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Taller de Edición www.tallerdeedicion.co





INTEGRATED MANAGEMENT REPORT

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MESSAGE FROM ISA'S CEO

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THE HUMANITY AND THE WORLD ARE COUNTING ON US WE ARE ALL ONE

I am writing this letter at a time when the world is experiencing what is certainly the greatest crisis in its recent history. COVID-19 has challenged us all as individuals, as a company, as a society, and has confirmed more than ever that our well-being is linked to the well-being of all. Co-responsibility, solidarity, and awareness are not an option today; they are the only way to succeed and overcome this situation from which no one is exempt.

We know that 2020 will not be an easy year. However, together with our hero teams who I applaud today more than ever, we will continue to give our energy to all the countries, generating connections, working fully committed and tirelessly with and for our communities, shareholders, employees, customers and suppliers. This will ensure the continuity of our operations and will make this contingency to bring out the best in everyone. We want to and will continue building the country and the region, giving the new generations a better future.

In order to face this moment, we have adopted, in all our affiliates in Latin America, several measures to protect the integrity of our collaborators and stakeholders and to ensure the efficient and reliable provision of services. We know that, as a company, COVID-19 also challenges us to strengthen even more those capabilities that are intrinsic to our strategy to 2030, such as adaptability, flexibility, networking, and a digital transformation culture.

We are optimistic, but we do not underestimate the risks. We believe that every chaos brings order with it, and that this situation will bring us a lesson of more awareness about caring for others, caring for the planet, and using our resources efficiently. I invite you to join us as a society, with solidarity and commitment. Because, if we realize that the change that we want for the world depends on all of us, there is connection.

BERNARDO VARGAS GIBSONE ISA's CEO



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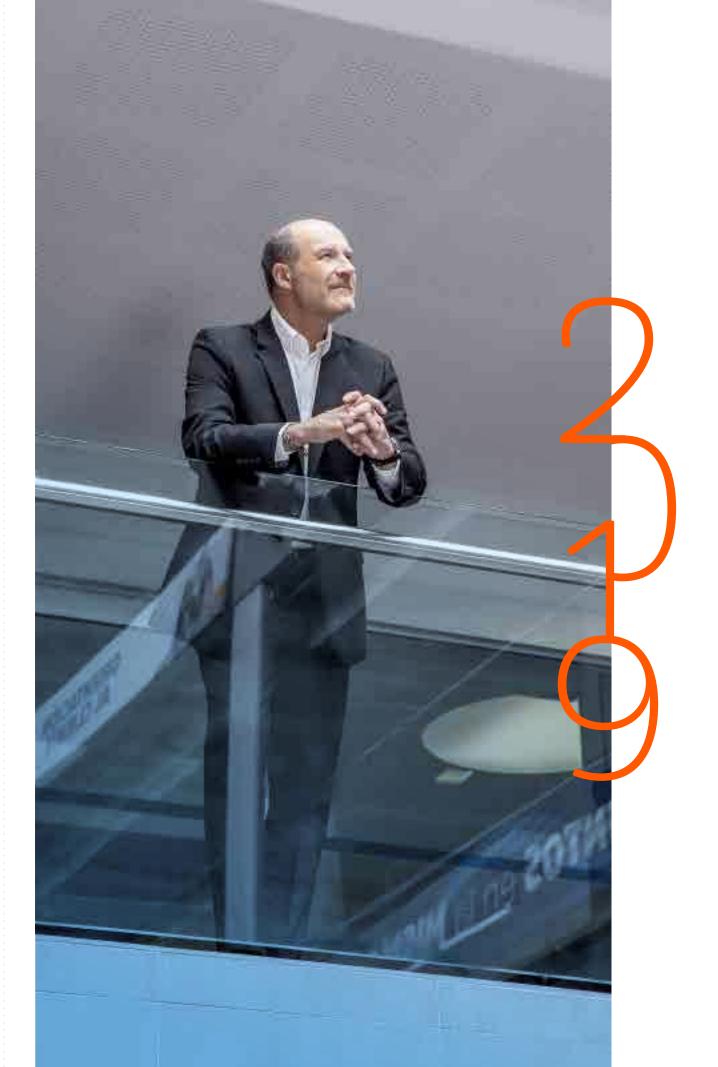
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WE WEAVE STORIES THAT INSPIRE

Dear shareholders,

I am very proud to present to you the ISA Group results for 2019, which for the fourth consecutive year, are the highest in its history. This is a period of significant milestones that set out the bases for the implementation of our ISA2030 Strategy in its first year of execution, and that strengthen ISA's commitment towards the creation of Sustainable Value for all its stakeholders. Also, this year we woven trust-based relations, and stories full of commitment, value, and inspiration were written with our highest purpose of making CONNECTIONS THAT INSPIRE.

2019 was a year of turmoil for the region. A year marked by social tension, economic downturn, political instability, and defiance against institutionalism. These events undoubtedly created a challenging context for the companies, where we had to maintain the excellence of our operations and grow profitably in markets that faced this uncertainty.



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Costera Cartagena-Barranquilla Concession

In spite of the challenges of the environment, 2019 was an outstanding year for the ISA Group. Regarding finances, we have been growing profitably for four years. Our revenues reached COP 8,1 trillion, which means an increase by 12,5%; the EBITDA amounted to COP 5,3 trillion, an increase of 9,8%; and an EBITDA margin was 64,9% (71,7% excluding the impacts of the construction activity performed by energy and road concessions in Brazil, Peru, and Chile). Net income reached COP 1,6 trillion, an increase by 7,5%, and a 13,2% ROE, going beyond the 3,1% of the previous year. Assets amounted to COP 48,8

THE ROAD BUSINESS IN COLOMBIA MATERIALIZED IN 2019 WITH THE SIGNING OF THE SALE PURCHASE AGREEMENT FOR THE ACQUISITION OF 100% OF CARTAGENA-BARRANQUILLA CONCESSION SHARES.

