which companies are exposed. This process is carried out quarterly in an exercise from the base of the processes and projects to the consolidated corporate view (bottom-up) and, after validation by the Board of Directors, feedback is given to the business units (top-down).

Each company also has a risk map, which is updated, reviewed, and validated quarterly by Senior Management, the Audit and Risk Committee and the Board of Directors of each company. This information is validated and consolidated in ISA and presented to the Board of Directors through the Audit and Risk Committee.



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Aware that culture influences all aspects of risk management, actions were taken to promote behaviors and attitudes at all levels of management:



**Strengthening** of risk and opportunity management capabilities, generating a culture of anticipation and organizational resilience through the second Risk and Business Continuity Meeting.



**Homologation** of the risk management process in offers, training and methodological support in risk assessment.



Personnel induction and reinduction program.



The risk analysis in key areas such as the environment, cybersecurity and the supply chain were discussed in greater depth with the Board of Directors. This activity covered risk assessment in projects, as well as in specific areas such as climate change, InterNexa's business and the roads sector.



**Promotion** of guidelines to increase the level of maturity of comprehensive risk management and business continuity.



**Risk prevention culture plan,** which was developed through communication and training campaigns, focused on the main risk categories.



Spaces for understanding and validation with the leaders of the business units and projects in the analysis and management of company risks.



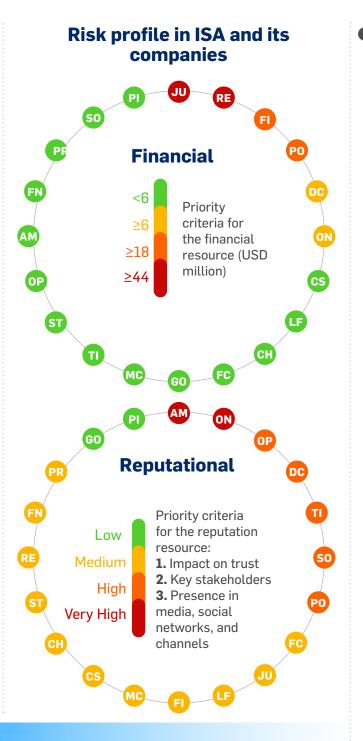
**Courses,** training and simulations with management and operational groups of ISA and its companies, associated with business continuity and crisis management.

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# **Business risk management**

During the year, the risk dimensions and categories were updated, and the risk prioritization criteria and statements were defined, based on the concept of risk appetite and tolerance. In addition, as part of the strengthening and continuous improvement efforts, the following areas were further developed:

- SOX risk identification and management
- Generation of Key Risk Indicator (KRI) and monitoring for prioritized risks
- Cyber risk management and updating of management measures
- Strengthening of the risk management methodology in bids





Given the nature of its different businesses and companies, the geographic position where each of them is located and their different rights (revenues) and obligations (financial debt, acquisition of goods and services), ISA and its companies are exposed to different financial risks: market, liquidity, and credit. Therefore, financial markets are permanently monitored to minimize potential adverse effects on financial results, both individual and consolidated. For further details, please refer to the notes to the financial statements.

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# RISKS RELEVANT TO THE FINANCIAL RESOURCES

# Riesgos

- JU Legal
- RE Regulatory
- FI Market, liquidity, and credit
- Project's Design and Construction
- ON Operation of the business
- cs Supply chain
- PO Political
- Environmental
- Cybersecurity and information technologies
- CH Human capital and labor relations
- so Social
- PR Property
- FN Natural phenomena and extreme climate changes
- FC Fraud, corruption and bribery
- OP Public order and citizen security
- GO Governance
- Money Laundering (ML), Terrorism Financing (TF) and Financing of the Proliferation of Weapons of Mass Destruction (FPWMD)
- EO Errors or omissions
- ST Occupational Safety and Health
- MC Market, competition, mergers, and acquisitions

# **By country**

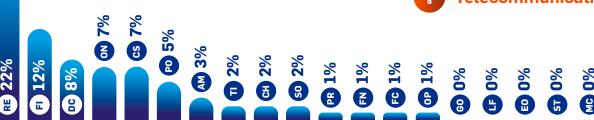


# By business unit

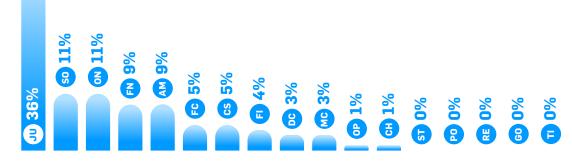




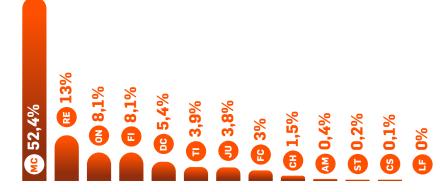




**Electric power -**



Roads



Telecommunications and ICT

Priority criteria for the financial resource (USD million)

<6

≥6

≥18

≥44

By business unit

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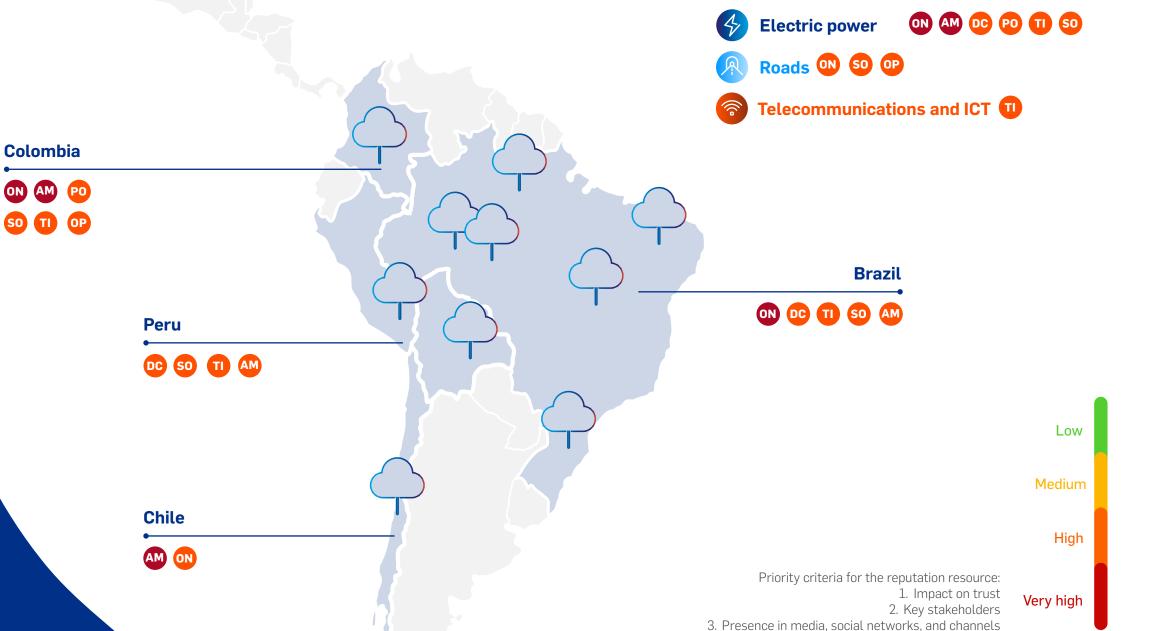
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# RISKS RELEVANT TO THE REPUTATIONAL RESOURCE

# By country [GRI 2-13]

#### **Risks**

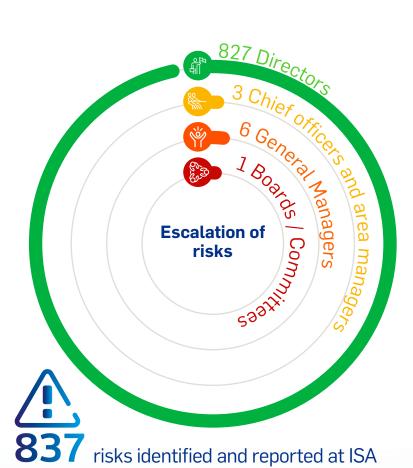
- JU Legal
- RE Regulatory
- FI Market, liquidity, and credit
- Project's Design and Construction
- ON Operation of the business
- cs Supply chain
- PO Political
- **AM** Environmental
- TI Cybersecurity and information technologies
- CH Human capital and labor relations
- so Social
- PR Property
- FN Natural phenomena and extreme climate changes
- FC Fraud, corruption, and bribery
- Public order and citizen security
- GO Governance
- Money Laundering (ML), Terrorism Financing (TF) and Financing of the Proliferation of Weapons of Mass Destruction (FPWMD)
- Errors or omissions
- ST Occupational Safety and Health
- MC Market, competition, mergers, and acquisitions



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# Risk management monitoring and review

At ISA and its companies, each person responsible for a process, project, asset, contract, among others, is directly involved with the proper management of risks; their follow-up is associated with the levels of responsibility in the organization's structure, passing through the process layer to reach the highest levels of the companies, including their boards of directors.



Category	Coun- try	Business	Risk event	Actions	Material issue	Resource valued	Residual risk level 2023
<b>RE</b> Regulatory	•		Uncertainty concerning the receipt of the total or partial remuneration from the Basic Network of the Existing System (RBSE)	<ul> <li>Permanent work with the Ministry of Mines and Energy, the National Energy Agency (ANEEL), and the Tribunal de Contas da União (TCU).</li> <li>Submission of proposals and judicial procedures through the Associação Brasileira das Empresas de Transmissão de Energia (Abrate), in collective and individual actions.</li> <li>Acting together with the responsible entities, providing technical-legal arguments</li> </ul>	Ability to achieve financial and business objectives with a longterm outlook, seizing	Financial	Very high
<b>U</b> Legal		\$	Tax events (Law 4.819/58)	<ul> <li>Submission of relevant appeals to the regulatory authorities</li> <li>Documentation and backup</li> <li>Management of guild associations</li> <li>Judicial and extrajudicial proceedings.</li> <li>Collection procedures and ongoing monitoring of process evolution</li> <li>Provision of a dedicated legal team and favorable legal opinions</li> </ul>	opportunities and guaranteeing corporate validity		Very high
AM Environmental			Environmental issues during project development and operation	<ul> <li>Management with the environmental authority</li> <li>Frequent inspections and upgrading of measuring equipment</li> <li>Sustainability strategy</li> <li>Work with the community</li> </ul>	Management of environmental impacts related to activities	Donutation	Very high
Business operation			Failure of critical assets	<ul> <li>Preventive / corrective maintenance plans</li> <li>Replacement of provisional equipment</li> <li>Contingency plans</li> </ul>	Fulfilling the value proposition with rigor and excellence	Reputation	Very high

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# **Business continuity**

Business continuity management in ISA and its companies is carried out in a standardized manner, based on the ISO 22301 framework, the applicable good practices and Ecopetrol's guidelines and articulated with the Comprehensive Risk Management Model. Its objective is to develop capabilities to prevent, prepare for, respond to, and recover from incidents that compromise or affect the integrity of people, facilities, the environment, the reputation of the organization, critical information technology and operational services, or that generate a prolonged interruption of its operations.

The main components of business continuity management at ISA and its companies are based on:



Innovation is a fundamental pillar for ISA and its companies, an engine that drives the achievement of the goals set out in the strategy and improves business processes.



Preventing, preparing for, and responding to disruptive events in the companies



Crisis
management
and
communication



Generate the capacity to recover operations through continuity plans



Ensure continuity of information technology, operations, and telecommunications

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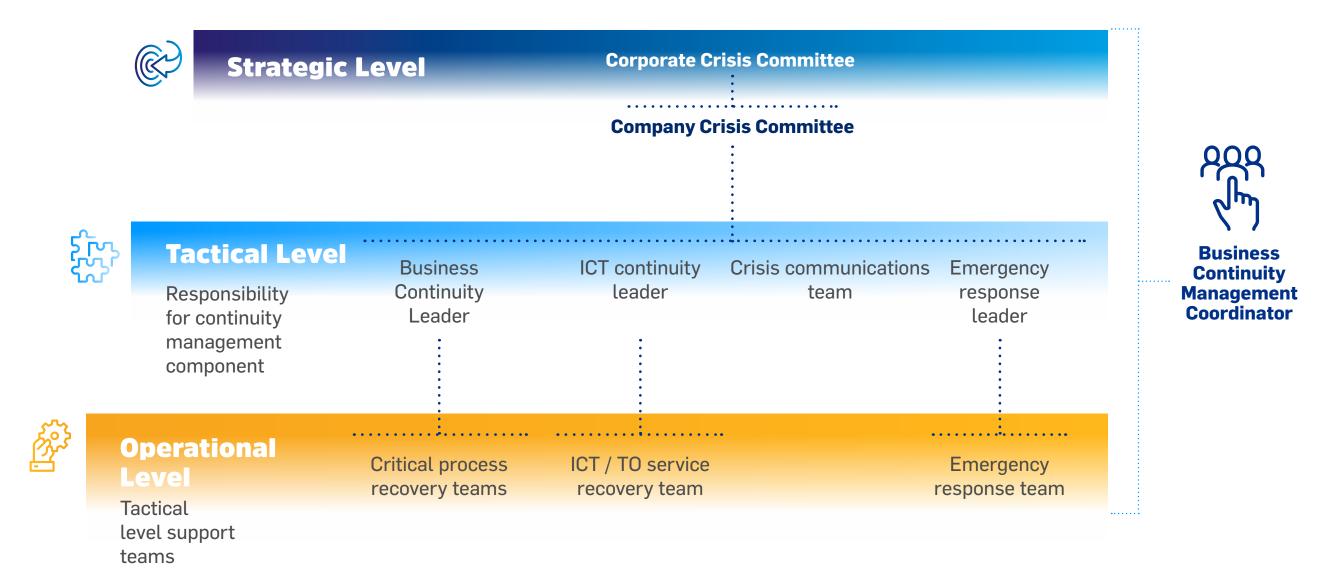
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# BUSINESS CONTINUITY MANAGEMENT GOVERNANCE

[GRI 2- 12-ai] [GRI 2 13-aii]

During 2023, an education and training plan was structured and executed with the different roles of the governance structure for the strategic, tactical, and operational levels, which allowed us to manage business continuity management and incident response in an articulated and effective manner.



# Handling of materialized events, according to their level of impact on business continuity

ISA and its companies
ensure a comprehensive
response, communication,
and management of
materialized events based
on the analysis of their
impact on resources: people,
finances, and reputation.
This, in accordance with
the comprehensive risk
management methodology
with the objective of:

- Protecting the integrity of employees, allies, partners, and other stakeholders who may be affected by a situation.
- Mitigating operational, legal, and regulatory consequences, among others.
- Monitoring events that may affect the fulfillment of strategic business objectives.
- Capitalizing on lessons learned from past events to minimize the possibility of future events.

Figure 9 - Business continuity management system governance

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# **Emerging risks**

**Impact** 

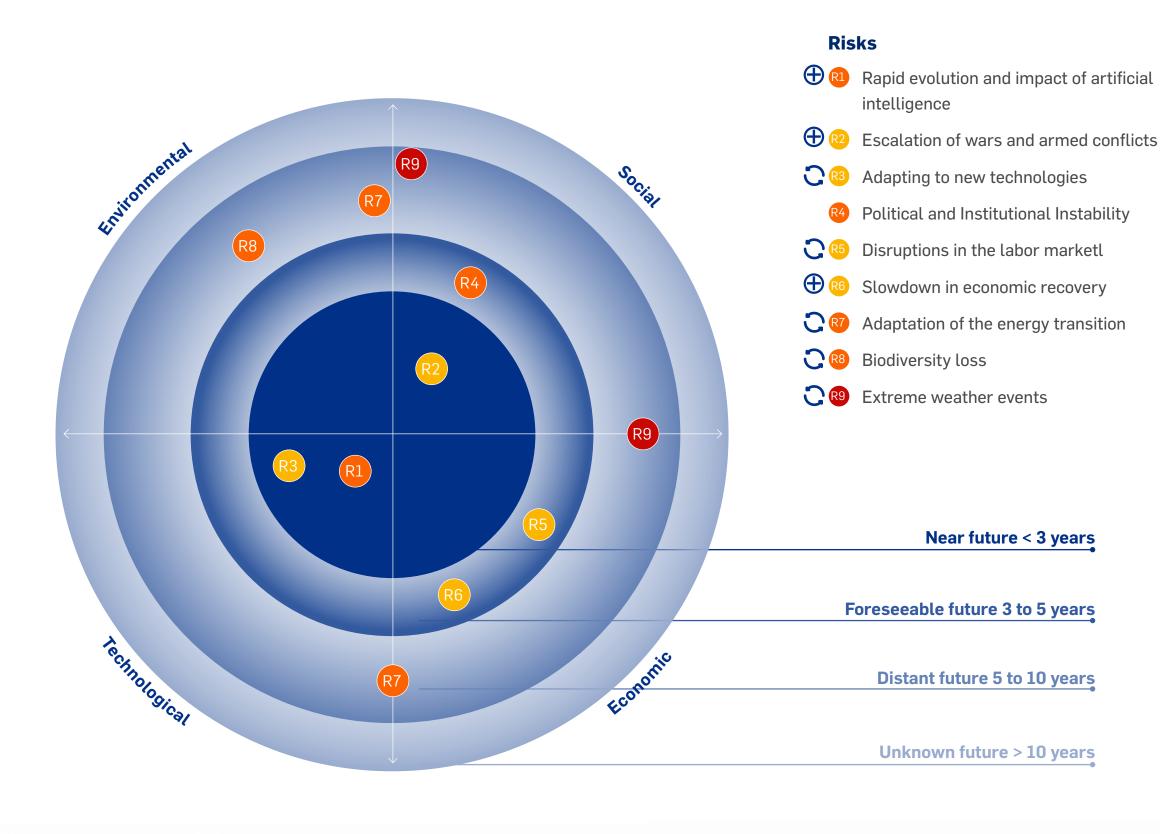
Very high

Moderate

⊕ New Risk ○ Updating

As a complement to the quarterly assessment of risks that could deviate from the achievement of the strategy, ISA performs an annual analysis of uncertain and complex events, usually of external origin, that may affect the strategy and business models in the future. In this analysis, trends are monitored and the trajectory of the main variables that could magnify or affect the relationship between the trends is evaluated in order to redesign the business models, redirect the strategy to prepare for negative impacts, or turn them into new opportunities.







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Risk	Description	Impacts	Current and potential actions	Scope	
Rapid evolution and impact of artificial intelligence	The rapid evolution of AI, especially generative AI, promises to increase productivity at an unprecedented rate. Misuse can lead to misinformation, counterfeiting, impersonation, and social crises	<ul> <li>Generation of false information that instigates social movements that affect the reputation and development of the business</li> <li>Job elimination, affecting workers in routine and repetitive roles</li> <li>Resource optimization by increasing efficiencies in capex, opex and AOM (opportunity)</li> <li>Ethical challenges in the protection of intellectual property, confidentiality, and personal data protection</li> <li>Increase in vulnerabilities and cyber threats</li> </ul>	<ul> <li>Current</li> <li>Cyber Risk Management (Cybersecurity Strategy)</li> <li>Strategic initiatives to capitalize on the use of new technologies and AI Potential</li> <li>Increase internal capabilities for the adoption of generative artificial intelligence</li> <li>Increase cyber resilience</li> <li>Participation in trade committees to promote regulation and control</li> </ul>	• Business Units: Electric Power, Roads, and Telecommu-	
R2 Escalation of wars and armed conflicts	Conflict between countries that generates polarization and economic blocs, affecting the global supply chain (scarcity of raw materials and difficulty in logistics management), with possible effects on critical infrastructure and the economy	<ul> <li>Shortage and cost overruns of equipment and commodities required for project support and business operation</li> <li>Supply chain disruptions</li> <li>Cyberwar</li> <li>Loss of infrastructure</li> </ul>	<ul> <li>Current</li> <li>Execution of strategic initiatives to make the supply chain more resilient</li> <li>Business continuity plans</li> <li>Financial coverage and market guarantees</li> <li>Investment analysis in Committee and Boards of Directors</li> <li>Potential</li> <li>Increasing resilience in cybersecurity</li> <li>Supply chain disruption hedging strategy (procurement of goods and services in Brazil)</li> </ul>	nications en ICT • Geography: All	
R3 Adapting to new technologies	Ability of organizations to adapt to the rapid evolution of technology and efficiently incorporate it into the business	<ul> <li>Technological obsolescence</li> <li>Technological dependence</li> <li>Decrease / Increase of competitiveness in the development of new products and technologies</li> <li>Increased cyber vulnerability</li> </ul>	<ul> <li>Current</li> <li>Technological alliances with start-ups</li> <li>Business continuity plans</li> <li>Cybersecurity programs</li> <li>Strategic initiatives to capitalize on the use of new technologies and AI Potential</li> <li>Strengthening innovation by integrating human development, knowledge, and agility</li> </ul>	• Business Units: Electric Power, Roads, and Telecommunications en ICT • Geography: All	

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Risk	Description	Impacts	Current and potential actions	Scope
Political and Institutional Instability	Uncertainty in the applicability of the strategies of the countries in the region to face social and economic challenges due to ineffectiveness, government stability, polarization and the presence of other actors that influence the country's decisions (society and large technology companies)	<ul> <li>Weaknesses in the B2G business for energy transmission and road concessions</li> <li>Tariff pressure and uncertainty in revenue models of business units</li> <li>Increased stakeholder demands, expectations and nonconformity</li> <li>Legal instability</li> <li>Changes or emergence of new regulations, as well as differences in application or interpretation</li> </ul>	<ul> <li>Current:</li> <li>Influence on public policies and stakeholder engagement measures</li> <li>Portfolio diversification and cash flow assurance</li> <li>Conexiones para el Desarrollo (Connections for Development) program that seeks to promote development in the different countries where we are present</li> <li>Potential</li> <li>Strengthen the ecosystem of allies to support the management of public policies and their acceleration</li> </ul>	• Business Units: Electric Power, Roads, and Telecommunications en ICT • Geography: All
R5 Disruptions in the labor market	Shortage of critical human talent, due to the lack of professionals qualified in new technologies, digitalization of activities, challenges faced by new generations, inequality and new labor, education, and mental health trends	<ul> <li>Shortage of qualified human resources with the capabilities required for ISA's business units</li> <li>Impact on competitiveness and fulfillment of the strategy</li> <li>New talent-based business models</li> </ul>	<ul> <li>Actions</li> <li>New youth talent program</li> <li>Succession and flexibility strategies, mapping, and knowledge transfer</li> <li>Promotion and reinforcement of the corporate brand</li> <li>Strategic initiatives for innovation, digitalization, and process automation</li> <li>Potential</li> <li>Advance in the development of flexible policies for the attraction and retention of key talent, resilient leadership, and senior resource strengthening plans</li> </ul>	• Business Units: Electric Power, Roads • Geography: All
R6 Slowdown of economic recovery	Poor performance or slow recovery of the countries' economies, with unfavorable variations in factors such as inflation, debt, unemployment, and slower growth	<ul> <li>Higher borrowing costs to develop projects that affect growth.</li> <li>Increased tariff pressure in the energy transmission and road concessions business units affecting business revenues</li> <li>Increased systemic risk in the energy market</li> <li>Increased social unrest affecting the development of projects and operations</li> <li>Disinvestment in infrastructure by governments</li> </ul>	<ul> <li>Current</li> <li>Financial coverage and market guarantees</li> <li>Portfolio diversification</li> <li>Trade union participation in dialogue with the Government</li> <li>Sustainability and stakeholder engagement models</li> <li>Potential</li> <li>Progressing with financial resilience measures</li> <li>Scenario model to measure impacts to the business model and adjust the investment plan</li> <li>Explore alternative markets that decrease concentration in the markets and create a natural hedge to economic changes</li> </ul>	• Business Units: Electric Power, Roads, and Telecommu- nications en ICT • Geography: All

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Risk	Description	Impacts	Current and potential actions	Scope
Adaptation of the energy transition	Coordination between the different stakeholders in the value chain (including governments, suppliers, strategic allies, among others), regulatory adequacy and technological developments, which can slow down or accelerate the energy transition.	<ul> <li>Accelerated emergence of new policies, technologies, social pressures, and consumer preferences, due to external pressures</li> <li>Lack of articulation may limit or slow down investments in new businesses and technologies (e.g., battery banks for energy storage).</li> <li>Attractiveness of Energy Transmission Road Concessions business units as central axes of the energy transition.</li> <li>Lack of credible transition plans</li> <li>Ability to adapt the strategy and accompany necessary investments</li> </ul>	<ul> <li>Current</li> <li>Evaluation of the 2030/2040 strategy with a focus on sustainable growth</li> <li>Exploration of new business models and investments with impacts on transition</li> <li>Potential</li> <li>Business model review to identify risks and opportunities under transition scenarios and build a strategy "under uncertainty"</li> </ul>	• Business Units: Electric Power, Roads • Geography: All
R8 Biodiversity loss.	Accelerated loss of species in ecosystems that threatens the natural balance of the planet and its resilience, and generates drastic changes in human and economic activity.	<ul> <li>Increased stakeholder demands resulting in new and stricter regulations, need for increased investment and potential project delays</li> <li>Reputational impact</li> <li>Opportunity to implement actions that harness the power of nature to address some of our challenges</li> </ul>	<ul> <li>Current</li> <li>Environmental offsetting programs, CO₂ level 1 and 2 reduction, protection of biodiversity and territories (e.g., Conexión Jaguar)</li> <li>Management indicators associated with emission reductions and offsets</li> <li>Adjustments in the ISA group's strategy focused on zero emissions and positive impact on the environment</li> <li>Potential</li> <li>Relationships with authorities and governments in order to venture into new solutions based on nature (new corridors, modification of works)</li> <li>Promote opportunities with NGOs, communities, and agents to enhance programs with a positive impact on the environment</li> </ul>	• Business Units: Electric Power, Roads, and Telecommunications en ICT • Geography: All
Extreme weather events	Increased intensity and frequency of natural phenomena (floods, fires, hurricanes and cyclones, among others) due to non-compliance with the goals established in the Paris Agreement (not to exceed 1.5°C), as a result of the inability of governments, companies and individuals to enforce, enact or invest in effective climate change mitigation and adaptation measures.	<ul> <li>Damage to infrastructure, disruption of service and higher capex and opex costs</li> <li>Increase in insurance premiums</li> <li>Acceleration of the energy transition, with new, more resilient solutions (opportunity)</li> <li>Increase in natural disasters, loss of human lives, damage to ecosystems, migration, and natural resource crises</li> </ul>	<ul> <li>Current</li> <li>Investments in environmental consultancies for risk identification and mapping of critical assets with greater exposure to extreme events</li> <li>Infrastructure reinforcements and improvements (comprehensive asset renewal plan)</li> <li>Disaster recovery protocols</li> <li>Participation in green financial markets</li> <li>Potential</li> <li>Continue to strengthen ISO55001-based business continuity and asset management programs in all group companies</li> <li>Advancing the adoption of more disruptive technology with a focus on Operation and maintenance</li> <li>Promote public policy and regulatory changes aimed at using greener technologies and promoting investments in existing infrastructure</li> </ul>	• Business Units: Electric Power, Roads, and Telecommunications en ICT • Geography: All



MATERIALITY ANALYSIS

# **MATERIALITY ANALYSIS**

[GRI 3-1] [GRI3-2] [GRI3-3

ISA performs a materiality analysis in order to identify those issues that are relevant to the achievement of its strategy and to the business and stakeholders. They are called material issues. The materiality and reputation exercise were conducted in 2022.

Relevance for the business (X axis): impact of the issues on the achievement of the company's strategic goals. Elements considered:

- Strategic choice
- Prioritization by management committees and boards of directors
- Risks associated with achieving the corporate strategy
- Company performance as perceived by key stakeholders on each issue

**External relevance (Y axis):** importance of issues according to key audiences' expectations, the context, and trends that may affect com-

panies, non-financial reporting requirements, and investor requirements.

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

The place of each issue in the matrix, according to its value in each axis, allows identifying the most important issues for both the company and the stakeholders. The materiality analysis determined ten relevant issues. Each material issue is reflected in the different value dimensions that compose the ISA2030 strategy: shareholder value, positive social and environmental impact, and corporate validity.

