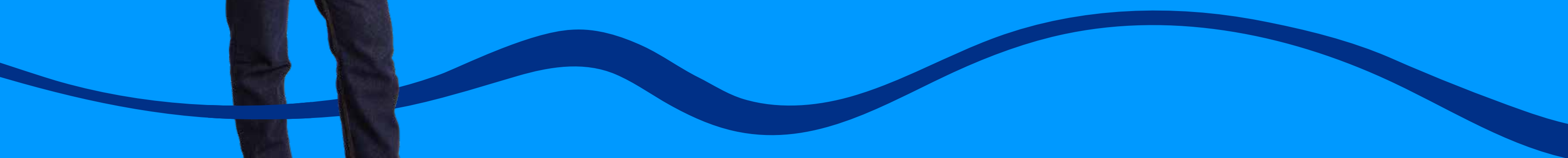




ESG MANAGEMENT WITH OUR SUPPLIERS





CONTENTS

- 1** **Our suppliers**
 - 1.1 Our goal by promoting esg management with suppliers
- 2** **Codes & guidelines**
 - 2.1 Supplier performance
 - 2.2 Supplier performance evaluation
 - 2.3 ESG training
 - 2.4 Oversight supplier ESG program
- 3** **Procurement process**
- 4** **Strategic supplier management model**
 - 4.1 Sustainability audits
 - 4.2 performance evaluation
- 5** **Preselection and selection**
- 6** **Supplier monitoring**
- 7** **Comprehensive risk management**

1. OUR SUPPLIERS

Purpose



The purpose of strategic management of suppliers in ISA and its companies is to contribute to the generation of sustainable value and business continuity, creating an ecosystem of competitive suppliers to maintain corporate validity.

Who are they



Natural or legal persons who supply goods or services for the operation of the company.

Our commitment



- Compliance with contractual commitments
- Collaboration to generate mutual benefits with efficiency and competitiveness criteria
- Joint development and strengthening based on transfer of capabilities
- Fulfillment of environmental and social commitments in line with sustainability best practices
- Promotion of sustainability standards.

1. 1 OUR GOAL BY PROMOTING ESGMANAGEMENT WITH SUPPLIERS

Promote the incorporation of the key elements of the 2040 strategy among our suppliers, in order to contribute to the generation of sustainable value.

Contribute to the growth of current businesses, new businesses, and new geographies by improving current schemes and defining new supplier engagement schemes.

Encourage continuous improvement through the incorporation of tools to boost competitiveness among suppliers.



The company's strategic objectives

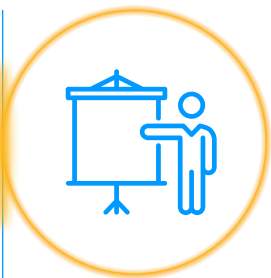
- **Build alliances to improve competitiveness and build capacities**
- **Reduce 11 million tons of CO₂e**

- **Build alliances to improve competitiveness and build capacities**

- **Build alliances to improve competitiveness and build capacities**
- **Reduce 11 million tons of CO₂e**

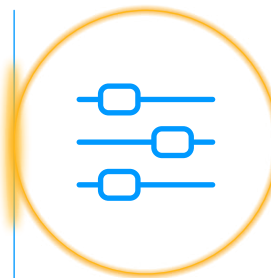
1. 1 STRATEGY AND TACTICS FOR OBJECTIVE ACHIEVEMENT

Objective 1: Promote the incorporation of the key elements of the 2030 strategy among our suppliers, in order to contribute to the generation of sustainable value



STRATEGIES

- Increase capacities among suppliers.
- Incorporate tools to positively impact the environment and mitigate climate change.



TACTICS

- Develop / strengthen suppliers
- Incorporate suppliers into the Conexión Jaguar program
- Build alliances to develop social and environmental programs
- Promote supplier rating on sustainability platforms

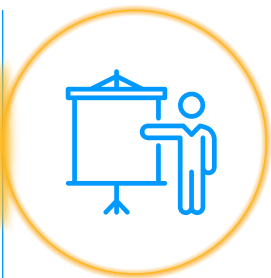


INDICATORS

- Increased capacity / competencies with suppliers
- Reductions of tons of CO₂e (we can reduce and avoid)
- Advancements in Sustainability
- # of qualified suppliers

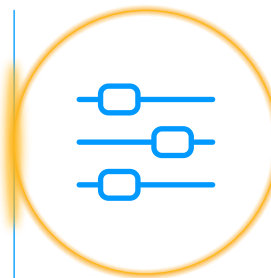
1. 1 STRATEGY AND TACTICS FOR OBJECTIVE ACHIEVEMENT

Objective 2: Contribute to the growth of current businesses, new businesses, and new geographies by improving current schemes and defining new supplier engagement schemes.



STRATEGIES

- Establish different supplier engagement strategies
- Improve competitiveness and build joint capacities
- Encourage the extension of the company with our suppliers



TACTICS

- Transfer of good practices
- Build alliances to improve competitiveness and build capacities

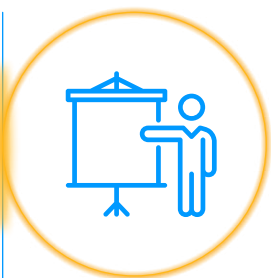


INDICATORS

- # business gained with allies
- Practices transferred (and implemented)

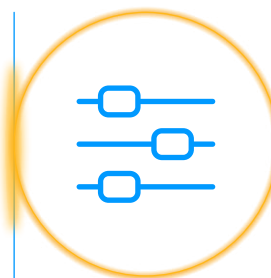
1. 1 STRATEGY AND TACTICS FOR OBJECTIVE ACHIEVEMENT

Objective 3: Encourage continuous improvement through the incorporation of tools to boost competitiveness among suppliers.



STRATEGIES

- Increase capacities among suppliers
- Bring agility and simplicity to processes to enable innovation



TACTICS

- Reciprocal transfer of good practices
- Process digitalization



INDICATORS

- Enhanced capacities – Number of suppliers (strengthened, developed and supported) (one-off intervention)
- % decrease in time spent on activities: # simplified activities
- # of identified gaps vs. # of closed gaps

2. CODES AND GUIDELINES

- 1 Code of Ethics**

Ethics defines the global nature of the organization. It is the main pillar for generating confidence among our stakeholders, as it is identified as the intrinsic characteristic of our administrators and employees.
- 2 Supplier Code of Conduct**

ISA and its companies manage their supply chain based on ethical, human rights, labor, environmental, and anti-corruption criteria in all its operations; its purpose is to create a link between suppliers and its supply chain, thus strengthening the concept of an extended company and strengthening the business ecosystem.
- 3 LAFT (Anti-Money Laundering and Financing of Terrorism) Manual**

This manual establishes the mechanism through which the company must manage the risk events of LA/ FT/ FPADM* for compliance with applicable regulations.

* Prevention of Money Laundering, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction.
- 4 Supplier Evaluation Guide**

This guide defines the criteria and methodology for evaluating the performance of suppliers during procurement, execution, and termination of contracts. In order to call for bids and to award a contract, performance evaluation is taken into account.

*Only available in spanish
- 5 Environmental Policy**

This policy declares the principles that guide environmental management in order to ensure that ISA and its companies' processes and operations are aligned with sustainable development.
- 6 Human Rights Guidelines of ISA and its companies**

ISA is voluntarily committed to achieving ever higher standards of quality and excellence inspired by our corporate values and principles, expressing specific manifestations of human rights.

2.1 Supplier Code of Conduct

“ISA and its companies manage their supply chain based on ethical, human rights, labor, environmental, and anti-corruption criteria in all its operations; its purpose is to create a link between suppliers and its supply chain, thus strengthening the concept of an extended company and strengthening the business ecosystem.”



It defines baseline non-negotiable criteria

Management mechanisms

- Code of Ethics and Conduct
- Anticorruption and Anti-bribery Management Guide
- Human Rights Guidelines of ISA and its companies
- Occupational Health and Safety (OHS) and Environmental Manual)



Labor Conditions and Human Rights



Ethics and Transparency



Environment



Fraud, corruption and bribery prevention



Reporting through the Ethics Line

2.2 Supplier performance evaluation

Key concepts

- **Supplier Performance Evaluation:** it is the result of a detailed analysis of the management of the supplier in the execution of a specific contract.
- **Supplier Performance Note:** weighted rating of the result obtained in the Supplier Performance Evaluation in contracts two years prior to the last evaluation.
- **Supplier Performance Management:** it is the set of activities that comprise the evaluation of the supplier's performance and the implementation of the corresponding improvement plans.
- **Improvement Plan:** it is the set of actions planned by the supplier, based on the evidences of the Performance Evaluation, which will allow it to improve its processes.

Criteria

Quality criteria

- Quality of goods supplied
- Quality of the services provided

Appropriateness Criteria

- Scheduled deadlines
- Scheduled quantities

Management Criteria

- Delivery of start order documents
- Delivery of contract documents
- Personnel who provides the service

OHS Criteria

- Environmental requirements
- Occupational health and safety requirements
- Compliance with the Code of Ethics
- Compliance with the Anti-fraud Code
- Compliance with the Human Rights and Business Guidelines