OUR FORMAL ENTRY INTO

COP 8,1 TRILLION

Revenues

COP 5,3
TRILLION
EBITDA

COP 1,6 TRILLION

Net income

trillion, growing by 8,5% compared with 2018. This great financial performance was reflected in the price of the ISA share, which reached an historic peak of COP 20.480 on November 5, 2019. This share was valued at 40,2% during the year, which makes it one of the shares with the best performance in the Colombian market.

Undoubtedly, one of the year's most important news for the group was the formal entry to the road concessions business in Colombia, as we signed a share sale contract to acquire 100% of the Costera Cartagena-Barranquilla Concession. The project, which is the second most advanced project being developed for the 4G program in Colombia, covers 146 km and includes the Gran Manglar Viaduct, located in Ciénaga de la Virgen in Cartagena, with an extension of 5,4 km that, besides being the longest in Colombia, received the Pan American Sustainable Development Award, the National Engineering Award, and the National Environmental Award.

Also, in Colombia, specifically in the energy business unit, together with our affiliate ISA INTERCOLOMBIA, we have delivered significant constructions, such as the Chinú-Montería-Urabá Interconnection in northern Colombia, the San Antonio Substation in Boyacá, and the third transformer for the Sogamoso Substation in Santander. We also were the winners in the public call for bid for the El Rio Substation energy transmission



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project in Costa Atlántica, a project necessary to satisfy the demand of Barranguilla and Soledad, Atlántico in a reliable and safe manner. These works ratify our tireless commitment to the development of the country, by satisfying the energy demand safely and reliably.

In Chile, we achieved one of the most important milestones for 2019: our affiliate ISA INTERCHILE put into operation the Cardones- Polpaico 753 km, 500 kV line, the country's most important energy transmission project of the last 50 years, through which more than 5 million Chilean homes will receive clean, eco-friendly energy. As per the projections, it is expected that by 2030 the emissions of the sector will decrease by approximately 60 million tons of CO₂, thanks to this line. Also, for the road concessions business unit in Chile, where we are the largest operator of intercity roads, we implemented the free flow system in the Nueva Angostura toll of Ruta del Maipo, thanks to which users no longer need to stop to pay, thus cutting down the road traffic.

In Brazil, through its affiliate ISA CTEEP, the group continued to consolidate its presence in the country's energy market, by adding 379 km of lines to its network through three projects awarded in public biddings, which bring revenues for approximately



Cardones-Polpaico Line, ISA INTERCHILE

USD 20 million per year. Today, we transmit about 25% of the energy produced in the country, 60% of the energy consumed in the Southeast Region, and almost 100% of the energy consumed in the State of São Paulo.

In Peru, our affiliate Consorcio Transmantaro was the first company of that country and the region to issue unsecured international green bonds, in a USD 400 million transaction, which overdemand is 5,7x the amount bid. This was the second green bonds emission of ISA Group after ISA CTEEP. The above is an important milestone that ratifies ISA's commitment to the environment.



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Conexion Jaguar®, Brazil

In 2019, we took significant steps in the materialization of the Colombia-Panama regional interconnection. On the one hand, the governments of both countries entered into an agreement within the framework of the Mesoamerica Integration and Development Project, which will allow materializing the exchange of energy in the future and will make possible the access to new renewable sources of energy. On the other hand, in December, the Inter-American Development Bank (BID) and Interconexión Eléctrica Colombia-Panamá (ICP) entered into a technical cooperation agreement for USD 500.000 to support studies. These resources are added to the USD 4 million that this international

OUR CONEXIÓN JAGUAR®
PROGRAM ARRIVED IN
BRAZIL TO SUPPORT A
CONSERVATION PROJECT
IN AMERICA'S LARGEST
CONTINENTAL WETLAND,
WITH THE LARGEST NUMBER
OF JAGUARS DETECTED IN
THE CONTINENT.

organization has already contributed to the project, key for the consolidation of the regional energy market.

This year, we celebrated INTERNEXA's 20th anniversary. INTERNEXA is our Telecommunications and ICT affiliate, who added 220 new customers by the end of 2019, 35% more than in 2018, with more than 1.000 customers in the region.

Regarding sustainability, for the fifth year in a row, we were included in the Dow Jones Sustainability Index (DJSI), among the 20 first energy companies in the world, reaching the highest score possible (100 points) in the information management, community management, and materiality categories. Likewise, we were included once again in the FTSE4Good Index, a recognition we have been receiving since 2017, granted to companies listed on the stock market noted for their compliance with global standards of corporate investment.

Our Conexión Jaguar® program arrived in Brazil to support a conservation project in America's largest continental wetland, with the largest number of jaguars detected in the continent. In Peru, this program began supporting its second conservation project, located in the Peruvian Amazon. In Colombia, in Sierra Nevada de Santa Marta, an agreement was reached with the Kogi community to make progress in a project for the conservation and protection of their ancestral land and, for the first time, the program's camera traps recorded a jaguar in Arhuaco territory, the community with whom ISA has created a trustful and respectful relationship



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for more than 15 years. During the three years that Conexión Jaguar® (program developed together with our technical allies South Pole and Panthera) has been operating, camera traps have recorded more than 60 species of wildlife in whose territory that we have protected.

One of the pillars on which our ISA2030 Strategy is supported is innovation, a topic on which we have been making significant progress, focused on improving competitiveness of our current business units, as well as on gradually searching for initiatives that go beyond traditional businesses. We have made progress towards the consolidation of the open innovation approach thanks to synergies with a wide network of allies with whom we work on the region's innovation and entrepreneurship ecosystem. We have developed many entrepreneurship projects through our affiliates, such as Ecoregistry, a platform launched by our affiliate XM to simplify the registration of projects and carbon credits. Also, this is the first initiative to materialize the use of blockchain with a positive environmental impact. Finally, Octupus, launched by our affiliate INTERNEXA, is a tool used to monitor the status of variables that manage the civil and electric infrastructure, which support the operation of telecommunication equipment.



Visit of directors to the Massachusetts Institute of Technology (MIT)

All these achievements would not have been possible without the work and commitment of our employees. We are aware that the transformation process we are going through demands changes in our organizational infrastructure; therefore, we are working on creating new capabilities to face adaptation and technical challenges, which will have a very positive impact on their work and will provide quality of life.