In 2023, an update was carried out with the stakeholder group State in Colombia, in order to know their expectations and perceptions. The assessment of the relationship has improved with respect to 2022; the majority of those consulted rated their relationship with the company as excellent. As in the last measurement, they highlight the constant and fluid communication, as well as their commitment to ISA's policies and vision.

Result: 4.3 (2022) / 4.8 (2023) Scale from 1 to 5

ISA and its companies' reputation index:

4.3

5

# **Technical data sheet**

Measurement 2021-2022



#### Methodology

Mixed (quantitative and qualitative)



8

Companies

3,031

Online questionnaires



**3,40**9

People consulted



352
In-depth interviews



26

Debate sessions



#### Stakeholders

States, shareholders, suppliers, opinion leaders, media, trade associations, customers, communities, investors, NGOs, allies, academia, innovation environments, society

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# Materiality Matrix [GRI 3 2-a] [GRI 2 14-a]



#### Critical relevance

- Occupational health and safety for direct and indirect employees
- 18 Strategy for mitigation and adaptation to the effects of climate change
- 7 Ability to achieve financial and business objectives with a long-term outlook, seizing opportunities and guaranteeing corporate validity
- 6 Consistency with the fulfillment of the higher purpose
- Fulfilling the value proposition with rigor and excellence
- 8 Appropriate growth strategy
- Anticipating and preparing for challenges and trends
- Management of environmental impacts related to activities
- 3 Governance structure and composition responsive to strategy challenges
- 2 Ethical, honest, and transparent behavior

#### **High relevance**

- Closeness and dialogue with stakeholders, listening to their expectations
- 1 Independence from the government and third parties
- Leadership in initiatives to contribute to the protection of ecosystems and biodiversity
- 9 Flexibility in risk appetite and versatility to leverage new business opportunities
- 21 Respect and promotion of human rights and management of social impacts
- Quality work practices and respect for employees.
- Benchmark for standards and practices
- Influential, inspiring company with the ability to foresee, adapt, and positively transform the environment
- Contribution to sustainable development and transformation of territories, building a positive legacy for the regions
- Culture of innovation with flexibility and agility

#### **Medium relevance**

- Physical and information infrastructure security and cybersecurity
- 25 Ability to produce highly qualified professionals who learn and are committed to the organization in the long term
- Attractive, sought-after employer
- Optimization of its resources and capabilities among group companies for maximizing the value generated
- 28 Management of equality, diversity, and inclusion
- Long-term alliances for the achievement of common goals, enhancement of the parties' capabilities, and strengthening of positive impacts
- 5 Purpose-driven leaders who evolve by generating connections that inspire
- 23 Third-party risk management

# II PAR

Good governance and integrity



Transformational leadership and ability to influence



Strength and growth



Foresight and innovation



**Dimensions** 

Excellence in the performance of its business



Attracting, developing, and taking care of the best talent



Commitment to socio-economic development



Strategic alliances for transformation



Proactive contribution to global environmental challenges Message from ISA's CEO

Report profile

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# Scope of material issues [GRI 2 23-a] [GRI 2 23-b] [GRI 2 23-c] [GRI 2 24-a] [GRI 3 2-a] [GRI 3 3-a] [GRI 3 3-b] [GRI 3 3-c]

#### Stakeholders

									3	taker	otae	rs			
	Critical material issue	Internal	act External	Strategic objectives	Risks	Policies	Employees	States	Communities	Shareholders and investors	Society	Customers and users	Allies	Suppliers	SDGs*
27	Occupational health and safety for direct and indirect employees	•	•	Positive social and environmental impact	JU \$T \$0	<ul> <li>Occupational Safety and Health policy</li> <li>Code of Ethics</li> <li>Supplier Code of Conduct</li> <li>Human Rights and Business Guide</li> </ul>	•						•	•	7
18	Strategy for mitigation and adaptation to the effects of climate change	•		<ul><li>Positive social and environmental impact</li><li>Corporate validity</li></ul>	RE ON CS FN SO ON	<ul> <li>Environmental Policy</li> <li>Human Rights and Business Guidelines</li> <li>Asset Management Policy</li> <li>Supplier Code of Conduct</li> </ul>	•							•	7, 11, 13, 15, 17
7	Ability to achieve financial and business objectives with a long- term outlook, seizing opportunities and guaranteeing corporate validity	•	•	Shareholder value	RE FI MC AM SO PR DC	Comprehensive Risk Management Policy									7, 9, 11, 13
6	Consistency with the fulfillment of the higher purpose			<ul> <li>Shareholder value</li> <li>Positive social and environmental impact</li> <li>Corporate validity</li> </ul>	N. A.	• N. A.	•	•						•	7, 9, 11, 13, 17
13	Fulfilling the value proposition with rigor and excellence	•	•	<ul><li>Shareholder value</li><li>Positive social and environmental impact</li></ul>	ON RE JU AM SO PR DC CS ST	<ul> <li>Service Policy</li> <li>Information Policy</li> <li>Asset Management Policy</li> <li>Environmental Policy</li> <li>Occupational Safety and Health policy</li> </ul>	•	•						•	7, 9, 11, 13
8	Appropriate growth strategy			<ul><li>Shareholder value</li><li>Corporate validity</li></ul>	FI MC RE PO	<ul><li>Comprehensive Risk Management Policy</li><li>Environmental Policy</li></ul>									7, 9, 11
11	Anticipating and preparing for challenges and trends	•		<ul> <li>Shareholder value</li> <li>Positive social and environmental impact</li> <li>Corporate validity</li> </ul>	DC TI FN SO AM ON	• N. A.	•						•	•	7, 9,13, 15, 17
17	Management of environmental impacts related to activities	•	•	<ul> <li>Shareholder value</li> <li>Positive social and environmental impact</li> <li>Corporate validity</li> </ul>	DC JU ON CS ST AM PR	<ul> <li>Environmental Policy</li> <li>Asset Management Policy</li> <li>Human Rights and Business Guidelines</li> <li>Comprehensive Risk Management Policy</li> <li>Supplier Code of Conduct</li> </ul>	•	•				•		•	13, 15, 7, 9, 17
3	Governance structure and composition responsive to strategy challenges			<ul><li>Shareholder value</li><li>Corporate validity</li></ul>	СН	Corporate Board of Directors Succession Policy	•								9, 16
2	Ethical, honest, and transparent behavior	•		<ul> <li>Corporate validity</li> <li>Positive social and environmental impact</li> <li>Shareholder value</li> </ul>	FO LF PI	<ul> <li>Code of Ethics and Conduct</li> <li>Anti-corruption and Anti-bribery Management Guide.</li> <li>Manual on the Prevention of Money Laundering and Financing of Terrorism</li> <li>Supplier Code of Ethics</li> <li>Human Rights and Business Guidelines</li> </ul>		•		•				•	16

SDGs: Sustainable Development Goals



Message from ISA's CEO

Report profile

Profile of ISA and its companies

Strategy

Materiality analysis

Financial results

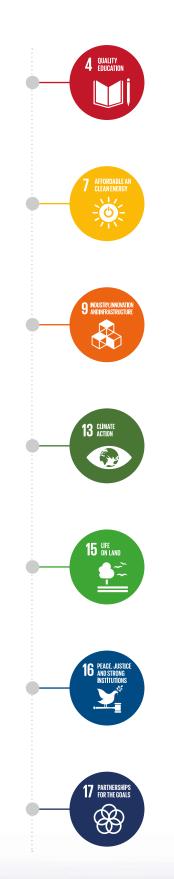
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	Highly relevant material issues	Internal	External	SDGs*
20	Closeness and dialogue with stakeholders, listening to their expectations		•	7, 9, 13, 15, 16, 17
1	Independence from the government and third parties			16
16	Leadership in initiatives to contribute to the protection of ecosystems and biodiversity	•	•	13, 15, 17
9	Flexibility in risk appetite and versatility to leverage new business opportunities			7, 9
21	Respect and promotion of human rights and management of social impacts	•	•	15, 16
26	Quality work practices and respect for employees			9
14	Benchmark for standards and practices			7, 9, 13
4	Influential, inspiring company with the ability to foresee, adapt, and positively transform the environment		•	7, 9
19	Contribution to sustainable development and transformation of territories, building a positive legacy for the regions	•	•	4, 7, 9, 13, 15, 16
12	Culture of innovation with flexibility and agility			7, 9

	Material issues of medium relevance	Internal	External	SDGs*
15	Physical and information infrastructure security and cybersecurity	•	•	7, 9
25	Ability to produce highly qualified professionals who learn and are committed to the organization in the long term	•		7, 9
24	Attractive, sought-after employer			7, 9
10	Optimization of its resources and capabilities among group companies for maximizing the value generated	•		7, 9
28	Management of equality, diversity, and inclusion			7, 9
22	Long-term alliances for the achievement of common goals, enhancement of the parties' capabilities, and strengthening of positive impacts	•	•	7, 9, 17
5	Purpose-driven leaders who evolve by generating connections that inspire	•	•	7, 9, 13
23	Third-party risk management			7, 9, 13



The critical material issue, "Coherence with the fulfillment of the higher purpose" is understood as the company's ability to go beyond the business and its articulation, in order to contribute to global initiatives to leverage sustainable transformations and leave a positive legacy. In this regard, ISA has a purpose that invites us to generate CON-NECTIONS THAT INSPIRE, which is embodied in the manifesto that guides the company's actions and invites us to understand that we are part of a whole. The development of this material issue is transversal and is present in the management of the other material issues.

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# DOUBLE MATERIALITY ANALYSIS

Adopting the concept of double materiality means that companies must consider risks and opportunities from both a financial and an impact perspective. Impact materiality is the materiality previously presented in this report and commonly assessed by companies. Financial materiality is a relatively recent concept that complements the measurement of materiality of companies and refers to identifying those "environmental, social and/or governance issues that can have a significant effect on an organization's financial performance and its ability to generate value" (GRI).

During the period, an internal exercise of double materiality was carried out, which included:

- 1) **Environmental** and social impacts generated to the environment or society.
- 2) The risks and opportunities in the environ-

ment that may affect the organization's ability to create long-term value.

#### 3) Financial performance

In order to prioritize the most important issues derived from the dual materiality analysis, the following criteria were used to indicate what is considered a material impact for ISA:



#### **Accounting**

Income statement > 5% of net income or loss before taxes.

Statement of financial position or cash flows > 5% of assets, liabilities, or equity, flow from operating, investment, or financing activities.



#### **Risks**

Critical risk prioritization criteria:

Very high > USD 53 million (3% of EBITDA.)



#### Growth

1% of market capitalization



#### Sustainability

Qualitative and quantitative information on an organization's impacts on the economy, environment, and people is reported.

Additionally, the materiality map defined by the Sustainability Accounting Standards Board (SASB) for the electric power utilities and energy generators sector. Stakeholder materiality, and the identification of material risks were reviewed. The convergence of accounting, risk, growth, and sustainability impacts resulted in dual materiality:

## **Material Issues**

18

Strategy for mitigation and adaptation to the effects of climate change



Occupational health and safety for direct and indirect employees



Management of environmental impacts related to activities



Fulfilling the value proposition with rigor and excellence

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#### [GRI 33-e-ii

ISA maintains its firm commitment to infrastructure development in the region, which allows it to maintain its leadership. The company consolidates its participation in the markets, maintaining the solvency of its companies and seizing growth opportunities, synergies, and adjacencies in its portfolio, as well as the diversification and financing of its business model.

The management of this attribute enables the organization to make decisions with a long-term perspective and, in this way, continue to take advantage of opportunities to ensure its permanence over time.

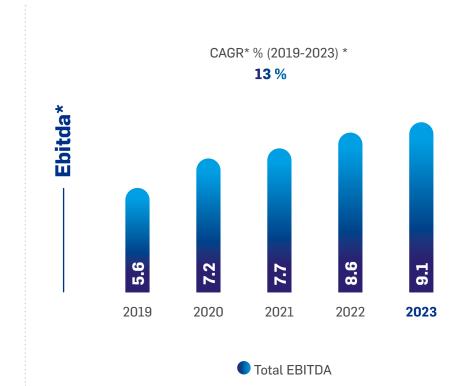
Material issues prioritized as critical in relation to this dimension:

# Ability to meet financial and business objectives by taking advantage of opportunities and ensuring corporate validity

A company that optimizes capital investment, taking advantage of opportunities to ensure its corporate validity, ensuring compliance with the objectives of the strategic business plan, and respecting the commitments acquired with its stakeholders.

# 8 Appropriate growth strategy

A company that grows with a balanced, diversified business portfolio in different geographies, strengthening and developing its organizational capabilities to create sustainable value.



\* CAGR: compound annual growth rate.



\* CAGR: compound annual growth rate.



of the year, the return on equity indicator ROE was 15.1% and EBITDA was

Connections (\$) Tenders

Expansions

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# NEW INVESTMENT ALLOCATED

Total new investments in 2023 amounted to USD 2,538 million, of which USD 1,935 million were allocated to the Electric Power business unit and USD 603 million to the Roads business unit.

Specifically, in the Electric Power business unit, the investment is distributed in USD 1,835 million in new energy transmission businesses and USD 100.6 million in connections and new technologies. These investments include 82 projects in Brazil, Peru, and Colombia.



**Investment** 

Investment

**USD 10.4** 

million

**USD 7.7** 

million

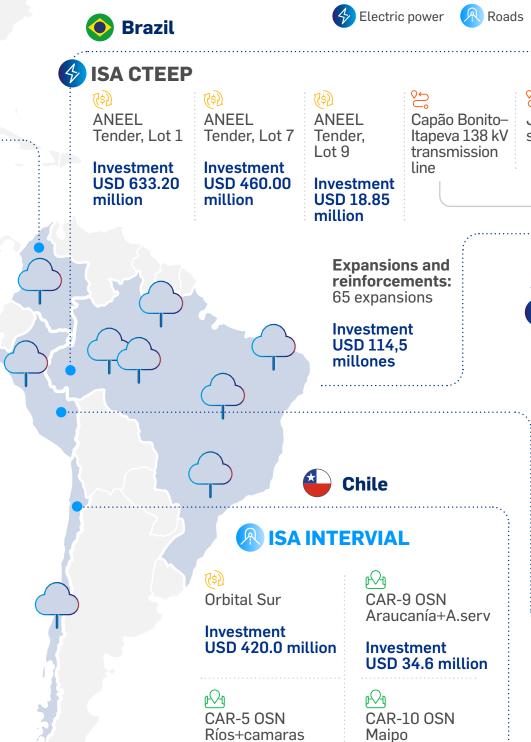
Barrancabermeja

third junction connection

Caño Limón

230/34.5/13.8 kV

substation expansion



Investment

USD 42.7 million

**Investment** 

USD 106 million



Investment in current businesses and

geographies shows 237% compliance

compared to the 2023 target of

USD 1.07 billion.

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# © POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT EXCELLENCE

#### [GRI 3-3] [GRI 33-e-ii

ISA companies guarantee the fulfillment of their value proposition, applying world-class standards, making decisions effectively and efficiently, taking into account the needs of stakeholders. Also, they have mechanisms in place to ensure the safety and resilience of infrastructure and cybersecurity, which results in a timely response to contingencies.

Material issues prioritized as critical in relation to this dimension:

Fulfillment of the value proposition with rigor and excellence

a company that develops its business activity considering the needs and expectations of stakeholders, providing services with the best quality, timeliness, and effectiveness. **Energy Transmission** 

#### Colombia

99.98%

99.94%

Reliability

Availability

13,635 km of circuit | 23,371 MVA

#### Peru

99.99%

98.97%

Reliability

Availability

12,191 km of circuit | 15,620 MVA

#### Chile

100.00%

99.68%

Reliability

Availability

587 km of circuit | 470 MVA

In 2022, investments in Colombia and Brazil came into operation, consisting mainly of the following: 4 tenders, 46 reinforcements and expansions, 2 connections.

TOTAL

49,426 \*

of circuit

109,258 \*

MVA of installed capacity

of circuit

141,990\*\* MVA

72,246\*\* km

MVA of installed capacity

\* Including ISA and its companies.

\*\* Also considering share participation in other companies.

#### Brazil

99.99%

99.99%

Availability

Availability

21,065 km of circuit | 64,307 MVA

#### Bolivia

Reliability

100.00%

99.29%

Reliability

1,948 km of circuit | 5.850 MVA

# **MILESTONE**

## **MAY**

#### **ISA TRANSELCA**

In alliance with Smart Wires, the first devices with advanced power flow control technology (Smart Valves) were successfully implemented in the Santa Marta substation, unlocking 200 MW of capacity.

#### Investment:

~ USD 28.8 million

#### **JUNE**

#### **ISA INTERCOLOMBIA**

Delivery of the Sabanalarga-Bolivar 500 kV interconnection project, strengthening the energy transmission system.

#### Investment:

~ USD 36.3 million

## **JULY**

#### **ISA TRANSELCA**

Delivery of the Nabusimake Solar Park connection to Fundación substation; Fundación substation expansion and Fundación Caraballo 110 kV transmission line, 7 km of circuit.

#### Investment:

~ USD 4.8 million

#### **AUGUST**

#### **ISA CTM**

Start-up of the Mantaro-Nueva Yanango-Carapongo 500 kV junction project and associated substations, which serves domestic and industrial demand, benefiting more than 12 million people.

#### Investment:

~ USD 276.1 million

# **OCTOBER**

#### **ISA CTEEP**

IE Triângulo Mineiro (L7) enters into operation with 173 km of circuit (78% of the paid project scope).

#### Investment:

~ USD 82.7 million

## **NOVEMBER**

#### **ISA INTERCOLOMBIA**

Delivery of the connection of Winpeshi wind project to Cuestecitas 220 kV Substation, with 37 km of circuit.

#### Investment:

~ USD 82.7 million

#### **NOVEMBER**

#### **ISA CTEEP**

Itaúnas, with 79 km of circuit, enters into operation.

#### Investment:

~ USD 62.5 million

#### **NOVEMBER**

#### **ISA CTM**

Commissioning of the Chincha Nueva and Nazca Nueva 220/60 kV substations.

#### Investment:

~ USD 28.8 million

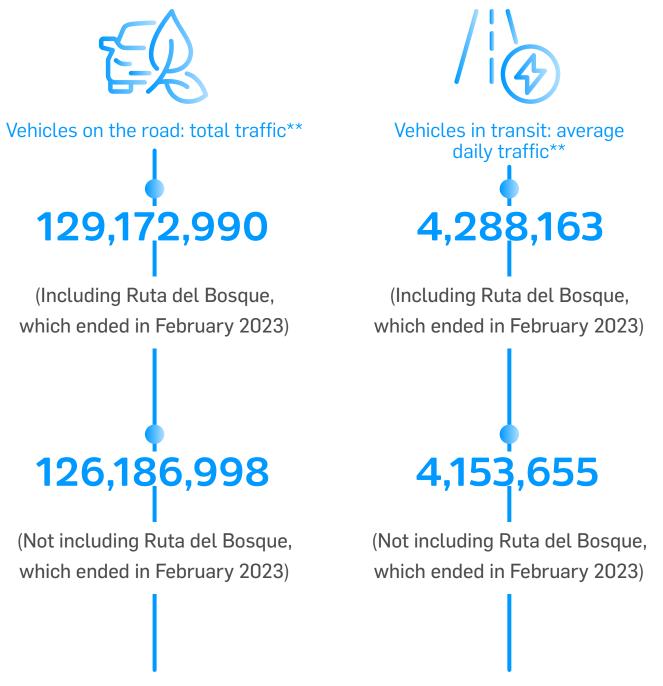
During 2023, ISA and its transmission companies in Brazil, Colombia and Peru energized projects with an investment of **USD 645 million**, corresponding to **755 km** of circuit and **4,750 MVA** of transformation.

The construction portfolio amounted to **USD 5,841 millones,** to develop **7,652 km** of circuit and **21,071 MVA** of transformation.

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#### ROAD INFRAESTRUCTURE



	Customer service favorability %	Compliance with internal road safety indicator %	Compliance with ambulance service %	Compliance with tow truck service %	Compliance with patrol service (signaling) %
Ruta del Maipo	91.9	114	86.8	93.5	87.90
Ruta de la Araucanía	94.5	94	98.4	98.8	98
Ruta de los Ríos	93.9	103	97.4	98.8	95.80
Ruta Costera	99	100	100	100	100
Consolidated	95	103	96	98	95

<sup>\*\*</sup> Number of vehicles not including those that do not pay for road use (ambulances, tow trucks, and police)

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#### Work completed in 2023

#### Estimated investment

\* Values according to contract in local currency. Annual average exchange rate 2023 (e)

USD **26.83** million\*

#### Ruta de la Araucanía

Regulatory safety and serviceability (construction of 58 prioritized works - first bidding Group 2 and Group 3, Supreme Decree 9).

# Projects and works under execution in 2023

#### Estimated investment

\* Values according to contract in local currency. Annual average exchange rate 2023 (e) USD **348.7** million\*

#### **Ruta del Loa**

Construction of double lane and other works.
Calama Ringroad

#### Ruta de la Araucanía

Regulatory safety works, closed-circuit television camera contract

USD **50.36** million\*

A new supplementary agreement was negotiated during the year and started on November 30; it refers to safety and service works.

### USD 35 million\*

This was only in execution during the last month of the year.

#### Ruta de los Ríos

Regulatory safety works

USD **45.71** million\*

A new supplementary agreement was negotiated during the year and started on December 11; it refers to regulatory safety works and a contract for closed-circuit television cameras.

USD **42.74** million\*

The project was in execution for only part of the last month of the year.

The Roads business unit made significant progress during 2023, with three new supplementary agreements in Chile for

**USD 184 million** and the best offer in the bidding for the Santiago Orbital Sur project for **USD 420 million.** 

#### Fines and penalties related to the supply of products and services (1227)

Company	Monetary value COP			<b>Description</b>	
Company	2021	2022	2023	Безоприон	
ISA	N. A.	N. A.	N. A.		
ISA INTERCOLOMBIA	0	0*	5,000,000,000**	Non-compliance with some of the quality characteristics of the energy transmission service in the National Transmission System-STN between January 2015 and December 2019.	
ISA TRANSELCA	0	9,000,000,000	0		
ISA REP	0	639,730,000	437,995,463	Non-compliance with the Procedure for the Supervision and Auditing of the Performance of the Transmission Systems, during 2017.  Non-compliance with the availability index of ICCP signals, established in the Technical Standard for Real-Time Information Exchange (NTIITR), period 2014-2015.	
ISA BOLIVIA	0	0	0		
ISA CTEEP	0	257,333,323	0		
ISA INTERCHILE	3,157,446,151	0	2,730,216,442	Fine issued by the Superintendence of Electricity and Fuels due to a failure in 2019.	
ISA INTERVIAL	79,926,546	0	0		
RUTA COSTERA	N. A.	0	0		
Total	3,237,372,697	9,897,063,323	3.168.211.905		

<sup>\*</sup> In 2023 a net income of COP 3,915 is generated basically by the reimbursement of the contribution of the Superintendence of Household Utilities - SSPD of 2018 in the amount of COP 1,431, a figure that contrasts with the net expense in 2022 of COP 2,008 mainly due to the recognition of the penalty imposed by the SSPD in the amount of COP 5,000 related to the non-compliance with the quality indicators.

<sup>\*\*</sup> ISA INTERCOLOMBIA was notified in November 2023 by the Superintendence of Household Utilities, which confirmed the Resolution of November 2022, by means of which a sanction consisting of a fine of COP 5,000 million was imposed. There is a difference in the total for the year 2022 because XM was not considered in accordance with the company's independence criteria.

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# CONTRIBUTION TO GLOBAL ENVIRONMENTAL CHALLENGES

GRI [3-3]

Improving environmental conditions is a commitment of ISA and its companies. In this regard, the management of business impacts has evolved towards a proactive and significant contribution to the mitigation and adaptation to climate change, as well as to the protection and conservation of ecosystems and their biodiversity.

Material issues prioritized as critical:





A company that takes a proactive role in the protection and conservation of natural resources and works to have a positive impact on biodiversity, inspiring others to adopt regenerative ecosystem practices and care for their species.



## Environmental impact management

A company that takes responsibility and works to minimize the environmental impact of its activity, maximizing ecoefficiency and meeting or exceeding the associated environmental and legal requirements.



## Mitigation and adaptation to climate change

A company that understands the risks and opportunities of climate change, integrates them into its business, and makes efforts to mitigate and adapt to them, contributing positively to the global agenda focused on climate neutrality.



ISA companies value, respect, and support natural heritage, especially in areas that are important for biodiversity, according to the environmental regulation of each country where they are present and the declaration of the International Union for the Conservation of Nature (IUCN) regarding category I - IV protected areas. [GRI 304-4]



At ISA and its companies, the contribution to global environmental challenges incorporates a limbacts and the mitigation and adaptation to climate change.

Download center for environmental issues

Corporate Environmental Policy

Environmental management model

Asset Management Policy

Comprehensive management procedure for biodiversity and ecosystem services

ISA's climate strategy

# COMMITMENT TO THE PROTECTION OF BIODIVERSITY

[GRI 304-2] The construction and operation of infrastructure projects generate environmental impacts, consume resources, and emit substances into the environment. To manage these impacts, ISA and its companies, through the Corporate Environmental Policy, are committed to create actions based on the mitigation hierarchy to protect natural resources, avoid, minimize, and compensate impacts on natural ecosystems and contribute to the conservation of biodiversity.

The company has a strategy to comprehensively manage impacts on biodiversity and ecosystem services and contribute to their conservation and restoration. It also seeks to generate greater benefits in terms of ecological connectivity and ecosystem services that favor communities and minimize interventions, fragmentation, and habitat loss for wildlife.



Commitment to biodiversity protection consists of taking a proactive role in the protection and conservation of natural resources and working to have a positive impact on biodiversity, inspiring others to apply practices to regenerate the ecosystem and care for their species.

The Conexión Jaguar program seeks to generate positive contributions to nature on a voluntary basis and contribute to the fight against deforestation by supporting nature-based solutions projects, mitigating climate change, and improving the living

conditions of the communities in the areas of influence of the projects.

On this front, ISA and its companies have defined the following goals, actions, and programs:



Report profile

Profile of ISA and its companies

Strategy

Materiality analysis

Financial results

Annexes

#### 2023 Integrated Management Report

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## Comprehensive management of biodiversity and its ecosystem services\*

\* According to the regulations in force in each country

#### **Goals and commitments**

	Objective	Progress
Commitment to compensation for biotic impacts	Compensate for negative impacts or effects that cannot be avoided, corrected, mitigated or replaced and that lead to the loss of biodiversity in natural terrestrial ecosystems and secondary vegetation, in such a way as to guarantee the effective conservation of an ecologically equivalent area, where it is possible to generate a permanent conservation strategy and/or its ecological restoration and that, when compared to the baseline, ensures that there is no net loss of biodiversity.  Goal: 16,612 hectares by the year 2040	During this period 3,112 habitats were protected and restored, including: mangrove ecosystem, tropical dry forest, tropical forest, woodland/scrubland, flowering desert (ephemeral grassland), Belloto del Norte preservation forest, Lúcumo preservation forest, Guayacán preservation forest, Algarrobo preservation forest.
Commitment to reduce deforestation and vegetation cover intervention	Project goal: reduce by 10% the intervention of vegetation cover in the construction of projects.	Interconexión Noroccidental Project (SITU), a 34% reduction in the area to be intervened was achieved compared to the area approved in the environmental license.
Commitment to the major challenges of global interest in climate change and biodiversity	Contribute to target 15 of the Global Biodiversity Framework.	Currently, ISA is working on a voluntary basis to report to the Taskforce on Nature-related Financial Disclosures (TNFD), a global initiative led by the financial market with the ultimate goal of supporting a shift in global financial flows towards positive outcomes for nature.  ISA adhered to the COP15 Business Statement on the mandatory assessment and disclosure of risks and opportunities associated with nature promoted by Business for Nature (BfN).