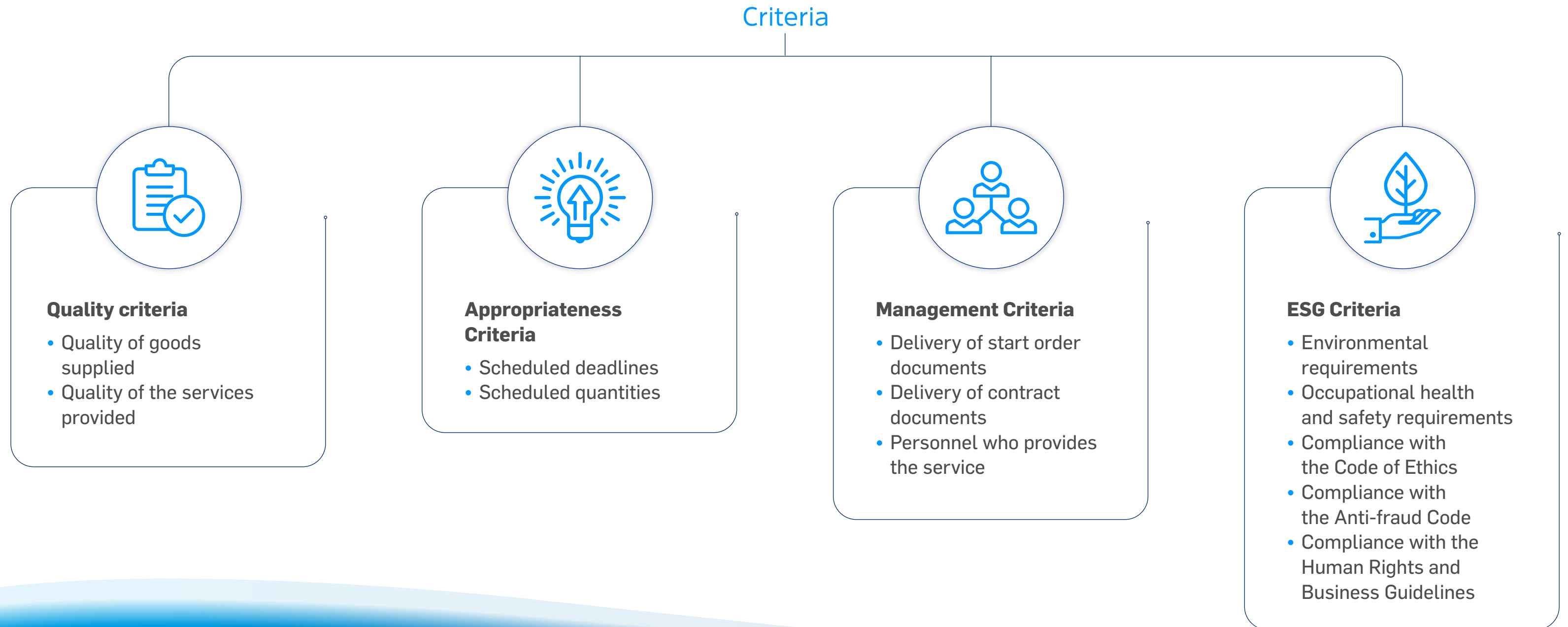
Rating

Each criterion is given a score and the highest rating is 100 points

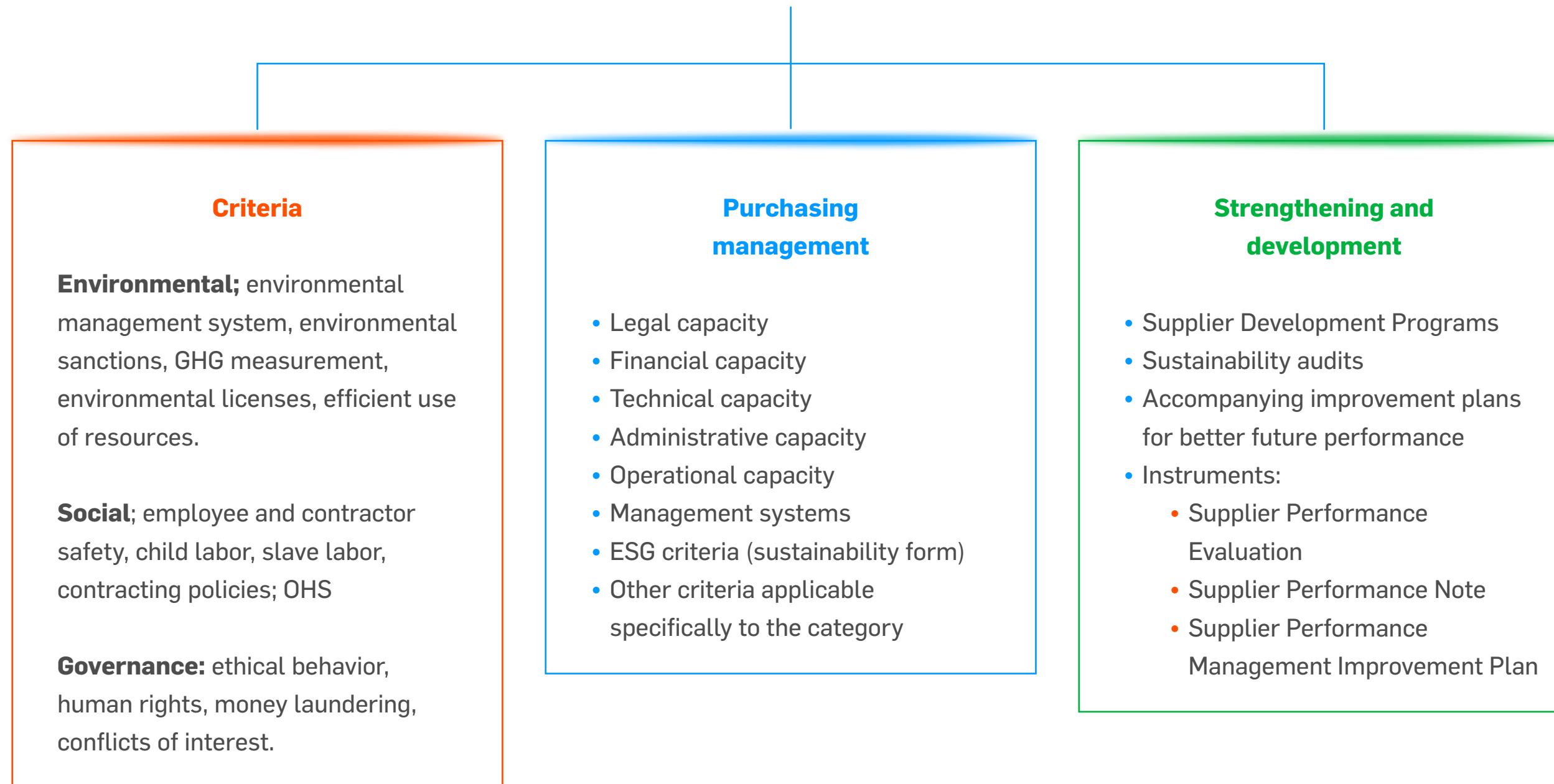
Ethics: There is no weighted value. **If a breach of ethics is found during the execution of the contract, its execution is suspended and it cannot be resumed for 5 years.**



- The maximum score is 100 points.
- **If the score is less than 80 points, the supplier must present an improvement plan to participate in a new contract.**
- If there are breaches of ethics and human rights, the supplier is excluded from future contracts for 5 years



We have ESG tools that allow us to identify the status of the supplier and the opportunities to accompany the company in its ESG management



At ISA and its affiliated companies, we recognize the importance of aligning our procurement practices with the environmental, social, and governance (ESG) principles outlined in our Supplier Code of Conduct.

To uphold this commitment, we continuously review and update our procurement policies and procedures to prevent potential conflicts with these ESG standards.

These internal reviews focus on key areas such as delivery times, payment terms, purchase order modifications, and quality standards. The goal is to identify practices that may hinder suppliers' ability to meet our ESG expectations.

2.3 ESG training

Training for company's buyers on their roles in the supplier ESG program
Procurement Academy

ISA and its companies have a Procurement Academy

Ensure, develop, and strengthen knowledge in procurement and supply chain management to drive operational excellence and position the process as strategic, in alignment with the needs of the various business units.



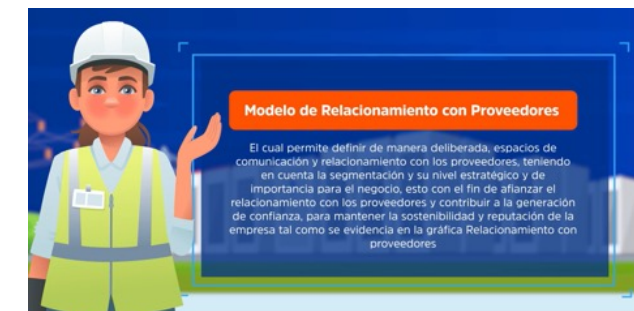
Nuestro propósito || Nosso propósito

Asegurar, desarrollar y fortalecer conocimientos en aprovisionamiento y cadena de suministro, que apunten a una excelencia operacional y posicionamiento del proceso como estratégico, de acuerdo a las necesidades de los diferentes negocios. || Desenvolver e fortalecer os conhecimentos em Compras e na Cadeia de Suprimentos, que direcionem a excelência operacional e posicionamento estratégico do processo, conforme as necessidades dos diferentes negócios.

Explora las formaciones que tenemos disponibles para ti || Explore as formações que temos disponíveis para você

<p>Curso Acuerdo de Contratación</p> <p>Video - 25 minutos - Online</p> <p>SE COMPLETÓ EL 0%</p>	<p>Modelo de Aprovisionamiento para ISA y sus empresas</p> <p>Video - 23 minutos</p> <p>SE COMPLETÓ EL 0%</p>	<p>Modelo de gestión estratégica de proveedores con sostenibilidad</p> <p>SE COMPLETÓ EL 0%</p>	<p>Introducción al proceso de Abastecimiento</p> <p>SE COMPLETÓ EL 0%</p>
--	---	---	---

Mostrar todo



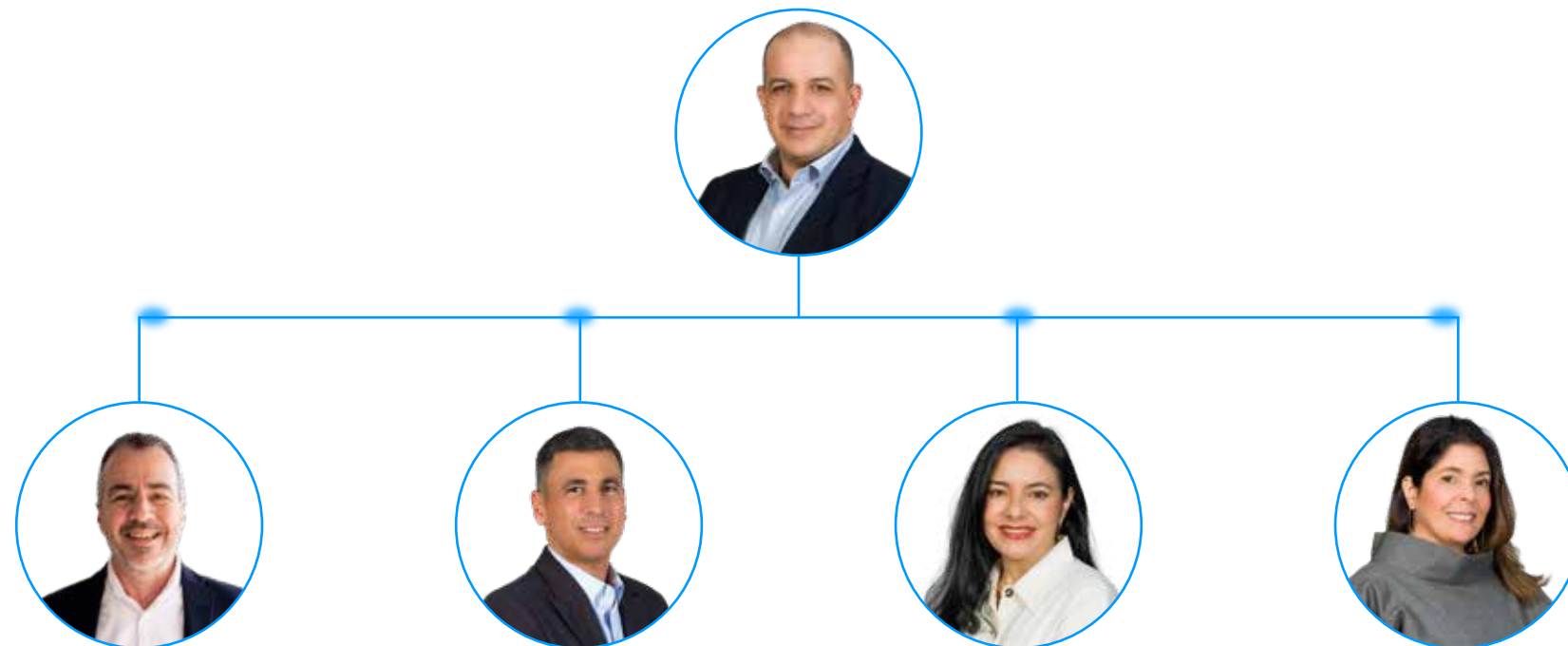
2.4 Oversight supplier ESG program

Administrative Guide Regulating the Procurement Committee

The procurement committee will be composed of the following members of the company:

- CEO
- Chief Energy Transmission Officer
- Chief Corporate Finance Officer
- Chief Strategy Officer
- Chief Legal Officer

The Chief Audit Officer shall attend the meetings with speaking rights.



Committee Responsibilities

- ▶ To analyze and approve strategies for the acquisition of goods and services required by ISA and its affiliated companies.
- ▶ To define the request-for-proposal procedure in accordance with the procurement strategy.
- ▶ To monitor the implementation of approved procurement strategies.
- ▶ To propose improvements to the supply chain processes whenever deemed appropriate

2.4 Oversight supplier ESG program

Comprehensive supplier management for ISA and its companies

Supplier CoE Members



Ángela Ruíz - ISA

Colombia



Beatriz Maldonado
Transelca



Ana Catalina Muñoz
Intercolombia



Juan David Suarez
Intercolombia



Sara Lacera
Internexa



Isabel Cristina Zapata
XM



Catalina Sierra
Centro de servicios



María Isabel Duque
Inteia



Kimberly Maury
Costera



Brasil



Dayane Sousa
ISA Energía Brasil



Perú



Melissa Frisancho
REP



Chile



Ingrid Cubillan
ISA Vías Chile



Joaquin Lobos
ISA Energía Chile

Objective

Optimize the management of ISA and its companies with their suppliers, focusing on achieving strategic objectives to maximize shared value and enhance competitiveness

Specific objectives

- Establish comprehensive supplier management for ISA and its companies
- Implement a standardized supplier model
- Strengthen strategic supplier relationships to enhance business competitiveness
- Gain visibility into supplier performance and manage them based on their strategic relevance to optimize costs, improve processes, and minimize risks

Responsabilities

Define strategic goals

- Ensure goals are SMART (Specific, Measurable, Achievable, Relevant, Time-bound)
- Align goals with strategic objectives

Identify organizational needs

- Gather information from various sources
- Select the most important needs

Manage the portfolio of supplier practices

- Consider supplier needs and characteristics
- Ensure practices are effective and efficient

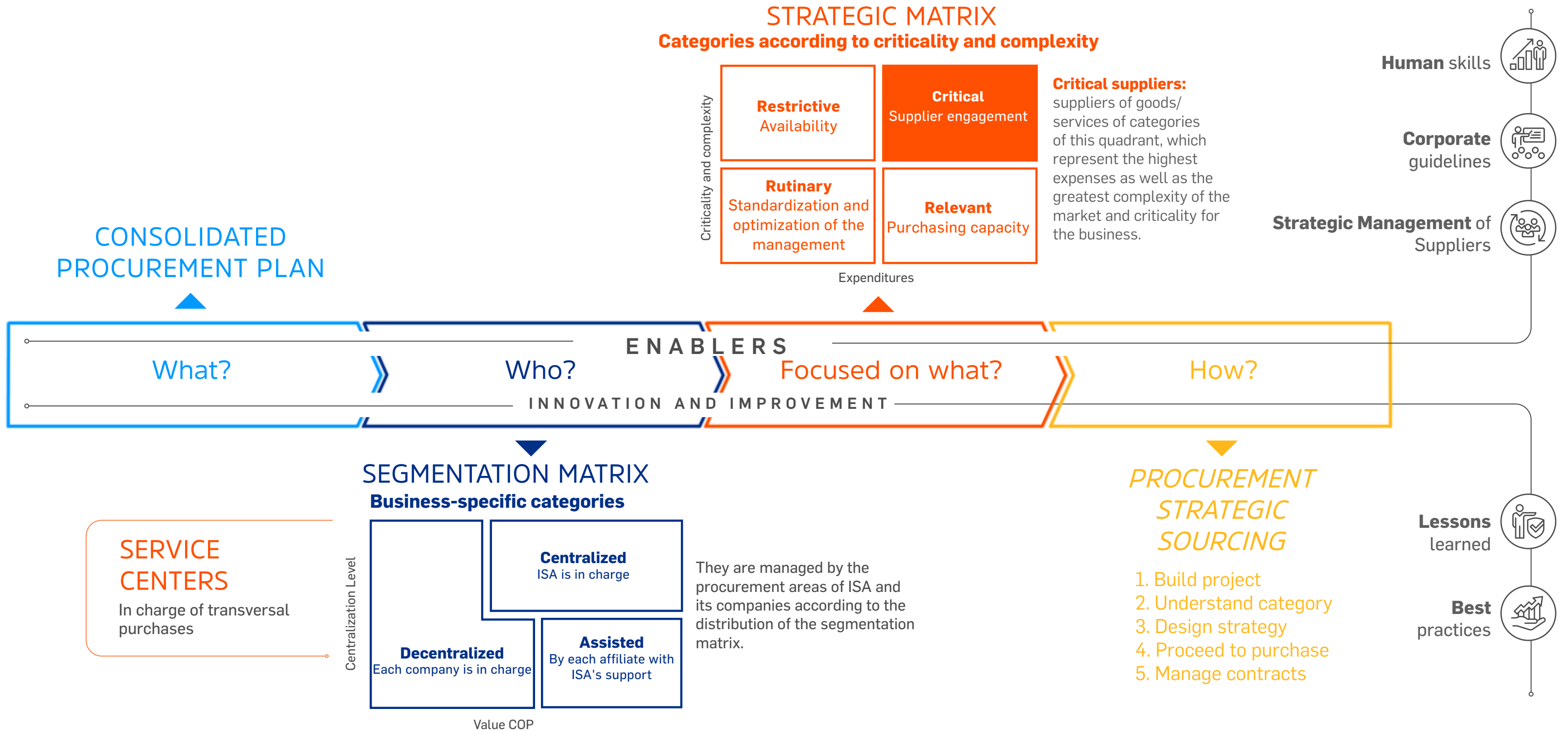
Support the implementation of the practice portfolio