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WE WANT TO TELL THE
STORIES THAT WE HAVE
WOVEN TOGETHER, WHERE
HANDS THAT STRENGTHEN
AND INTEGRATED OUR
STRATEGY, ORIENTED
TOWARDS THE GENERATION
OF SUSTAINABLE VALUE,
ARE INVOLVED.

Our effort can be seen through results obtained in the organizational climate rating, which reached 83% this year at the group level. This is a very positive score with respect to the Colombian market (74%) and the regional market (72%).

But the challenge is not smaller this year: we are facing the impacts of global trends in the industry, changes in the political and economic scenario, the reactivation of tenders, the need to align with regulatory frameworks, satisfying the need for infrastructure

that would leverage the great development potential of the countries of the region, while facing demands regarding construction licenses and the increase of social pressure. This in an increasingly digital world where cybersecurity plays a major role, a world with consumers and communities that are connected and empowered, as well as disruptive changes and countless innovations. At ISA, we are prepared and will continue to be aware of opportunities that come to us, always preserving the balance of our portfolio, while aiming at profitable growth and creating sustainable value, and keeping our focus on ethics and responsibility to build a better society as a priority.

Our team is composed of co-responsible people. Today, they make possible for this group to be recognized internationally for its operating excellence, ethics, transparency, and its genuine interest for the planet and its inhabitants. And you, our shareholders, investors, suppliers, customers, and State members are our main allies in the construction of this success story and in the construction of CONNECTIONS THAT INSPIRE.

BERNARDO VARGAS GIBSONEISA's CEO





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REPORT PROFILE

This report was prepared as per the methodology adopted by the International Integrated Reporting Council (IIRC) and under the new standard of the Global Reporting Initiative (GRI), which is essentially required. [GRI 102-54] Corresponds to the period between January 1 and December 31, 2019 and has an annual periodicity. [GRI 102-50] For comparative purposes, the 2018 Integrated Report, presented in March 2019, should be referenced. [GRI 102-51] [GRI 102-52]

The report addresses ISA and its business units' management results: Electric Energy, Roads, and Telecommunications and ICT. It includes results of material issues that may affect the creation of value of the energy transmission and roads business units. Ten material issues that are part of the environmental, social, and economic dimensions are presented. At the same time, this report represents the Communication on Progress of the Global Compact of the United Nations.

For 2019, the materiality analysis covers the parent company of the group, ISA, and its energy companies: ISA INTERCOLOMBIA, ISA REP, ISA CTEEP, ISA TRANSELCA, ISA INTERCHILE, and XM, and companies of the roads business unit: ISA INTERVIAL, which revenues together represent 95,6%

of total revenues from ISA's business units. For other business units, main results of their management are included. Each of the affiliates have their respective management reports, which can be found on their websites. [GRI 102-46] [GRI 102-49]

The materiality analysis was conducted by the Chief Institutional Relations Office, and the Integrated Report was built at ISA by the Chief Strategy Office. Both processes were validated in the Presidential Committee, to ensure that all material aspects are covered. [GRI 102-32]

The Company hired Deloitte & Touche to conduct the verification of the Report according to guidelines of ISAE 3000 standard, in order to guarantee 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 102-56]

To facilitate the query of indicators reported, the table of GRI [GRI 102-55] indicators can be found in annexes, which also includes compliance with the Principles of the Global Compact.

[GRI 102-53] For suggestions, opinions, or concerns regarding this Integrated Management Report, please contact:

OLGA PATRICIA CASTAÑO DÍAZ

CSO – Chief Strategy Officer vicepresidenciaestrategia@isa.com.co





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COMPANY PROFILE

with more than 52 years of experience and trajectory, who operates in Electric Energy, Roads, and Telecomunications and ICT businesses, providing quality of life to millions of people in Colombia, Brazil, Chile, Peru, Bolivia, Argentina, and Central America thanks to the work of almost 4,000 employees in 43 affiliates and subsidiaries (58 in total, adding jointly controlled companies and other investments). [GRI 102-41]

The group develops its business based on technical excellence, efficient provision of services, and creation of sustainable value for its stakeholders and the society in general, leveraged by innovation, digital transformation, and best practices of corporate governance and ethics.

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 integral development of the communities where it operates, and the quality, reliability, and availability of the services it provides.

After more than five decades of leadership in the region, ISA has transcended the physical action of connecting one point with another. ISA connects people, making each connection an inspiring acttion.

25.382
SHAREHOLDERS AT THE END OF 2019

24.329 | 95,85% NATURAL PERSONS

118.814.985
SHARES TRADED

₮ 39,27%

SHAREHOLDER STRUCTURE [GRI 102-7]

As of December 31, 2019

39,77% Private investors 440.480.920

LOCAL INSTITUTIONS **25,69%** 284.518.638

FOREIGN INVESTMENT FUNDS **10,58%** 117.175.715

NATURAL PERSONS **3,48%** 38.543.817

ADR PROGRAM **0.02%** 242.750



ISA is a mixed utility company, incorporated as a joint-stock company, of commercial nature and national order, related to the Ministry of Mines and Energy, regulated by Laws 142 and 143 of 1994, with head-quarters in the city of Medellín (Colombia). [GRI 102-1] [GRI 102-3] [GRI 102-5]

The company has state and private investors. Its stocks and bonds are traded in the Colombia Stock Exchange, Also. the company has Level I ADRs traded in the U.S. Over the Counter (OTC) market. All the shares that comprise the capital stock enjoy 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.

60,23% State investors 667.196.974

THE NATION **51,41%** 569.472.561

EMPRESAS PÚBLICAS DE MEDELLÍN **8,82%** 97.724.413



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×××××× ×××××××

OPERATIONS IN

6 COUNTRIES

OF SOUTH AMERICA PLUS IN CENTRAL AMERICA

43

AFFILIATES AND
SUBSIDIARIES
CONTROLLED BY ISA

58 COMPANIES Including jointly controlled companies and other investments

3.880
EMPLOYEES

\$

25%

OF MANAGEMENT POSITIONS HELD BY WOMEN

43% OF EMPLOYEES
ARE PART OF COLLECTIVE
AGREEMENTS AND UNIONS

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM (



Quality seal of the Colombian Stock Exchange

ROBECOSAM (III)

We are Sustainability Investing.