#### Biodiversity and ecosystem services (ESs) impact assessment

	<b>Objective</b>
General methodology for impact assessment	<ol> <li>Definition of the unit of analysis: minimum unit of the biotic environment (ecosystem) or of the socioeconomic environment (municipality).</li> <li>Identification and general description of ecosystem services: identify and describe the ecosystem services (ESs) provided by the ecosystems present in the area of influence.</li> <li>Analysis of ecosystem services: establish the relationships between ecosystem processes, ecosystem functions, biological structures and ESs.</li> <li>Determination of the status of the ESs through the definition and use of technical indicators.</li> <li>Identification of the type and quantification of the number of direct beneficiaries.</li> <li>Evaluation of the dependence of the communities on the ESs and classification into categories (high, medium, or low).</li> <li>Evaluation of the project's dependence on ESS and classification into categories (high, medium, or low).</li> <li>Evaluation of ESs dynamics.</li> </ol>
Main impacts on biodiversity identified for the Electric Power and Roads business units	<ul> <li>Modification of vegetation cover and ecosystem connectivity.</li> <li>Affecting endemic, threatened, banned or ecologically, economically, and culturally important species of fauna and flora.</li> <li>Intervention of strategic ecosystems and sensitive areas.</li> <li>Intervention of vegetation on easement strips, tower sites, access points, and cable laying areas in energy transmission projects.</li> <li>Alteration of land use and transformation of ecosystems to be used for industrial, commercial, or residential development in sectors adjacent to road corridors.</li> <li>Ecosystem fragmentation.</li> </ul>

Message from ISA's CEO

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### **BIODIVERSITY PROTECTION**

Management of impacts on biodiversity and ecosystem services by applying the mitigation hierarchy.

#### Actions to avoid and minimize impacts

Design alternatives to avoid or minimize the impact on strategic ecosystems and biodiversity-rich areas, classified according to the **International Union for Conservation of** Nature (IUCN) as categories I to IV

ISA INTERCOLOMBIA | ISA TRANSELCA ISA CTEEP | ISA REP

Analyze project route alternatives with the least possible impact on biodiversity.

Geographic, environmental, biotic, abiotic and socioeconomic characteristics are considered, as well as the analysis of the effects and risks of the project.



Profile of ISA and

its companies

#### Sustainable easements

#### ISA INTERCOLOMBIA

Promote and provide support for communities to use easement strips for ornamentation and landscaping, develop community vegetable gardens, and engage in social participation



#### Forest exploitation planning and maintenance of easement strips

ISA INTERCOLOMBIA | ISA TRANSELCA ISA BOLIVIA | ISA INTERCHILE | ISA CTEEP

Consider the characteristics of the species, ecosystems and topographic conditions in order to prioritize technical pruning and, when this is not possible, carry out tree harvesting as a last resort...



#### **Alternative construction methods**

ISA INTERCOLOMBIA | ISA INTERCHILE ISA CTEEP

Reduce intervention in vegetation cover and sensitive ecosystems, reduce pruning and felling of tree species, through the laying of cables by drone or helicoporting and the use of gantries.



#### **Structure height assessment (towers)**

ISA INTERCOLOMBIA | ISA INTERCHILE ISA TRANSELCA | ISA CTEEP

Evaluate the relevance and opportunity to implement structures with greater heights to mitigate biotic intervention and minimize impacts on flora and fauna, especially in land cover, allowing the coexistence of the infrastructure and vegetation.



#### **Environmental Management Plans (PMA)**

#### ISA INTERCOLOMBIA | ISA REP ISA INTERCHILE | ISA CTEEP

- · Avoid, mitigate and reduce the impact on fauna, flora, connectivity and ecosystems of great value for biodiversity conservation during the construction and operation of projects.
- Implement measures related to wildlife rescue and repelling, rescue and relocation of endemic or endangered species, and germplasm rescue.



#### **Environmental Guide Adaptation Plan (PAGA)**

#### **RUTA COSTERA**

- · Implementation of actions to avoid, mitigate and reduce the impact on fauna, flora, connectivity, and ecosystems of great value for biodiversity conservation during construction and operation.
- Implementation of wildlife rescue and repelling measures; construction, monitoring, and adaptation of wildlife crossings; and installation of signs to warn of the presence of wildlife.
- · Awareness-raising workshops for involved personnel and communities; recording and analysis of wildlife roadkill; and specific studies of fauna such as blue crabs; and onroad campaigns.



#### **Avifauna monitoring and tracking programs**

ISA INTERCOLOMBIA | ISA INTERCHILE

Install and monitor bird collision avoidance systems.





#### Actions to restore impacts



ISA INTERCOLOMBIA | ISA REP ISA INTERCHILE | ISA CTEEP

#### **Environmental Management Plans (PMA)**

- Carry out ecological rehabilitation to mitigate impacts on non-vascular epiphytes (lichens, fungi, among others).
- Develop a program to prevent and control erosion and protect soils, protect wetlands, bodies of water and watercourses, and prevent and combat forest fires.
- Conduct environmental education programs.

2

RUTA COSTERA I ISA INTERVIAL

#### Landscape recovery

Restore the landscape by means of revegetation techniques and planting trees in flat areas, including maintenance.

(3)

**RUTA COSTERA** 

#### **Slope revegetation**

Embankment cutting and construction of hydraulic works, ditches, and crest ditches, to prevent erosion and keep the intervened areas stable.

#### Actions to restore impacts

1

#### ISA INTERCOLOMBIA

#### Biotic offsetting- commitment to No Net Loss of Biodiversity

Offsetting portfolio: formulation and implementation of cost-effective and sustainable strategies.

Ensure no net loss of biodiversity and comply with national and regional conservation goals.

2

#### **RUTA COSTERA**

### Programs to contribute to ecosystem and biodiversity protection and restoration

Implementation of ecosystem restoration strategies, tree planting, and rehabilitation of water bodies.

Purchase of land in protected areas in order to submit the declaration of protected areas to the environmental authority, thus allowing the recovery of ecosystems similar to those impacted, ecological connectivity, and ecosystem services.

3

ISA INTERCOLOMBIA | ISA TRANSELCA ISA CTEEP

#### **Forest offset**

Offset impacts that could not be avoided or reduced through reforestation and revegetation.

### Actions to monitor and evaluate activities

ISA INTERCOLOMBIA | ISA INTERCHILE ISA REP | ISA CTEEP | ISA TRANSELCA

#### **Environmental Monitoring Plans (PMS)**

- Monitor the rescue, transfer, and relocation of vascular epiphytes (orchids and bromeliads) non-vascular epiphyte offset.
- Rescue, reposition, transfer, and relocate individuals of endemic, threatened, banned or ecologically, economically and culturally relevant tree species.
- Manage vegetation during construction and operation.
- Install bird flight diverters.
- Manage wildlife, landscaping, and ornamentation.

2

#### **RUTA COSTERA**

#### Follow-up of wildlife crossings

Recording of wildlife roadkill in order to identify the locations with the highest incidence and take corrective actions.

Electric Power



# PROJECT WITH IMPACT ON BIODIVERSITY

#### Colombia

5 project

#### **SISA INTERCOLOMBIA**

- Construction of transmission line
- Transmission lines
- Electrical substation under construction
- 11: Atlántico, Cesar, Guajira, Santander, Norte de Santander, Antioquia, Boyacá, Caldas, Cauca, Cundinamarca, Valle del Cauca

#### 9710,92 ha

- 130,123 ha
- Tropical forest, woodland/shrubland, mangroves

#### RUTA COSTERA

- Roadway operation and maintenance
- **2:** Atlántico, Bolívar
- **9124,53** ha
- Mangrove, dry forest

#### Brazil

5 projects



- Energy transmission
- **5:** Mato Grosso do Sul, Minas Gerais, Paraná, Santa Catarina, Sao Paulo
- **⊘154,33** ha
- **Forests**

#### Bolivia

project

- S ISA BOLIVIA
  - Transmission line operation
  - 2 1: Santa Cruz de la Sierra
  - 2071,89 ha
  - Tropical rainforest, woodland/ shrubland, grasslands

- Type of active projects
- Departments or regions where ISA is present by country
- Hectares restored or protected
- Hectares under maintenance and/or monitoring
  Habitats protected and restored
- Location of the projects

#### Chile

2 projects



Energy transmission

- 4: Atacama region, Valparaíso region, Metropolitan region, Coquimbo region
- Flowering desert ephemeral grassland, Belloto del Norte preservation forest, Lúcumo preservation forest, Guayacán preservation forest, Algarrobo preservation forest.



- Road operation and maintenance
- **2:** Province of Maipo, Province of Araucanía
- 躁 275 ha
- **Forests**

For further information, see appendix: COMMITMENT TO THE PROTECTION OF BIODIVERSITY

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It is the sustainability program of ISA and its companies that supports forestry initiatives to contribute to:



#### **Conservation of**

biodiversity and ecological connectivity through the Jaguar corridor



#### **Reduction** of

emissions of Greenhouse Gases drivers of climate change



### **Improve** the living conditions

living conditions of rural communities



#### Raise

cawareness of environmental issues Conexión Jaguar Program



#### **Program goals**

Alliances in Latin America

9 2023

Potential reduction of tons of CO<sub>2</sub>e

9.000.000 Target

**6.464.930** | 2023

Verified emissions of tons of CO<sub>2</sub>e

**564.530** | 2023

**Hectares** of the jaguar corridor protected

**1.000.000** Target 2030

807.154 | 2023

#### **Protected biodiversity**

So far, 188 species of fauna have been recorded in camera traps installed in the different projects in Latin America; these are being protected with the technical and financial support provided by the Conexión Jaguar program. It is important to note that of these species, 14 are cataloged, according to the IUCN Red List, with some degree of threat; including near threatened species like the jaguar (Panthera onca), vulnerable species like the giant anteater (Myrmecophaga tridactyla), threatened species like the giant otter (Pteronura brasiliensis) and critically threatened species like the blue-billed curassow (*Crax alberti*)

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Thanks to the technical and

financial support provided by

**REDD+** (Reducing Emissions

Degradation) project in the

The project has measurable climate, community, and

biodiversity (CCB) benefits

because it provides full-time

to families living in the area of influence and, additionally, was certified at Gold Level, as it demonstrates exceptional

employment, training and access

Pantanal biome.

from Deforestation and Forest

the Conexión Jaguar program, the Instituto Homem Pantaneiro

(IHP) was able to certify the first

#### **Projects**



Hectares with conservation activities



Potential reduction of tons of

ISA's presence

Countries with projects

Jaguar Corridor

#### Colombia





2.952.104



Cimitarra, Santander



Tierralta, Córdoba



Sierra Nevada de community



Santa Marca, Arhuaco



Biodiversa, Yondó

It was signed, with the WebConserva Foundation, to promote the healthy coexistence of humans and big cats.



#### Chile



Fundación Basura



Fundación Reforestemos



Colo-Colo Sports Club The Conexión Puma program signed an alliance with the Colo-Colo sports club, Fundación Reforestemos and Fundación Basura to join forces in favor of cultural change through reforestation, recycling, and the promotion of good environmental practices in the metropolitan region of Santiago.

As there is no presence of jaguars in Chile, we work in the conservation of the puma (Puma concolor), the second largest feline in America. Both the puma and the jaguar are umbrella species, who are an important part of the ecosystem balance: they protect biodiversity, water, and forests, guaranteeing the survival of the species that coexist with them and their associated habitats.

#### **Brazil**



136.855



644.471



Instituto Homem Pantaneiro (IHP)

+ Santa Teresa

biodiversity benefits by protecting critically endangered species in

its territory.

#### Peru





2.828.355



Alto Huayabamba, Peru



Perú

# MANAGEMENT OF ENVIRONMENTAL IMPACTS

#### [GRI 3-3] [GRI 3-3 d]

ISA and its companies responsibly and consciously manage the natural resources required for their operations and value chain by assessing and managing environmental impacts. Based on the Corporate Environmental Policy, the Environmental Management Model, and the Asset Management Policy, we guarantee the provision of services with quality and efficiency, involving the balance with the environment and institutional, trade and community stakeholders.

#### **Main achievements**

#### ISA

Review and update of the Environmental Policy of ISA and its companies. Approved by the Board of Directors and defines the principles of environmental management aligned with the creation of sustainable value.

#### **ISA INTERCOLOMBIA**

Zero sanctioning processes executed, thanks to proper management during the life cycle of the assets and the support of technological tools such as the Territorial Information System for Construction and Operation (SITCO).

Development of 19 prior consultations and implementation of the preventive archeology program in 5% of the projects under construction.

#### **ISA TRANSELCA**

Advances in the environmental management of projects from a preventive approach, integrating technical and economic aspects within the socio-environmental management model as a basis for reducing potential environmental sanctions.

Decrease in environmental requirements by 86.3% with respect to the previous year.

ISO 14001:2015 certification was extended to the remaining eleven substations to meet the goal of having all substations certified.

Construction of the Manual of Relationship with Indigenous Communities, strengthening the relationship and the bonds of trust.

#### **ISA REP**

Extension of ISO 14001:2015 certification to all facilities, in order to meet the goal of having all substations certified.

Implementation of the consolidation and follow-up of legal requirements system through Sitco.

#### **ISA CTEEP**

Progress on the ISO 14001:2015 substation certification schedule. By 2023, a total of 27 substations were certified.

In response to the challenges associated with certification, the team responsible for the Environmental Management System was restructured.

Progress in the polychlorinated biphenyls (PCB) elimination plan; the goal is to achieve the removal of all units by 2025 and proper disposal of the materials by 2028.

Implementation of the 4 Asset system, consolidation, and follow-up on legal requirements program.

#### **ISA INTERCHILE**

Implementation of the consolidation and follow-up of legal requirements system through Sitco.

#### **ISA BOLIVIA**

Maintenance of ISO 14001:2015 certification, which includes 100% of the substations.

O environmental accidents during operations.

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#### **Environmental licensing for projects**

ISA, in its commitment to comply with the environmental regulations of each country in which it operates, manages all the environmental authorizations and permits required for the development of the projects. In recent years, companies have been faced with some internal and external factors that directly impact the fulfillment of the established plans, affecting, in some cases, the commissioning date of the projects and compromising their viability.

Some of these internal and external factors are:

- Challenges in the relationship with communities, due to their opposition, sometimes, to the development of projects, through actions such as strikes and mobilizations, which result in greater demands for social management.
- Challenges in land management prior to conducting environmental studies in the field, due to possible impediments to land entry and social context situations that may influence a potential variation in engineering.
- Delays in the evaluation stages of environmental procedures by the authorities in this sector.
- Increased restrictions, technical and socio-environmental requirements, derived from regulatory changes and technical and interpretative differences between the technical evaluators of the environmental authorities involved in the licensing process of each project.

 Changes in design and engineering derived from the needs of the projects, as well as restrictions from the environmental, social and land components.

In order to anticipate the materialization of these risks in the design stage, management of authorizations and permits, or to make the management of these risks more effective, the Chief Transmission Office has teams in charge of accompanying the companies by means of:

- Follow-up on compliance with established plans, schedules, risks, and budgets, proposing corrective measures if necessary.
- Identification, recording and management of lessons learned, to be applied in new projects.
- Search for continuous improvement and high performance, with the follow-up of indicators, verifying the quality of environmental studies and proposing measures to optimize activities or established times.

Regarding management with the different authorities, the companies seek to establish mechanisms and spaces of continuous relationship with them, with the objective of having technical conversations for the agreement of methodologies and to clarify doubts or expectations of the projects.

The Environmental
Management System
is verified annually
through a program of
internal and external
audits, which evaluate
compliance with ISO
14001 requirements
in selected processes,
substations, and
projects.

ISO 14001:2015 certified companies

Coverage

100%

ISA INTERCOLOMBIA

ISA TRANSELCA

ISA REP

ISA BOLIVIA

Coverage
22%
ISA CTEEP

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#### **Environmental licensing for projects**



#### **ISA INTERCOLOMBIA**

#### **Projects**

Copey-Fundación-Cuestecitas

Environmental license granted.

Cuestecitas – Majayura 230 kV transmission line

Modification of the environmental license granted.

La Loma-Sogamoso

Environmental Impact Assessment (EIA) filed. In process of evaluation before ANLA.

**Carrieles substation** 

In process of elaboration of the EIA

#### **ISA REP**

#### **Projects**

Expansion 21
Third Circuit Chilca-Independencia

**Transmission Line** 

Modification of the Environmental Management Adequacy Program (MPAMA) granted.

#### **INTERCHILE**

#### **Projects**

KILA (Nueva Lagunas 500/220 kV sectionalizing substation and Nueva Lagunas-Kimal 2x500 kV transmission line)

In preparation of EIA.

New Encuentro-Lagunas 2x220 kV transmission line

License granted.

Chile Expansion Plan Cardones-Polpaico 2x500 kV transmission line.

License granted.

#### **ISA CTEEP**

#### **Projects**

Minuano Project (l1) - Substation
Installation license granted.

Minuano Project (L1) - Transmission Line

Installation license granted.

Triángulo Mineiro Project

Operating license granted.

Jacarandá

Awaiting prior license.

Piraque-Lot 3 MG

Awaiting prior license.

Piraque – Lot 3 ES

Awaiting prior license.

Riacho Grande (SE-Transmission Line)

Operating license granted.

Riacho Grande (Overhead)

Operating license granted.

Três Lagoas

Operating license granted.

Biguaçu

Operating license granted.

Itaúnas

Operating license granted.

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To monitor compliance with targets regarding environmental permits and licenses, the following indicators were established:



#### **Compliance with physical progress of projects (compared to the schedule)**

Company	2020	2021	2022	2023 target
ISA INTERCOLOMBIA	97.2%	97.5%	97.9%	
ISA TRANSELCA	101%	98.3%	99.5%	
ISA INTERCHILE	108.1%	111.8%	100%	
ISA REP	87.3%	87.2%	96.5%	Higher than or equal to 95%
ISA CTEEP	98.7%	101.4%	97.2%	
Energy transmission companies, consolidated	96.1%	96.3%	98.2%	



#### Days of delay in obtaining the environmental license (compared to the schedule)

Company	2020	2021	2022	2023 target
ISA INTERCOLOMBIA	681	3,588	655	
ISA TRANSELCA	N. A.	N. A.	N. A.	
ISA INTERCHILE	N. A.	0	N. A.	Complying with project licensing
ISA REP	0	583	81	schedule
ISA CTEEP	0	582	204*	

<sup>\*</sup> There are processes that, thanks to the good management of the process, were approved earlier than expected. These cases occur in ISA CTEEP with an average of 10.5 days.

#### Legal management

ISA and its companies are committed to mitigate the environmental impacts and the permanent compliance with the environmental legislation of the countries where they operate; however, the



#### **Sanctioning processes 2023**

Company	Total sanctioning processes initiated	Sanctions of less than USD 10,000 (#)	Penalties over USD 10,000 (#)
ISA INTERCOLOMBIA	1*	0	1**
ISA TRANSELCA	2***	0	0
ISA REP	15	5	4****
ISA BOLIVIA	0	0	0
ISA CTEEP	8	0	1****
ISA INTERCHILE	0	0	0
Total	26	5	6

company is not exempt from the materialization of risks in the normal development of the projects. As a result of the above, legal proceedings have been initiated by the different environmental authorities, which are handled by presenting all the technical and legal support.

### Non-monetary sanctions for non-compliance with environmental regulations

Company	2020	2021	2022	2023
ISA INTERCOLOMBIA	1	0	0	0
ISA TRANSELCA	0	0	0	0
ISA REP	0	0	0	0
ISA BOLIVIA	0	0	0	0
ISA CTEEP	0	0	0	0
ISA INTERCHILE	0	0	0	0

#### **Challenges**

- Comply with the obligations derived from the environmental authorities, in order to manage impacts and minimize the risk for the organization of opening new sanctioning processes.
- Strengthen contractors' knowledge and management to ensure legal compliance and management of the impacts associated with their activities.
- Integrate and update environmental measures established in licenses and environmental management plans.
- Promote the management of environmental impacts with a preventive approach, with the support of technological tools that enable measurement, monitoring and decision making throughout the life cycle of the assets.
- Continue strengthening the relationship with environmental and municipal authorities and with the communities.

<sup>\*</sup> The case reported as initiated in 2023 corresponds to events that occurred in 2021.

<sup>\*\*</sup> Sanction for USD 18,385 for events occurring in 2020.

<sup>\*\*\*</sup> Cases reported as initiated in 2023 correspond to events that occurred in 2013 and 2016.

<sup>\*\*\*\*</sup> Cases reported as initiated in 2023 correspond to events that occurred in 2021, 2022 and 2023. Sanctions of USD 75,033, USD 34,332, USD 10,525, and USD 11,777 for events occurring in 2020. These sanctions were paid because the environmental authority issued the payment conditioned to coercive collection, which implies the risk of seizure of accounts. However, the judicial process continues.

\*\*\*\*\* Cases reported as initiated in 2023 correspond to events occurring in 2023; sanction of USD 51,729 for events occurring in 2023.

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## Climate change mitigation and adaptation

ISA has a climate strategy aligned with government priorities to achieve the goals of the Sustainable Development Goals and with global trends and the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures), which considers joint state-society-business-academia-NGO actions.

See ISA climate strategy:



In order to comply with this strategy, ISA develops eco-efficiency and circular economy practices that include the measurement, reduction and compensation of greenhouse gases (GHG) produced by the operation of its businesses, the impact of climate variability phenomena and climate change opportunities, and integrates a series of actions focused on mitigation and adaptation of infrastructure to such change.

Through this strategy, ISA seeks to reduce 11 million tons of CO2e before 2030, according to the following distribution:

### 9 million

tons of  $CO_2e$  a through the protection and conservation of ecosystems through the Conexión Jaguar program.

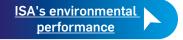
### 1.9 million

tons of  $CO_2e$  to contribute to the decarbonization of the energy matrix through the development of new energy businesses.

## 102,500 tco2e

by reducing its own impacts by means of voluntary actions to avoid and reduce greenhouse gases (GHG) emitted by businesses, through reduced consumption of water, energy,  ${\rm SF_6}$  gas leaks, waste disposal, and sustainable mobility.





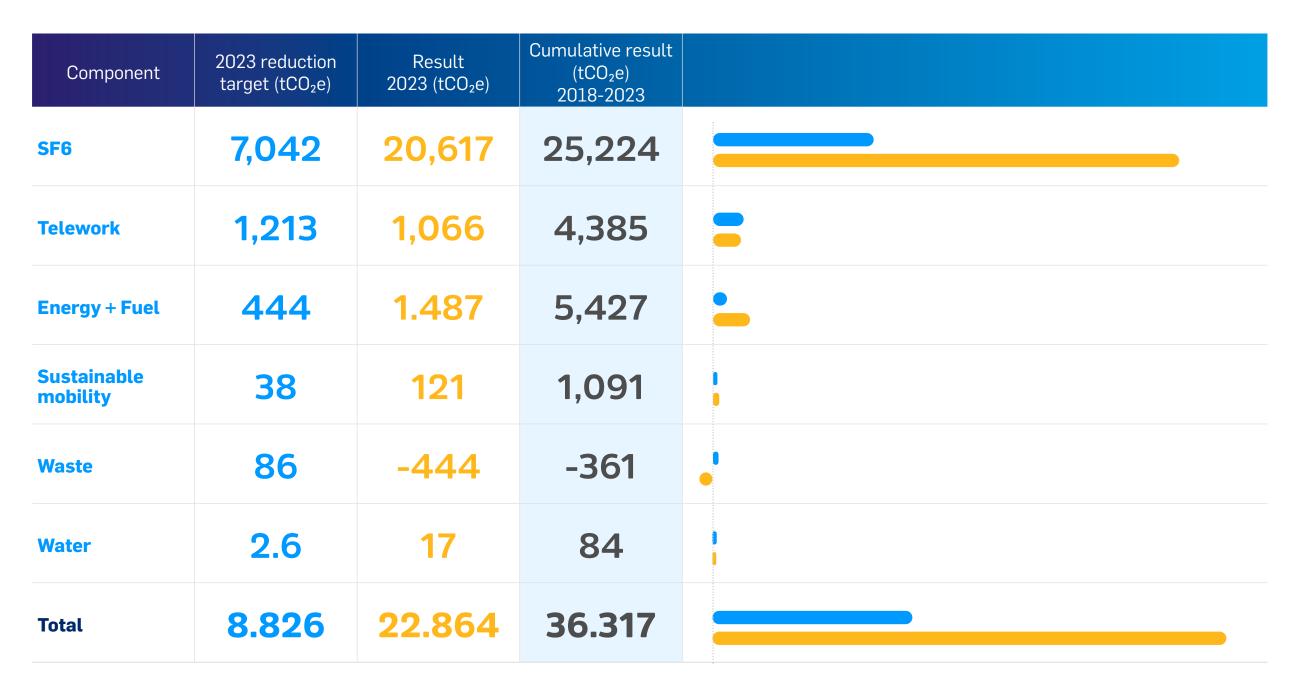


In 2023 the CO<sub>2</sub> emissions generated were reduced threefold through eco-efficiency measures.

### Greenhouse gas (GHG) management

ISA and its companies measure their GHG inventories each year under the GHG Protocol methodology, scopes 1, 2 and 3, for the operation and maintenance phase in each business. Based on this inventory, a baseline is defined to establish the reduction goals for each company for the following year. A consolidated emissions reduction target was set for 2023, taking into account emissions generated by water and energy consumption, final waste disposal, sustainable mobility, teleworking and SF<sub>6</sub> leaks.





Result to 2030

Target: 102,500 Ton CO<sub>2</sub>e

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#### **SF**<sub>6</sub> management

Approximately 85% of ISA Scope 1 emissions are generated by leaks of sulfur hexafluoride gas or  $SF_6$ , an electrical insulator used in encapsulated substations and switchgear. There are currently only a few pilot tests, not yet commercial, to substitute this gas in the high voltage systems operated by ISA; therefore, it is not possible to eliminate these emissions in the short term. For this reason, management involves leakage control, according to the IEC 62271 -203 equipment manufacturing standard, which establishes by design an annual leakage value of 0.5% of the volume contained in closed equipment.

#### SF<sub>6</sub> leakage targets and performance

In terms of emissions, by 2023 the companies had a target of avoiding 6,690 tCO $_2$ e of SF $_6$  leakage. During the year, the established goal was achieved, with 20,617 tCO $_2$ e, which corresponds to 805 kg of SF $_6$  leakage avoided. This is equivalent to leakage values below the target; for 2022, the value was 0.35 % of the inventory, while for 2023, 0.19 % of the inventory was achieved.

ISA's businesses, especially Energy Transmission, have a very low carbon emission intensity, compared to other sectors of the energy chain; this is due to the fact that its production processes do not require the use of fossil fuels on an industrial scale, and it does not have significant stationary sources of air pollution.

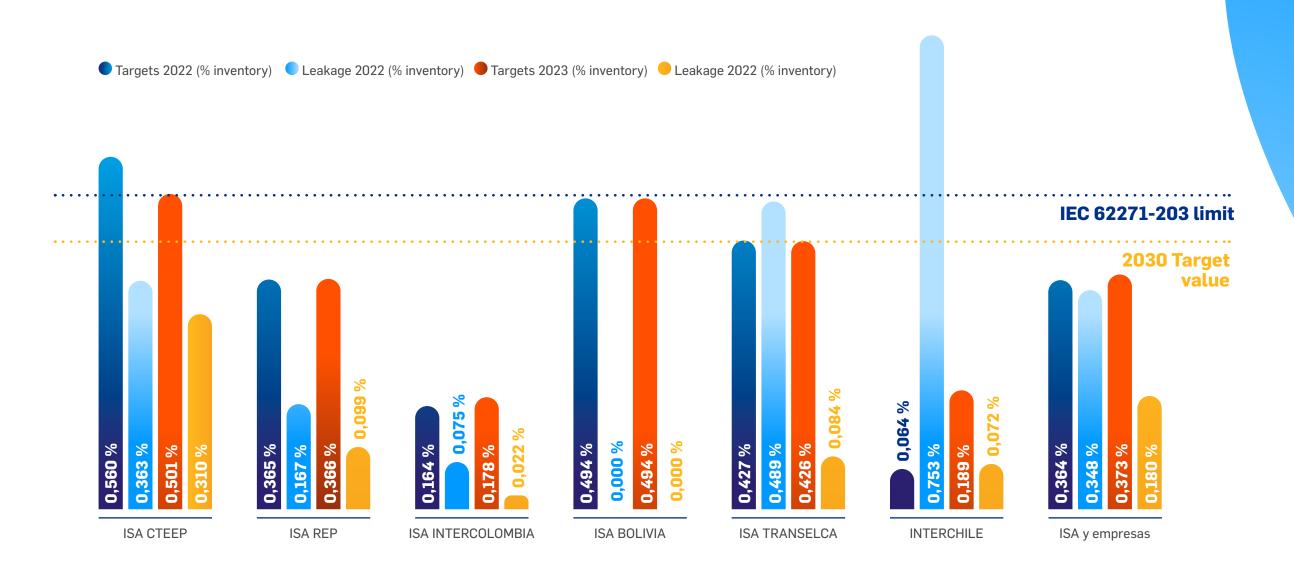
To achieve leakage reduction, the company implemented several strategies:

- Analysis of the entire life cycle of gas in the company, which allows for a holistic review of control and follow-up activities.
- Alliances with startups to develop disruptive solutions such as SF6 containment devices for leak reduction.
- Creation of innovation processes with emerging companies that can provide high-impact solutions for the reduction of  $SF_6$  leakage.
- Advanced automation models in gas-insulated substations (Gas Insulated Switchgear GIS), which allow detecting incipient leaks and programming their correction in an agile manner.
- Market evaluation, in order to find tools to temporarily correct leaks with energized equipment.