Quantify the results achieved

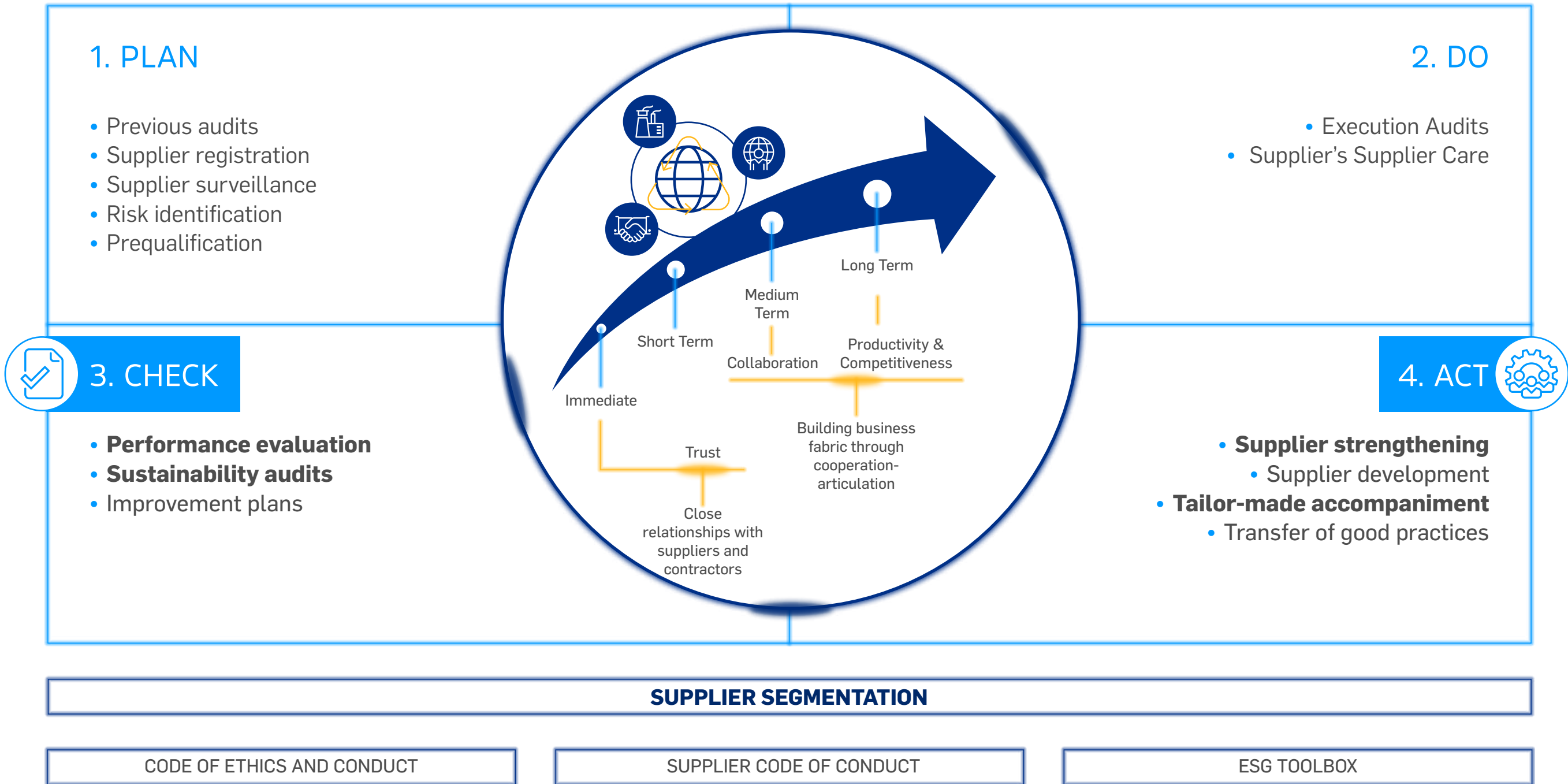
Interaction mechanisms of the Supplier Center of Excellence (CoE)

- Progress on strategic initiatives and supplier engagement needs
- Implementation of the supplier relationship strategy across ISA and its companies
- Monitoring of supplier management projects and KPI dashboard
- Sharing of working group deliverables and lessons learned
- Updates on supplier management team operations

3. PROCUREMENT PROCESS



4. STRATEGIC SUPPLIER MANAGEMENT MODEL



3. CHECK 

3.1 SUSTAINABILITY AUDITS

3.2 PERFORMANCE EVALUATION



- Perform sustainability audits
- Evaluate supplier performance



Prepare results report



Report to ISA if scored < 80 points for gap closing

- The maximum score is 100 points.
- If the score is less than 80 points, the supplier must present an improvement plan to participate in a new contract.
- **If there are breaches of ethics and human rights, the supplier is excluded from future contracts for 5 years**



It is mandatory to prepare a gap closing plan



Perform strengthening and/or accompaniment to close gaps

Conducted by ISA or third party (audits)
Interviews, on-site visit, systems evaluation, documentation review

Supplier

ISA / Consultant

CONTINUOUS IMPROVEMENT PRACTICES WITH SUPPLIERS

Supplier Strengthening:

This is a collaborative business improvement initiative between the COMPANY and key suppliers with active contracts in high-impact categories. Its aim is to strengthen contract management, boost productivity, and generate mutual benefits by addressing issues related to quality, cost, and timeliness—ultimately fostering stronger partnerships and win-win outcomes within the extended enterprise framework.

Targeted Supplier Support:

This practice targets suppliers with active contracts who show improvement opportunities—identified through low evaluation scores (below 80), sustainability audit findings, or ongoing performance enhancement efforts—focusing on closing performance gaps

Supplier Development:

To boost the COMPANY's competitiveness, a structured Supplier Development model is implemented to build capabilities in suppliers with limited or no prior commercial ties. The focus is on those with potential to become strategic partners in high-impact categories, aiming to form exclusive relationships that reduce costs and enhance competitiveness in future proposals.

Sustainability Audits:

These audits use ISA's standardized tool aligned with its sustainability guidelines to guide high-impact suppliers toward compliance. Audit duration varies by company size: approximately 5 hours for companies with fewer than 100 employees, and 8 hours for those with more than 100.

SUSTAINABILITY AUDIT CYCLE

At ISA and its affiliates, supplier management aligns with strategic goals by building a competitive, sustainable, and resilient supply network. Through our sustainability-focused strategic supplier management, we aim to create long-term value. To date, 101 suppliers have been assessed, establishing an ESG maturity baseline. This year, your company will be part of the continued evaluation.

To conduct this assessment, ISA partnered with a certified sustainability auditing firm to develop a tool for evaluating ESG aspects in suppliers. The Sustainability Audit Cycle follows a structured set of steps.

Identification & Prioritization: Suppliers are selected based on strategic relevance, ESG sensitivity, contract duration, and budget.

- Initial & Formal Communication: Invitations are sent via email, followed by a formal letter with audit details.
- Audit Preparation: The auditor coordinates with the supplier to finalize the agenda and logistics.
- Audit Execution: Conducted virtually or in person.
 - ~5 hours for companies with <100 employees
 - ~8 hours for companies with >100 employees
- Audit Report: Includes findings, ESG scores, and identified gaps.
- Gap Closure Plan: Required if the score is below 80.
- ISA assigns a consultant to support the plan.
- Consulting & Resources: Meetings are held to define the plan, and ISA provides an ESG toolbox.
- Monitoring & Follow-Up: The plan is submitted and monitored, with a follow-up audit 1–2 years later to assess progress.

3. CHECK

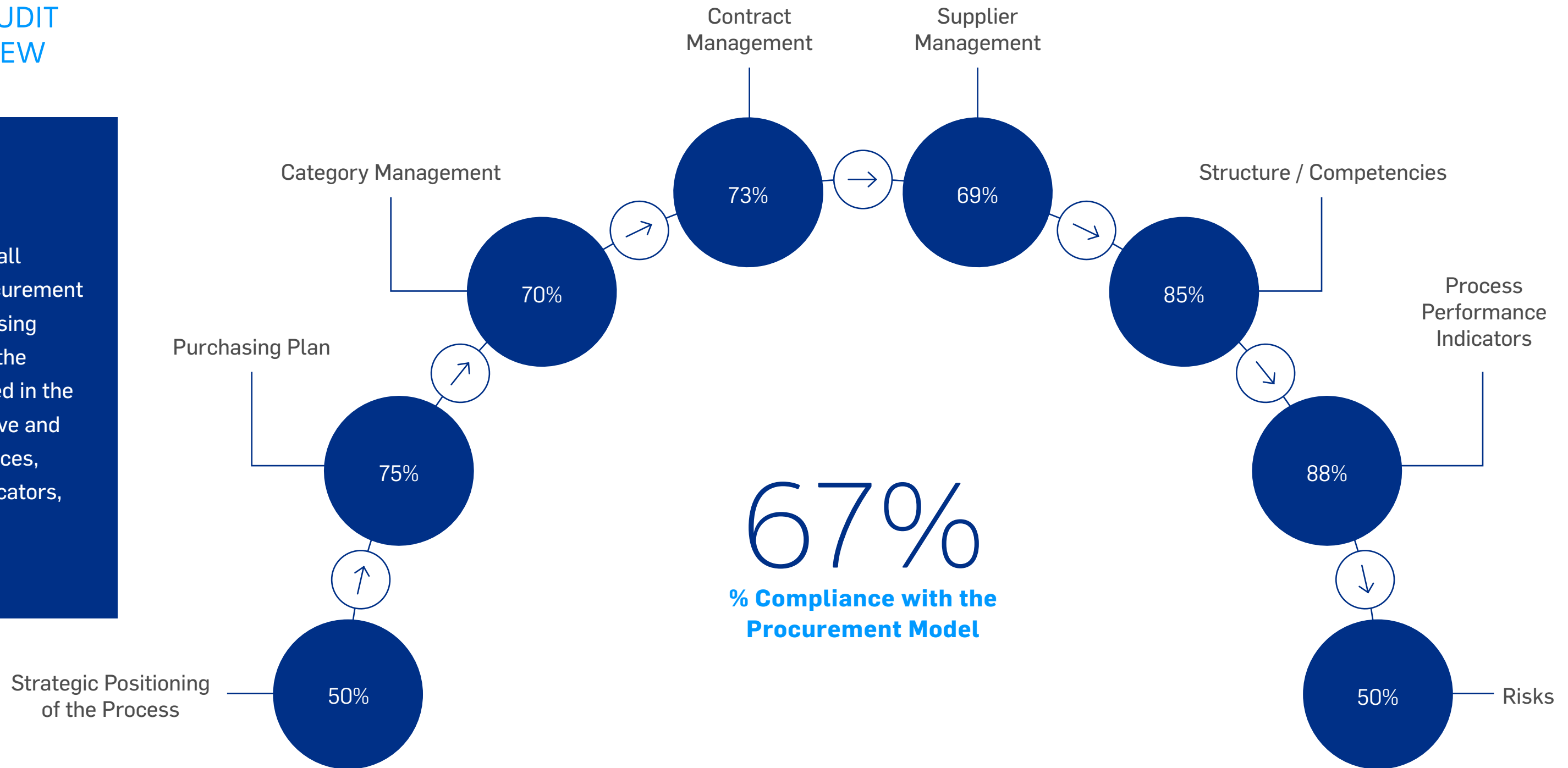


On-site audit process review

3.1 ON-SITE AUDIT PROCESS REVIEW

Objective:

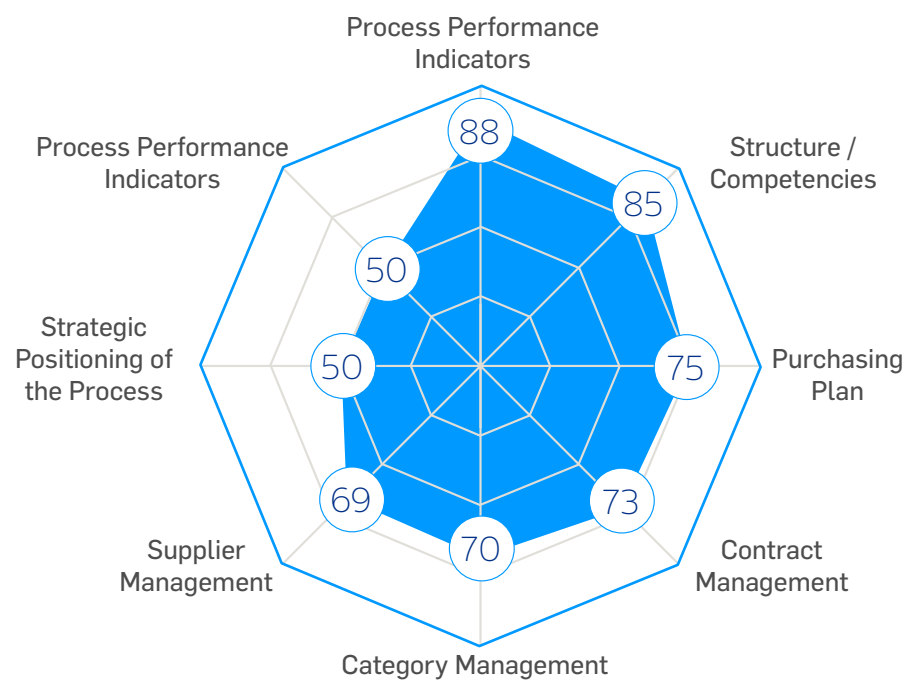
To verify the overall status of the procurement process by assessing compliance with the guidelines outlined in the Corporate Directive and Guide, best practices, performance indicators, and operational procedures