Included in The Sustainability Yearbook

ELECTRIC ENERGY



46.374 km and **92.600 MVA** of transmission infrastructure in operation

5.618 km and **14.312 MVA** of transmission infrastructure under construction

Coordination of the operation of the Colombian electrical system, **71.925 GWh** of energy demand, **17.472 MW** of net effective capacity

ROADS



907 km of roads in operation

136 km of roads under construction

TELECOMMUNICATIONS AND ICT



54.034 km of fiber optics in operation

OPERATION OF THE MOBILITY CONTROL CENTER IN MEDELLIN



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FINANCIAL FIGURES [GRI 102-7]

INDIVIDUAL

INDIVIDUAL NET INCOME **TRILLION ↗ (7.5%)**

CONSOLIDATED

OPERATIONAL REVENUES

8,14 TRILLION **≯ (12.5%)**

EBITDA

5,29 TRILLION **≯ (9.8%)**

NET INCOME

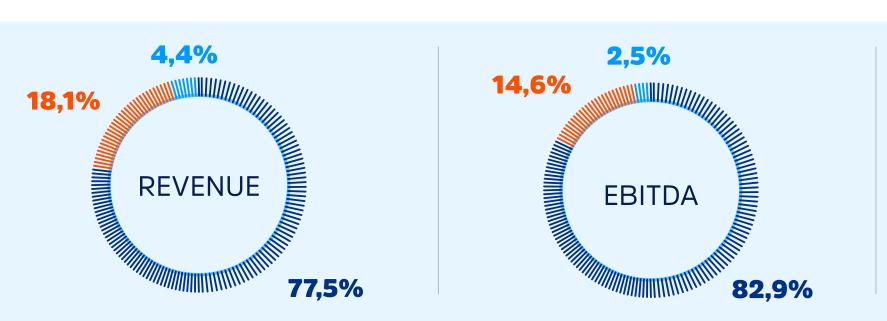
1,64 TRILLION **≯ (7,5%)**

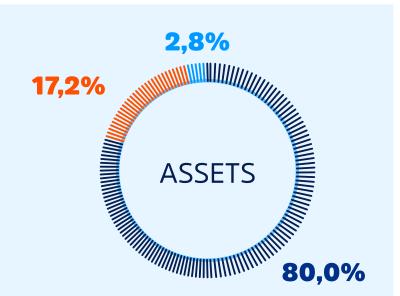
EBITDA MARGIN 64,9% ァ (2,4%) Excluding construction: 71,7% **ASSETS**

48,79 **TRILLION ≯ (8,5%)**

LIABILITIES

27,69 **TRILLION ≯** (6,4%)





| Electric Energy | Roads | Telecommunications and ICT



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Other businesses

■ Investment Vehicle

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•••• **Central America** Colombia * *X* * * * * * * Matrix of the Company Group **¬** Electric Energy **r** Roads Telecommunications and ICT

xxxxxxxx

xxxxxxxx

XXXXXX

Colombia

- **** ISA
- ISA INTERCOLOMBIA
- ISA TRANSELCA
- ¬ XM
- ✓ INTERNEXA
- INTERVIAL Colombia
- Sistemas Inteligentes en Red
- CCRC
- Derivex
- Parques del Río

Peru

- ISA REP
- **¬** Consorcio Transmantaro
- ISA Perú
- Proyectos de Infraestructura del Peru
- ✓ INTERNEXA

Brazil

- ISA CTEEP
- **¬** IENNE
- **■** IEMG
- **¬** IE SUL
- **■** IE PINHEIROS
- IE MADEIRA
- SERRA DO JAPI
- **■** IE GARANHUNS
- **■** EVRECY
- **■** IE PARAGUAÇU
- IE AIMORÉS
- IE ITAÚNAS
- IL HAUNA
- IE TIBAGI
- IE AGUAPEÍ
- IE ITAQUERÊ
- IE ITAPURA
- IE BIGUAÇÚ
- IE IVAÍ
- **¬** TAESA

- ✓ INTERNEXA
- L ISA Investimentos e Participações
- ISA Capital do Brazil
- L INTERNEXA Participações

Chile

- ISA INTERCHILE
- ► ISA INTERVIAL
- Ruta del Maipo
- Ruta del Maule
- Ruta del Bosque
- Ruta de la Araucanía
- Ruta de los Ríos
- Ruta del LOA
- ✓ INTERNEXA
- **■** ISA Inversiones Chile
- ISA Inversiones Maule
- ISA Inversiones Tolten

Bolivia

■ ISA BOLIVIA

Argentina

Internexa

Central America

- Interconexión Eléctrica Colombia - Panamá
- ✓ EPR
- ✓ REDCA

United States

✓ ATP

Bermudas

Linear Systems Re

See company and

shareholder structure.



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OTHER RELEVANT FIGURES [GRI 102-7]

GOOD **GOVERNANCE**

[GRI 102-18]



members in the Board of Directors (without variation)

78%

independent members in the Board of Directors (without variation)

COP 4.832.070

remuneration to each member per session of the Board of Directors

×3,36%

of complaints addressed by the Ethics Line (without variation)

Human Rights violation events (without variation)

SOCIAL **MANAGEMENT**

[GRI 413-1]



USD 23.533.628

Investment in communities

× 62,7%

1.554

social organizations strengthened

¥ (18%)

90,4% of purchases made locally **¥** (0,66%)

> 100% of shareholders' inquiries addressed (without variation)

ENVIRONMENTAL MANAGEMENT

[GRI 305-1] [GRI 304-3]

USD

9.186.935

Environmental investment

¥ (39%)

25.698 tons

of CO₂e offset

X 144%

23.576

tons of CO₂e SF₆ leaks

¥ (33,32%)