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Additionally, ISA and its energy transmission companies (ISA INTERCOLOMBIA, ISA REP, ISA CTEEP, ISA TRANSEL-CA and ISA BOLIVIA) have developed a methodology for setting goals that not only depends on the historical leakage

or inventory growth, but also introduces variables such as the age of the infrastructure, which allows improving the performance of each company in the last years, as shown in the following graph:



Icontec followed up on the carbon neutral certification for the operations of more than 48,000 km of circuit, 7,000 km of fiber optics and 714 km of roads of the Electric Power, Telecommunications and ICT, and Roads business units. The certification includes eleven companies: ISA CTEEP, ISA INTERCOLOMBIA, ISA REP, ISA TRANSELCA, ISA INTERVIAL, ISA INTERCHILE, ISA BOLIVIA, SIER, INTERNEXA COLOMBIA, ISA CORPORATIVO and XM, in five countries, for scopes 1 and 2 (excluding energy losses).

Carbon neutrality
statement of ISA and
its companies

Performance of SF<sub>6</sub>

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#### Offsets made in 2023

After applying the mitigation hierarchy, reducing, and avoiding emissions through eco-efficiency actions, ISA and its companies offset the net emissions of the GHG inventory. The total emission offset for scopes 1 and 2 using carbon credits amounted to 40,408 tCO2e; and approximately 11,130 tCO2e were avoided through the purchase of Renewable Energy Certificates (I-REC) and the voluntary offsetting of 10% emissions in Scope 3.

See carbon neutral certification and carbon neutrality declaration:

#### **Climate change adaptation**

The identification, analysis, assessment, and treatment of risks associated with climate change are integrated with corporate risk management in the short and medium term. In the long term, they are included in the analysis of emerging risks. The reporting of risks and opportunities associated with climate change is performed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Since 2022, ISA has a roadmap for the formulation and implementation of climate change adaptation plans in all geographies where it operates. For more information, see climate strategy:

ISA's companies in Colombia participate in the implementation of the Comprehensive Business Management Plan for Climate Change in the Mining and Energy Sector and in the Carbon Neutral Energy Sector Initiative, led by the Ministry of Mines and Energy.

### **Challenges and opportunities:**

- ▶ Based on the results of the climate scenario analysis, continue with the inclusion and management of potential climate change impacts in infrastructure design, maintenance plans, business continuity, disaster management, financing, and financial impact, among others, and extend it to all companies.
- Maintain the carbon neutrality certification of ISA and its companies.
- To continue measuring the GHG inventory in the design and construction of all infrastructure projects of ISA and its companies. Establish an emissions reduction plan involving other actors in the business value chain.

- Finalize the consolidation of the circular economy model in ISA and its companies to reduce natural resource consumption and GHG emissions in a cost-effective manner.
- ▶ Expand the implementation of sustainable practices and life-cycle closures with suppliers, such as green clauses, measurement, and management of scope 3, joint agreements for SF<sub>6</sub> management, among others.



Climate strategy-Taskforce on Climate Related Financial Disclosures (TCFD)

**Biodiversity management** 

GHG inventory and environmental performance indicators

Carbon neutrality declaration and carbon neutral certification of ISA and its companies

Circular economy



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### **COMMITMENT TO SOCIO-ECONOMIC DEVELOPMENT**

[GRI 3-3] [GRI 3-3 d] [GRI 33-e-ii]

The social actions of ISA and its companies are aligned with the strategic objectives; and from its social management model, Conexión Desarrollo, risks are identified, community expectations are gathered, business impacts are addressed and long-term relationship plans are established to build trust and contribute to the viability of projects and operations.

Prioritized material issue of high relevance:



**18** Contribution to sustainable development and transformation of the territories, building a positive legacy for the regions

Company that actively participates in the development processes of the regions through alliances and synergies with key actors that share territories and purposes, focused on the transfer of capabilities and knowledge, to improve the quality of life of people and the creation of opportunities.



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#### **Social management model: Conexión Desarrollo**

The social management model of ISA and its companies is the roadmap for establishing plans and programs that allow generating and maintaining close, balanced, and trusting relationships with the communities in the area of influence throughout the life cycle of the infrastructure.

The model consists of four steps:

In-depth reading and knowledge of the territories, including risk and impact analysis.

Design and execution of programs for relationship-building and social investment.

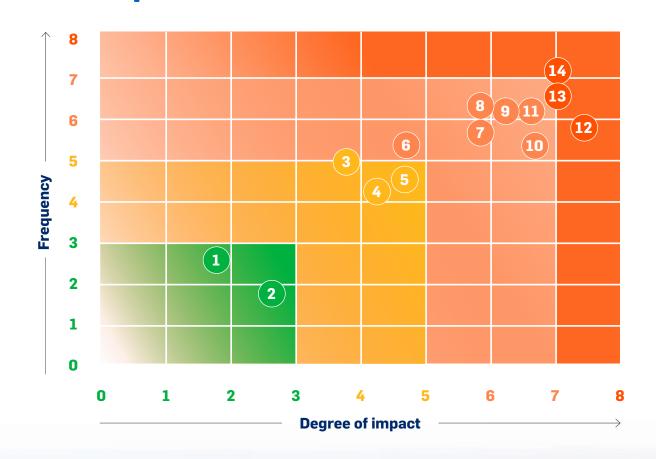
Articulation with other key processes that ensure the success of social programs.

Follow-up, monitoring, and reporting with emphasis on the valuation of impacts from the Social Return on Investment (SROI) methodology and the project impact index that was developed internally.

The Social Management Model is integrated with a risk analysis that includes the circumstances of the environment with respect to the expectations of the communities which, if not met, could make the operation of the business unviable.

During the period, the risk analysis showed the following situation:

### **Impact matrix**



- 1 Change in the availability of water resources
- Change in current land use
- Change in landscape quality
- Change in air quality
- Change in sound pressure levels (sound pollution-noise)
- Radio-interference and electrical inductions
- Involuntary displacement of families or infrastructure (includes impacts on community and private infrastructure)
- Increased risk of accidents
- Alteration to accesses/road infrastructure or modifications to urban mobility
- Conflicts arisen/worsened
- Alteration to historical and archaeological heritage
- Impact on territories and cultural characteristics of ethnic or non-ethnic groups
- Limitation to the right of ownership
- Materialization of undesirable parallel economies (micro-trafficking,

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In order to structure better solutions, programs and measures that directly contribute to prevent, mitigate, or compensate impacts, social management is supported by se-

veral tools aimed at addressing social risks during the life cycle of the asset, in order to obtain the social license to build and operate the infrastructure:

Tool	<b>Definition</b>	Management
Analysis of environmental restrictions (ARA)	Analysis of primary and secondary sources and field visits to identify social and environmental aspects associated with the projects.	<ul> <li>ARA was applied in 8 projects in Colombia, 3 in Brazil and 2 in Chile.</li> </ul>
Analysis of Restrictions of the Expansion Plan (Arpex)	It is a tool that analyzes georeferenced social, environmental and property type variables in the area of interest of a project to identify risk areas and generate mitigation actions.	<ul> <li>Arpex was applied in 3 projects in Colombia, 2 in Peru and 3 in Brazil.</li> </ul>
Environment analysis	Analysis to identify risks and opportunities associated with social, political, and environmental realities in the area of influence of the infrastructure.	Monthly reports in all the countries where we are present.
Community Benefit Projects (PBC for its acronym in Spanish)	Initiatives agreed on with the community to provide populations with social infrastructure to support the environmental licensing process.	<ul> <li>248 social projects in the area of influence of the electrical infrastructure under construction in 49 municipalities.</li> </ul>
Early Relationship Program (PRA for its acronym in Spanish)	Complementary social management actions, projects, and programs to achieve genuine recognition and support from the communities in project pre-construction stages.	• 13 Advance Relationship Program (PRA) processes were carried out with 16 organizations in 13 municipalities.
Promotion of human rights	Human rights training and promotion actions.	<ul> <li>There were no cases of discrimination, restrictions on freedom of association, child labor, or forced labor in ISA and its companies.</li> <li>Human rights training: 2,892 hours per person.</li> </ul>
Information processes and community participation	Comprehensive strategy aimed at creating community participation spaces, seeking to establish effective two-way communication channels.	<ul> <li>A total of 586 community information and participation meetings were held in 64 municipalities.</li> </ul>

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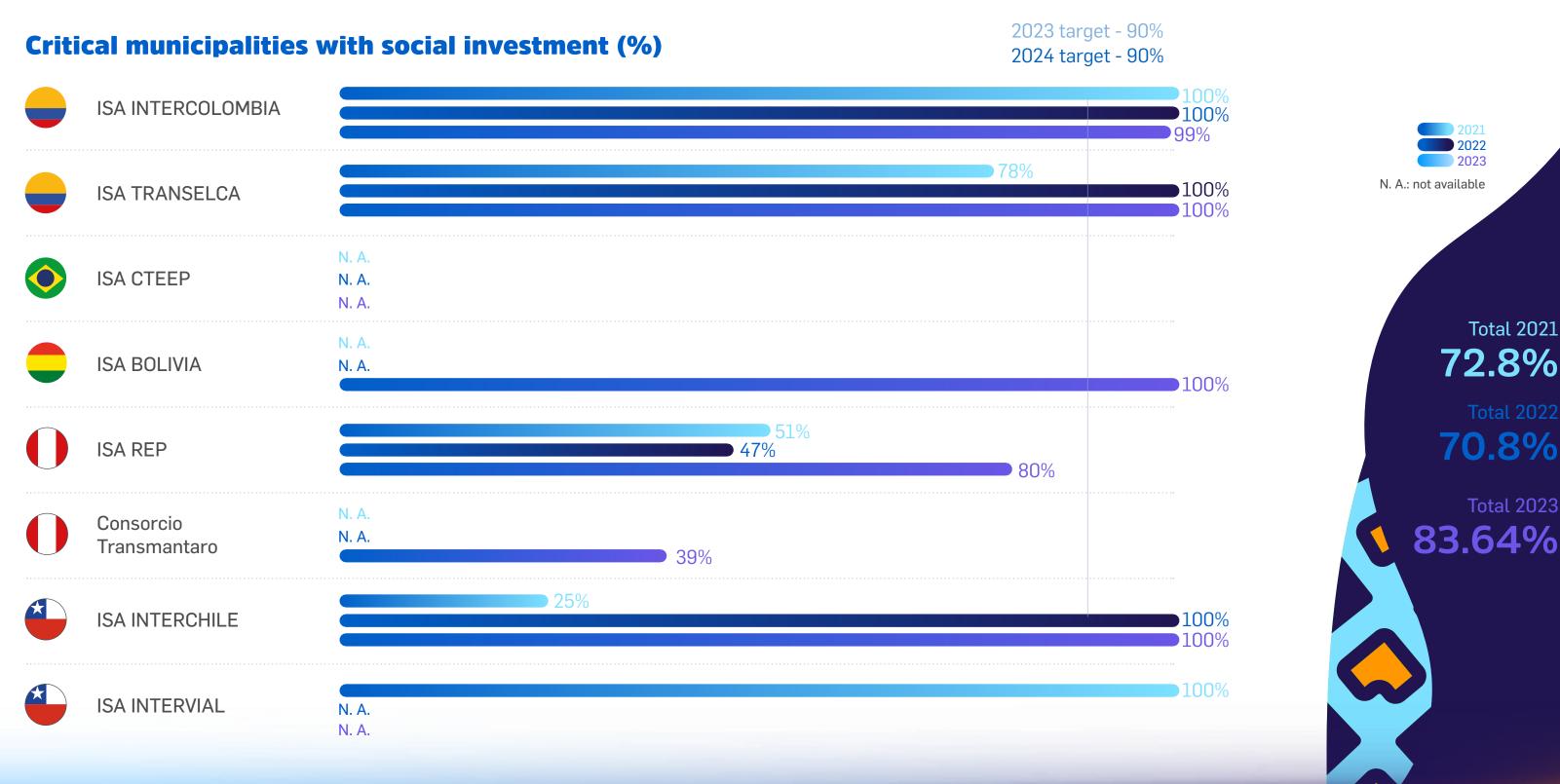
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Considering the risk matrix and the above tools, social investment resources are focused on critical areas, considering social management in the life cycle of the asset and the prioritization of highly complex municipalities for business viability.



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LatinCacao, one of the projects supported by CONEXION DESARROLLO's line of entrepreneurship and productivity, produces artisanal cocoa powder made by resilient farmer hands that manufacture products of peace and energy in the Montes de María.

### Social programs [GRI 3-3] [GRI 2-4]

As of 2022, with the update of the Social Management Model, Conexión Desarrollo, the priorities and lines of investment have changed. We present below the restated 2022 figures, together with the results obtained in 2023:

#### **Historical social investment COP millions**

Investment lines	2022	2023
Education and training	5,872	11,372
Entrepreneurship and productivity	12,010	7,104
Infrastructure	6,395	10,160
Sustainable project management (mandatory investment)	15,236	14,001
TOTAL	39,512	42,638

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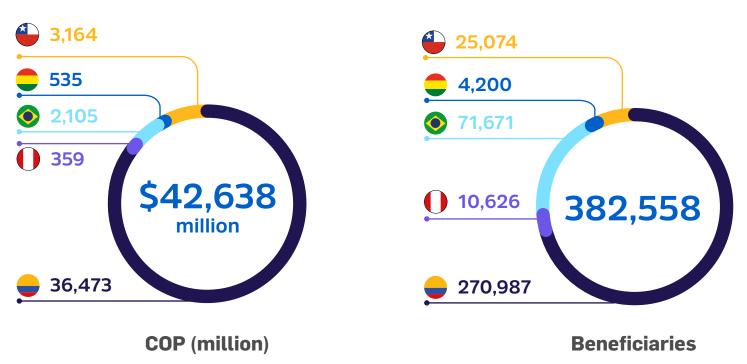
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#### **2023 Social management investment**



#### **Entrepreneurship and productivity program in Colombia:**

- Estimated indirect beneficiaries: 10,800 (members of the value chains of the strengthened companies and families of productive partners).
- Productive sectors of the projects strengthened: tourism, agriculture, livestock, agribusiness, innovation with positive environmental and social impact.
- Strengthening topics: social-entrepreneurial organization, commercial skills, digital skills, process and product improvement, formalization, standardization, and certification.
  - Geographical coverage of strengthening: San Andrés, Bolívar, Cesar, Córdoba, Antioquia, Casanare, Vichada, Chocó, Nariño, Amazonas,

















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**Number of** volunteer employees 215 Colombia

30 Peru

35 Chile

351 Brazil

631 **Total** 

Number of people benefited in the communities

150 Colombia

60 Peru

161 Chile

737 Brazil

1,108 Total

**Total number of** donated hours

1,862 Colombia

213 Peru

455 Chile

604 Brazil

3,134 **Total** 

**Number of** working hours 420 Colombia

Peru

455 Chile

Brazil

875 **Total** 

**Number of** projects developed

Colombia

Peru

Chile

Brazil

38

**Total** 

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ahead of the curve by identifying and anticipating environmental challenges and opportunities. To this end, they promote a culture of innovation based on flexibility and agility in decision making and action. This vision allows them to generate value in current businesses and develop new business models that respond to strategic choices.

Material issues prioritized as critical in relation to this dimension:

### Anticipation and preparation in the face of challenges and trends

Ability to identify and understand environmental signals with anticipation and openness, propose solutions and incorporate trends into decision making in a timely manner, while maintaining corporate validity.

During 2023, a total investment of USD 11.71 million was made in 92 innovation projects, generating a cost reduction equivalent to USD 0.65 million.

USD 2.02 million were invested in the exploration of 11 new business models and corporate ventures, generating revenues of USD 1.58 million.



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Innovation is a fundamental pillar for ISA and its companies, an engine that drives the achievement of the goals set out in the 2030 strategy. To meet this challenge, the innovation portfolio is structured under three approaches:

**Core:** guarantee the competitiveness of the current businesses in Electric Power, Roads and Telecommunications and ICT.



**Adjacency:** developing new energy -related businesses.



**Convergence:** seize new business opportunities in areas where current operations converge.

16 projects were prioritized, focused on ensuring the competitiveness of current businesses, with an initial investment of USD 12 million and the potential to generate benefits estimated at between USD 58 and 155 million.

Portfolio i	nformation	Core	Adjacency	Convergence
2023	% share in the portfolio	83%	3%	14%
2022	% share in the portfolio	61%	34%	5%
2021	% share in the portfolio	<b>78</b> %	16%	6%
2020	% share in the portfolio	66%	29%	6%
2019	% share in the portfolio	47%	40%	13%

alliances to work on innovation projects

projects with innovation ecosystem stakeholders

Colciencias selected

21

projects for financial support or tax benefits

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During 2023, the following achievements stand out:

#### **CURRENT BUSINESSES**

To increase business competitiveness and strengthen operational excellence by generating technological solutions with a high digital component.

#### Substation 4.0

ISA CTEEP inaugurated in Brazil the first 4.0 substation that allows real-time remote monitoring of assets.

#### **Smart Valves**

ISA TRANSELCA and Smart Wires successfully implemented the first devices with advanced power flow control technology (Smart Valves) in the Santa Marta substation, unlocking 200 MW of capacity.

#### SF<sub>6</sub> Reduction

CTEEP achieved a significant 31% reduction in  $SF_{\rm g}$  emissions compared to 2022, thanks to the successful implementation of a gas containment device.

#### **FiTyre Project**

ISA INTERVIAL received USD 240,000 in funding through Fondef (National Commission for Science and Technology) and the Universidad de la Frontera in Chile, for the FiTyre project, focused on textile fiber additives from used tires in asphalt mixtures.

#### ISA REP

Secured close to USD 300,000 through ProInnovate Peru. These funds will support the implementation of four pilots:

- Corrosion alternatives
- Modular foundations
- ► Intelligent AI inspection
- ► Efficiency in air conditioning

#### INTRA-ENTREPRENEURSHIP

Enable the capacity to generate new business models.

#### ZACCX

ISA CTEEP created the ZACCX tool to manage communication between control centers, reducing call time by 52% and volume by 42%; ZACCX is in the commercialization stage.

#### **Carbonlytics**

Inteia launched Carbonlytics Footprint and Carbonlytics Nature, which are tools that measure emissions in solar projects and quantify the carbon footprint of crops using images captured with drones.

#### **EcoGox**

The leading renewable energy certification and registration platform is expanding in Latin America. After doubling its revenues by 2023, it is looking to consolidate its position in Chile, Bolivia, and Peru.

#### CORPORATE ACCELERATOR

In partnership with Rockstart, ISA launched the second cohort focusede on Energytech. Ten accelerated startups achieved an average growth of 2x and investment opportunities of up to USD 3 million.

In 2023, a collaboration agreement was established with an accelerated startup and progress is being made in the formulation of two additional agreements.

#### **VENTURE CLIENT**

Promote innovation in the electric sector when linking sectorial challenges with startups solutions

- ISA, in collaboration with Estratek and Endeavor, launched an Energytech innovation program focusing on five key challenges:
  - ► Large-scale storage modeling
  - ► Transmission infrastructure landslide monitoring
  - Safety and efficiency in tower construction
  - Transmission line design optimization
  - ► SF<sub>6</sub> leakage detection

Capacity
strengthening
71.78 full-time
employees
participated in
corporate projects and
ventures.

#### INNOVATION WITH IMPACT

Develop scalable business models to close energy and rural connectivity gaps in the areas of influence.

Two pilots were completed in Colombia:

#### **Electrification**

Implementation of individual solar solutions in the rural area of the department of Cesar to benefit more than 250 people.

#### Connectivity

Implementation of the "TV White Spaces" (TVWS) technology in the rural area of the city of Cartagena, benefiting more than 13,500 people.

In both cases, the scalability of the business models will be validated.

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# TRANSFORMATIONAL LEADERSHIP AND INFLUENCE CAPACITY

[GRI 33-e-ii] [GRI 3-3 d] ISA and its companies undertake articulated, argument-based actions and proposals to enrich the definition of regulatory frameworks in the countries where they operate, which would allow adequate conditions for the operation of their businesses, within the framework of responsible, sustainable practices. To this end, they seek permanent articulation with stakeholders, especially the State and trade associations, through proactive and anticipatory relations, both directly and through sectoral, corporate, and institutional management bodies, which allow for the joint construction of public policy and regulation.

Material issue prioritized as highly relevant in relation to this dimension:

Influential and inspiring company with the ability to anticipate, adapt and positively transform the environment

To consolidate itself as an actor that proactively leads transformations in the sectors and environments in which it participates, anticipating trends, with the ability to respond quickly to the challenges it faces.

#### **Regulatory management**



#### Colombia

Actions were carried out in relation to the relief measures adopted by the national government and the regulation; among them, the possibility given to some marketers to defer up to 20% of their obligations to the market (including payments to transmission companies). In addition, a proposal was submitted to the regulator for a transitory indexation of the transmission revenues of ISA companies, while the structural and definitive review of the issue is being carried out.

ISA's transmission companies took early action in response to the regulation established by the Communications Regulation Commission. These actions seek to facilitate the sharing of infrastructure between the telecommunications and electricity sectors, thus speeding up the deployment of networks and the expansion of service coverage. In addition, a ceiling has been established for the increase in remuneration for the use of the designated infrastructure.

Proposals were presented to the national government and the Mining and Energy Planning Unit (UPME), which seek to contribute to ensure that generation and transmission projects come into operation with the required timeliness, favoring the incorporation of non-conventional renewable resources on a larger scale, to support a fair, safe and affordable energy transition.

- Through the Advisory Committee for Transmission Planning (CAPT), the opening of the transmission calls for bids pending to be tendered and awarded was expedited; in addition, the dates for the start-up of some transmission projects were changed to allow sufficient time for the planning entity to carry out the call for bids and for the executors to develop the works.
- The Companies have managed to reactivate before the authorities the regulation defined in 2019 for the development, participation, and remuneration of energy storage systems to solve problems in the transmission grids and seeks to extend it to the provision of complementary services.
- One of the most important issues for ISA and its companies is the periodic tariff review; in view of the resolution to be issued by the regulator in 2024, ISA and its companies carried out analysis and arrangements to have a remuneration scheme that considers the reality and risks under which the transmission activity is developed in the country.

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#### Peru

ISA REP, within the framework of the transmitters subcommittee, prepared the regulatory proposal that regulates access, interference or crossing of transmission systems with third party facilities, in order to reduce, give predictability to access times and avoid delays in the execution of projects. In addition, the regulatory proposal issued by the regulator (Osinergmin) for specific cases of interference in infrastructure projects of state initiative was reviewed to avoid the requirement of high payments by third parties.

The incorporation of large-scale storage systems as part of the interconnected system was made feasible, which can provide complementary services and network services, in which ISA REP can participate; transmitting companies were authorized to provide complementary services through storage systems (BESS).

A proposal was prepared to improve the expression of interest mechanism in order to enable new development options for the Transmission Plan projects. In addition, the regulatory proposal was submitted to the Ministry of Energy and Mines, which seeks to improve the economic signals for the remuneration of the reinforcements, to have greater security in the calculation of the remaining balances and to update or eliminate the ceilings for projects to qualify as reinforcements.

#### Chile

New elements and equipment were recognized in the projects that are remunerated under the Legacy Assets modality, with a valuation scheme every four years, during an extraordinary tariff process called interperiod.

Elements of value were contributed for the structuring of bids for new projects; among them is the one corresponding to the energy storage system, which seeks a greater use of the energy generated in the north of Chile through non-conventional renewable energies, which contributes to deepen the evaluation of revenues for services other than network services.

Based on the regulatory analysis of the implications of the regulations in the case of urgent works, the National Energy Commission (CNE) pre-approved some projects to be developed in the national energy system under this concept.

#### **Panama**

The interconnection project with Panama continues in its final stage of making the technical studies viable, the technical studies have been executed and the environmental studies are nearing completion. The regulators of the two countries are developing the regulatory harmonization scheme, for which they must sign a specific agreement, according to the provisions of the Presidential Agreement signed in 2019; in parallel, within the framework of a Reimbursable Technical Cooperation with IDB Invest and with the support of an investment bank, progress is being made in the financial feasibility analysis that will enable the financial closure and subsequent development of the project.



ISA and its companies are consolidated as players that proactively lead the transformations in the sectors and environments in which it participates, anticipating trends, with the capacity to respond quickly to the challenges of the environment.

#### Brazil

Ongoing efforts were made with the National Electric Power Agency (ANEEL) and the Federal Court of Accounts (TCU) to maintain the conditions and parameters previously defined by ANEEL for the receipt of financial liabilities related to RBSE assets.

The TCU was asked to uphold the decision handed down in 2022 by this body, which had considered ANEEL's act that gave the green light to the bidding process for the replacement and modernization of the assets of the Centro substation to be illegal. However, at the end of 2023, the TCU determined the legality of ANEEL's act.

Through the Brazilian Association of Electric Energy Transmission Companies (Abrate), the company participated in the proposals in the public consultation on the rules to be applied in the periodic tariff review process, especially in relation to the O&M revenue valuation model, as well as in the updating of the reference price database and asset valuation.

A study was submitted to the Ministry of Mines and Energy in order to motivate the regulatory change implemented by the authority at the end of 2022, which defined the need for a new bidding process for expired concessions, leaving the option of renewal only for exceptional cases. ISA CTEEP maintains that the option to renew or put out to tender must be preceded by a regulatory impact analysis to assess the advantages of each case, and under this position the corresponding steps continue to be taken.

A request for rebalancing of one of the concession contracts was submitted to ANEEL, derived from the analysis of the tendered works that may have had negative impacts on the execution time and/or value of the investments during their implementation due to the COVID-19 pandemic.

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#### **Institutional relationship-building**



#### Colombia

Follow-up on 95 bills in the Senate and House of Representatives. It is important to note that within these 95 there are some with low, medium, and high impact for the organization, and they are analyzed to identify risks and opportunities. Strategic advice on the first three agreements with the Ministry of Information and Communications Technologies within the framework of the execution of the National Connectivity Plan. Support in the development of energy business projects: Sabanalarga-Bolívar, Copey-Cuestecitas; socialization forums with the Mining and Energy Planning Unit (UPME), among others.



#### Peru

76 bills were included in the follow-up matrix; the public affairs management of the bill that seeks to eliminate entry barriers for the insertion of new technologies into the Peruvian energy market stands out. Generation of spaces for multi-stakeholder dialogue to leverage the fulfillment of the organization's strategic objectives.

Coordination with stakeholders to promote a proposal for the regulation of the battery business (BESS).



#### Brazil

including the bill that regulates the carbon credit market, the largest in the region.

Generation of new spaces for relationship-building with stakeholders at different levels of government in order to leverage the energy business.

Construction of a joint agenda with stakeholders to consolidate actions to mitigate and adapt to climate change in the Amazon.



#### Chile

Follow-up, monitoring, and management of 104 bills. The energy transition bill, which seeks to promote storage projects and strengthen and modernize the transmission system, among other measures, stands out.