3. CHECK 

3.1 ON-SITE AUDIT PROCESS REVIEW

Category Management 2024

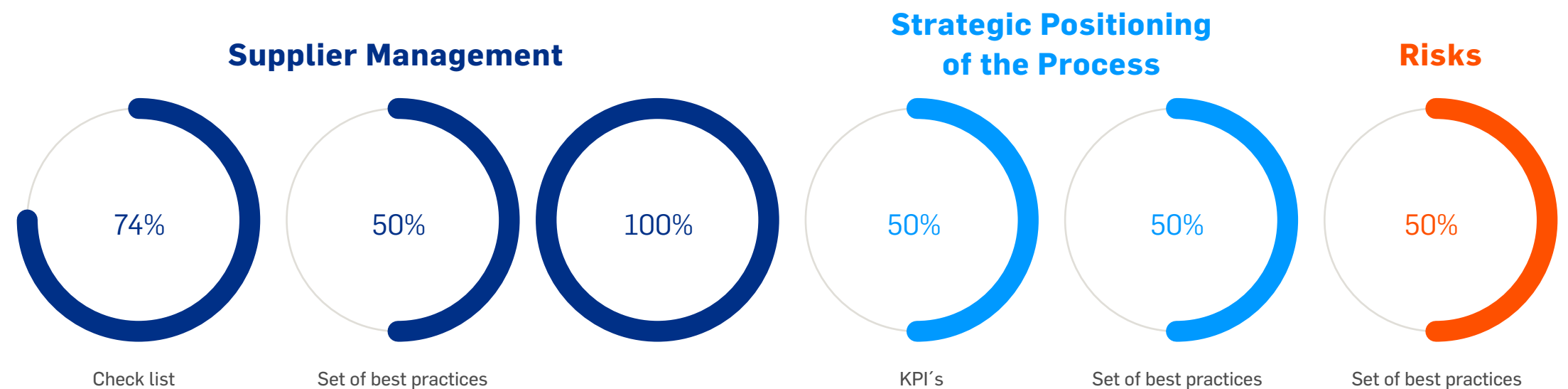


On-site audit process review

Final Considerations

- There is a noticeable improvement in the adoption of the procurement model, with an 11% increase compared to the results obtained in 2024.
- It is necessary to develop an action plan to continue closing existing gaps, foster a more strategic rather than tactical vision of procurement, and achieve greater maturity and positioning of the process within the company.
- Communicating the progress and results of the process at all levels is essential to position procurement as a strategic partner that supports business operations.
- It is also important to continue bridging gaps with other departments and the Shared Services Center so that it is perceived internally as a strategic ally in the procurement process.

Key Gaps



3. CHECK



3.1 SUSTAINABILITY AUDITS

- Perform sustainability audits
- Evaluate supplier performance



Prepare results report



Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps

SUSTAINABILITY SUPPLIER EVALUATION				SUSTAINABILITY SUPPLIER EVALUATION				Score Achieved	Maximum Score	Percentage Reached
SUSTAINABILITY SUPPLIER EVALUATION				SUSTAINABILITY SUPPLIER EVALUATION						
Company evaluated:				Fax:						
Tax ID No.:				Evaluation Date						
Legal Representative:										
Evaluation Representative:										
Address of the Company Evaluated:										
Company email:										
Landline:										
Mobile Phone:										
				WEIGHTING LEVEL						
				1. GOVERNANCE 40%						
				2. ENVIRONMENTAL DIMENSION 40%						
				3. SOCIAL DIMENSION 20%						
Supplier Evaluation	Implementation Level							Score Achieved	Maximum Score	Percentage Reached
	Total Absence	Evidence	Intermediate Implementation	Evidence	Advanced Implementation	Evidence	N/A			
CRITERIA	0		2		5					
2. ENVIRONMENTAL DIMENSION	0		0		0			0	90	0%
2.1. MANAGEMENT SYSTEM	Does your organization have an environmental management system, management plan, or management program, even if not certified?	Applicable If not certified, does it carry out internal audits? This is also requested in in BIC (Collective Benefit and Interest) companies, Decree 2046/2019	No	You have any of the above but they have not been shared with your company		You have any of the above and it has been shared with your company	Mark an option with an x	0	5	#VALUE!
	In the last 5 years, has your organization been sanctioned by an environmental authority or are you currently undergoing sanctioning processes? How do you avoid reputational risks due to sanctions by environmental authorities (if applicable)?	Applicable	You have sanctions and also open proceedings	You have no sanctions but have open proceedings		You have no sanctions and manage risks to avoid environmental sanctions	Mark an option with an x	0	5	#VALUE!
	Does your organization have current and updated environmental licenses and/or authorizations?	Validate	No			Yes	Mark an option with an x	0	5	#VALUE!
	Does your organization have any type of environmental certification, products with seals or eco-labels certified by third parties?	Acknowledgements could be included	No			Yes	Mark an option with an x	0	5	#VALUE!

3 axes of evaluation; Governance, environmental, and social

3. CHECK



3.1 SUSTAINABILITY AUDITS

- Perform sustainability audits
- Evaluate supplier performance



Prepare results report



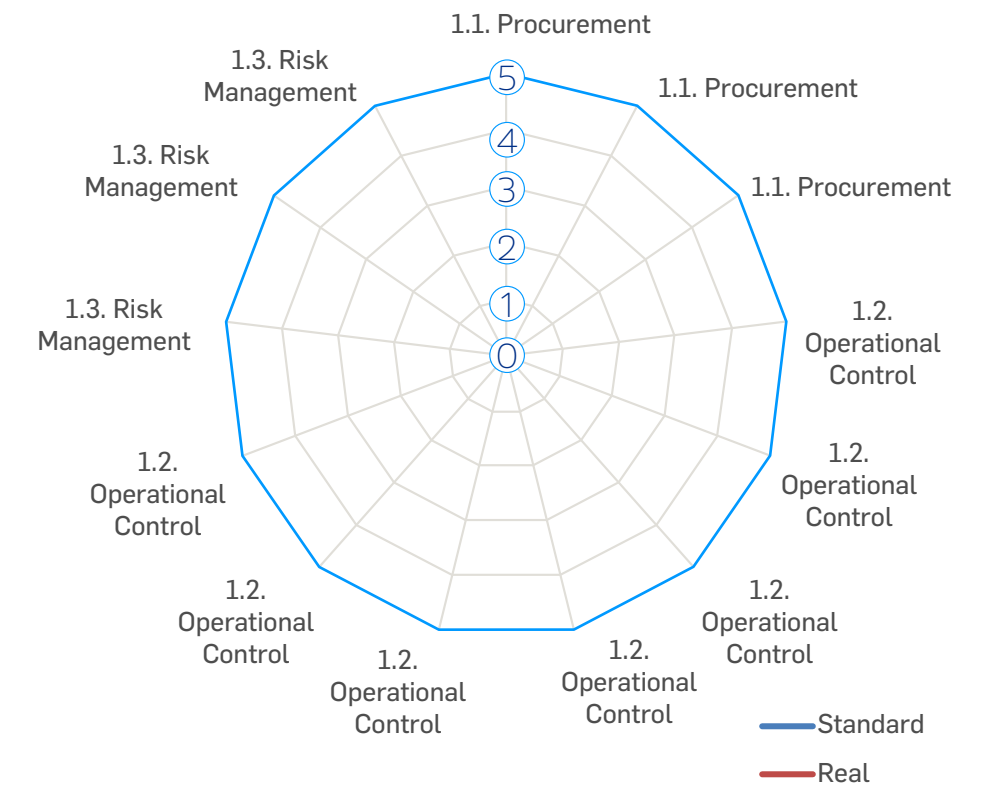
Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps

1. GOVERNANCE

COMPANY EVALUATED	VARIABLE	CRITERION	QUESTION	MAXIMUM SCORE	SCORE ACHIEVED	PERCENTAGE REACHED
0-Jan-00	1. Governance	1.1. Procurement	Does your organization have responsible procurement policies, guidelines or directives (sustainable procurement or similar)?	5	Mark an option with an x	#VALUE!
0-Jan-00	1. Governance	1.1. Procurement	Does your organization include in its policies and/or procedures procurement practices with local suppliers of the place where it executes its projects and activities?	5	Mark an option with an x	#VALUE!
0-Jan-00	1. Governance	1.1. Procurement	Does your organization contribute to the development of local suppliers to strengthen your value chain in the different areas where you execute your projects and activities? And do you include procurement practices in your policies and/or procedures?	5	Mark an option with an x	#VALUE!
0-Jan-00	1. Governance	1.2. Operational Control	Does your organization have a statement or guideline on ethical behavior?	5	Mark an option with an x	#VALUE!
0-Jan-00	1. Governance	1.2. Operational Control	Does your organization have a policy on money laundering, financing of terrorism, fraud, bribery, extortion, and the like?	5	Mark an option with an x	#VALUE!
0-Jan-00	1. Governance	1.2. Operational Control	Does your organization have mechanisms in place to report, prevent or resolve conflicts concerning unethical or illegal behavior, events related to money laundering, financing of terrorism, fraud, extortion, bribery, corruption, among others?	5	Mark an option with an x	#VALUE!



Results by axis:
Governance,
environmental
and social

3. CHECK



3.1 SUSTAINABILITY AUDITS

- Perform sustainability audits
- Evaluate supplier performance



Prepare results report



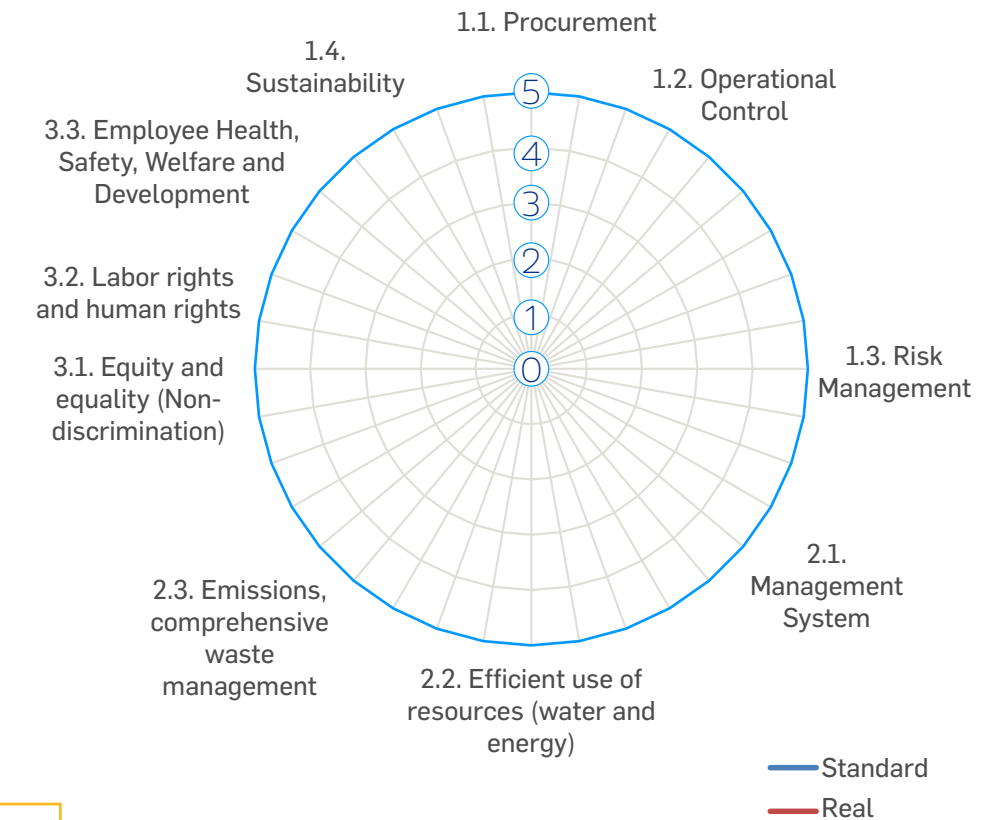
Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps

(WITHOUT ORGANIZING FORMULAS) GENERAL CONSOLIDATION OF COMPANIES

COMPANY EVALUATED	VARIABLE	CRITERION	QUESTION	MAXIMUM SCORE	SCORE ACHIEVED	PERCENTAGE REACHED
0-Jan-00	1. Governance	1.1. Procurement	Does your organization have responsible procurement policies, guidelines or directives (sustainable procurement or similar)?	Mark an option with an x	5	#VALUE!
0-Jan-00	1. Governance		Does your organization include in its policies and/or procedures procurement practices with local suppliers of the place where it executes its projects and activities?	Mark an option with an x	5	#VALUE!
0-Jan-00	1. Governance		Does your organization contribute to the development of local suppliers to strengthen your value chain in the different areas where you execute your projects and activities? And do you include procurement practices in your policies and/or procedures?	Mark an option with an x	5	#VALUE!
0-Jan-00	1. Governance	1.2. Operational Control	Does your organization have a statement or guideline on ethical behavior?	Mark an option with an x	5	#VALUE!
0-Jan-00	1. Governance		Does your organization have a policy on money laundering, financing of terrorism, fraud, bribery, extortion, and the like?	Mark an option with an x	5	#VALUE!