1.003,97



ha protected

12 habitats protected and restored

monetary sanctions or fines

(without variation)

non-monetary sanctions and fines

× 100%



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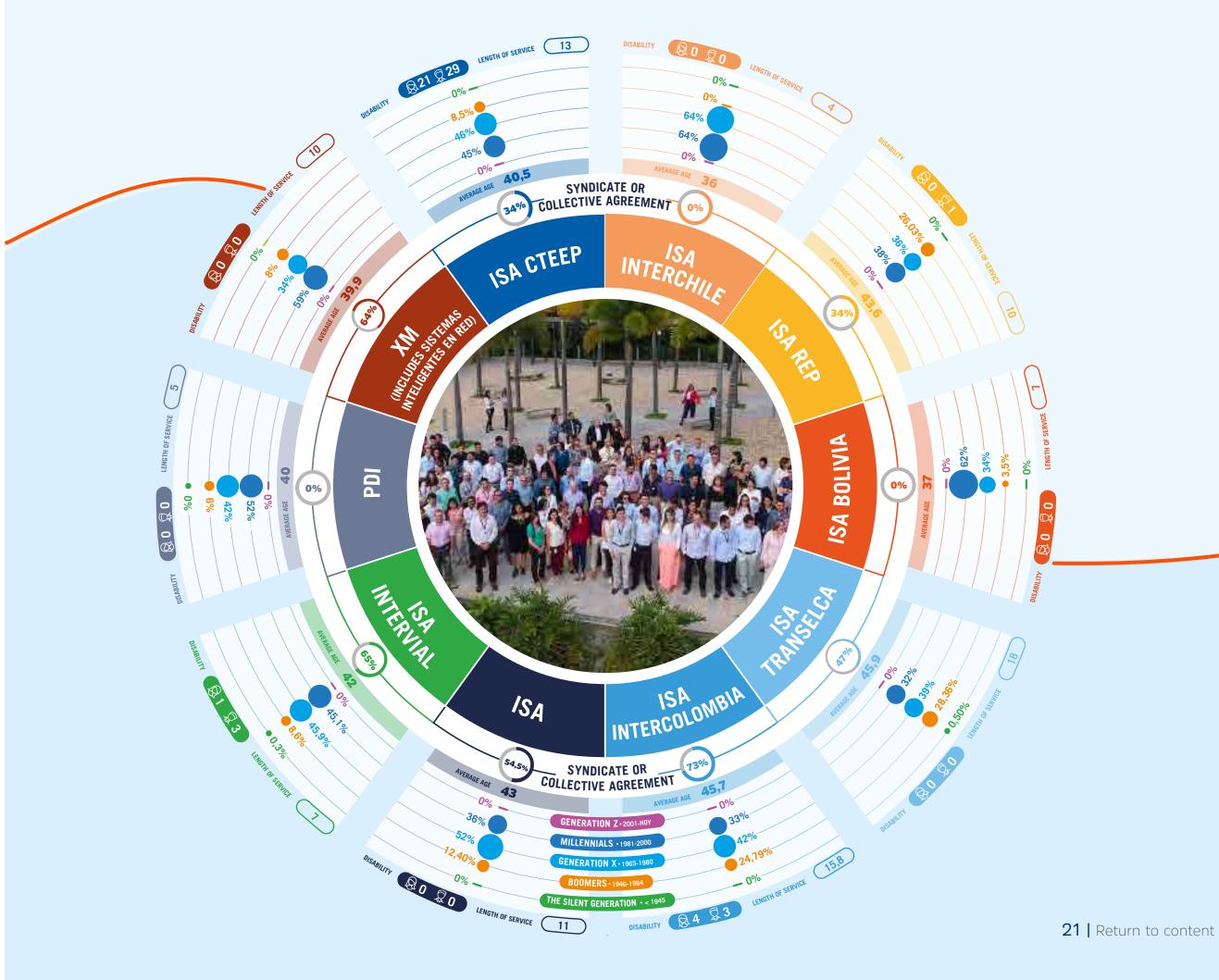
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ELECTRIC ENERGY

[GRI 102-2] [GRI 102-6]

2019

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- XM

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- IENNE
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- IE PINHEIROS
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- SERRA DO JAPI
- IE GARANHUNS
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- IE PARAGUAÇU
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- IE ITAPURA
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- IE IVAÍ
- TAESA

Peru

- ISA REP
- Consorcio Transmantaro
- ISA Perú
- Proyectos de Infraestructura del Perú