### Challenges and opportunities

The institutional relations process is permanently subject to evaluation and adjustment, given the socio-political conditions of the environments where ISA and its companies operate. As a result, the following challenges can be identified:



Adaptation of relational activities to changes in the priorities of the public agenda of governments



Management of scenarios with some type of risk, such as energy tariffs, the El Niño phenomenon, among others



Multiplicity of actors with whom there is potential interaction



Contribution to deepening activities aimed at materializing the energy transition processes



Community empowerment and change in their priorities in the areas of influence



Deepening of climate change mitigation and adaptation actions

The institutional relations strategy responds to constantly changing environments and adapts to the different external situations that may influence its execution in order to leverage corporate objectives.



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### DEVELOPMENT AND **CARE OF HUMAN TALENT**

[GRI 3-3] [GRI 3-3 d] Human talent management at ISA and its companies is framed in a work model that prioritizes the leader-worker relationship as the center where the true development of people takes place.

Material issues prioritized as critical in relation to this dimension:

#### 27 Occupational safety and health

Company that manages the safety and health of its own and indirect workers through the promotion of healthy work environments, the implementation of safe practices, the development of a culture of self-care and the prevention of safety and healthrelated risks.

#### 25 Talent development

A company that promotes the commitment of its human capital, strengthens their knowledge, favors their wellbeing and integral development, and recognizes their performance, thus increasing their capacity to contribute to the achievement of the strategy.

#### 26 Quality of life

A company that respects labor rights and takes care of its human talent, ensuring quality practices and a balance between professional responsibilities and personal



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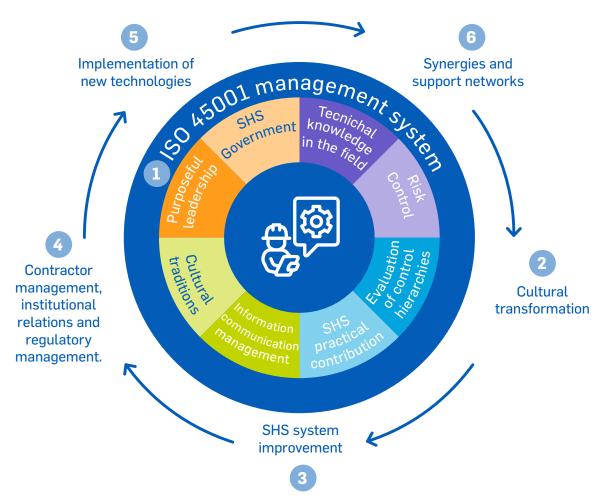
#### **Occupational health** and safety

[GRI 33-e-ii] [GRI 403-1] [GRI 402-2] [GRI 403-3] [GRI 403-4] [GRI 403-5] [GRI 403-6] [GRI 403-7 [GRI 403-9]

At ISA and its companies, the Occupational Health and Safety Management System is based on establishing policies, procedures and practices aimed at protecting the health, safety and well-being of workers and contractors in the work environment under the implementation of ISO 45001 standards and covering all businesses.

This approach focuses on preventing accidents, injuries, and occupational illnesses, as well as promoting a safe and healthy work environment in compliance with local and international regulations, encouraging leadership, positive relationships that enhance trust and a favorable perception of self-care in operations.

#### Axes of the occupational health and safety strategy



Work plans and activities are prioritized according to prioritized risk factors and financial resources to provide coverage and achieve the proposed goals. Continuous improvement of the system is measured through participation and consultation of all workers, accountability of top management and action plans. The monthly monitoring of the indicators and the annual evaluation make it possible to establish measures to maintain the system in force.



#### **Occupational health** services

They focus on disease promotion and prevention, risk assessment, work-related medical care, and the benefit of non-work related coverage policies for the worker and his or her basic family nucleus:

- Periodic medical evaluations
- Continuous monitoring of the health of workers exposed to physical and chemical risk factors, among others
- Initiatives to promote healthy lifestyles
- Availability of trained personnel and adequate equipment to provide first aid in case of injury or emergency in the workplace
- ► Labor rehabilitation programs
- Confidentiality of information

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#### **Critical risks**

For hazards prioritized according to risks, companies determine controls and align with continuous process improvement.

Business	Critical activities/Hazards	Controls
<b>P P ©</b>	Falls from height	<ul> <li>Use of railings (handrails)</li> <li>Use of harness, sling, and helmet</li> <li>Training and instruction</li> <li>Activity planning</li> </ul>
<b>P P</b>	Contact with electric current	<ul> <li>Training and qualification</li> <li>Equipment disconnection and lockout protocols</li> <li>Personal protective equipment</li> <li>Rules for tensioned and untensioned work</li> </ul>
	Traffic accidents	<ul> <li>Road safety programs</li> <li>Driving and driving safety training</li> <li>Regular vehicle maintenance</li> <li>Roadside monitoring and safety system</li> </ul>
4	Exposure to chemicals	<ul> <li>Implementation of national and international regulations</li> <li>Globally harmonized system</li> <li>Training</li> </ul>
	Adverse weather conditions	<ul> <li>Constant monitoring of weather conditions</li> <li>Use of appropriate protective equipment for adverse weather conditions</li> <li>Task planning, considering the climate</li> </ul>
	Hazardous energies	<ul> <li>Preventive maintenance of equipment</li> <li>Training for proper use of devices</li> <li>Implementation of preventive controls</li> </ul>
	Driving	<ul> <li>Driving and road safety</li> <li>Defensive driving course</li> <li>Internal license</li> <li>GPS speed control</li> <li>Occupational tests</li> </ul>

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#### 2023 Integrated Management Report

#### **Worker participation**

With a commitment to promote a work environment in which workers are involved, informed, and empowered about safety and health in the workplace:

- Health and safety committees or teams
- Periodic consultations and meetings to agree on process improvements, hazard identification, risk assessment, training and instruction needs, among others
- Availability of open and accessible communication channels

# Conectados

Compliance with accident indicators, the consistent incorporation of habits consistent with the declared principles and the consolidation of operational reliability, productivity and impact on strategic resources are promoted, with the intervention of the strategic, tactical, and operational levels.



97.1%

**OSH Governance** 

Visible leadership

98.3%

Cultural traditions of excellence OSH

Information and communication technologies management

92.1%

Technical knowledge in the field

98.9%

Risk fluctuation

**75.8%** 

**Evolution in control hierarchies** 

87.2%

Productive contribution of safety

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#### 2023 Integrated Management Report

#### **Indicators and progress (%)**

92.7%

- Leadership Index (LI)
- Intervention carried out by the leaders to reduce the occurrence of events.

- Risk Correction Ratio (RCR)
- Correction of reported deviations

**79.6%** 

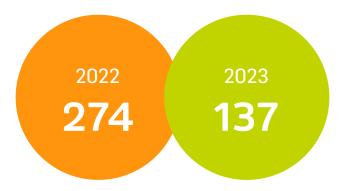
- Potential maturity level
- Maturity according to the Safe Culture model

Closing of the 2023 plan

#### **Work-related injuries**

The methodology for measuring accidents is Total Recordable Injury Frequency (TRIF). In 2022 the consolidated TRIF with own workers and contractors was 5.7. In 2023, a target of 5.0 was set and it closed at 3.1, which represents a 44% improvement over the previous year.

#### **Recordable accidents**



Variation 2023 vs. 2022 -137

#### Distribution of recordable events by gender:



Women: 7

Days of

absence: **3,229** 

days lost due

to work-related

accidents



Men: 130



Rate of workdays lost: 72.2



Total: **137** 

Hours worked per person: 44,400,338

Own:

9.929.798

Contractors:

34.470.541

**Occupational health** 

55,726 hours

activities

3,213 attendants

and safety training

#### ONEXIÓN TALENTO

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#### 2023 Integrated Management Report



Compliance with habit indicators consistent with the declared principles and with the intervention of the strategic, tactical, and operational levels is promoted.

	TRIF own employees	TRIF contractors	TRIF workers and contractors	2030 target
2023	0.61	3.8	3.1	5.0
Variation 2023 vs. 2022	-83,6	-37,7	-45,2	
Frequency index (IF)	IF own workers	IF contractors	IF workers and contractors	
2022	3.70	6.10	5.7	

#### **Intervention measures**

- Implementation of cultural transformation model
- Measurement of leadership and maturity index in cultural transformation
- Optimization of the communication and documentation process with contractors
- Adjustment of contractor selection process from pre-selection to evaluation
- Increased frequency of inspections and verification of the requirements agreed with the contractor

Note: during 2023 there was one fatal accident involving a contractor at ISA CTEEP. The methodology defined for the TRIF indicator contemplates the following exclusion in the recording of the type of fatal accident that occurred.

Injuries to drivers, crew members or assistants of contractor vehicles or vessels, who are not exclusively dedicated to the activities contracted by ISA and its companies and that occur during the exclusive activity of loading or unloading of goods, products, or materials.

For this reason, zero contractor fatalities are reported; nevertheless, it is considered a materialized risk and management measures are taken to avoid its recurrence.

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4.66/5

Programs in relation to other schools

§ Investment

Training hours

% of training hours

Evel of satisfaction

#### 2023 Integrated Management Report

CONEXIÓN | TALENTO |

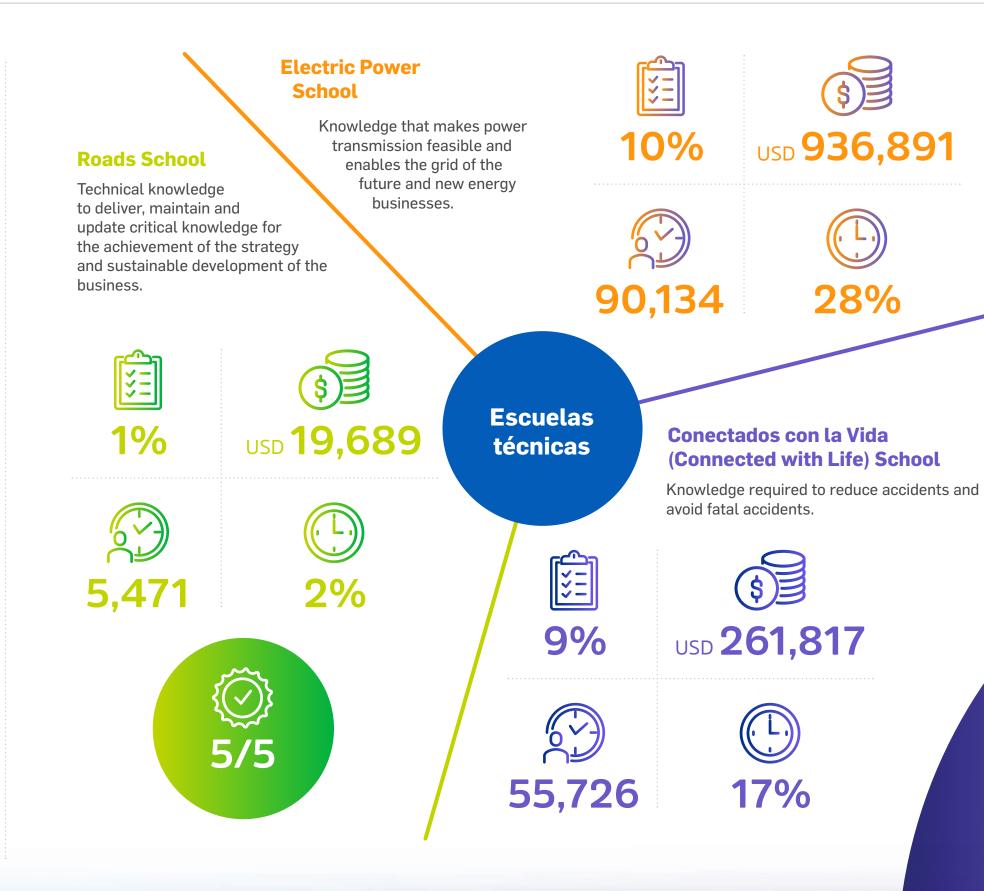
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#### **Talent development**

[GRI 3-3]GRI [404-1] GRI [404-2] **In order** to evolve towards a cuttingedge learning and knowledge management strategy, the Campus ISA corporate university was consolidated.

Campus ISA has six training schools: Energy, Roads, Connected with Life, leadership brand, innovation, and digital transformation capabilities, as well as other organizational capabilities, on which the development of all training activities (virtual, classroom or blended) is focused with our own experts and a network of strategic allies.

Technical schools: ensure the know-how of the organization and strengthen organizational excellence.



CONEXIÓN | TALENTO

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#### **Schools of organizational**

capabilities: develop prioritized organizational capabilities: digital transformation, innovation, and adaptability; respond to crosscutting needs and strengthening of the leadership brand.

4.65/5 Satisfaction of training events

2,997,785

COP 11,457,684,159 Investment in training

**323,761 Training hours** 

#### School of Leaders

#### **Digital and Innovation School**

Contribute to the development of digital and innovation skills, application of technologies and digitalization of processes.

Generate spaces for reflection, transformation, and evolution

> of a conscious and purposeful leadership, to inspire and mobilize the leadership brand.



7%



USD **524,145** 





10,467



3%



34%



USD **316,066** 



62,790







#### **Corporate School**

Transversal knowledge and skills that support the operation of the organization's support processes.







99,174



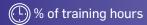
USD **939,177** 















its companies are retiring by 2030. Given the

potential loss of critical knowledge that these

the talent pool for future needs.

retirements represent, it is necessary to prepare

% employees (FTE)

systems and civil engineering).

2 are representatives of ethnic

1 is a professional with a

27% are women,

disability and

groups.

#### 2023 Integrated Management Report



cohorts of the program.

• 72% have been hired in positions

prioritized for generational

turnover in the companies.



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Hours of training for women

84,425

Average training/each woman in the company

66



Hours of training for men

239,336

Average training/each man in the company

69 hours



Average training per person

69 hours

Average investment per person

USD 634 | COP 2,423,179



Total openings

Job openings filled with internal talent

74

Equivalent percentage

14%

#### Value of contracts USD

2021: 2,200 2022: 834 2023: 4,193 COP 8.408.510 COP 3.187.589 COP 16.025.855

**Benefits for the Development program Quantitative impacts** business **Digital Labs:** Accelerate the appropriation of data and • 127 people completed the emerging technologies with digital value creation, program. Empowerment to make empowering a collaborative network and 2,962 hours of training. strengthening capabilities to autonomously create Contribution to the development informed, data-driven solutions with business impact. of value agendas for digital decisions with a deeper understanding of transformation, specifically to the The program was developed with two themes: processes. productivity agenda, whose goal Visualization of for 2023 was to reach 267,880 3% of workers impacted. **Analytics:** focused on providing tools for the information over time. cumulative freed-up man-hours, analysis of simple and complex data, advanced Scenario prediction for associated with capturing process modeling techniques, use of algorithms and decision making. efficiencies from the deployment specialized tools. · Reduced execution of of robotics and analytics solutions. In 2023, 406,878 hours were manual tasks. **Automation and robotics:** oriented to the reached, 52% higher than design and development of automation solutions expected. and robotic systems in Uipath Studio. Conectados con la Vida (Connected with Life): Leadership support and • 3,213 participants. Training actions aimed at improving working • 517 training activities. commitment. conditions. Mitigate the • 55,726 hours of training. Improvement in total Recordable materialization of events. Awareness-raising workshop with the Board 68% of workers impacted. Raise awareness Injury Rate: 44% better than in Committee. regarding self-care and 2022. Leaders meeting. • 137 fewer accidents than in 2022. responsibility for the care Health and Safety Week. of others. 93 points in the climate survey. Business-related training. In its fifth cohort 2023, the Strategy for early attraction program has 33 professionals of high-potential talent, Reduction of generational turnover from different universities, **#SemilleroTalentoISA** which reduces generational regions and professions required times. In 2018, a generational handover was turnover times and 130 professionals who have to meet the core needs of identified: around 1,148 employees of ISA and strengthens the employer participated in the different business (electrical, mechanical,

brand.

Twelve months in which

transversal training and

instruction in the various

professionals receive

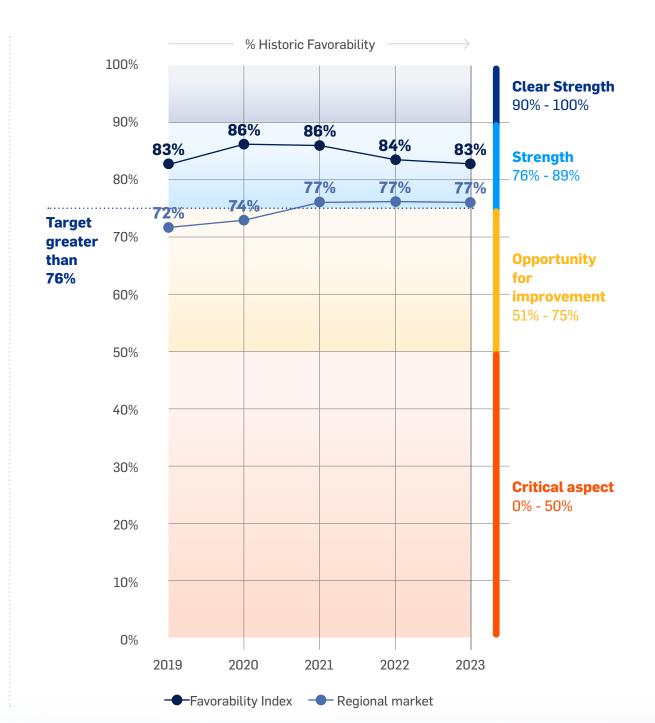
areas of business.

## QUALITY OF LIFE LABOR PRACTICES

[GRI 33-e-ii] [GRI 3-3] ISA and its companies have actions that promote quality labor practices and that value care and respect for talent.

### Organizational climate:

The organizational climate at ISA and its companies is a strength. In 2023 it scores 83% engagement on the measurement scale, one point below the 2022 measurement. This result is six points above the regional market benchmark reported by Korn Ferry®.



96%

**COVERAGE** 

**82%** women

84% men

83%

**ENGAGAGEMENT** 

6% above the regional market

85%

**LEADERSHIP INDEX** 

**Target:** greater than or equal to 76 %.

**Strengths:** focus on excellence, safety, and health.

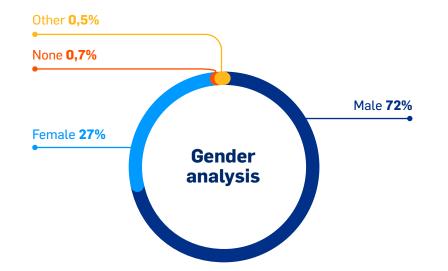
**Opportunities:** simplicity in processes and workloads.

**Work focuses:** Agile organization, leadership brand and diversity and inclusion.

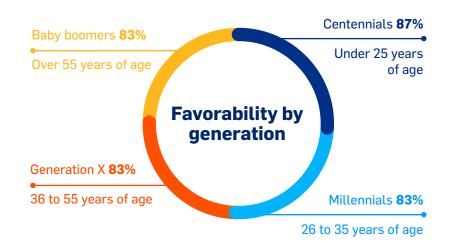
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The organizational climate at ISA and its companies is a strength. In 2023 it scored 83% favorability.



	# respondents	Participation %
Male	1,187	72%
Female	3,224	27%
None	30	0.7%
Other (diverse gender identity or sexual orientation)	24	0.5%



Employee Nurturer Promoter Score (eNPS): eNPS measures the percentage of people willing to actively promote the organization's products and services and compares that with the percentage who are less likely or unwilling to recommend the products and services. 68% of employees are considered as promoters in 2023. The score for ISA and its companies is 62%, placing the companies in the Quality Zone.

ISA and its affiliates have a diversity and inclusion program called Otras Miradas (Other Insights). In 2023, gender equality management focused on three fronts:



Attraction of women to masculinized roles



Development of women



Promotion of work-life balance -Strengthening of new masculinities

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#### **Compensation, performance, and succession**

#### % participation

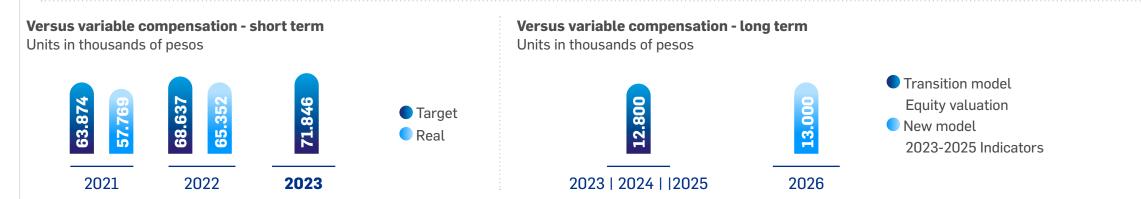
Compensation at ISA and its companies has the following components that are integrated to ensure the attraction, motivation, and retention of talent:

- Fixed compensation: what is received for the work.
- Variable compensation: what is received for meeting goals.
- Benefits: what contributes to the quality of life of the employee and his/her family.
- Emotional salary: what drives motivation.
- Company expenses: what makes the work possible.

#### In 2023:

• The methodology for merit or performance increases was improved, including variables such as the salary segregation index, the leadership index, position in range, performance, and criticality of the positions; this ensures objectivity and guarantees equal opportunities for all employees.

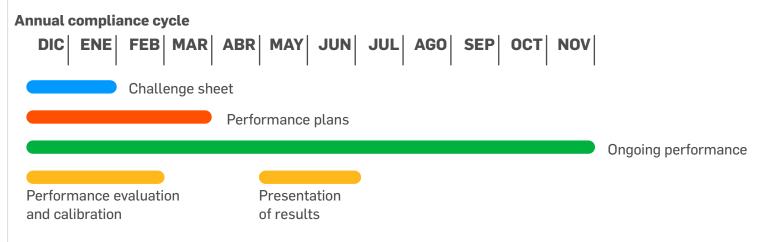
#### Compensation



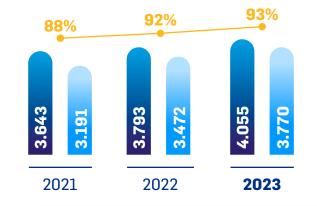
#### Performance management

Mechanism to achieve alignment, agreements, and clarity in the individual and collective contribution of each employee to the achievement of the strategy.

\* It is a system in which the employee's performance is assessed using a variety of inputs, not just the targets set by a manager. This include an assessment of how the employee meets the values and objectives, feedback from their peers, direct reports, and other employees where a "360-degree" view of the employee's performance is provided and/or receiving client or external feedback



By 2030, achieving superior performance in 90% of employees is one of the strategic indicators of ISA and its companies.



- Number of employees calibrated
   Number of employees with expected and above expected performance
- % of employees with expected and above expected performance



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	% participation
Succession planning and potential assessment	It allows us to respond to current talent needs, anticipate future leadership and technical expertise needs, and ensure continuity in the implementation of strategy plans and process execution.  Main results and achievements of the work:  Increase of 7 % in the indicator for filling critical positions with internal talent. Increase in the total number of successors: from 401 to 470 in the last year. Increase in the number of women in succession plans: from 129 to 154. Identification of emergency successors for the positions of chief officers, general managers, and their direct reports, to ensure business continuity. Identification of emergency successors for the positions of chief officers, general managers, and their direct reports, to ensure business continuity. In order to expect the positions of the positions of chief officers, general managers, and their direct reports, to ensure business continuity. In order to expect the positions of the positions of the positions filled with previously identified and prepared successors. The virtuous circle of succession generated twelve vacancies filled with internal talent.  More than COP5 billion in costs not incurred for selection processes to fill seventeen positions.  Implementation of the internal mentoring training program to strengthen female leadership and contribute to the recruitment and development of female successors.  Main challenges and opportunities:  To ensure the consolidation of the successors appointed to the role, the transition of these talents to the new role has been closely monitored.  Accelerate the recruitment of successors for roles where there is a high probability of vacancies.
Equilibra tu Vida (Balance Your Life) Program.	Talent care through physical, mental, spiritual and emotional health. The program for employees and their families helps to maintain a balance between work, family, and social life.  The 2023 balance sheet of ISA and its companies:  1,300+ impacted families  1,231 active users  1,100 activities conducted  More than COP 1.1 billion in quality of life and wellbeing strategies



FINANCIAL RESULTS

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## FINANCIAL RESULTS GRI 2-2 B

Figures in COP millions<sup>2</sup>.

### Report of accumulated consolidated results

ISA ends the year with results above 2022, maintaining a record of solid and growing results, thus reaffirming its commitment to generating sustainable value for its shareholders. Profit for the year closed at COP 2.5 trillion, 12% higher than in 2022, and ebitda closed at COP 9.1 trillion, 6% higher than the previous year.

In the course of 2023, some projects that will facilitate the implementation of a more sustainable energy matrix in the region were concluded. 9 power transmission projects were energized, there were 4 renewals and 65 reinforcements and upgrades. Together, these projects will generate annual revenues of approximately USD 72 million.

InColombia, the Sabanalarga-Bolívar interconnection, and Smart Valves at the Santa Marta substation and the Ternera substation entered into operation. The Nabusimake

solar plant at the Fundación substation and the Guayepo wind farm were connected, these projects have estimated annual revenues of USD 3.9 million, improving the reliability of the electricity system.

In Brazil, 65 reinforcements and improvements were made to the ISA CTEEP network, which demonstrates the delivery of our value proposition. IE Itaunas, IE Triângulo Mineiro and the delivery of the first substation 4.0 of the Brazilian transmission system came into full operation.

In Peru, the COYA project and the Chincha Nueva and Nazca Nueva substations entered into operation. In addition, the Planicie substation was expanded, and the Puerto Chancay private project was energized.

Lastly, Ruta de la Araucanía and Ruta de los Ríos signed complementary agreements with the Chilean Ministry of Public Works (MOP) for investments estimated at UF 1.5 million (~COP 285 billion), which began to be executed in September.

Continuing on the path of growth with sustaina-

ble value, new investments were awarded to ISA during the year. In Colombia, the company was awarded a contract to expand a transformer at the Caño Limón substation and synergies were achieved with Ecopetrol through the Caucasia -Oleoducto de Colombia connection contract, Barrancabermeja Third Junction, the pumping contract for the El Copey substation and the contract to execute the backup project for the facilities of the Orinoquia Regional Vice-Presidency at the Suria substation.

In Peru, Consorcio Transmantaro was awarded a private contract for the construction, operation and maintenance of the Chilota-San Gabriel transmission line and its substations. In addition, on October 27, in alliance with Grupo de Energía de Bogotá, the company was awarded a tender from Proinversión for a project of more than 1,000 kilometers of 500 kV power transmission line.

<sup>&</sup>lt;sup>2</sup> Figures are expressed in Colombian pesos (COP); other currencies will be specified when applicable.

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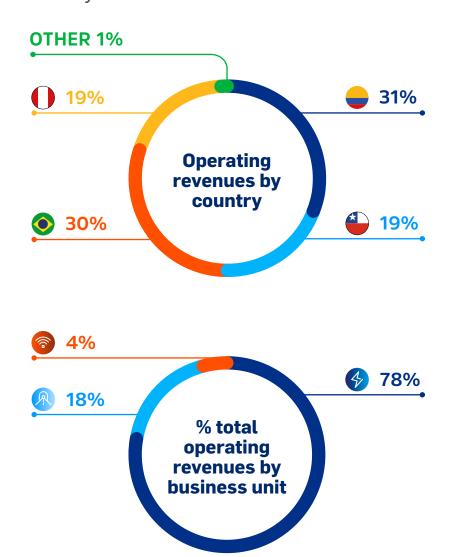
In Brazil, ISA CTEEP was awarded lots one, seven and nine of the first public energy transmission tender held by ANEEL in 2023. These projects will integrate renewable energy sources into the grid, contributing to the energy transition.

In the Roads business, in Chile, Ruta del Maipo signed a complementary agreement with the Chilean Ministry of Public Works (MOP) to make investments estimated at USD 106 million (~COP 463 billion), which will be remunerated through an extension of the concession term. On February 14, 2023, the Ruta del Bosque road concession was returned due to expiration of its term.