Overall Results

3. CHECK



3.1 SUSTAINABILITY AUDITS

- Perform sustainability audits
- Evaluate supplier performance



Prepare results report



Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps

IMPLEMENTATION PLAN – AP – SUSTAINABILITY AUDITS									
COMPANY	INTERCOLOMBIA	Supplier A	PROJECT COORDINATOR:	DATE: 20/10/2021					
VARIABLE	RECOMMENDATION/ACTION	TASK	RESPONSIBLE PERSON	EXECUTION TIMEFRAME					
				OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Does your organization have responsible procurement policies, guidelines or directives (sustainable procurement or similar)?	Strengthen the procurement and supply procedure with activities and actions aimed at complying with the criteria of the GTC-ISO 20400 guide on Sustainable Procurement.	Make reference to the ISO 20400 standard							
		Identify aspects to include within the current procedure							
		Make adjustments to current procedure							
		Implement new procedure							
Does your organization have a documented procedure for addressing and resolving complaints, claims, requests, warranties, and returns?	Document the procedure for addressing and resolving complaints, claims, requests, warranties, and returns, in such a way as to allow for follow-up, monitoring, control and closure of the PQRS submitted.								
Does your organization include ethical, social, environmental, human rights and/or health and safety criteria in its policies and/or procedures, procurement, sales and contracting practices?	To have a risk management mechanism or system to guarantee the safety and protection of the company's assets and personnel: financial, operational, occupational and socio-environmental, ensuring the definition of controls and mechanisms in order to prevent and monitor risks.	Select business risk analysis methodology							
		Identify and assess risks							
		Identify controls							
		Establish controls implementation plan							
Does your organization categorize its suppliers and define them by criticality according to a previous definition?	Document supplier categorization and pre-definition.	Make reference to categorization methodologies							
		Perform supplier categorization							
		Document methodology							
Does your organization include ethical, social, environmental, human rights and/or health and safety criteria in its policies and/or procedures, procurement, sales and contracting practices?	Integrate ethical and human rights criteria into policies and/or procedures, procurement, sales and contracting practices.	Make reference to ISA / Intercolombia policies, Practices and Procedures including Ethical and Human Rights Criteria							
		Include ethical and human rights criteria							
Does your organization have a Corporate Governance Code regulating the structure of the organization, its governance, the composition of the board of directors, the board of directors, the shareholders, the information provided to them, how decisions are made, confidentiality, and data protection?	Create a Corporate Governance Code that regulates the structure of the organization, its governance, the composition of the board of directors, the board of directors, the shareholders, the information provided to them, how decisions are made, confidentiality, and data protection.	Build a Corporate Governance Code							
		Validation and approval by shareholders							
		Legalize the Corporate Governance Code							
What accountability mechanisms does your organization have in place to report to its stakeholders?	Consider the option of improving the current accountability mechanisms to include sustainability reports under methodologies such as GRI or IIRC, so that they can be verified and assured by an external entity that provides reliability and trustworthiness to the non-financial information presented to all stakeholders.	Make reference to GRI or IIRC methodology							
		Accountability mechanisms							
		Prepare first Report of Accountability to Stakeholders							

The audited company receives from the auditing company the result by dimension and by variable. In each of the quadrants / variables, indicate the aspects to be improved if required.

If the result is < 80 points, the supplier shall set up a gap closure plan, which is available in the specific accompaniment program to help establish the plan, initiate the gap closure activities and follow up the implementation in the early stages. ISA monitors the execution of the plan.

3. CHECK



3.1 SUSTAINABILITY AUDITS

- Perform sustainability audits
- Evaluate supplier performance



Prepare results report

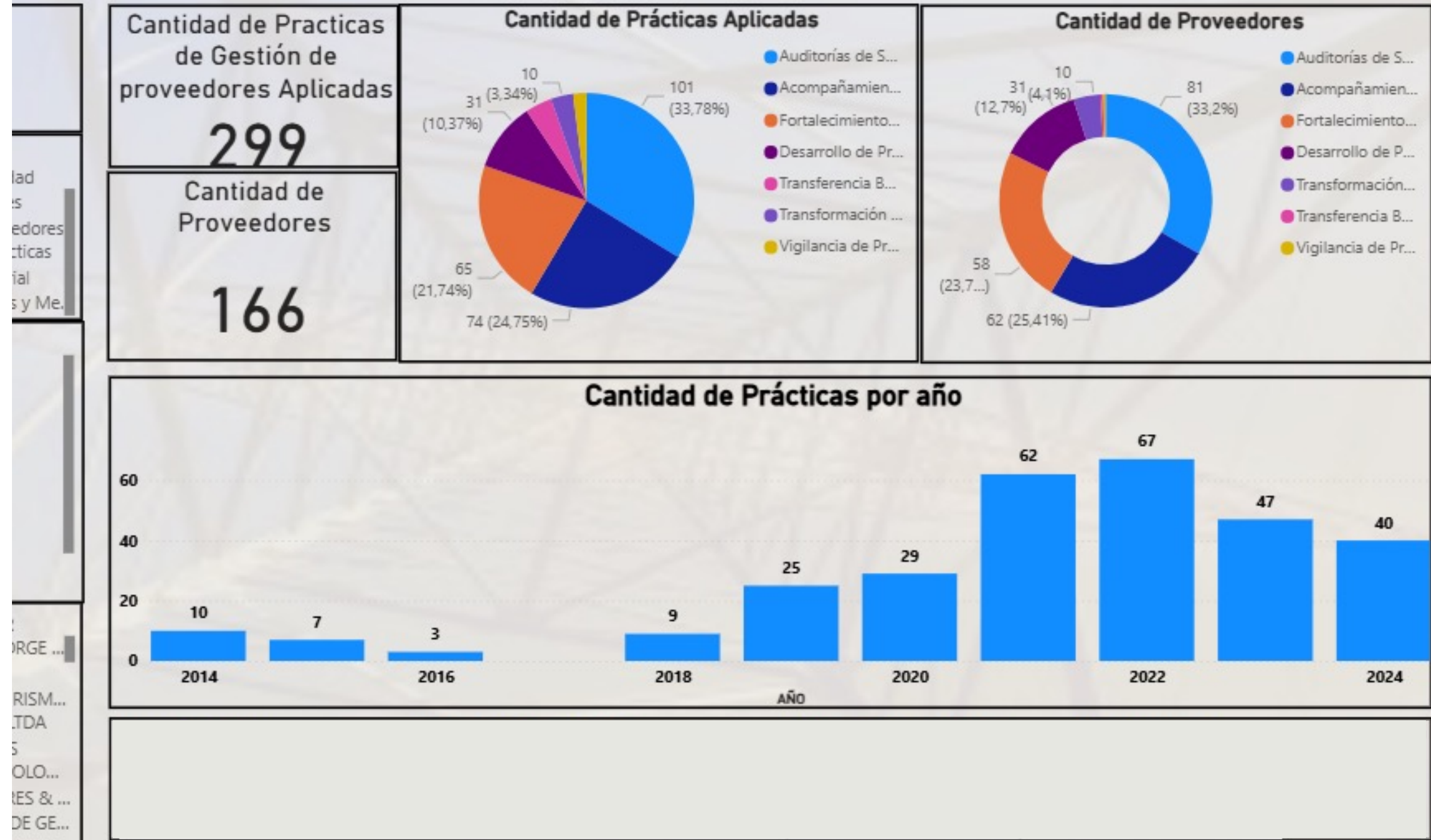


Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps

Aplicación Prácticas de Gestión de Proveedores con Sostenibilidad



ESG criteria

Environmental

- Management system
- Efficient use of water and energy
- Emissions
- Waste management

Social

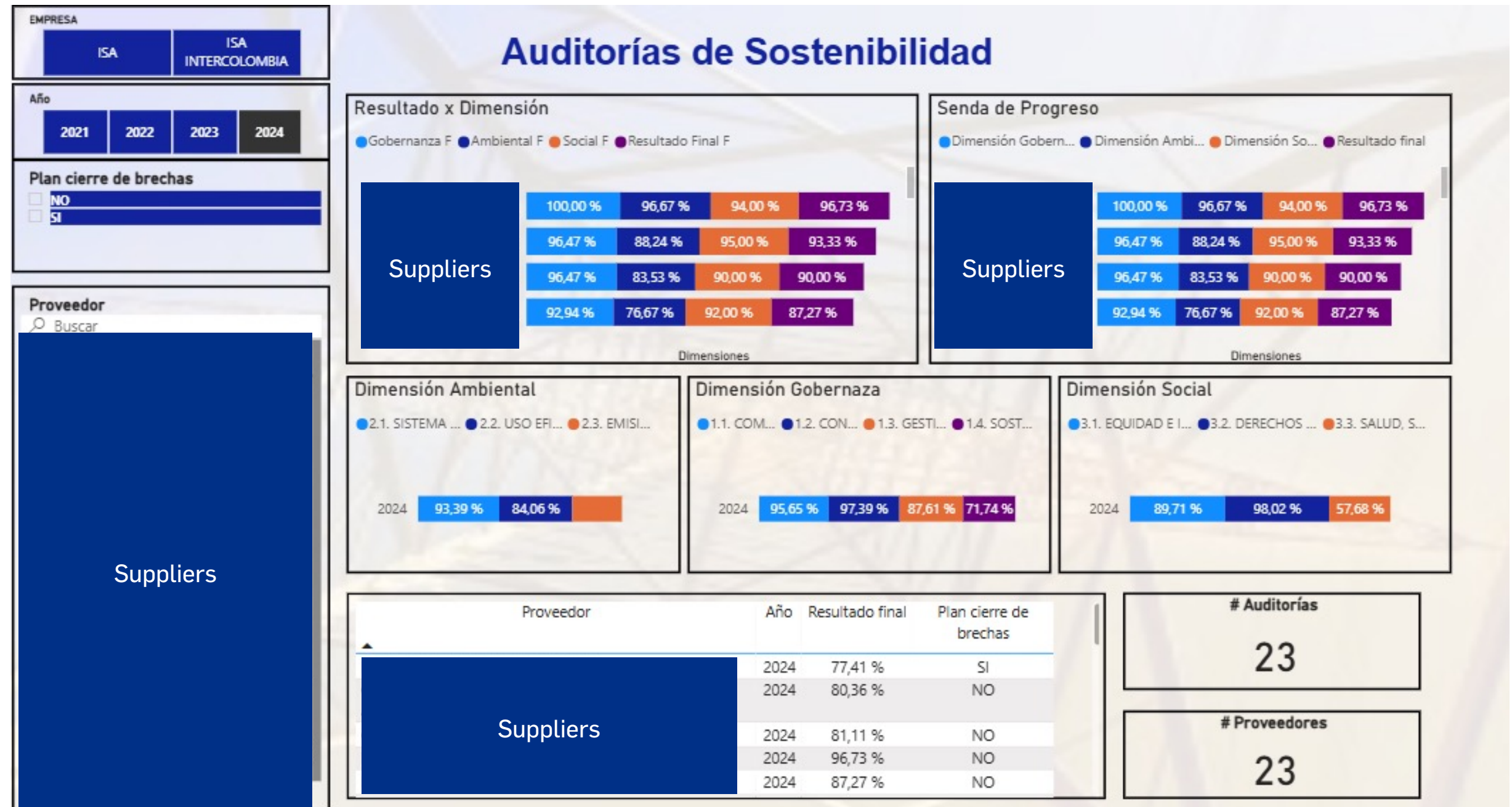
- Equality, non-discrimination, diversity
- Labor rights
- Human rights
- OHS
- Worker welfare

Governance

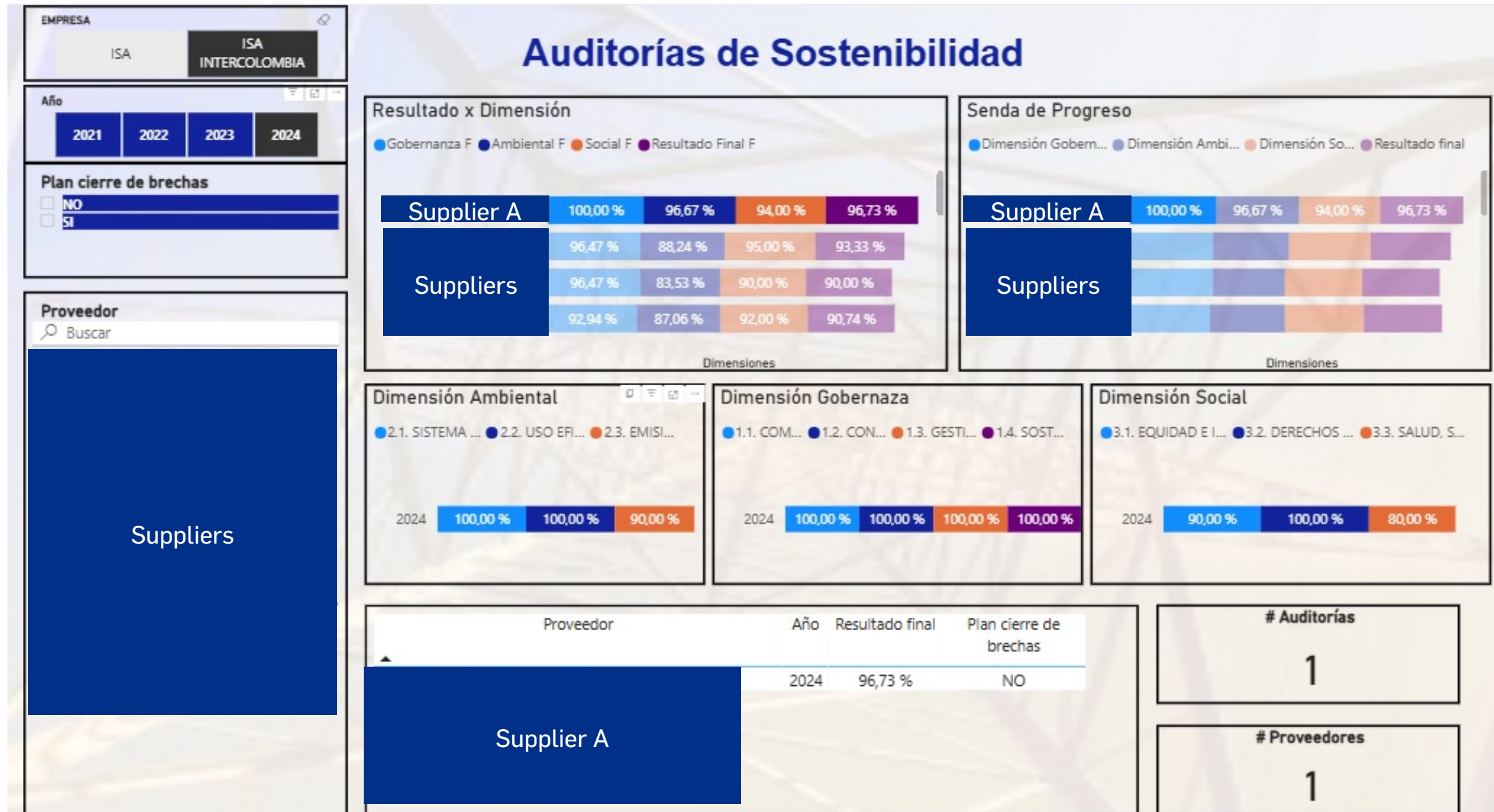
- Comparison Management
- Operational control
- Risk management
- Sustainability management

Suppliers who receive a score below 80 points are required to submit an improvement plan.