Chile

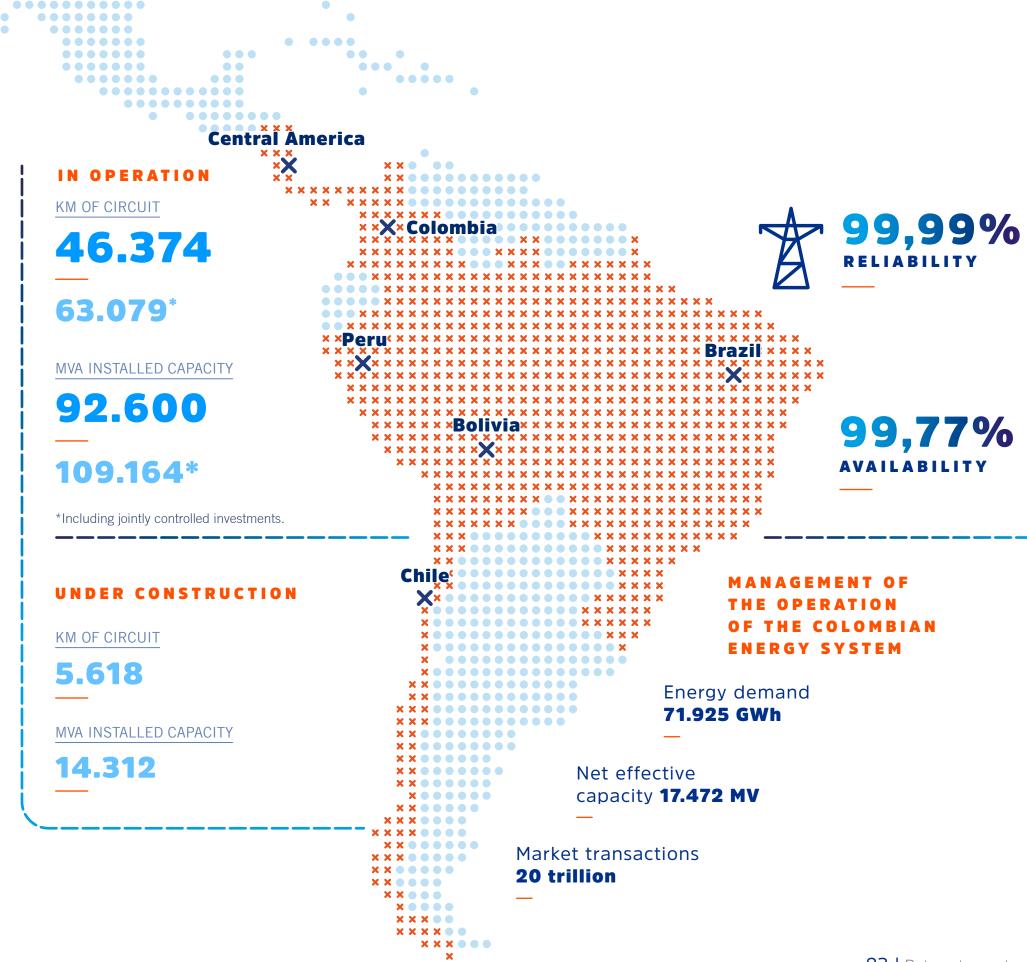
ISA INTERCHILE

Bolivia

ISA BOLIVIA

Central America

- Interconexión Eléctrica
 Colombia Panama
- EPR





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ENERGY TRANSMISSION

ISA is the largest energy transmission company in Latin America. The energy transmission companies of the group expand, operate, and maintain a high-voltage transmission network in Colombia, Peru, Bolivia, Brazil, and Chile, as well as the international interconnections that operate between Colombia-Ecuador and Ecuador-Peru. In Central America, the company holds a stake in Empresa Propietaria de la Red (EPR), which operates the Energy Interconnection System for the Countries of Central America (SIEPAC).

ISA transmits 420.000 GWh annually, by means of 46.374 km of high-voltage network circuits, which support the energy supply in the region. Also, ISA is building 5.618 km more, which will start operations in the following years.

TRANSMISSION IS ESSENTIAL FOR THE CREATION OF AN ENERGY MARKET, AS IT IS THE CROSSPOINT BETWEEN GENERATION AND DEMAND. THROUGH TRANSMISSION, THE PHYSICAL EXCHANGE OF ENERGY IS ACHIEVED, AND THE USE OF GENERATION RESOURCES IS OPTIMIZED.

[GRI 102-2] [GRI 102-6] The services provided by the group's energy transmission companies include:

- Design, construction, operation, and maintenance of high-voltage energy transmission systems.
- Connection of generators, network operators, regional transporters, and large consumers to the energy system.
- Construction of infrastructure projects for third parties.
- Associated maintenance services, electrical and energy studies.





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National Dispatch Center (CND for its initials in Spanish)



XM develops, operates, and manages technological platforms that involve the exchange of information with added value. [GRI 102-2] [GRI 102-6]

The operation planning and coordination for resources of the National Interconnected System (SIN) is made through this affiliate. Also, it administers the National Interconnected System (SIC) in the Wholesale Energy Market (MEM), administers the International Electricity Transactions (TIE) with Ecuador, and carries out the liquidation and management of charges for use of the SIN's grids. As operator of the SIN, the constant balance between production and consumption of electricity in the country is guaranteed by XM. Based on energy demand estimates, it carries out the coordinated real-time operation of the generation plants and the grid in order to make power plants' generation continuously respond to consumers' demand in a cost-effective, reliable, and safe manner, with quality standards.



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[GRI 102-2] [GRI 102-6]

Chile

- ISA INTERVIAL
- Ruta del Maipo
- Ruta del Maule
- Ruta del Bosque
- Ruta de los Ríos
- Ruta de la Araucanía
- Ruta del Loa

Colombia

• INTERVIAL Colombia



SANTIAGO - RÍO BUENO

907 km



Tramo

•• •••••• • • • • • • • • • • • • ••••••

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service areas

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•••••• 00000

Km

 $\times \times \times \bullet \bullet$ x x x x • • x x x • • •

x x 0 0 0 x x • • • • • • • • • • X× Colombia

151 million

VEHICLES IN TRANSIT

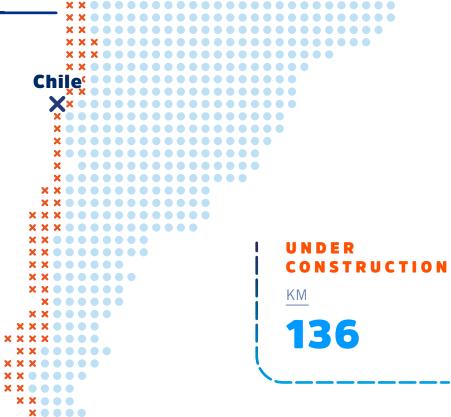
ROAD INFRASTRUCTURE

IN OPERATION

RUTA DEL MAIPO	Santiago - Talca	237
RUTA DEL MAULE	Talca - Chillán	193
RUTA DEL BOSQUE	Chillán - Collipulli	161
RUTA DE LA ARAUCANÍA	Collipulli - Temuco	144
RUTA DE LOS RÍOS	Temuco - Río Bueno	171,7

UNDER CONSTRUCTION

Carmen Alto - Calama 136 **RUTA DEL LOA**





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ISA designs, builds, operates, and maintains the road infrastructure that connects millions of people in Chile through its affiliate ISA INTERVIAL, contributing to Chile's social, economic, and environmental development, and ensuring high standards of quality, safety, and connectivity to users. [GRI 102-2] [GRI 102-6]

To generate these connections, it is essential that during their experience, users count on timely and reliable information. To achieve this, in 2019 ISA INTERVIAL made progress in the construction of regulatory safety works in its five operating concession companies, and together with the Ministry of Public Works managed the beginning of construction works of Ruta del Loa. At the same time, the free flow system was implemented at the Nueva Angostura toll of Ruta del Maipo, which will reduce traveling times and will offer the user a new traveling experience thanks to the intercity toll with the highest vehicle flow in Chile.