In the energy transmission business, in Chile, ISA INTERVIAL was awarded the Santiago Orbital Sur Concession, for the design, construction and operation of 25 kilometers of a new urban highway and a reference capex of USD 500 million (~COP 2.2 trillion).

### **Consolidated income statement**

In consolidated figures, total operating revenues amounted to COP 14.1 trillion, 6% more than in 2022. The breakdown of operating revenues by country and business unit was as follows:



Senergy Roads Telecom

Operating revenues, excluding construction, were COP 11 trillion, an increase of 7% compared to 2022. Revenues from energy transmission operations accounted for 78% of the total, roads for 18% and telecommunications for 4%.

The growth in energy transmission revenues is mainly explained by the following factors:

- ▶ In Brazil, higher revenues of COP 309,494 million, due to higher yields on contract assets and operating and maintenance revenues associated with the start-up of new projects, reinforcements and improvements, and a favorable effect of the conversion of Brazilian reals to Colombian pesos.
- ▶ In Peru, higher revenues of COP 204,334 million, due to the entry into operation of the aforementioned projects.
- ▶ In Colombia, higher revenues of COP 197,110 million, mainly due to the entry into operation of the El Río substation, Sabanalarga-Bolívar, the expansion of the Ternera 13.8 kV substation and the connection of the Nabusimake solar plant at the Fundación substation; In addition, due to the termination of the application of the provisions contained in

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Resolution CREG 101-027 of 2022 and CREG 101-031 of 2022, for the voluntary decrease of tariffs, returning to the PPI as a revenue escalator and the favorable effect of the contractual escalators (CPI or PPI).

▶ In Chile, higher revenues of COP 41,442 million, due to the favorable effect of the conversion of revenues in US dollars to Colombian pesos, which occurs on consolidation in 2023, and the positive impact of contract escalators (CPI).

In the Roads business unit, revenues from operations decreased by 4% (COP 51,046 million), mainly due to the monetary adjustment of the financial asset from UF to CLP and the termination of the Ruta del Bosque concession in February 2023.

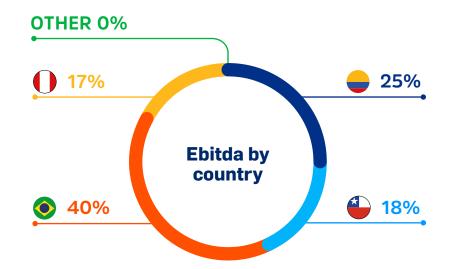
The Telecommunications business unit had revenues of COP 475 billion, 2% less than in 2022, due to lower customer capture, disconnections of connectivity services, capacities and Internet services in Brazil, Colombia, and Peru.

Construction income reached COP 550.1 billion, 140% higher than in 2022, which is explained by the change in construction margins and the energization of improvements and reinforcement in Brazil.

Total AOM is COP 3 trillion, 18% higher than in 2022, mainly due to inflationary pressures on costs and the entry into operation of new projects during the year, increased maintenance services, conservation of transmission lines and substations, as well as personnel services, fees, and environmental and social expenses.

Ebitda amounted to COP 9.1 trillion, up 6.4% compared to the previous year, with an ebitda margin of 64% (78% excluding construction).

The breakdown of ebitda, by country and business unit, was as follows:





agreement with the Chilean Ministry of Public Works (MOP) to make



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Net financial expenses closed at COP 2.2 trillion, a decrease of 17% (COP 428,117 million) compared to 2022. This reduction is mainly explained by the income generated in the repurchase of international bond notes in Interchile and by the higher financial yields from cash surpluses and a lower exchange difference expense on the UF-indexed debt in the Roads business in Chile.

Income taxes amounted to COP 1.1 trillion, 12% more (COP 123,707 million) compared to the previous year. The difference is mainly explained by higher income in Interchile due to the repurchase of the bonds, the change in the expectations of recovery of tax losses in the deferred tax of ISA Inversiones Chile, ISA Inversiones Costera Chile and InterNexa Chile, offset by the higher deduction of the interest on own equity in ISA CTEEP.

ISA's consolidated net income reached COP 2.5 trillion, 12% higher than in 2022. The net margin was 17% and ROAE was 14%.

The detail of the consolidated results of 2023 is presented below:

Figures in COP billions	2023	2022	Var. %
Operating revenues	14,168	13,358	6
Operating revenues, excluding construction	11,018	10,326	7
(-) AOM (includes operating taxes)	(3,001)	(2,543)	18
Operating ebitda (excluding construction and provisions)	8,017	7,783	3
Operating ebitda margin	73%	75%	
Construction revenues	3,150	3,032	4
(-) Construction cost	(2,600)	(2,803)	(7)

Figures in COP billions	2023	2022	Var. %
Gross construction income	550	229	140
Construction margin	17%	8%	
Total ebitda (excluding provisions)	8,567	8,012	7
Results of jointly controlled companies	530	516	3
Other revenues, net	(34)	30	(213)
Operating taxes	(197)	(188)	5
Provisions <sup>3</sup>	(248)	(192)	29
Ebitda (includes results of jointly controlled companies and provisions)	9,114	8,562	6
Ebitda margin	64%	64%	
Depreciation, amortization, and impairment	(1,268)	(1,094)	16
Operating taxes <sup>4</sup>	(248)	(192)	29
Ebitda	7,598	7,276	4
Financial expenses, net	(2,167)	(2,595)	(17)
Income before taxes	5,431	4,681	16
Income tax provision	(1,129)	(1,005)	12
Income before minority interest	4,302	3,676	17
Minority interest	(1,836)	(1,473)	25
Net income	2.466	2.203	12
Net margin	17 %	16 %	
Ebitda, excluding construction (includes results of jointly controlled companies and provisions)	8,564	8,333	3

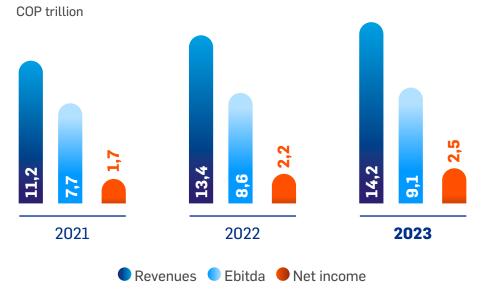
<sup>&</sup>lt;sup>3</sup> Includes expenses for provisions, provision for accounts receivable and other accounts receivable, provision for inventories and actuarial calculation.

<sup>&</sup>lt;sup>4</sup>Includes the impairment of the Yaros Lot in Consorcio Transmantaro, for COP 85,168 (2022: COP 0), and the impairment of Internexa Brazil and Internexa Argentina, for COP 122,434 (2022: COP 87,544).

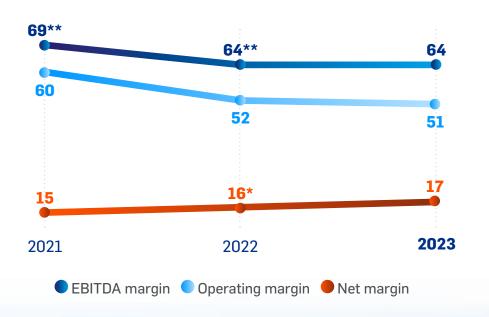
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The pattern of the main consolidated figures for the last three years is shown below:

#### Main consolidated figures



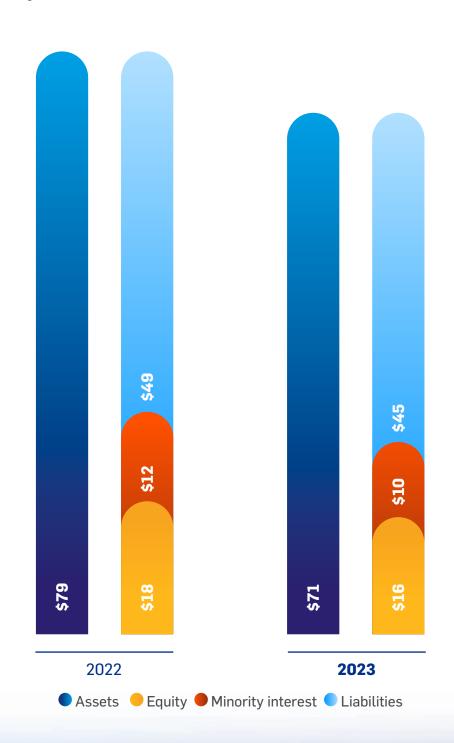
#### **Consolidated financial indicators**



#### **Consolidated Balance Sheet**

#### **Consolidated Balance Sheet**

Figures: COP trillion



Consolidated assets totaled COP 71.2 trillion, 10% less (COP 7.5 trillion) compared to 2022, due to the revaluation of the Colombian peso against the US dollar, the Brazilian real and the Chilean peso, which affected the conversion to Colombian pesos in consolidation. Excluding this effect, assets grew 5%, driven by the Company's growth through new energy projects, construction progress, and higher yields from concessions.

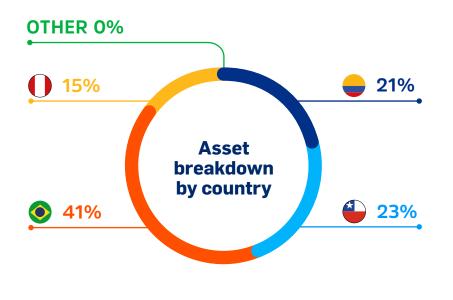
Consolidated liabilities totaled COP 44.9 trillion, 9% less (COP 4.3 trillion) compared to December 2022; this is explained by the effect of the conversion to Colombian pesos in 2023, without which liabilities would grow 6%, thanks to the financing needs of the growth plan and the dividends payable by ISA and its companies during 2023.

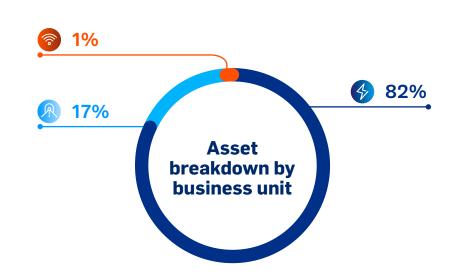
Minority interest totaled COP 10 trillion, 9% lower (COP 1 trillion) compared to December 2022, mainly due to the profits generated in Brazil.

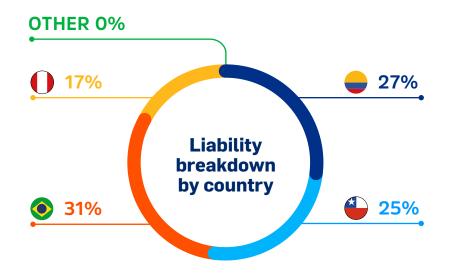
ISA's equity reached COP 16.3 trillion, 12% lower (COP 2 trillion) compared to December 2022, due to the exchange rate effect to Colombian pesos in 2023 and the dividends declared at the General Shareholders' Meeting held on March 29 of this year.

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Details of assets and liabilities, by country and by business, are presented below:















#### **Financial liabilities** and consolidated bonds

The financial debt in ISA and its companies constitutes a relevant driver for the execution and implementation of the corporate strategy, through the financing of the awarded projects under construction, implementation and development of the investment plans and management of the cash needs of the different companies.

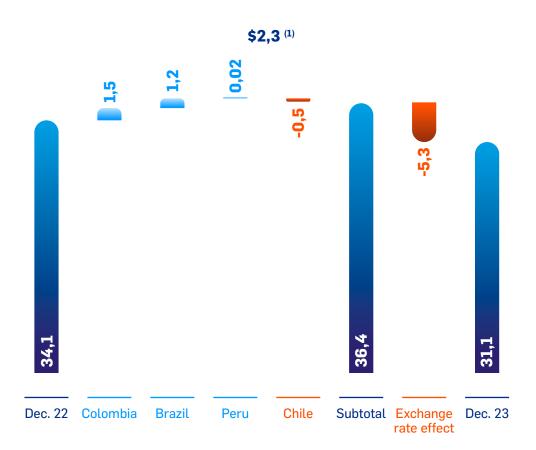
The contracting of financing for ISA and its companies arises from strategies created based on internal information and on the offerings proposed in the capital market or the local and international financial market, which leads to the preference and selection of sustainable, competitive, flexible and adaptable debt instruments to the needs of the different projects and to the structure and guidelines of the companies' portfolios.

The debt balance at the end of 2023 was COP 31 trillion, 9% less than in 2022. This value reflects net movements (disbursements and payments) of debt totaling COP 2 trillion (which increases debt) and an exchange rate effect of COP 5 trillion (which decreases debt), as a result of the appreciation of the Colombian peso against the foreign currencies of the debt contracted by ISA and its companies, with the exception of the UVR, which depreciated 9%.

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The debt/ebitda ratio ended the year at 3.4x, compared to the 4.2x ratio reported at the end of 2022, reflecting the ability to finance their investment commitments, continue to leverage their corporate strategy, and maintain indicators within "investment grade" levels.

Disbursements and principal payments on the various obligations are summarized in the following consolidated net debt movements by country.



<sup>(1)</sup> Figures in COP trillion.

The main movements during the year are summarized below:

- ▶ In Colombia, ISA successfully placed COP 500 billion of bonds in the Colombian capital market, with an oversubscription of 3.3x the amount offered. At maturity, the total payment of the local Tranche 7 Series A bonds, for COP 180 billion was made. In the local banking market, it received disbursements totaling COP 1.1 trillion. These resources were allocated to the 2022-2023 investment plan. On the other hand, Transelca disbursed a loan of COP 208,670 to finance its investment plan.
- ▶ In Brazil, ISA CTEEP carried out the 13th issuance of debentures, for BRL 550 million (COP 500,945 million), and the 14th issuance of green debentures series 1 and 2, for BRL 1.9 billion (COP 1.5 trillion), to cover cash flow needs and the investment plan. In addition, it fully prepaid the 8th promissory note, for BRL 1.2 billion (COP 967,846 million), as part of the strategy to optimize its debt portfolio.
- InterNexa Brasil Operadora de Telecomunicações, on December 3, 2023, entered into a purchase and sale agreement for the transfer of 100% of the indirect participation of ISA (through InterNexa Participações S. A. and InterNexa Perú S.A.) in InterNexa Brasil, in favor of Megatelecom Telecomunicações S.A. In accordance with the terms established in the respective agreement, during the year it made payments due to maturity of its obligations and prepayment of loans totaling BRL 121 million (COP 98,270 million), settling in full the obligations with bank creditors.
- ▶ In Peru, Red de Energía del Perú-ISA REP made full payment of the bond corresponding to the First Issue, series B, of the Third Program for PEN 75.3 million (COP 97,404 million), terminating the associated swap. As part of its financing strategy, it disbursed USD 66 million (COP 310,822 million) in loans with Export Development Canada, and refinanced loans with Scotiabank for USD 40 million (COP 185,091 million).

<sup>(2)</sup> These movements do not include financial derivatives, monetary adjustment of CTEEP's debt indexed to the IPCA and TJLP or interest capitalization.

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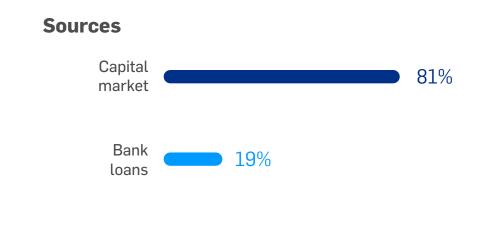
#### 2023 Integrated Management Report

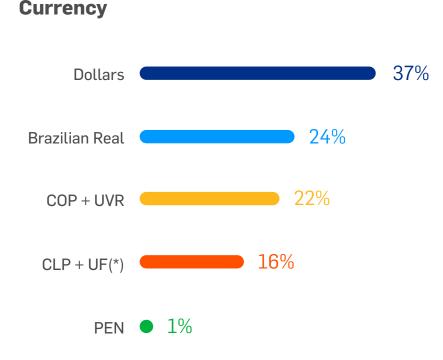
Ruta del Loa, in Chile, issued a local Series D bond The composition of consolidated debt is presented below:

for UF 1.7 million (COP 287,213 million), destined to a debt management operation for the payment of equivalent balances of the senior loan of Tranche F1 for the same amount (UF 1.7 million). Interchile, considering an excellent market window and in order to seek efficiencies in its capital structure, successfully repurchased USD 127 million (COP 510.395 million) of its international bond maturing in 2056, through a limited public offering.

In terms of the commitment of ISA and its companies to sustainability, the environment, and the energy transition, a 46% share of green bonds has been achieved with respect to the total consolidated bond portfolio.

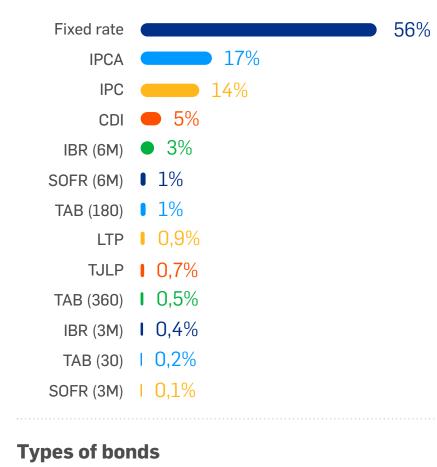
In its analysis and choice of financing strategies, ISA and its companies take into account the internal guidelines and directives for the contracting of financing, favoring, when feasible, schemes that provide natural hedging against foreign exchange risk, so that the debt is contracted in the same currency as the revenues of each company, with maturities in accordance with the horizon and profile of its revenues.





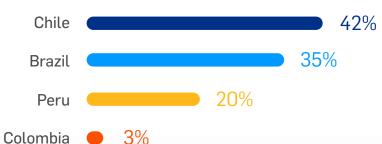


#### **Interest rate**



Ordinary





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#### **Credit risk ratings**

ISA is positioned as one of the largest transmission companies in Latin America, with a solid geographic and business diversification through its companies in Colombia, Brazil, Chile, and Peru.

ISA's ratings reflect the company's low risk profile, a characteristic of the energy transmission business that, together with the high predictability of operating cash flows (CFO), translates into a strong financial profile. ISA's ratings also reflect both the company's adequate liquidity and its growth strategy.

In Colombia, ISA's Internal Public Debt Securities Issuance and Placement Program has maintained the highest credit risk rating of AAA for bonds and F1+ (col) for commercial papers granted by Fitch Ratings Colombia. Likewise, Moody's and Fitch Ratings, recognized international rating agencies, ratified the investment grade rating assigned to ISA at the end of 2023, Baa2 and BBB, respectively, both with a stable outlook, and granted the same rating to the issuance of international bonds for USD 330 million, currently outstanding.

The chart with the credit ratings for ISA and its companies is presented below.

Companies	Type/Risk rating agency	Moody's	Fitch Ratings	Feller.Rate	APOYO & ASOCIADOS	Humphreys  CLASIFICADORA DE RIESGO
	International corporate	Baa2 (stable) Oct. 2023	BBB (stable) April 2023			
	Bond program		AAA (stable) April 2023			
ISA	Commercial papers		F1+ April 2023			
	Local corporate		AAA (stable) F1+ April 2023			
	International bond issuance	Baa2 (stable) Oct. 2023	BBB (stable) April 2023			
	Bonds issuance		AAA (stable) Feb 2023			
TRANSELCA	Local corporate		AAA (stable) F1+ Feb 2023			
OTEED	Local corporate		AAA (stable) Jul 2023			
CTEEP	Bonds issuance		AAA (stable) Jul 2023			
TRANSMANTARO	International bond issuance	Baa3 (Stable) Apr. 2023	BBB (stable) Jun 2023			
REP	Bonds issuance	AAA (Stable) Oct 2023			AAA (stable) Oct 2023	
RUTA DEL MAIPO	Bonds issuance		AA-/Stable May 2023	A+ (stable) Jun 2023		A+ (stable) Jun 2023
RUTA DEL LOA	Bonds issuance			A (stable) Nov 23		A (stable) Nov 23
DUTA OOSTEDA	Bonds issuance		AAA (stable) Feb 2023			
RUTA COSTERA	Bonds issuance		BB+ (stable) Feb 2023			

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#### **Investments executed**

In 2023, ISA and its companies invested COP 4 trillion, meeting their backlog execution commitments and their growth plans in accordance with the goals of the ISA 2030 strategy.



During the year, COP 2.7 trillion was executed in projects awarded through calls for bids and tenders in the Energy Transmission, Roads, and Telecommunications business units. COP 1.1 trillion was invested in reinforcements, improvements, and expansions of existing networks in Brazil, Colombia, Peru, and Chile. At the same time, capital contributions of COP 0.2 trillion were made to guarantee the development of new businesses with strategic allies in the region, and COP 0.6 trillion were allocated to asset optimization plans to preserve and improve the technical and operational capabilities for the provision of services.

29% of the investment execution was concentrated in Colombia, and the construction of the Sabanalarga-Bolívar project and the connections of the Nabusimake and Parque Guayepo solar plants were completed, which came into operation in 2023. Progress was also made in the construction of the La Loma-Sogamoso and Copey-Cuestecitas projects, which are still under construction. These will strengthen the reliability of the electric grid in the national territory.

The breakdown of the investments made in the different companies of ISA is as follows:

- ► **ISA:** COP 821,650 million, for the construction of energy transmission projects.
- ► **ISA TRANSELCA:** COP 316,914 million, for the renewal of assets, the execution of the Smart Valve project in Atlántico and the construction of connections and network expansions.
- ➤ XM e INTEIA: COP 144,801 million in technological developments.

- Ruta Costera: COP 14,195 million in execution of works and expenditures for environmental management and land acquisition.
- ► InterNexa: COP 48,834 million in grid capacity expansions and acquisition of equipment for the delivery of services to customers.

35% of the capex (COP 1.6 trillion) was concentrated in Brazil, where ISA CTEEP continues to work on projects awarded in past tenders and on reinforcements and improvements to the transmission network, and on contracting equipment and services for the construction of the lots awarded in 2023. Investments executed by the company amounted to COP 1.2 trillion. ISA CTEEP's subsidiaries invested COP 403,363 million in the construction and expansion of their networks and substations.

In Peru, COP 691,291 million were invested to promote progress in the construction of the Coya, Yana, Chincha Nazca projects, in reinforcements, connections and expansions. The distribution of these resources among the different companies of the organization was as follows: Consorcio

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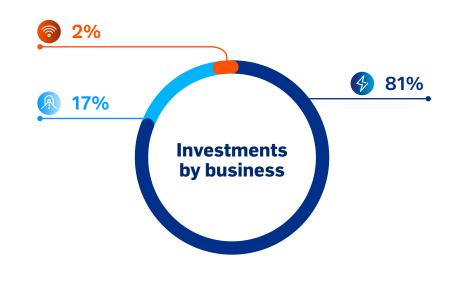
Transmantaro invested COP 525,175 million for the execution of energy transmission projects awarded by the Peruvian government, network

reinforcements and customer connections. ISA REP invested COP 112,299 million in the expansion of its electric network and the renewal of assets. ISA Peru carried out network expansions valued at COP 23,221 million. InterNexa

Peru executed COP 30,596 million for network renovation and fiber optic network expansion.

In Chile, COP 978,626 million were allocated, of which COP 188,597 million were contributed for the development of the Kimal Lo Aguirre Connection, a business in which ISA shares a 33.33% stake with strategic partners in the sector. ISA INTERCHILE made investments of COP 18,483 million to advance in the expansion of its electric transmission network. The road concession companies made investments of COP 764,526 million, executed by Rutas del Maipo, Araucanía, Ríos and Loa, for the development of works and implementation of complementary agreements. On the other hand, InterNexa Chile executed COP 7,019 million in network expansion and connectivity-related investments.









During the year, COP 2.7 trillion were executed in projects awarded through calls for bids and tenders in the Electric Power, Roads, and Telecommunications business units.

## INDIVIDUAL INCOME REPORT

#### **Individual income statement**

COP million		Cumulative	
	2023	2022	Variation %
Operating revenues	1,705,300	1,675,733	1.8
Results of investees	2,038,087	1,641,391	24.2
Ebitda <sup>7</sup>	3,511,717	3,151,117	11.4
Operating income	3,236,738	2,908,279	11.3
Net income <sup>8</sup>	2,457,767	2,191,592	12.1

Margins			
Ebitda	93.8%	95.0%	1.2
Net	65.7%	66.1%	0.6

 $<sup>^{\</sup>rm 7}$  The results of investees are included in the calculation of EBITDA and margins.

ISA's net income closed at COP 2.5 trillion and ebitda increased by 11.4% to COP 3.5 trillion.

The growth in ebitda is mainly associated with the entry into operation of projects, higher revenues from the positive effect of contract escalators (IPP, TRM and PPI) and revenues from management services provided to other related companies. This result also includes the results of the companies where ISA has control, shared control or significant influence, for COP 2 trillion, which takes into consideration the entry into operation of energy transmission projects, the positive effect of macroeconomic variables on operating income in Colombia, Brazil and Chile, and the increase in the construction activity of concessions in Peru, Brazil and Chile.

Operating income amounted to COP 3.2 trillion, 11.3% more than in 2022.

Net financial expense was COP 485 billion, 19.2% higher than in 2022, due to the increase in the CPI and DTF, indexers of the local debt, and higher interest expense on the debt

acquired in the last quarter of 2023. The higher financial expense is reduced by higher returns on surplus liquidity.

Income tax shows a decrease of 5.2% with respect to 2022, mainly due to the payment of taxes abroad for dividends received during the year and the application of the Colombian Holding Company regime. The effective rate, discounting the impact of the equity method in 2023, was 41%, compared to 36% in 2022.

In terms of taxes, it is important to note that in 2023, the company contributed total taxes of COP 334,000 million (including income tax, industry and commerce tax, public lighting tax, property tax, GMF and other contributions).

Individual ISA's net income increased 12% with respect to 2022, as a result of higher operating revenues, the positive effect of macroeconomic variables (PPI, TRM and PPI) and the improved results of the companies in which it has control, shared control, and significant influence.

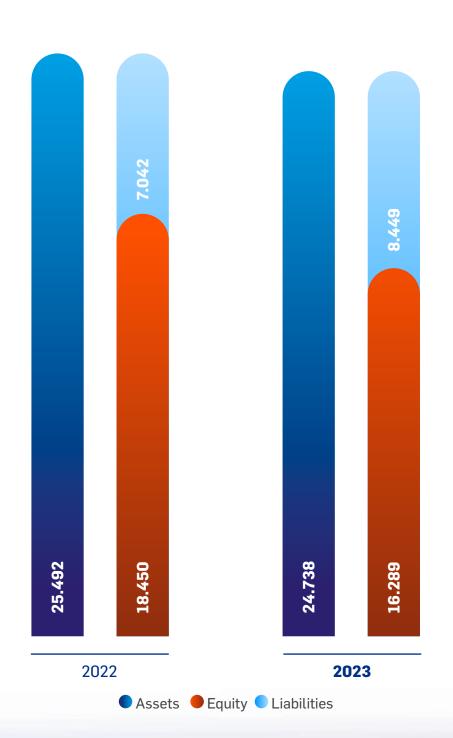
<sup>&</sup>lt;sup>8</sup> The net income of individual ISA differs from the consolidated income by COP 8,685 million due to the amortization of goodwill in the consolidated statement and the adjustment of the financial asset of the purchase price allocation (PPA) generated in the acquisition of Ruta Costera.

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#### **Individual balance sheet**

Figures in COP billions.



ISA's assets closed the year at COP 24.7 trillion, 3% less than in December 2022. The decrease is due to the lower exchange rate effect of investments in investees.

Liabilities stood at COP 8.4 trillion, 20% higher than at year-end 2022. The increase is due to higher debt acquired to meet capital commitments.

ISA's equity reached COP 16.2 trillion, a decrease of 12% compared to December 2022, as a result of the lower exchange rate effect of investments in investees and the net effect of the higher income and the distribution of dividends.

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## ISA's financial obligations and bonds

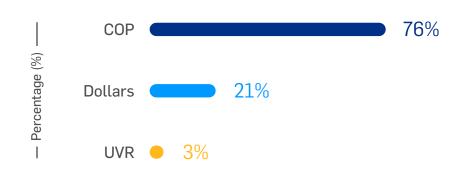
As of December 31, 2023, financial debt amounted to COP 6.1 trillion, 23 % higher than in 2022.