Sustainability audits



Sustainability audits



For each evaluated supplier, it is possible to consult the overall results, progress level, environmental, governance, and social performance. Additionally, the overall audit outcome can be reviewed, along with whether the supplier is required to submit an improvement plan

Suppliers who receive a score below 80 points are required to submit an improvement plan.

In order to participate in future bidding processes, the improvement plan must be submitted to assess the closure of identified gaps.

 4. ACT

4.1 STRENGTHENING AND SUPPORT TAILORED TO SUPPLIERS

- Perform sustainability audits
- Evaluate supplier performance



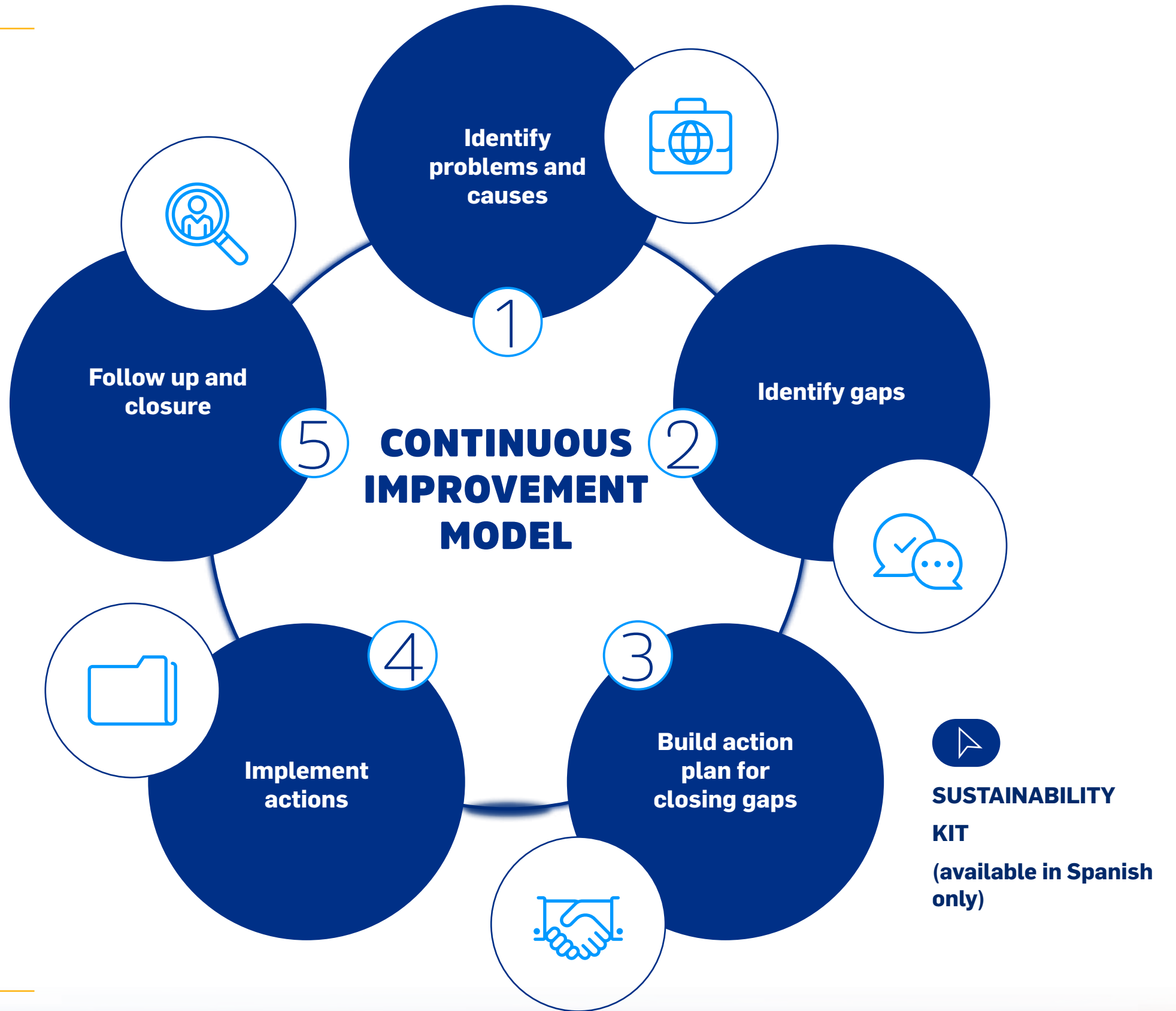
Prepare results report



Report to ISA if scored < 80 points for gap closing



Perform strengthening and/or accompaniment to close gaps



The due diligence ESG matrix : Sustainability form

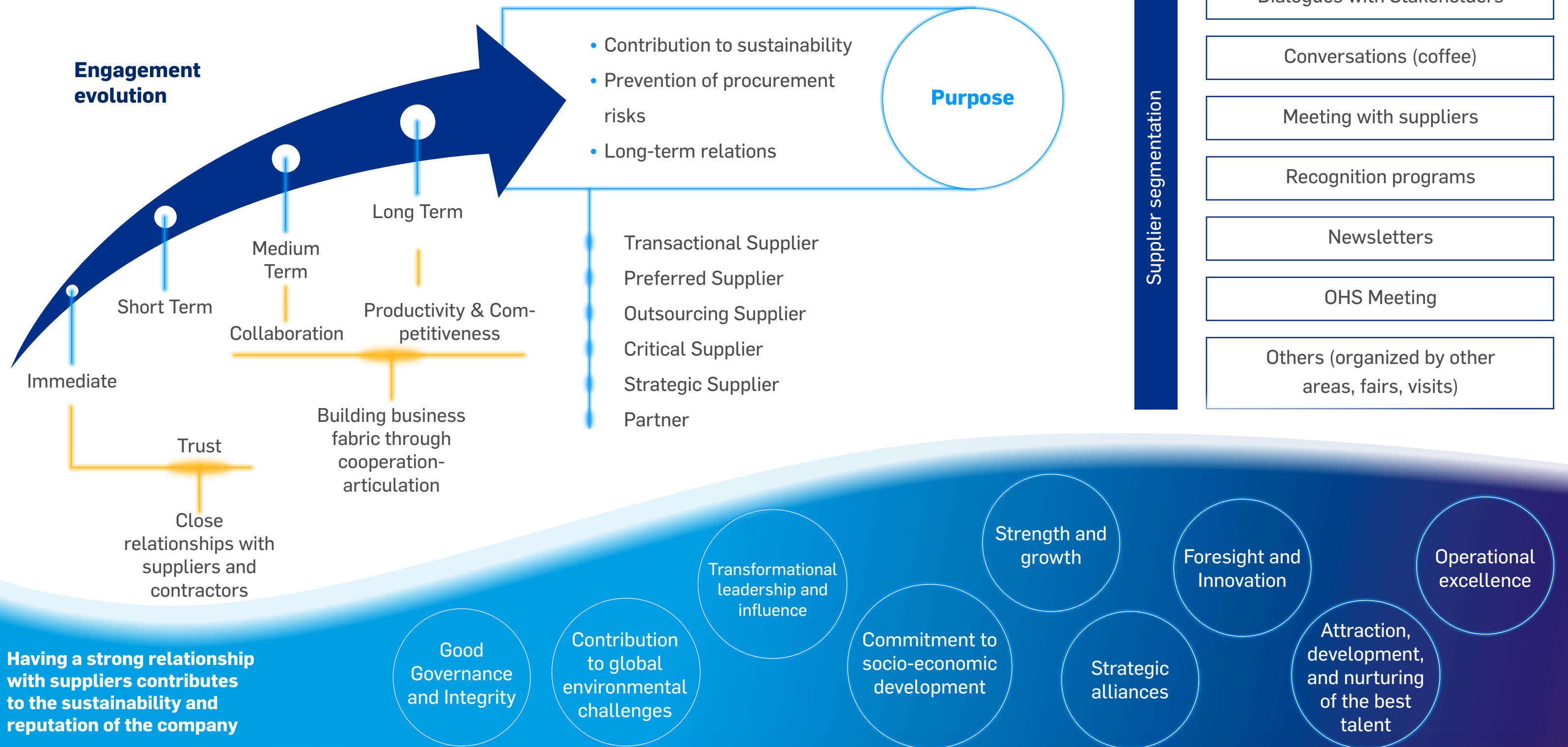
Gap closure plan

	LOW	MED	HIGH
System for receiving and addressing complaints and claims	Green	Yellow	Red
The company have a documented statement, guideline, or policy on ethical	Green	Yellow	Red
Measures to prevent fraud and money laundering	Green	Yellow	Red
Mechanisms in place to prevent or address conflicts of organization-wide	Green	Yellow	Red
Risk Management mechanism to guarantee the safety and security of company's assets and personnel	Green	Yellow	Red
Salaries of personnel equal to or above the limits established in labor regulations	Green	Yellow	Red
Practices in place to prevent child labor	Green	Yellow	Red
Practices in place to prevent forced labor	Green	Yellow	Red
Local labor for projects or activities	Green	Yellow	Red
Mechanisms in place to disclose bribery or extortion	Green	Yellow	Red
Equal opportunities for all employees, without any discrimination	Green	Yellow	Red
The company have a union or other form of association for employees	Green	Yellow	Red
Work climate programs or studies	Green	Yellow	Red
Safe and healthy working conditions for all its employees	Green	Yellow	Red
Environmental management policy/management system	Green	Yellow	Red
Fines or sanctioned for non-compliance with environmental obligations	Green	Yellow	Red
Greenhouse gas emissions	Green	Yellow	Red
Programs in place for the efficient use of natural resources	Green	Yellow	Red
Waste reuse and recycling programs	Green	Yellow	Red
Occupational Health and Safety Management System/program	Green	Yellow	Red
Occupational Health and Safety objectives and policies	Green	Yellow	Red
Levels of absenteeism and work accidents	Green	Yellow	Red

Risk exposure



SUPPLIER ENGAGEMENT



5. 1 PRESELECTION AND SELECTION

REGISTRATION AND PREQUALIFICATION

This is the process of entering our suppliers as potential suppliers to be invited to submit bids. In this step, they must fill out the sustainability form, which is used to verify twenty-nine (29) items, including labor, occupational health and safety, the use of minors in their operations, measurement of GHG inventory, among others. The pre-qualification process also checks legal capacity, financial capacity, technical capacity, administrative capacity, operational capacity, management systems and other specifics according to the category for which the company is being prequalified.

During sourcing, in the UNDERSTANDING stage, analyses are performed to understand the category, define the cost base, establish the baseline, and understand market dynamics and risks by means of DOFA analysis, supplier surveillance, and the structure-performance model, which analyzes aspects such as: changes in policies, local and international regulations, economic aspects of demand, country risk, risks in the sector, commodity volatility, exchange risk, among others.



SELECTION OF SUPPLIERS

The criteria depend on the strategy defined for each of the categories of goods/services and are indicated in each of the requests for bids.

To evaluate the bids, the first step is to verify compliance with the participation requirements; then the technical evaluation is performed and if the score is equal to or higher than that established in the process according to the category, the economic qualification is the next step. Failure to comply with any of the participation requirements is grounds for rejection of the bid.