To keep users informed, ISA INTERVIAL developed an innovative multiplatform digital strategy that consolidates the field work of the team and allows immediate communication with people; a strategy that in 2019 reached more than 250,000 followers on



Opening of the free flow toll system in Nueva Angostura toll, in Ruta del Maipo

FOR ISA INTERVIAL,
USER EXPERIENCE IS
UNDERSTOOD AS THE
VALUE OFFER USERS
RECEIVE AT EVERY
CONNECTION POINT,
FROM THE PLANNING
OF THEIR TRIP UNTIL
THEY ARRIVE TO THEIR
DESTINATIONS SAFELY.

Twitter, got 17,000 mentions, and a response rate of 97% through the same channel. The latter is complemented by ISA's alliance with the Waze app, being the only road concession group in Latin America that is an active part of the Waze for Cities initiative. Through these channels, users receive information on traffic, road, and weather conditions, safety campaigns, and contingency plans in the event of high vehicle flow, and are given general recommendations for their rides.



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TELECOMMUNICATIONS

AND ICT [GRI 102-2] [GRI 102-6]

Central America **1.078** CUSTOMERS **X** (27%)

••••

INTERNEXA

- Colombia
- Brazil

- Argentina

ATP

- Peru
- Chile
- Estados Unidos

REDCA

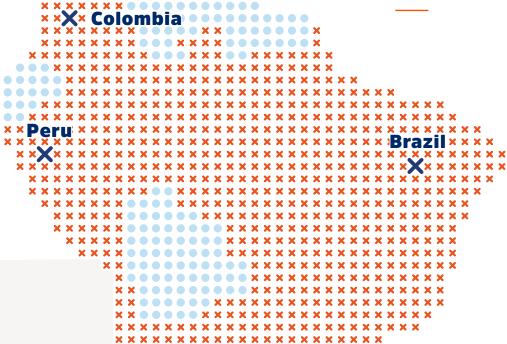
Central America

Internexa **Participações**

Brazil

IN OPERATION KM FIBER OPTICS

54.034



×××× Argentina ×××××

×××××× **x x x x x x x x**

XXXXXXX XXXXXX XXXXX **XXXXX** ××××× xxxxx **XXXXXX**

××××××× ×××××××

FINANCIAL FIGURES

In Colombian pesos – COP

REVENUES

385

BILLION

BILLION

ASSETS

EBITDA

860 **BILLION**

97,8% LEVEL OF SERVICE

INVESTMENTS

78 BILLION



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Through INTERNEXA, the ISA group offers digital solutions to different industries in Latin America (from Florida to Patagonia). For almost two decades, the company has grown from being an infrastructure business in Colombia to have a value offer that enables the digital transformation of companies, governments, operators, and OTT (Over The Top, companies that provide services online without being operators, such as Netflix, Facebook, and Google) to deliver their services to end users efficiently and reliably.

DIGITAL TRANSFORMATION
IS THE REINVENTION OF AN
ORGANIZATION THROUGH
THE USE OF THE DIGITAL
TECHNOLOGY, TO IMPROVE
HOW IT ACHIEVES ITS
BUSINESS GOALS.



INTERNEXA work team

In 2019, INTERNEXA consolidated its transformation process and progressed in the diversification of its portfolio and market, accompanying its customers in the digital transformation process. To achieve this, in recent years the company incorporated services such as a cloud, managed security, and managed services (communications unified for business and network management). Likewise, the operation of a highly reliable fiber optics network between São Paulo and Rio de Janeiro was started and business relations with large Telecom companies were strengthened: Tigo in Bolivia, Telecom in Argentina, Claro in Colombia, and Gtd in Chile.

This has complemented the network of more than 54.000 Km, the two Data Centers, in Bogotá and in Río de Janeiro, Thunder -the company's own cloud-, and centralized communications platforms; all of the above under the supervision and control of Network Operation Center (NOC) in Colombia and the Security Operation Center (SOC) in Brazil, which guarantee the IT security of the clients. Today, more than 1.000 customers trust their technology processes to the company. [GRI 102-2] [GRI 102-6]



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PROCUREMENT

[GRI 102-9]

| Country of origin of the goods

Value of contracts

in force at

Dec 31, 2019

(USD million)

- | Country of destination of the goods
- | Country of origin and destination of the goods







The largest percentage of the contracts carried out by ISA affiliates in Brazil are local. In addition, ISA contracts goods in Brazil for its projects in Colombia, Peru, and Chile.



Raw materials: Aluminum

45,4



EQUIPMENT FOR HIGH VOLTAGE ELECTRICAL SUBSTATIONS

Raw materials: Copper, oil, metals

8,2



SECONDARY SYSTEMS

Raw materials: Engineering, electronic goods, monitoring service

3,2

NOTE: The main purchases associated with the Roads Business Unit are: asphalt, toll systems, telecommunications equipment and anti-noise barriers, which are carried out by third parties.

70,2

GALVANIZED METAL

STRUCTURE

Raw materials: Steel and zinc



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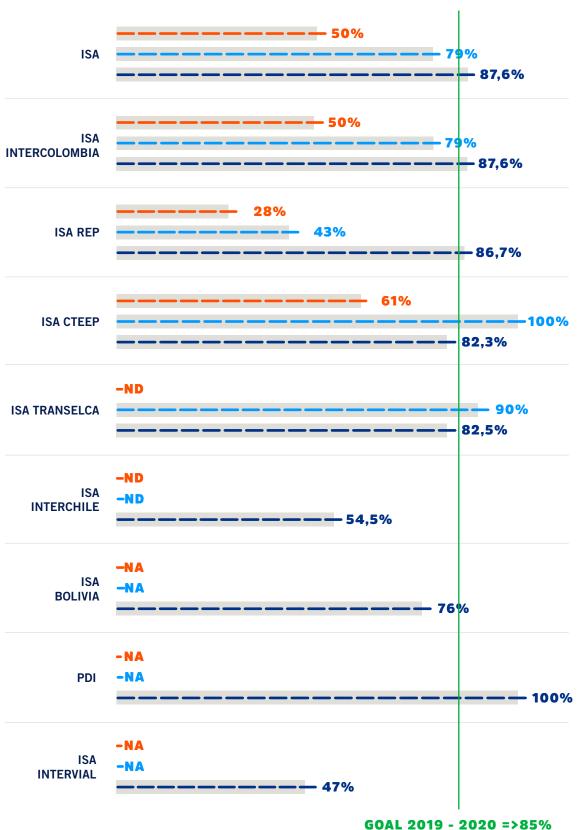
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SUPPLIER ASSESSMENT