ISA successfully completed a COP 500 billion bond placement in the local market. The placement was oversubscribed by 3.4x the amount offered, which boosted the Colombian stock market. It also received disbursements from Bancolombia for COP 850 billion and from Davivienda for COP 250 billion, covering the needs of its 2022-2023 investment plan.

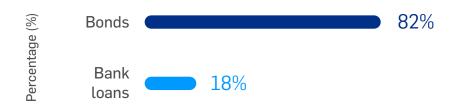
The detail and main movements of ISA's debt during 2023 can be found in the notes to the separate financial statements.

The debt breakdown by currency, by source, and by rates is as follows:

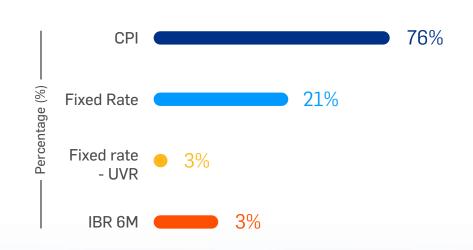
#### ISA's debt per currency



#### ISA's debt per currency



#### ISA's debt per rate



#### **Disputes and claims**

As of December 31, 2022, ISA is a procedural party, acting as defendant, plaintiff or intervening third party in administrative, civil and labor judicial proceedings. None of the proceedings in which it has been sued or has been summoned as intervening party may undermine the stability of the company. Also, on its own behalf, it has filed legal actions required for the defense of its interests.

Additional information in regards to litigation and claims to the company can be found in the Notes to the Financial Statements of ISA.

#### Law 1676 of 2013

In compliance with Law 1676 of 2013 that amended articles 2, 7, and 8 of Law 1231 of 2008, ISA permitted free circulation of invoices issued by sellers or suppliers.

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#### **Stock performance**

In 2023 we witnessed a gradual global economic recovery following the challenges experienced in 2022. As the year progressed, there were encouraging signs of stabilization in macroeconomic indicators that had previously shown impairment. Inflation, although still present, showed signs of moderation, allowing for some relief in the markets.

Central banks, in response to the economic situation, implemented flexible strategies, seeking to balance growth with inflation containment. This approach helped restore confidence in financial markets and stimulate investment in emerging countries.

At the macroeconomic level, Colombia faced similar challenges to other countries, with a deterioration in key indicators such as inflation and unemployment rates. The more restrictive monetary policy implemented by central banks, both nationally and internationally, contributed to the complexity of the economic situation in the country.

Investment portfolios in Colombia were affected, especially in the equity markets, where investment flows fell. However, the change in the yield curves of fixed income securi-

ties provided some relief, generating opportunities in this type of investments at the end of 2023.

Although some global logistical challenges persisted, the international community managed to address them more effectively, contributing to greater fluidity in trade and the distribution of goods.

In summary, the year 2023 represented a transitional stage towards economic recovery, marked by the adaptation to previous challenges and the implementation of measures that promoted stability and growth at a global level.

#### **Macroeconomic context**

In the macroeconomic context of 2023, there is a global trend towards tighter monetary policies in response to economic challenges.

In the case of the Federal Reserve in the United States (FED) and the European Central Bank, an increase in monetary policy intervention rates has been seen over the course of 2023,

with the objective of balancing economic growth and price stability. The FED kept interest rates unchanged on three occasions during 2023. However, rates were between 5.25% and 5.5%, which is still the highest level of rates in the last twenty-two years. Markets expect the FED to start cutting interest rates beginning in the first quarter of 2024.

In Colombia, a more aggressive stance has been maintained, with a significant increase in interest rates, ending the year with a rate of 13%. Local rates are also expected to decrease during 2024; at the February 2024 meeting of the Board of Directors of the Banco de la República, a reduction of up to 12.75% was announced.

Over the course of 2023, Colombia experienced turmoil, driven by the various reforms proposed by the government, which generated uncertainty and a significant decrease in confidence by the financial markets towards the country.

With regard to the stock market indexes, growth in the U.S. markets was notable, evidenced by increases of 24% and 14% in the S&P 500 and the



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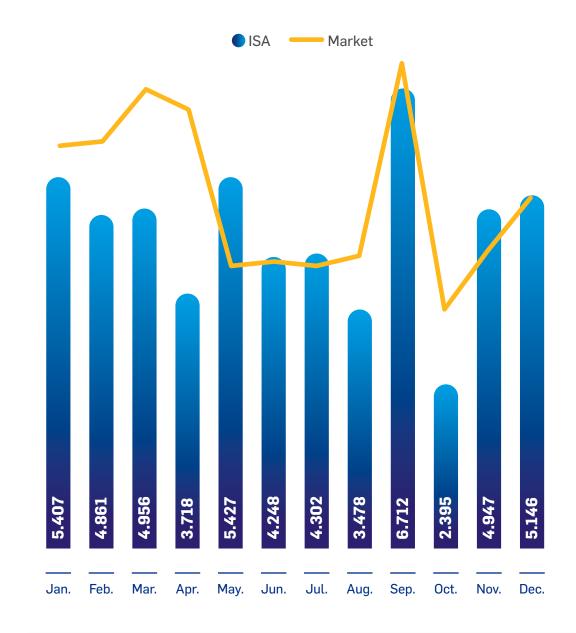
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Dow Jones, respectively. On the other hand, in Colombia, the MSCI Colcap index, made up of the twenty most liquid companies, ended the year with a depreciation of -7%.

In summary, 2023 was seen as a challenging year, with the focus on managing inflation, adapting to changes in government policies and navigating markets amidst global geopolitical and economic uncertainty.

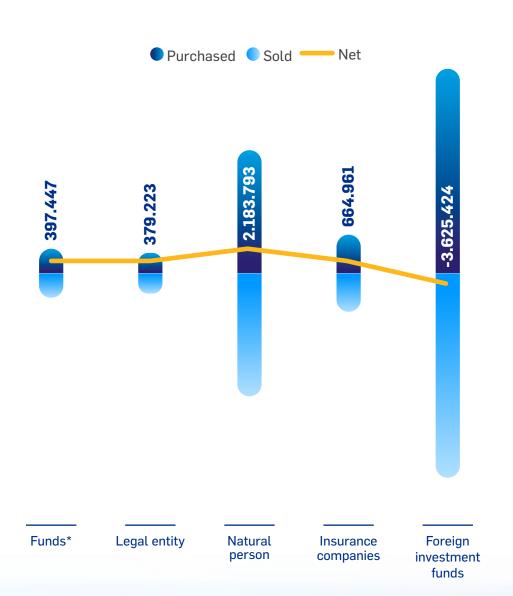


ISA's share reached a high of COP 22,000 during 2023 towards the beginning of the year and a low of COP 13,800 in September; finally, it closed with an annual variation of -26%. The share had an average daily trading volume of COP 4,633 million and a total traded volume of COP 1.1 trillion.



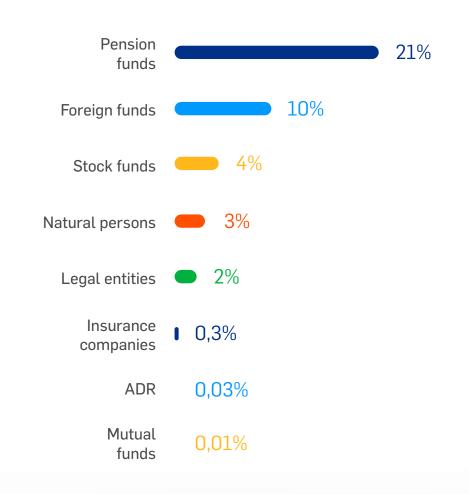
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In the detail of the transactionality of the shares in the BVC, the participation of local funds and individuals with net buying transactions stands out, and foreign investment funds significantly decreased their operations in the local market. Also, fund trading volume showed a net increase of 397,000 shares and foreign funds sold 3.6 million shares.



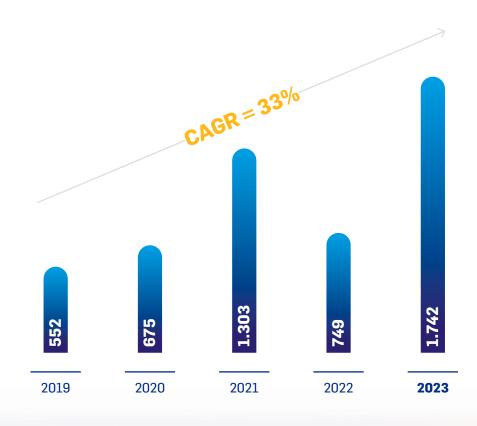
The number of minority shareholders went from 28,379 to 32,120 shareholders, an increase of 13%. In terms of shareholdings, pension funds fell by 2%, foreign funds fell by 4% and securities funds by 5%. Legal entities (127%) and insurance companies (28%) increased their share. Pension funds continue to hold the largest share in ISA's shareholding structure, after Ecopetrol and EPM.

#### **Floating**



#### **Dividends**

The General Shareholders' Meeting, held on March 29, 2023, approved the distribution of income to its shareholders of COP 1,929,575 million, equivalent to 88% of net income, which represented an ordinary dividend per share of COP 891 and an extraordinary dividend per share of COP 851. The dividend distribution continues with a compound annual growth rate of 33% over the last four years. Dividends were paid in two installments, in May and December 2023.



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#### **Return on shares**

In addition to national and international macroeconomic factors, various elements influenced the performance of the share:

- the exit of foreign investors from the local market;
- a level of inflation that did not reach its peak;
- the rebalancing of local and international indexes;
- interest rates at historically high levels for fixed income, which does not favor the liquidity of the variable income market.

In order to increase the liquidity of its shares, ISA has launched a liquidity builder program for a three-month period. This strategy is part of the initiatives planned by the working groups led by the Superintendence of Finance and the Colombian Stock Exchange.



According to the Colombian Stock Exchange (BVC), ISA's share price closed at COP 21,000 in 2022 and COP 15,480 in 2023. These values were recorded on December 29, 2022, and December 28, 2023, respectively.

At the end of 2023, ISA recorded an increase of 3,741 new shareholders compared to December 31, 2022. During this year, the Issuer's Week was held, with the purpose of increasing the participation of individuals in share ownership.

In spite of the current situation in the Colombian stock market, ISA remained within the MSCI Colcap and MSCI EM. In the latter, only three companies are represented: PFBancolombia, Bancolombia and ISA. These indexes highlight Colombia in the international investor market and channel resources to ISA and to the country in general.



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### **GRI TABLE**

Indicator		Covered in the report	Only covered on the website	Table of contents	Page	<b>Omission</b>	External verification	Sector standard reference No.
General content	s							
	a. State your legal name.	Х					Х	
GRI 2-1 Organiza-	b. Indicate the nature of the property and its legal form.	Х		View Profile of ISA and its companies	<u> 17</u> - <u>19</u>		Х	
tional details	c. Indicate the location of your headquarters.	Х		GRI 2-1 a Interconexión Eléctrica S.A. ESP	<u>11 - 13</u>		X	
	d. Indicate which countries it operates in.	Х					Х	
	a. List all of the entities included in sustainability reporting.	Х		See: Report profile	<u>15</u>		Х	
GRI 2-2 Enti-	b. If the organization has audited consolidated financial statements or financial information filed in public records, specify the differences between the list of entities included in its financial reports and those in its sustainability reports.	х		See: Financial results Report of accumulated consolidated results Individual income report	<u>18</u> - <u>122</u> - <u>133</u>		х	
ties included in sustainability reporting	c. If the organization is composed of several entities, explain the approach taken to consolidate the information, including: i. whether the approach involves adjustments to the information for minority interests; ii. its approach to mergers, acquisitions and demergers of entities or parts of such entities; iii. if and how the focus changes, in the different contents of this standard and in the different material topics.	х		N/A  (i) ISA's participation in its companies is through control and joint control.  (ii) During the period there were no mergers, acquisitions, or demergers.  (iii) There were no changes in approach			х	N/A
	a. Specify the reporting period and the frequency of your sustainability reports.	х					х	
GRI 2-3 Reporting period, frequency and contact	b. Specify the period covered by the financial reports and, if it does not align with the period covered by the sustainability reports, explain the reason for this.	х		See: Report profile	<u>15</u>		х	
point	c. Indicate the date of publication of the report or information submitted; specify the contact point for questions related to the report or information submitted.	х					х	



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	Indicator	Covered in the report	Only covered on the website	Table of contents	Page	Omission	External verification	Sector standard reference No.
GRI 2-4 Informa- tion update	<ul><li>a. Present updates to the information presented in prior reporting periods and explain:</li><li>i. the reasons for the updates;</li><li>ii. the effect of updates.</li></ul>	х		See: In figures.  EBITDA was restated from 2018 due to methodological homologation with Ecopetrol.  This EBITDA is defined as: income from operating activities plus operating taxes, plus depreciation, amortization, and impairment of non-financial assets.  During the period, a new information platform was implemented that allows for greater control over data in a single information system.	<u>18</u>		х	
	a. Describe the policy and practice of requesting external verification and indicate whether the highest governance body and senior executives are involved and, if so, in what ways.	х		See: Report profile	<u>15</u>		х	
GRI 2-5 External verification	b. Whether the organization's sustainability reporting has been externally verified: i. rovide a link or reference to the external verification report or verification statement; ii. describe what has been verified and on what basis and indicate the verification standards used, the level of verification obtained and any limitations of the verification process; iii. describe the relationship between the organization and the verification provider.	х		See: Independent review memorandum	<u>15</u> - <u>159 -</u> <u>162</u>		х	N/A
	a. Indicate the sector(s) in which activities are carried out.	х		See: Electric Power business unit Road Concessions business unit Telecommunications and ICT business unit	<u>26-32</u>		х	
GRI 2-6 Activi- ties, value chain and other busi- ness relations- hips.	<ul> <li>b. Describe your value chain, including:</li> <li>i. the organization's activities, products and services, and the markets served;</li> <li>ii. the organization's supply chain;</li> <li>iii entities downstream of the organization and their activities</li> </ul>	riducts and services, and the markets  x  (i) See: Procurement  (ii) See:  Electric Power business unit  Road Concessions business unit		Business model (i) See: Procurement (ii) See: Electric Power business unit	<u>25</u> - <u>32</u>		х	
	c. Indicate other relevant business relationships; describe any significant changes.	Х		There were no significant changes				



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	Indicator	Covered in the report	Only covered on the website	Table of contents	Page	(n)	ternal fication	Sector standard reference No.	
GRI 2-7 Employees	a. Indicate the total number of employees, with a breakdown by gender and region.	x		See: Our people Annex: Attractive and sought-after employer (Staffing)	21 Annex: additional information 50	<u>al</u>			
	<ul> <li>b. Indicate the total number of:</li> <li>i. permanent employees, and breakdown by gender and region;</li> <li>ii. temporary employees, and breakdown by gender and region;</li> <li>iii. non-guaranteed hourly employees, and breakdown by gender and region;</li> <li>iv. full-time employees, breakdown by gender and region;</li> <li>v. part-time employees, breakdown by gender and region</li> </ul>	х		See: Annexes: Additional information (Attractive and desirable employer)	21 Annex: Additional information 50-53		х		
	<ul><li>c. Describe the methods and assumptions used to compile the data and whether figures are presented:</li><li>i. as staffing levels, full-time equivalent units, or other methodology;</li><li>ii. at the end of the reporting period, as an average for the entire reporting period or using other methodologies.</li></ul>	х		The information refers to a full-time workday.			x	N/A	
	d. Present the contextual information necessary to understand the data presented in 2-7-a and 2-7-b.	х		Annex: Attractive and sought-after employer (Staffing)	Annex: Additional information 50-53		х		
	e. Describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	х		The company Proyectos de Infraestructura del Perú (PDI) was absorbed by Empresa Red de Energía del Perú (ISA REP); therefore, PDI's personnel is not reported, and the number of ISA REP's employees increased.  Annex: Attractive and sought-after employer (Staffing and turnover)	Annex: Additional information 50, 54-57				



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[GRI 2-8] Non-employee workers	<ul><li>a. Indicate the total number of: workers who are not employees and whose work is controlled by the organization and describe:</li><li>i. the most common types of workers and their contractual relationship with the organization;</li><li>ii. the type of work they perform.</li></ul>	х		See: Annexes Additional information (Attractive and desirable employer)	Annex: Additional information 50-53			
	<ul> <li>b. Describe the methods and assumptions used to compile the data and whether the number of workers who are not employed is presented:</li> <li>i. as staffing levels, full-time equivalent units, or other methodology;</li> <li>ii. at the end of the reporting period, as an average for the entire reporting period or using other methodologies.</li> </ul>	х		Full-time equivalent units				
	c. Describe significant fluctuations in the number of non-employee workers during the reporting period and between reporting periods.			This data is not available for comparison.		х		
GRI 2-9 Gover- nance structure and composition	a. Describe your governance structure, including committees of the highest governance body.	Х		See: Board of Directors Corporate Governance, Sustainability, Technology, and Innovation Committee. The			х	
	b. List the committees of the highest governance body responsible for decision-making and overseeing of the management of the organization's impacts on the economy, the environment, and people.	X		Committee is responsible for making decisions, steering, supervising and/or supporting or advising the Board of Directors and Management in relation to corporate governance; sustainability management; innovation; cybersecurity and information technology at ISA and its companies. <a href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2022/06/Acuerdo-129-de-2022-Modificacio%C-C%81n-ReglamentoComite%CC%81GobiernoCorporativoSostenibilidadTecnologi%C-C%81aelnnovacion_VF_en.pdf">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2022/06/Acuerdo-129-de-2022-Modificacio%C-C%81n-ReglamentoComite%CC%81GobiernoCorporativoSostenibilidadTecnologi%C-C%81aelnnovacion_VF_en.pdf</a>	<u>38-40</u>		Х	N/A
	c. Describe the composition of the highest governance body and its committees according to: i. the number of executive and non-executive members; ii. independence; iii. seniority of the members of the governance body; iv. the number of other significant positions and commitments of each member and the nature of the commitments; v. gender; vi. underrepresented social groups; vii. competencies relevant to the organization's impacts; viii. stakeholder representation.	X	X	(ii) See: Board of Directors (iii) See: ESG figures (iv) See: Experience and participation in other boards of directors. At: <a href="https://www.isa.co/en/isa-group/board-of-directors/">https://www.isa.co/en/isa-group/board-of-directors/</a> (v) See: Board of Directors (vi) For the nomination of candidates to the Board of Directors, a reasonable balance and diversity within the Board shall be taken into account, understanding the concept of diversity in a broad sense, which includes aspects such as gender, generations, knowledge, experience, skills, academic training, among others. See: <a href="https://isasa-paginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/04/Succession-policy-for-the-Board-of-Directors.pdf">https://www.isa.co/en/isa-group/board-of-directors/</a> (vii) See: Skill matrix. In: <a href="https://www.isa.co/en/isa-group/board-of-directors/">https://www.isa.co/en/isa-group/board-of-directors/</a> (viii) See: Stakeholders	(i) (ii) <u>38-39</u> (iii) <u>20</u> (v) <u>35</u> -339 (viii) <u>22-24</u>		X	



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GRI 2-10 Appoint- ment and se- lection of the highest gover- nance body	a. Describe the appointment and selection processes for the highest governance body and its committees.	x		See: Board of Directors See Succession Policy: https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor- dpress/2021/04/Succession-policy-for-the-Board-of-Directors.pdf  PRINCIPIOS  • For the nomination of candidates to the Board of Directors, a reasonable balance and diversity within the Board shall be taken into account, understanding the con- cept of diversity in a broad sense, which includes aspects such as gender, genera- tions, knowledge, experience, skills, academic training, among others.  • It will be considered that applicants are not involved in any disqualifications and incompatibilities of legal character, and that they have sufficient competences, experience, educational background, integrity, independent judgement, knowledge, qualities, skills, and availability to be candidates to be members of the Board.  • The Board's Corporate Governance, Sustainability and Risk Committee is responsi- ble for the suitability assessment of candidates to be members of the Board.	<u>38</u> - <u>40</u>			N/A
	<ul> <li>b. Describe the criteria used to nominate and select the members of the highest governance body and indicate whether and how the following are taken into account: <ol> <li>i. stakeholder (including shareholder) views;</li> <li>ii. diversity;</li> <li>iii. independence;</li> <li>iv. expertise relevant to the organization's impacts.</li> </ol> </li> </ul>	х	х	(i) See: Stakeholders (ii) See: Succession policy. At: https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/04/Succession-policy-for-the-Board-of-Directors.pdf (iii) See: Corporate Governance (page 21). At: https://www.isa.co/en/corporate-governance-isa-2023/ (iv) See: Skill matrix. In: https://isaasprods-d87a26cb809c1f43d1f1-endpoint.azureedge.net/blobisaas-prods27f2ae9b77/wp-content/uploads/2024/01/Resumes-Board-Of-Directors-January_2024_19.pdf	(i) <u>22</u> - <u>24</u>			
GRI 2-11 President of the highest governing body	a. Indicate whether the chairperson of the highest governance body is also a senior executive of the organization	Х		See: Board of Directors The members of the Board of Directors do not belong to the organization.	<u>38</u> - <u>39</u>		х	
	b. If the president is also a senior executive, explain his or her role within of the organization's management, the reasons for this configuration and how onflicts of interest are avoided and mitigated.	х		N/A The Chairman of the Board is not a member of the organization.				

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	a. Describe the role of the highest governance body and senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development	х	х	See: ISA 3030 Strategy Sustainable Value See: Corporate Governance, Sustainability, Technology, and Innovation Committee: At: <a href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf</a>	<u>48</u>			
GRI 2-12 Highest governance body's role in overseeing impact manage- ment	b. Describe the highest governance body's role in overseeing the organization's due diligence and other processes for identifying and addressing its economic, environmental, and human impacts, including: i. whether the highest governance body is involved in stakeholder participation in this process and, if so, how; ii. how does the highest governance body view the results of these processes?		х	See: Corporate Governance, Sustainability, Technology, and Innovation Committee: At: <a href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf</a>				
	c. Describe the highest governance body's role in reviewing the effectiveness of the organization's processes, as described in 2-12-b, and indicate the frequency of such reviews.		х	See: Corporate Governance, Sustainability, Technology, and Innovation Committee: At: <a href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf</a>				
GRI 2-13 Delega- tion of responsi- bility for impact	<ul> <li>a. Describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including:</li> <li>i. whether it has designated a senior executive with responsibility for impact management;</li> <li>ii. whether it has delegated responsibility for impact management to other employees.</li> </ul>	х	х	See: Corporate Governance, Sustainability, Technology, and Innovation Committee: At: <a 05="" 2021="" 60906028a7e87-60906028a7e88agreement-117-2020-organizational-talent-committee.pdf.pdf"="" href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2022/06/Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%C-C%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf&lt;/a&gt; See:Organizational Talent Committee. At: &lt;a href=" https:="" isasapaginaswebisa001.blob.core.windows.net="" paginawebisawordpress="">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/05/60906028a7e87-60906028a7e88Agreement-117-2020-Organizational-Talent-Committee.pdf.pdf</a>	<u>48</u> - <u>50</u>		x	N/A
management	b. Describe the processes and frequency with which senior executives and other employees report to the highest governance body on the organization's management of economic, environmental, and human impacts.	х		See: Enterprise Risk (Monitoring and review of risk management and governance for business continuity management)	<u>55</u> – <u>59</u> - <u>60</u>		х	
GRI 2-14 The highest governance body's role in sustainability	a. Indicate whether the highest governance body has the responsibility for reviewing and approving the information presented, including the organization's material topics and, if so, describe the process for reviewing and approving the information	х	х	See: Report profile Materiality Corporate Governance, Sustainability, Technology, and Innovation Committee: At: https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2022/06/ Acuerdo-129-de-2022-Modificacio%CC%81n-ReglamentoComite%CC%81GobiernoCorporativoSostenibilidadTecnologi%CC%81aeInnovacion_VF_en.pdf	<u>15, 66-69</u>		х	
reporting	b. Indicate whether the highest governance body does not have the responsibility to review and approve the information presented, including the organization's material topics and, if so, explain why.			N/A The highest governance body is responsible for reviewing and approving the information presented.				