The participation requirements of the most significant categories within the energy transmission service are shown below:

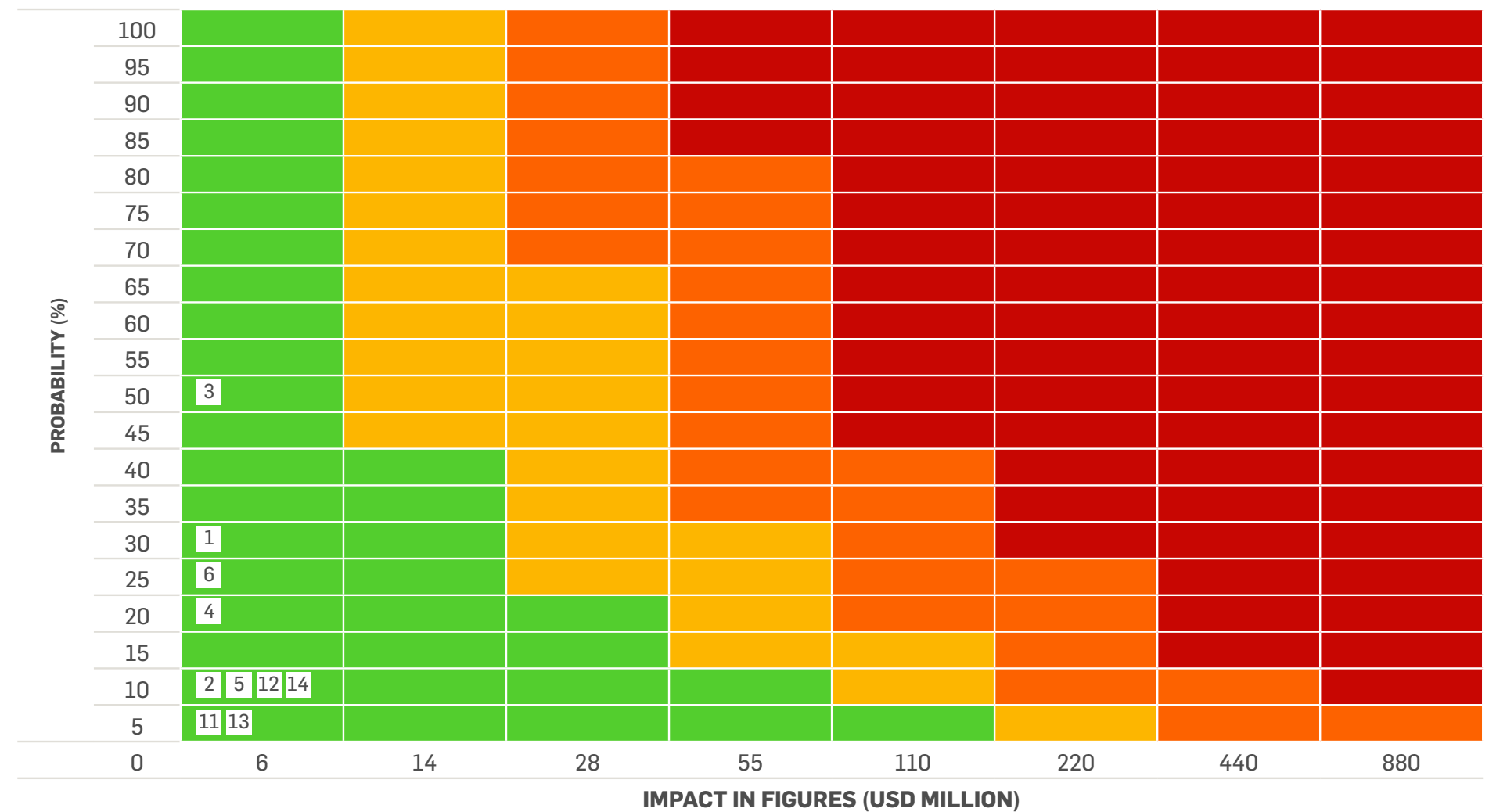
- Active supplier registration in the platform defined by the company
- Be prequalified as supplier
- Achieve a score equal to or higher than 90% in the self-evaluation of the minimum occupational health and safety standards in the supplier registration system
- Not being included in OFAC and UN lists
- Performance evaluation scoring more than 60 points to invite bids and 80 points minimum to award bids

- Not being rated 0 points for violations of the Code of Ethics and Conduct in ISA during the last 5 years

In the categories with the greatest business impact and market criticality, in accordance with the strategic procurement matrix, 5 additional points are awarded in the evaluation of bids for meeting the diversity and inclusion requirement.

RISKS

Currently, 10 risks have been identified in the procurement process, all of them classified as low impact



6. SUPPLIER MONITORING

Prequalification of suppliers



Minimum criteria verified for preselection

- Legal capacity
- Financial capacity
- Technical capacity
- Administrative capacity
- Operational capacity
- Management systems
- Other criteria applicable specifically to the category

CONSOLIDATED PROCUREMENT PLAN



STRATEGIC MATRIX

Categories according to criticality and complexity

Criticality and complexity	Restrictive Availability	Critical Supplier engagement
	Rutinary Standardization and optimization of the management	Relevant Purchasing capacity

Expenditures

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.

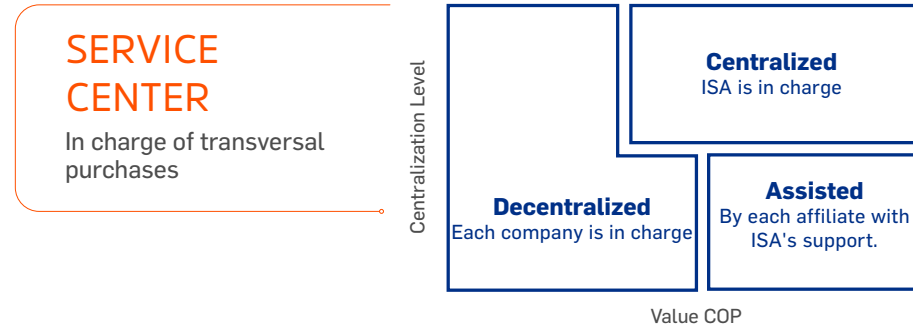
Strategic Management of Suppliers

Human skills

Corporate guidelines

SEGMENTATION MATRIX

Business-specific categories



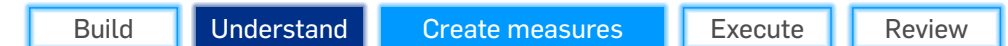
They are managed by the procurement areas of ISA and its companies according to the distribution of the segmentation matrix.

STRATEGIC PROCUREMENT SOURCING

1. Build project
2. Understand category
3. Design strategy
4. Proceed to purchase
5. Manage contracts

Lessons learned

Best practices



360-Degree Supplier Monitoring System



Sistema de Monitoreo de Proveedores 360 Información General del Proveedor

Volver a Inicio
País: Colombia
Proveedor: Suppliers

Descripción de la empresa: Suppliers. The company manufactures and supplies optical fibers, fiber optic cables, copper telecom cables, structured data cables, and ADSL2+ modems. Sterlite Technologies also engages in the manufacture and supply of power transmission conductors, and aluminum and alloy rods. In addition, the company offers telecom integration and managed services. Sterlite Technologies Limited was formerly known as Sterlite Optical Technologies Limited and changed its name in 2007 and is based in Dadra & Nagar Haveli.

Información de la empresa: Suppliers

Productos Principales: Cable Optical Fibre, Optical Fibre, Copper Telecom Cable, Broadband Access Networks, Power Transmission Equipment

Actividades Principales: TMT(10), Tecnología(10.3), Fabricación de hardware informático(10.3.2), Semiconductor and other electronic component manufacturing(10.3.2.2), Fabricación de Conectores Electrónicos(334417)

Subsidiarias: Suppliers

Accionistas: Suppliers

País: Todas
 Proveedor: Supplier

Puntuación General: A 1.36 (Risco Baixo)

Operacional: 30% (95.11)

SST: 0% (Nota SST: Fornecedor de Bens - Critério não avaliado)

Financeiro: 35% (Análise de Risco Financeiro: 12/08/2024)

Contratos: 1% (Gasto/Receita)

Legal/Compliance: 5% (Due Diligence)

Documentação: 10% (31/12/2023)

ESG: 5% (Resultado Questionário: 92)

Sinais Indiretos: 0 (Queixas da comunidade)

Botão: ENVIAR NOVO REPORTE Formulário

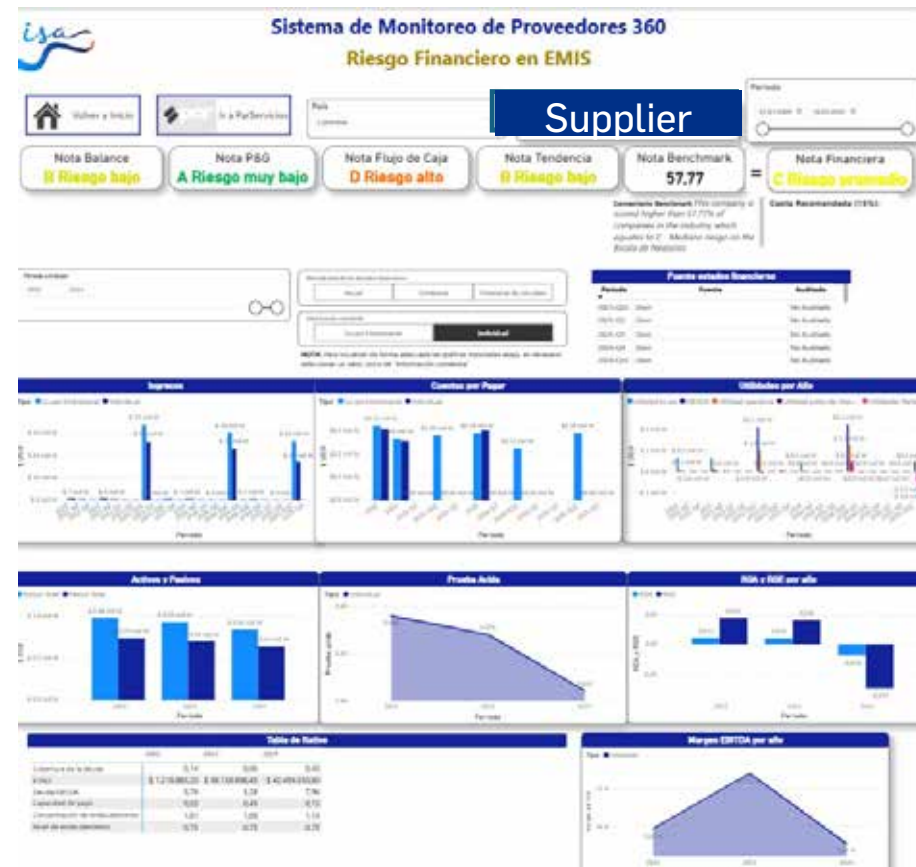
This monitoring allows the Company to obtain information about:

- Company Information
- Main Products
- Core Activities
- Shareholders
- Subsidiaries

360-Degree Supplier Monitoring System

The tool enables the monitoring of performance and risk assessment in the following areas:

- Operational
- OHS (Occupational Health and Safety), Financial
- Contracts
- Legal/Compliance
- ESG
- Documentation
- News
- Customer Feedback (PQRs)



Proveedor	Operacional	Financiero	Legal	Segurança	Documentação	Ética	ESG	Score Consolidado	Resultado	Risco
	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.0	A	Risco Baixo
	1.0	1.0	1.5	1.0	1.0	1.0	2.1	1.2	A	Risco Baixo
	1.0	1.5	1.0	1.0	1.0	1.0	2.2	1.2	A	Risco Baixo
	1.0	1.5	1.0	1.0	1.0	1.0	1.8	1.3	A	Risco Baixo
	1.0	1.5	1.0	1.0	1.0	1.0	1.8	1.3	A	Risco Baixo
	1.0	2.0	1.0	1.0	1.0	1.0	1.2	1.4	A	Risco Baixo
	1.0	2.0	1.0	1.0	1.0	1.0	1.4	1.4	A	Risco Baixo
	1.0	2.0	1.0	1.0	1.0	1.0	1.4	1.4	A	Risco Baixo
	1.0	2.0	1.0	1.0	1.0	1.0	1.1	1.4	A	Risco Baixo
	1.0	2.0	1.0	1.0	2.0	1.0	1.0	1.5	A	Risco Baixo
	2.0	1.5	1.5	1.0	1.0	1.0	1.6	1.5	A	Risco Baixo
	1.0	2.5	1.0	1.0	1.0	1.0	1.1	1.5	A	Risco Baixo
	1.0	2.5	1.0	1.0	1.0	1.0	1.6	1.6	A	Risco Baixo
	2.0	1.5	1.5	1.0	1.0	1.0	2.4	1.6	A	Risco Baixo
	2.0	1.5	1.5	1.0	1.0	1.0	2.4	1.6	A	Risco Baixo
	1.0	2.5	1.0	1.0	1.0	1.0	2.3	1.6	A	Risco Baixo
	1.0	2.5	1.0	1.0	1.5	1.0	1.4	1.6	A	Risco Baixo
	1.0	2.5	1.5	1.0	1.0	1.0	2.3	1.7	BB	Risco Moderado
	1.0	2.5	1.5	1.0	1.5	1.0	2.0	1.7	BB	Risco Moderado
	2.0	2.0	1.5	2.0	1.0	1.0	1.6	1.8	BB	Risco Moderado
	2.0	2.0	1.0	1.0	1.0	1.0	1.6	2.0	BB	Risco Moderado
	1.0	2.0	1.0	1.0	1.0	1.0	1.1	2.1	BB	Risco Moderado
	1.0	2.5	1.0	1.0	1.5	1.0	1.4	2.1	BB	Risco Moderado
	2.0	2.0	1.0	1.0	1.0	1.0	1.4	2.2	BB	Risco Moderado

The 360° monitoring approach enables the Company to assess the supplier's performance across all ESG dimensions. This comprehensive view facilitates effective oversight and the identification of improvement areas, aligning supplier performance with current expectations and informing future performance evaluations.

Examples of ESG dimensions include:

Environmental: energy consumption, greenhouse gas emissions, waste management, water usage, and environmental compliance.

Social: labor practices, workplace safety, diversity and inclusion, community engagement, and human rights.

Governance: business ethics, anti-corruption policies, transparency, regulatory compliance, and board structure.

7.1 COMPREHENSIVE RISK MANAGEMENT Risk types and categories

They allow risks to be associated with common issues and are applicable to all companies. Both the typology and the categories make it possible to conduct specific analyses and to produce executive reports and correlations.