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	a. Describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated.	Х		See: Ethics (Conflicts of interest) See: Corporate Governance Report (pp 14, 15, 33)	<u>45</u>		х	
GRI 2-15 Con- flicts of Interest	b. Indicate whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to: i. membership on different boards of directors; ii. cross-shareholdings with suppliers and other stakeholders; iii. the existence of controlling shareholders; iv. related parties, their relationships, transactions, and outstanding balances.	х		See: Ethics (Conflicts of interest) See: Corporate Governance Report (pp 14, 15, 33, 34) See: PROCEDURE FOR THE MANAGEMENT OF CONFLICTS OF INTEREST OF ISA MANAGERS https://www.isa.co/en/corporate-governance-isa-2023/ https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawor-dpress/2021/04/Documento-Consulta Procedimiento para la Gestion Conflictos de Interes Administradores ISA.pdf	<u>45</u>		х	
	a. Describe whether critical concerns are communicated to the highest governance body and, if so, in what way		х	The Ethics Committee is the body where management mechanisms for critical concerns are analyzed and defined. In addition, ethics and compliance management				
GRI 2-16 Com- munication of critical concerns	b. Indicate the total number and nature of critical concerns reported to the highest governance body during the reporting period.		х	is leveraged by a governance model that includes the Board of Directors, the Audit Committee, the Ethics Committee, senior management, Compliance Officer, and the Chief Audit Office.  See Ethics (Reported cases) See dialogues with stakeholders <a href="https://isaasprods-d87a26cb809c1f43d1f1-endpoint.azureedge.net/blobisaasprods-27f2ae9b77/wp-content/uploads/2023/06/230424_Presentacioin_TQHTE_ENG-1.pdf">https://isaasprods-d87a26cb809c1f43d1f1-endpoint.azureedge.net/blobisaasprods-27f2ae9b77/wp-content/uploads/2023/06/230424_Presentacioin_TQHTE_ENG-1.pdf</a>	<u>44</u>			N/A
GRI 2-17 Collective knowledge of the highest governance body	a. Report on measures taken to increase the highest governance body's collective knowledge, skills, and experience in sustainable development.			The following training sessions were held during the period: Climate strategy and corporate goals Environmental policy/environmental management roadmap Community management and social management model Impact evaluation Environmental workshop for the Electric Power business unit: Nature positive, net zero, resilience, and return to society.				
	a. Describe the processes for evaluating the highest governance body's performance in overseeing the management of the organization's impacts on the economy, environment, and people.	х		See: Corporate Governance Report (Information on the performance of the evaluation processes of the Board of Directors and Senior Management, as well as a synthesis of the results. pp 30-33). <a href="https://www.isa.co/en/corporate-governance-isa-2023/">https://www.isa.co/en/corporate-governance-isa-2023/</a>	Corporate Governan- ce Report 30-33			
GRI 2-18 Per- formance eva- luation of the highest gover- nance body	b. Indicate whether the evaluations are independent and the frequency with which they are performed.	х		See: Corporate Governance Report (Information on the performance of the evaluation processes of the Board of Directors and Senior Management, as well as a synthesis of the results. pp 30-33). <a href="https://www.isa.co/en/corporate-governance-isa-2023/">https://www.isa.co/en/corporate-governance-isa-2023/</a>	Corporate Governan- ce Report 30-33			
	c. Describe actions taken in response to the evaluations, including changes in the composition of the highest governance body and organizational practices.	х		See: Corporate Governance Report (Information on the performance of the evaluation processes of the Board of Directors and Senior Management, as well as a synthesis of the results. pp 30-33). <a href="https://www.isa.co/en/corporate-governance-isa-2023/">https://www.isa.co/en/corporate-governance-isa-2023/</a>	Corporate Governan- ce Report 30-33			



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GRI 2-19 Remuneration Policies	a. Describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed and variable remuneration; ii. hiring bonuses or incentive payments for hiring; iii. compensation for termination of the contract; iv. reimbursements; v. retirement benefits.	X		See: Quality of life (Compensation, performance, and succession) ISA has Corporate Guide No. 49 Compensation Management for ISA and its companies. Compensation is a dynamic system that should leverage current business and facilitate future business. Total compensation is comprised of three components: fixed, variable and benefits.  (i) The components of the total compensation of Senior Management are integrated to ensure the attraction, motivation, and retention of talent:  a) Fixed component: represents the guaranteed annual remuneration in cash, which includes fixed payments of a legal and extra-legal nature granted by the organization to its employees; it recognizes the effective execution of the responsibilities of the position based on:  • the valuation of the position;  • the position in the salary administration band, applying the principles of internal equity and external competitiveness.  b) Variable component: recognizes the added value that workers and the organization achieve. This component is not guaranteed; it is granted based on the results of ISA and its companies obtained in the short, medium, and long term. This component is comprised of short-term variable remuneration and long-term variable remuneration.  (ii) Short and long-term variable compensation indexed to the achievement of strategic goals.  (iii) Compensation for dismissal without just cause:  a. 50 days of salary/wages for service of not more than one year.  b. For more than one year of continuous service and less than 5 years of service, he/she shall be paid 20 additional days of salario integral* over the 50 basic days of item a.  c. For more than 19 years or more of continuous service and less than 10 years, the employee will be paid 25 additional days of full salary over the 50 basic days of item a.  d. For more than 10 years or more of continuous service, an additional 45 days of integral salary will be paid over the 50 basic days of paragraph a.  (iv) Not applicable.  (v) Education and health expense allowance, supplemental h	120			N/A



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GRI 2-19 Remu- neration Policies	b. Describe how remuneration policies for members of the highest governance body and senior executives are linked to their objectives and performance in managing the organization's impacts on the economy, environment, and people.			Short-term variable compensation is a management tool that seeks to convey a clear message to employees about what they want to achieve and what they value in the short term (one year). In this way, the individual and his or her performance are linked to the performance and ultimate success of the organization.  This tool comprises an annual variable sum equivalent to a maximum number of salaries determined for each position and is recognized through a scheme that seeks the achievement and surpassing of annual goals that are defined in line with the ISA 2030 strategy in the form of corporate and team metrics. Long-term variable compensation is a management tool that seeks to reinforce long-term corporate strategic thinking and value creation in the decision-making process, align the interests of executives with those of shareholders, and retain high-impact executives for ISA. This tool comprises a three-year variable sum equivalent to a maximum number of salaries determined for each position and is recognized through a scheme that seeks to achieve the objectives of the ISA2030 strategy.			
GRI 2-20 Process for determining compensation	a. Describe the process for designing your remuneration policies and determining remuneration, including: i. whether independent members of the highest governance body or an independent remuneration committee oversees the remuneration determination process; ii. how the opinion of stakeholders (including shareholders) is requested and taken into account in determining remuneration; iii. whether specialist remuneration consultants are involved in the determination of remuneration and, if so, whether they are independent of the organization, its highest governance body, and senior executives.		х	(i) (ii) (iii) See: Organizational Talent Committee. At: <a href="https://isasapaginaswebisa001">https://isasapaginaswebisa001</a> .  blob.core.windows.net/paginawebisawordpress/2021/05/60906028a7e87-60906028  a7e88Agreement-117-2020-Organizational-Talent-Committee.pdf.pdf  (ii) General Shareholders' Meeting. At: <a href="https://www.isa.co/en/isa-group/general-sha-reholders-meeting/">https://www.isa.co/en/isa-group/general-sha-reholders-meeting/</a>	42, 43, 46, 48, 59, 60, 61		N/A
	b. Present information on the outcome of stakeholder (including shareholder) votes on remuneration policies and proposals, if applicable.		х	This information is included in the minutes of the General Shareholders' Meeting. At: <a href="https://www.isa.co/en/isa-group/general-shareholders-meeting/#asamblea">https://www.isa.co/en/isa-group/general-shareholders-meeting/#asamblea</a>	42, 43, 46, 48, 59, 60, 61		
	a. Present the ratio of the total annual compensation ratio of the organization's highest paid person to the median annual total compensation of all employees (excluding the highest paid person)	х				х	
GRI 2-21 Total b. annual compensation ratio per (e	b. Present the ratio of the percentage increase in annual total compensation of the organization's highest paid individual to the median percentage increase in annual total compensation of all employees (excluding the highest paid individual).	х		See: Complementary information (compensation ratio and diversity and equality of opportunities)	Annex: Additional information 59-62	х	
	c. Present the contextual information necessary to understand the data and how it was collected.	х				х	



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GRI 2-22 Sustaina- ble Development Strategy State- ment	a. Present a statement from the highest governance body or the most senior executive of the organization on the importance of sustainable development for the organization and its strategy for contributing to it.	х		See: ISA 3030 Strategy Sustainable Value	<u>48, 49, 50</u>		х	
GRI 2-23 Com- mitments and policies	<ul> <li>a. Describe its responsible business conduct commitments and policies, including:</li> <li>i. the intergovernmental instruments to which the commitments refer;</li> <li>ii. whether the commitments stipulate due diligence;</li> <li>iii. whether the commitments stipulate the application of the precautionary principle;</li> <li>iv. whether the commitments stipulate respect for human rights.</li> </ul>	х		(ii) See: Comprehensive risk management (iii) See: Contribution to global environmental challenges (iv) See: ISA and human rights. At: <a href="https://www.isa.co/en/sustainable-value/human-rights-connection/">https://www.isa.co/en/sustainable-value/human-rights-connection/</a> See: Declaration of Human Rights and business. At: <a href="https://isaasprods-d87a-26cb809c1f43d1f1-endpoint.azureedge.net/blobisaasprods27f2ae9b77/wp-content/uploads/2024/05/Human-Rights-Guidelines-of-ISA-and-its-companies.pdf">https://www.isa.co/codigo-de-etica-y-conducta/</a> See: Code of Ethics and Conduct. At: <a href="https://www.isa.co/codigo-de-etica-y-conducta/">https://www.isa.co/codigo-de-etica-y-conducta/</a>	(ii) <u>53</u> - <u>60</u> (iii) <u>78</u>		X	
	a. Describe how it incorporates each of its commitments or policies for responsible business conduct into all of its activities and business relationships, including: i. how it assigns responsibilities for implementing the commitments at different levels of the organization; ii. how it integrates the commitments into organizational strategies and operating policies and procedures; iii. how it implements its commitments with and through its business relationships; iv. training on implementation of the commitments provided by the organization.	X	X	See: Stakeholders ISA Strategy 3030 Sustainable Value See: ISA and human rights. At: https://www.isa.co/en/sustainable-value/human-rights-connection/	<u>22-24, 48</u>		X	N/A
GRI 2-24 Incorporation of commitments and policies	b. Describe its specific commitments and policies to respect human rights, including: i. the internationally recognized human rights covered by the commitment; ii. the categories of stakeholders, including groups at risk or vulnerable groups, to which the organization gives special attention in the commitment.	х	Х	See: (i) (ji) CEO's message Materiality (Scope of material issues) Global involvement and initiatives See: ISA and human rights. At: <a href="https://www.isa.co/en/sustainable-value/human-rights-connection/">https://www.isa.co/en/sustainable-value/human-rights-connection/</a>	<u>66-70</u>		х	
	c. Provide links to commitments and policies if they are publicly available or, if commitments and policies are not publicly available, explain why.		х	See: Corporate governance (corporate policies). At: <a href="https://www.isa.co/en/isa-group/corporate-governance/">https://www.isa.co/en/isa-group/corporate-governance/</a>				
	d. Indicate the level at which each commitment and policy was approved within the organization, and whether it is at the highest level			Corporate policies are approved by the Board of Directors.				
	e. Indicate the extent to which the commitments and policies apply to the activities of the organization and its business relationships.			Policies are extended to stakeholders, partners, allies, and customers.				
	f. Describe how commitments and policies are communicated to employees, business partners, and other relevant parties.			Policies are communicated through e-mails, web page and communication pieces to key groups				



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	a. Describe its commitments to provide or assist in the remediation of the negative impacts that the organization acknowledges it has caused or contributed to.		х					
	b. Describe its approach to identifying and addressing complaints, including the claim and complaint mechanisms it has in place or participates in.		х					
GRI 2-25 Proces- ses for remedia- tion of negative	c. Describe other processes by which it provides or assists in the remediation of negative impacts that the organization acknowledges it has caused or contributed to.		х	See: Due diligence. At: <a href="https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/06/Due-Diligence-2020.pdf">https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/06/Due-Diligence-2020.pdf</a>				
impacts	d. Describe how stakeholders who are the intended users of the claim and complaint mechanisms are involved in the design, review, operation, and improvement of these mechanisms.		х					
	e. Describe how the organization monitors the effectiveness of claim and complaint mechanisms and other remediation processes and provide examples of their effectiveness, with feedback from stakeholders.		х					
GRI 2-26 Mecha- nisms for see- king advice and raising concerns	<ul> <li>a. Describe the mechanisms for individuals to:</li> <li>i. request advice on the application of the organization's policies and practices for responsible business conduct;</li> <li>ii. raise concerns about the organization's business conduct.</li> </ul>	х		See: Ethics (Monitoring and reporting) Ethics Line: <a href="https://www.lineatransparencia.com/isa-en/#/">https://www.lineatransparencia.com/isa-en/#/</a>	<u>45</u> - <u>46</u>		х	N/A
	<ul> <li>a. Provide information on the total number of significant cases of non-compliance with laws and regulations during the reporting period, and a breakdown of these totals by:</li> <li>i. cases resulting in fines;</li> <li>ii. cases that resulted in non-monetary sanctions.</li> </ul>	х					х	
GRI 2-27 Compliance with legislation and regulations	b. Report the total number and monetary value of fines paid during the reporting period for non-compliance with laws and regulations, broken down by: i. fines for non-compliance with laws and regulations that have occurred during the reporting period; ii. fines for cases of non-compliance with laws and regulations that have occurred in previous reporting periods.	х		See: Excellence (Fines and penalties in connection with the supply of products and services)	<u>75</u>		x	
	c. Describe significant instances of non-compliance.	х					Х	
	d. Describe how it has determined significant cases of non-compliance.	Х					X	



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GRI 2-28 Mem- bership in asso- ciations	a. Submit information on industry associations, other memberships in associations, and national or international advocacy organizations in which it has a significant role.		х	See: Stakeholders (Get to know our memberships). At: <a href="https://www.isa.co/en/sustai-nable-value/stakeholders/">https://www.isa.co/en/sustai-nable-value/stakeholders/</a>			х	
GRI 2-29 Approach to stakeholder engagement	a. Describe its approach to stakeholder engagement, including: i. the categories of stakeholders it engages with and how it identifies them; ii. the purpose of stakeholder engagement; iii. how the organization seeks to ensure that stakeholder engagement is beneficial to the organization.	х	х	See: Stakeholders See: Stakeholders At: <a href="https://www.isa.co/en/sustainable-value/stakeholders/">https://www.isa.co/en/sustainable-value/stakeholders/</a> Guide to relationships with stakeholders. At: <a href="https://www.isa.co/engagement-guide/">https://www.isa.co/engagement-guide/</a>	<u>22</u> - <u>24</u>		Х	
GRI 2-30 Collec-	a. Indicate the total percentage of employees covered by the collective bargaining agreements.	х		See: Our people See: Additional information (Attractive and sought-after employer-Size of the organization)	21 Annex: additional information 50		х	N/A
tive bargaining agreements	b. For employees not covered by collective bargaining agreements, indicate whether the organization determines their working conditions and terms of employment on the basis of collective bargaining agreements covering other employees or on the basis of collective bargaining agreements of other organizations.			For those who are not part of the collective bargaining agreements, their salaries include benefits similar to those established in the collective bargaining agreements and the legal conditions of each country of operation are respected.				
Material topics								
GRI 3-1 Process for determining material issues	<ul> <li>a. Describe the process it has followed to determine its material issues, including:</li> <li>i. how it has identified its actual and potential negative and positive impacts on the economy, environment and people, including human rights impacts, in all its activities and business relationships;</li> <li>ii. how it has prioritized its reported impacts according to their significance.</li> </ul>	х		See: Materiality analysis	<u>66-70</u>		х	N/A
	b. specify the stakeholders and experts whose views have been involved in the process of determining its material topics.	х					х	



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GRI 3-2 List of material topics	<ul><li>a. List the material topics.</li><li>b. Report any changes in the list of material topics with respect to the previous reporting period.</li></ul>	х		See: Materiality analysis b. During the year there were no changes in relation to material issues.			х	
	a. Describe the actual and potential impacts, negative and positive, on the economy, environment, and people, including human rights impacts.	Х					х	
	b. Indicate whether the organization is associated with a negative impact through its activities or as a result of its business relationships, and describe the activities or business relationships.	х					х	
	c. Describe its policies or commitments in relation to the material topic	Х					Х	
	d. Describe measures taken to manage the topic and associated impacts, including:  i. measures taken to prevent or mitigate potential negative impacts;  ii. measures taken to address potential negative impacts, including measures to facilitate or assist in their remediation;  iii. measures taken to manage actual and potential negative impacts.	х			<u>66-70</u>		х	N/A
GRI 3-3 Manage- ment of material topics	e. Present the following information on monitoring the effectiveness of the measures adopted: i. processes used to monitor the effectiveness of the measures; ii. goals, objectives, and indicators used to evaluate progress; iii. effectiveness of the measures, including progress towards achieving the goals and objectives; iv. lessons learned and how they have been incorporated into the organization's policies and operating procedures.	х		See: Materiality analysis  The scope of material issues (pp 66) indicates the policies and management tools, as well as the related risks and metrics identified for each material topic.			x	
	f. Describe how stakeholder engagement has influenced the actions taken (3-3-d) and how it has informed whether these have been effective (3-3-e).	х					х	



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Governance	and integrity						
GRI 205-1	Operations assessed for risks related to corruption	х		See: Ethics Annex: Table [GRI 205-3] Corruption incidents and actions taken	44 Annex: Additional	Х	
GRI 205-2	Communication and training on anti-corruption policies and procedures	x		See: Ethics Annex: Table [GRI 205-3] Corruption incidents and actions taken	information 4-7	х	
GRI 205-3	Confirmed cases of corruption and actions taken	x		See: Ethics (Monitoring and Reporting)  Annex: Table [GRI 205-3] Corruption incidents and actions taken	44 Annex: supplemen- tary infor- mation 4	х	N/A
Own	Management of information (Habeas data)	х		See: Ethics (Monitoring and Reporting) Annex: Information management (Habeas data) Table	44 Annex: additional information 7	x	
Strength and	d growth	'					
Own	Revenues	Х		See: Strength and growth	<u>71</u> - <u>72</u>		
Own	EBITDA	Х		See: Strength and growth	<u>71</u> - <u>72</u>		
Own	Investments	Х		See: Strength and growth	<u>71</u> - <u>72</u>		
Own	Assets	Х		See: Strength and growth	<u>71</u> - <u>72</u>		N/A
GRI 201-1	Direct economic value generated and distributed	х		Annex: [GRI 201-1] Direct economic value generated and distributed.	Annex: Additional information 2-3	х	
Excellence							
Own	Reliability	Х		See: Excellence	<u>73</u>		
Own	Availability	Х		See: Excellence	<u>73</u>		NI A
Own	Km of circuit	Х		See: Excellence	73		N. A.
Own	MVA of installed capacity	Х		See: Excellence	73		



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[GRI 2 27-a] [GRI 2 27-b] [GRI 2 27- c] [GRI 2 27 d]	Non-compliance with laws and regulations in the social and economic area	х		See: Excellence  Monetary value of significant fines for non-compliance with regulations relating to the supply of services	77		х	
<b>Contribution to</b>	global environmental challenges							
GRI 304-1	Operations centers owned, leased, or managed located within or adjacent to protected areas or areas of high biodiversity value outside protected areas	х		Annex: [GRI 304-1] Operational centers owned, leased, or managed that are located in or adjacent to protected areas or areas of high biodiversity value	Annex: Additional information 14-19			
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	х		See: Management of impacts on biodiversity  Annex: [GRI 304-2] Significant impacts of activities, products, and services on biodiversity	Annex: Additional information 20-28		X	
GRI 304-3	Habitats protected or restored	x		Comprehensive management of biodiversity and its ecosystem services Annex: [GRI 304-3] Habitats protected or restored	80 - 83 Annex: Additional information 29-33		Х	
GRI 304-4	Species included in the IUCN Red List and national conservation lists whose habitats are in areas affected by the operations	х		See: Contribution to global environmental challenges Annex: [GRI 304-4] Species included in the IUCN Red List and national conservation lists	78 Annex: Additional information 34-35			N/A
Own	Biodiversity exposure and assessment	Х		See: Contribution to global environmental challenges Commitment to the protection of biodiversity	<u>78</u> - <u>85</u>			
Own	Actions implemented for biodiversity protection	Х		See: Contribution to global environmental challenges Commitment to the protection of biodiversity	<u>81</u> - <u>82</u>			
Own	Commitment to biodiversity	Х		See: Contribution to global environmental challenges Commitment to the protection of biodiversity	<u>78</u> - <u>79</u>		X	
Own	Days of backlog in environmental licenses	Х		See: Contribution to global environmental challenges Environmental impact management (Environmental licensing of projects)	<u>89</u>			
307-1	Non-compliance with environmental laws and regulations	х		See: Contribution to global environmental challenges  Management of environmental impacts (Legal processes inherent to business) (Non-monetary sanctions for noncompliance with environmental regulations)	90		Х	



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Own	Investment in environmental programs for the licensing of projects	х		See: Company profile ESG Data	<u>20</u>		Х	
GRI 305-1	Direct GHG emissions (Scope 1)		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 305-2	Indirect GHG emissions from energy generation (Scope 2)		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 305-3	Other indirect GHG emissions (Scope 3)		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	N/A
GRI 302-1	Energy consumption within the organization		Х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 303-1	Water extraction by source		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 306-2	Waste by type and disposal method		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
GRI 306-1	Discharge of water according to its quality and destination		х	See: Climate strategy <a href="https://www.isa.co/en/climate-change-strategy/">https://www.isa.co/en/climate-change-strategy/</a>			х	
Commitment	t to socio-economic development							
Own	Social investment, people and organizations benefited	х		See: Commitment to socio-economic development Social investment	<u>97</u> - <u>102</u>		х	
Own	Social investment in critical municipalities	х		See: Socioeconomic development Critical municipalities with social programs in place	<u>100</u> - <u>102</u>		х	N/A
GRI 408-1	Operations and suppliers with significant risk of child labor cases	х		Annex: [GRI 408-1] Child abor	Annex: additional information 42			IN/A



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GRI 409-1	Forced or compulsory labor	х		Annex: [GRI 409-1] Forced or ompulsory labor	Annex: additional information 41			
GRI 410-1	Security practices	х		Annex: [GRI 410-1] Security practices	Annex: additional information 43			
GRI 411-1	Rights of indigenous peoples	x		Annex: [GRI 411-1] Rights of indigenous peoples	Annex: additional information 43			N/A
GRI 412-2	Training of employees on human rights policies or procedures	Х		Annex: [GRI 412-1] Human rights assessment	Annex:			
GRI 412-1	Operations subject to human rights impact assessments or reviews	х		Annex: [GRI 412-1] Human rights assessment	additional information 44			
Own	Number of events related to human rights violations	Х		See: Ethics: Annex: Human rights violation cases	46 Annex 7		х	
Foresight and	innovation							
Own	Total R&D Spending	Х		See: Foresight and innovation  Annex: Table investment in innovation	<u>104</u>			N/A
0wn	Management of innovation	Х		See: Foresight and innovation	<u> 105</u> - <u>106</u>			
Transformatio	nal leadership and ability to influence							
GRI 415-1	Contribution to political parties and/or representatives		х	ISA and its companies do not make any contributions to political parties or representatives. This prohibition is explicit in the Code of Ethics and Conduct (Prohibition of bribery and other forms of corruption)  See: <a href="https://isaasprods-d87a26cb809c1f43d1f1-endpoint.azureedge.net/blobisaas-prods27f2ae9b77/wp-content/uploads/2021/01/Code-of-ethics-2.pdf">https://isaasprods-d87a26cb809c1f43d1f1-endpoint.azureedge.net/blobisaas-prods27f2ae9b77/wp-content/uploads/2021/01/Code-of-ethics-2.pdf</a>	<u>10</u>			N/A
Development a	and care of human talent							
GRI 401-1	New employee hires and employee turnover	х		Annex: [GRI 401-1] Employment: new employee hires and employee turnover	Annex: Additional information 54-57			N/A



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GRI 401-3	Parental leave			See: Annex: Attractive, sought-after employer	Annex: additional information 58		
Own	Organizational climate result	х		See: Development and care of human talent (Quality of life)  Annex: [GRI 404-3] Percentage of employees receiving regular performance and career development reviews	115 - 117 Annex: Additional information 67	х	
GRI 402-1	Minimum notice periods for operational changes a. Minimum number of weeks' notice usually given to employees and their representatives prior to the implementation of significant operational changes that could significantly affect them. b. In organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in the collective agreements.			Operational changes are reported to the company's workers through the various channels of the organization. Also, face-to-face opportunities are generated to make known the situation that needs to be reported. Negotiations and deadlines are within the framework established by law.			
GRI 404-1	Average number of training hours per year per employee	х		See: Development and care of human talent (Talent development)  Annex: [GRI 404-1] Training and Education	115 - 117 Anexo: información comple- mentaria 64-66	х	N/A
GRI 404-3	Percentage of employees receiving regular performance and career development assessments	х		See: Development and care of human talent (Quality of life)  Annex: [GRI 404-3] Percentage of employees receiving regular performance and career development reviews	<u>118</u> - <u>120</u>	Х	
Propio	Internal vacancies	х		See: Development and care of human talent (Talent development) Annex: Highly skilled workers	117		
GRI 403-1	Occupational Health and Safety Management System (OHS-MS)	х		See: Development and care of human talent (Occupational health and safety)	<u>110</u> - <u>114</u>		
GRI 403-2	Hazard identification, risk assessment and incident investigation	х		See: Development and care of human talent (Occupational health and safety)	<u>111</u>		
GRI 403-4	Worker involvement, consultation and communication on occupational health and safety	Х			112		



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	Indicator	Covered in the report	Only covered on the website		Omission	External verification	Sector standard reference No.
GRI 403-9	Work-related injuries	х	Annex: [GRI 403-9] Injuries due to occupational accidents	Annex: Additional information 45-49		х	
GRI 405-2	Ratio of base salary and compensation of women vs. men	х	Annex: [GRI 405] Diversity and equal opportunity	Annex: Additional information 60-62		х	N/A
GRI 406-1	Cases of discrimination and corrective actions taken	х	Annex: [GRI 406-1] Incidents of discrimination and corrective actions taken	Annex: Additional information 63			

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#### Independent Limited Assurance Report to Directorate of Interconexión Eléctrica S.A. E.S.P.

We were engaged by the Management of Interconexión Eléctrica S.A. E.S.P., from now on ISA, to provide limited assurance on the non-financial information contained in the ISA's Integrated Management Report 2023 for the year ended December 31, 2023 ("the Report"). The information reviewed is circumscribed to the content referenced in the GRI index report and detailed in Annex 1.

#### Management's responsibilities

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), as described in the GRI Index, which details compliance with requirement 8 of the GRI 1 and describes the declaration of use.

Management is also responsible for the information and the affirmations contained therein; of the determination of ISA's objectives, in relation to the performance and presentation of information on sustainable development, including the identification of stakeholders and material topics; and the adequate establishment and maintenance of the control and performance management systems from which the reported information is obtained.

This responsibility also includes designing, implementing, and maintaining the internal control necessary to allow the preparation of sustainability assured parameters and indicators free of material errors due to fraud or error.

The Management is also responsible for preventing and detecting fraud and for identifying and ensuring that Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Report are properly trained, and the information systems are updated.

#### **KPMG** responsibilities

Our responsibility is to express a limited assurance conclusion about the preparation and presentation of the sustainability parameters included in the Sustainability Report of ISA.

Our work has been done in accordance with International Standard on Assurance Engagements (ISAE) 3000, other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. And the ISAE 3410 standard, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

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KPMG applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, confidentiality and professional behavior and competence. Based on the above, we confirm that we have carried out this assignment for ISA independently and free of conflict of interest.

ISAE 3000 and ISAE 3410 require that we plan and perform our work in such a way that we obtain limited security on whether the parameters and indicators of sustainability are free of material errors.

#### Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

#### Limited assurance of parameters and sustainability indicators

A limited assurance engagement on a Sustainability Report consists of making inquiries, primarily of persons responsible for the preparation of the information presented in the report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries with the management to gain an understanding of the process carried out by **ISA**, for determining the material topics, as well as the participation of the stakeholders
- Verification of consistency of the information that responds to the General Disclosures of the GRI 2 standard with the systems or internal documentation.
- Interviews with senior management and relevant staff of the company, on the application of policies and the strategy in terms of sustainability, governance, ethics, and integrity

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- Interviews with relevant staff of **ISA** at corporate and business unit level responsible for the preparation of parameters and indicators subject to limited assurance.
- Comparison the Limited Assurance Sustainability Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Sustainability Report.
- Analysis of the processes of collection and internal control of the quantitative data in the report, regarding the reliability of the information, using analytical procedures and review tests based on sampling.
- Reading of the Limited Assurance Sustainability Parameters and Indicators presented in the Report to determine if they are in line with our general knowledge and experience in relation to the sustainability performance of **ISA**.
- Verification that the financial information reflected in the report has been extracted from the annual accounts of **ISA**, audited by independent third parties.
- Analysis of the coherence between the principles and elements of the international framework for integrated reports of the International Integrated Reporting Council, and the information included in the Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.

#### **Purpose of our Report**

In accordance with the terms of our engagement, this assurance report has been prepared for **ISA** with the purpose of assisting to Management in determining if the sustainability parameters and indicators subject to limited assurance are prepared and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards).



#### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against KPMG other than **ISA** for any purpose or in any other context. Any party other than **ISA** who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than **ISA** for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to **ISA** on the basis that it shall not be copied, referred to or disclosed, in whole (save for **ISA** own internal purposes) or in part, without our prior written consent.

#### **Our Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions that we express below:

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Integrated Report of **ISA** for the year ended December 31, 2023 is not presented, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and company's own indicators, which include the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

A summary of our findings and recommendations have been communicated to the management of  ${\bf ISA}$  in a separated document.

Digitally signed by Fabián Echeverría Junco Date: 2024.04.23 13:14:13 -05'00'

Fabián Echeverría Junco T.P 62.943 – T Partner KPMG Advisory, Tax & Legal S.A.S. April 23, 2024

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#### Annex 1: reviewed contents of the report

Material topic for ISA Interconexión Eléctrica S.A. E.S.P.	Standard	Assured Standards/ indicators
	GRI 2	General Disclosures (2-1, 2-30)
Ethical, upright and transparent behavior	GRI 205	205-3 Confirmed incidents of corruption and actions taken
Ability to meet your financial and business objectives with a long- term vision, taking advantage of opportunities and guaranteeing corporate validity	GRI 201	201-1 Direct economic value generated and distributed (accounting y finance)     201-1 Direct economic value generated and distributed (social investment)
	Own	Commitment to biodiversity     Investment in environmental programs for project licensing
	GRI 2	2-27 Compliance with environmental laws and regulations
Management of environmental impacts associated with activities	GRI 304	304-2 Significant impacts of activities, products and services on biodiversity     304-3 Habitats protected or restored
	GRI 308	308-1 New suppliers that were screened using environmental criteria     308-2 Negative environmental impacts in the supply chain and actions taken
Fulfillment of the value promise with rigor and excellence	Own	Social investment, people and benefited organizations     Social investment on critical municipalities     Percentage of critical municipalities with presence of social actions     Number of events of violation of Human Rights
	GRI 414	414-1 New suppliers that were screened using social criteria     414-2 Negative social impacts in the supply chain and actions taken
Safety and health at work for direct and indirect employees	GRI 403	403-9 Work-related injuries
Government structure and	GRI 401	401-1 New employee hires and employee turnover
composition that responds to the challenges of the strategy	GRI 404	404-1 Average hours of training per year per employee



Material topic for ISA Interconexión Eléctrica S.A. E.S.P.	Standard	Assured Standards/ indicators
		404-3 Percentage of employees receiving regular performance and career development reviews
	GRI 2	2-21 Annual total compensation ratio     2-21 Percentage increase in total annual compensation ratio

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