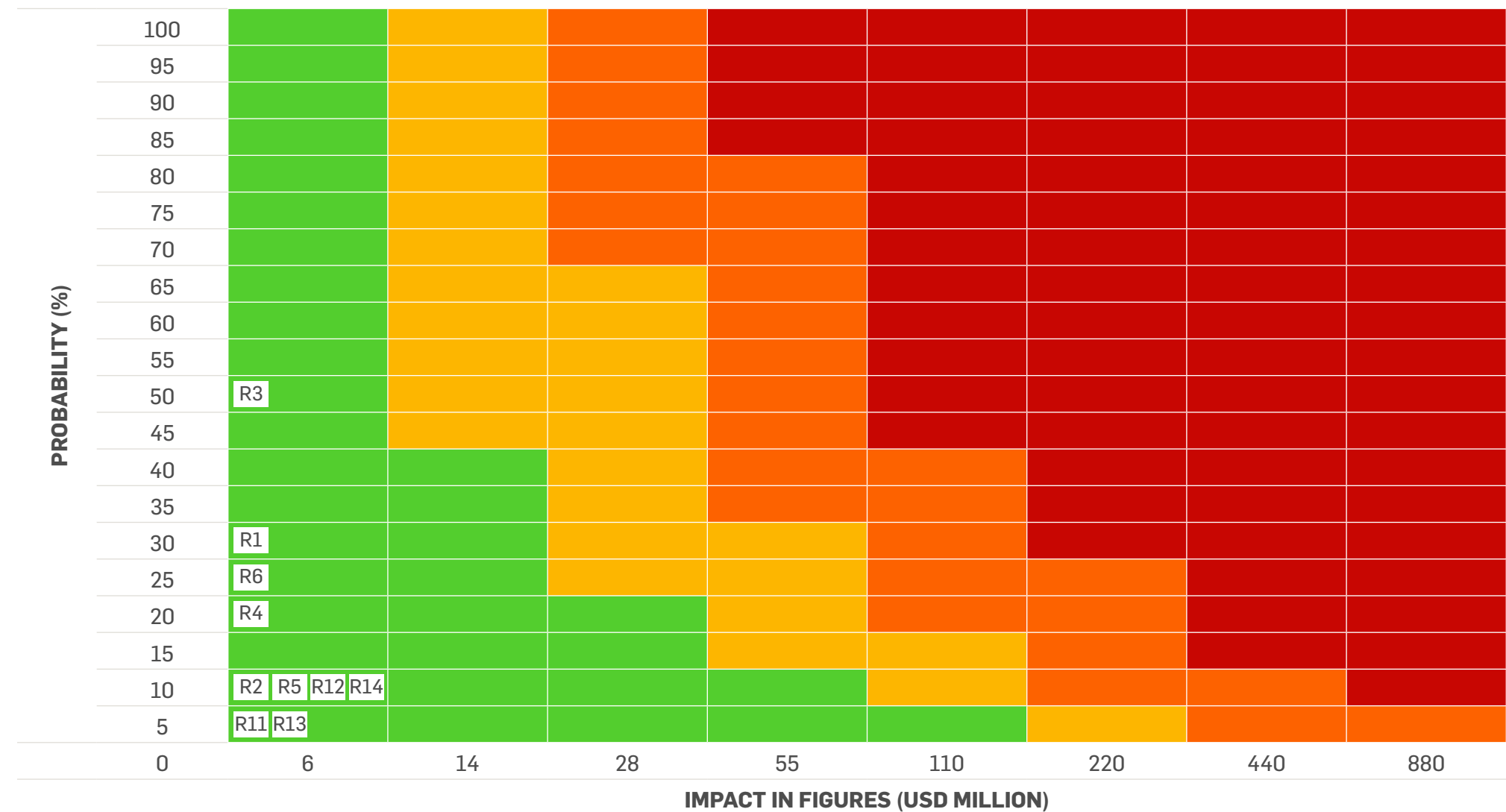
For the placement of the risks, an association is made with the relevant causes of the risks, rather than with the consequences.

Economic	Operational	Compliance	Socio- Environmental
	<ul style="list-style-type: none"> • Business operation • Design and construction • Supply chain • Cybersecurity and information technologies • Human capital and labor relations • Occupational Safety and Health 		

Supply Chain Risk Definition

It is the identification, analysis and mitigation of situations that may affect business continuity due to the interruption of the supply of goods and services.

Procurement Risk Matrix



7.2 STRATEGIC RISKS: WHERE THE COMPANY FOCUSES ITS ACTIONS

STRATEGIC RISK	RISK DEFINITION	CONSEQUENCE	CAUSES	MITIGATION ACTIONS
Disruptions in the supply chain due to force majeure that affect business	It is the identification, analysis and mitigation of situations that may affect business continuity due to the interruption of the supply of goods and services	Delays in projects, problems in operations, fines for non-compliance in projects	War, emergency, accident, fire, earthquake, flood, storm, industrial strike, pandemic, or any other obstacle	Own actions according to the nature of each category, permanent monitoring of critical goods and services, portfolio of relief measures for suppliers, etc. Documented Contingency Plan

A process is implemented to identify and mitigate risks in the Supply Chain.

The context of the analyzed situation is established; potential risks are identified, analyzed, and evaluated in depth; and actions are defined to mitigate risks that may affect human resources, information, reputation and finances, as well as business continuity.

As an analysis tool, risk evaluation matrices and resource severity scales are defined and reviewed jointly and periodically by the corporate procurement team.

Prevention and protection measures are constantly reviewed in order to mitigate risks. In the event that risks materialize, corrective actions are taken to eliminate the root causes and prevent their recurrence.

ESG BENCHMARKS AGAINST PEERS



Outstanding practices are chosen at the annual supplier event



Suppliers act as sponsors of the practice with those suppliers who want to strengthen their management.



The best practices for the year 2023 are shown below.

Every two years, during the Supplier Meeting, the best performance practices are selected. Below, you can explore some of the winning practices.

The next Supplier Meeting will take place in November 2025.



OUR COMMITMENT TO A SUSTAINABLE PLANET

What is it all about?

Hitachi Energy is a company with a purpose "We promote a sustainable energy future for all". Sustainability is at the core of our purpose, and we humanize the transition by including everyone, that is for current and future generations. In this way, sustainability starts at home.

We ensure that all our factories operate 100% with renewable energy.

Why is it important to you?

This is important, not only to achieve carbon neutrality by 2030 and pave the way for Net Zero in 2050, but also because we believe it is essential to set an example at home. In 2023, we achieved Ecovadis Gold certification, which places us in the top 5% of the world's most sustainable companies.



HITACHI ENERGY

Main achievements

- 35% reduction in CO₂ equivalent emissions along the value chain.
- Achieve carbon neutrality in our operations by the end of 2023.

Challenges in implementation

- Reduce CO₂ equivalent emissions by 50% along the value chain.
- Carbon-neutrality in our operations by 2030.



E3X TECHNOLOGY FOR LOSSES REDUCTION IN TRANSMISSION NETWORK

What is it all about?

Development and implementation of an innovative tool based on the Genetic Algorithm method in the design of foundations. This tool, by exhaustively examining thousands of possible alternatives, allows the identification of the optimal solution, which in turn promotes cost reduction and more efficient use of natural resources.

Why is it important to you?

Development and implementation of an innovative tool based on the Genetic Algorithm method in the design of foundations. This tool, by exhaustively examining thousands of possible alternatives, allows the identification of the optimal solution, which in turn promotes cost reduction and more efficient use of natural resources.

Main achievements

- Significant reduction in design times, from hours to minutes.
- Encouragement of continuous improvement and constancy in the development of knowledge.
- Significant reduction in the consumption of resources, both in the design and construction stages.

Challenges in implementation

- Integration with existing tools
- Methodological change management
- Research applied to programming

PRYSMIAN

SUSTAINABLE STRATEGIES FOR EFFICIENT ENERGY TRANSMISSION WITHOUT SF₆

What is it all about?

We are transforming our technology in high and extra high voltage by incorporating "CLEAN AIR" as an insulating medium combined with vacuum, replacing the use of SF₆ insulating gas that has been used for more than 60 years, a gas that adds to the current CO₂ emissions to the environment.

Main achievements

- More than 2,000 SF₆ free equipment put into service in high voltage systems.
- We have in execution the first supply in Latin America - Colombia.
- We had a positive influence on the European regulation for the prohibition of the use of SF₆ from 2030 onwards in transmission systems.



SIEMENS ENERGY

Decarbonization
Digitalization
Resilience

Challenges in implementation

List maximum three

- Measurement of the benefits of the new technology according to its life cycle - 50 years.
- Costs of introducing the technology
- Current regulations and/or standards do not integrate SF₆-free technologies for remuneration.

CONEXIÓN J.E.

What is it all about?

Conexión J.E. is a strategy that seeks to connect different actors to bring well-being and improve people's quality of life.

Why is it important to you?

Because we understood that no matter how much we want to, we cannot get far working alone, and our strategy allows us to establish connections with different entities at a national level to guarantee a positive impact within the territories, allowing us to go beyond our social purpose by giving back to the world a little bit of well-being.

Main achievements

List maximum three

- We demonstrated through joint actions a positive impact on the Colombian coasts by cleaning the ocean and the beach affected by garbage.
- We arrived in Uribia, in the heart of La Guajira, where together with the community and allied organizations, we collected more than 2 tons of garbage, benefiting more than 200 children from a children's home, providing them with a clean and safe space.
- We have carried out 5 days in which we were able to connect with more than 400 volunteers, achieving significant changes in different environments nationwide.



Challenges in implementation

List maximum three

- Response times of some organizations due to required administrative procedures.
- Ensure that sustainable practices are maintained over time and do not become momentary activities.
- Achieve a change in people's mentality and actions.



SAE TOWERS

WOOD REUSE

What is it all about?

At SAE TOWERS, wood is generally reused to make pallets and boxes of various sizes, and the residual content of the wood cutting process is also used in the composition of the Environmental Mitigation Kit, thus reducing the environmental impact by reusing an input that has already been extracted and discarded in the ecosystem.

Why is it important to you?

Sustainable practices are part of the company's culture, and the problem of deforestation plagues the world, therefore, our concern for sustainability is increasingly intense, and thus, investment and investment in the recycling of these inputs are strategic mechanisms to achieve desirable results.

Main achievements

- Correct waste disposal and less use of environmental resources.
- Proof of environmental responsibility.
- Significant reduction in the purchase of boxes and pallets.

Challenges in implementation

- Development of technologies oriented to reuse within the structure.
- Implementing reuse in certain construction processes with the objective of significantly developing responsibility in the preservation of the environment.
- Collection and proper disposal of wood from leftovers and processes.



CHINT GLOBAL

SUSTAINABLE ECOSYSTEMS SUPPORTED BY INNOVATION CENTERS

What is it all about?

Making current systems smarter, building greener scenarios and transforming systems to the new reality of the energy transition.

Why is it important to you?

They support the Zero Net Carbon Emissions strategy in our operations by 2035 and in the value chain by 2050.

Main achievements

- First company from China to win the "Green Factory" and "Green Product" awards.
- 1 million+ photovoltaic solar rooftop users. 100 GW+ in solar power plants worldwide.
- The world's 750 kV natural ester oil transformer is independently developed in Chint, with National Key Technology Breakthrough Award Year 2022.

Challenges in implementation

- Digital development in the different markets.
- Development of joint innovation centers in the different markets.
- Incentivize and promote value chain agents to comply with the declaration of zero net carbon emissions by 2050.

MORE PLANNING LESS POLLUTION

What is it all about?

Based on the location of our employees' residences, work sites, roads and their condition, planning is carried out to optimize the carbon footprint of transportation activities in our field projects.

Why is it important to you?

Any activity involved in the provision of a service must be the object of permanent analysis for greater sustainable competitiveness from the economic, social and environmental dimensions. There is always room for improvement.

Main achievements

List maximum three

- Effective reduction of our C footprint.
- Strengthening the relationship between collaborators.
- Social economic benefit.

Challenges in implementation

List maximum three

- Overcoming resistance to change.
- Superimpose the general interest over the particular interest.
- Synchronization of the work team.



WSP

Integration of the new activities

Green clauses

A set of precepts related to climate change management where a series of obligations are compiled according to the level of maturity of each company, similar to the hierarchy of impacts; these actions consist of: measure, compensate, reduce, adapt, contribute.

Companies with climate change management plans



Emissions Estimation Clause
GHG Emission Reduction Clause
Achievement of GHG emission reduction target

Companies without climate change management plans



Emissions Estimation Clause
GHG Emission Reduction Clause



Net Zero

Indicates cutting GHG emissions to as close to zero emissions as possible, with some residual emissions being reabsorbed from the atmosphere through, for example, the ocean and forests.

Climate change

- Focus on rapid and deep emission reductions: processes (Scope 1), purchased electricity and heat (Scope 2) and those generated by suppliers and end users (Scope 3).
- Companies will require 90% deep decarbonization to achieve net zero under the Standard.
- Set short- and long-term goals: Companies that adopt the Net-Zero standard should set science-based goals for both the short and long term.
- This means making rapid emissions cuts now, Cutting emissions in half by 2030.
- 2050, organizations must produce near-zero emissions and will neutralize any residual emissions that cannot be eliminated.
- Include the entire value chain
- Contribute to mitigating emissions outside their value chains.

Human Rights Guide

The organization's commitment to human rights will be transmitted and demanded to suppliers and contractors; their commitment to demand and promote it is expected in their demand and promotion processes. Having a sustainable supply chain is one of our guiding principles, which is why we work with suppliers, partners, and allies; likewise, we recognize the interdependence between environmental protection and human rights and act with due diligence, in order to avoid undertaking or authorizing activities with impacts on environmental and social environments that may have effects on the enjoyment of human rights.

isa



CONEXIONES QUE INSPIRAN