| 2017 | 2018 | 2019



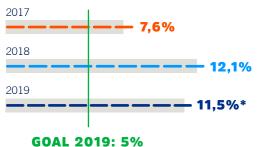


Suppliers Meeting ISA 2019

OUR COMMITMENT TO SUPPLIERS IS PROVIDE TRANSPARENT AND **EQUAL TREATMENT BASED ON CRITERIA** OF EFFICIENCY AND COMPETITIVENESS, IN ORDER TO BUILD FAIR AND TRUSTWORTHY RELATIONSHIPS.

SAVINGS INDICATOR

Centralized categories





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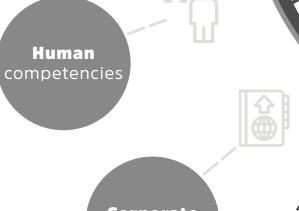
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PROCUREMENT MODEL Lessons learned Best practices Strategic supplier management



Corporate guidelines

PURCHASE PLAN Consolidated

WHAT?

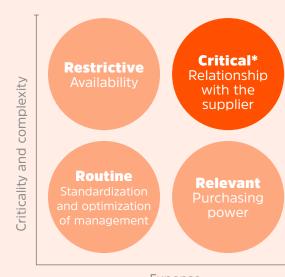
ASSISTED Of DESCENTRALIZADAS CENTRALIZED

SEGMENTATION MATRIX

Value \$

STRATEGIC MATRIX

Categories by Depth



Expense

Critical suppliers: They provide goods/services from categories located in this quadrant which represent the highest level of spending as well as the highest market complexity and business criticality.

HOW?

STRATEGIC PURCHASE



Build the project

3

Design the

strategy

Understand the category





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RELEVANT MILESTONES OF THE YEAR



FEBRUARY

ISA

won a transmission project (El Rio 220kV Substation) and associated transmission lines.

partnered **Endeavor** Colombia to strengthen innovation and entrepreneurship

MARCH

delivered the

INTERCOLOMBIA

230kV and 195 km

Interconnection

Chinú - Montería - Urabá

ISA



CTM

First company in Peru to issue **green** international bonds



APRIL

INTERNEXA

launched THUNDER, cloud services platform



XM

launched EcoRegistry, platform based on blockchain technology, which will allow the registration of projects and emission reduction certificates for the carbon market



ISA INTERCHILE

puts into operation the **Cardones-Polpaico** 500 kV, 753 km **line**









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NOVEMBER

ISA REP

obtained Asset Management ISO 55001 certification



JULY

ISA INTERVIAL

launched the new Free Flow toll system in Nueva Angostura in Chile



INTERCOLOMBIA

delivered the San Antonio 230 kV **Substation** project and associated transmission lines to the country





OCTOBER

ISA

signed a sales purchase agreement for the acquisition of 100% of the Costera Cartagena-Barranquilla Concession

DECEMBER

ICP

signed an agreement on technical cooperation with IDB

ISA CTEEP

was awarded three projects in Brazil in a public tender carried out by ANEEL





isa

2019

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RECOGNITIONS GRANTED TO ISA IN 2019

MAY

JULY

AUGUST



Recognized for its **Conexión Jaguar** program and contribution to the **SDG** 15



Bonds rating affirmed at **AAA** (col), and commercial papers of the Program for Issuance and Placement of Internal Public Debt Securities affirmed at **F1+**



Recognizes
Bernardo
Vargas as
one of the
Best CEO



Includes
ISA in the
top 10 most
innovative
companies

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



FTSE4Good



bc

IR issuers
of the **BVC**- **Bolsa de Valores** de
Colombia S.A.



Best energy company and second-best Colombian company in the 100 Multilatinas Ranking



Among the **5 best companies** in the Colombian Stock Exchange **IR** Recognition



Among the **25 companies** that **contribute** the most in Colombia



Second place in Sustainable Mobility Business Plans



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RECOGNITIONS GRANTED TO THE ISA GROUP IN 2019

JANUARY



ISA INTERVIAL

The Ministry of Economy gave the **Propyme Seal** to Ruta de la Araucanía and Ruta de los Ríos

MAY



INTERCOLOMBIA

The company was recognized at the Global Compact Congress, for its program, Alianzas para el Desarrollo Territorial (Alliances for Territorial Development)



ISA REP

ISA REP won second place in Employers for Youth's "12 Mejores Empresas para los Jóvenes Profesionales en Perú" (12 Best Companies for Young Professionals in Peru)



MAY

ISA REP received the **Socially Responsible Company** distinction

JULY

AUGUST

OCTOBER





XM

received the Andesco Award in the category of small utility company



ISA CTEEP

won the "Valor **1000**" award in the energy sector in Brazil



ISA

powering the future

osi

was recognized as "Most **Valuable Customer 2011** -2019" by Open System International (OSI)

INTERCOLOMBIA



INTERCOLOMBIA

received the **Sustainability Business Award**



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INTEGRATED MANAGEMENT SYSTEMS

Consistent with its desire to apply international standards that contribute to increase levels of competitiveness, ISA and its companies have adopted the ISO and OHSAS standards, to manage aspects of quality, occupational health and safety, environment, information security, and asset management.





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CORPORATE GOVERNANCE AND INTEGRITY

For ISA and its companies, corporate governance and integrity mean counting on regulating bodies that guarantee the transparency and independence of the company and ensure the creation of sustainable value.



Among the main aspects modified by the Board of Directors in 2019, related to corporate governance, are:

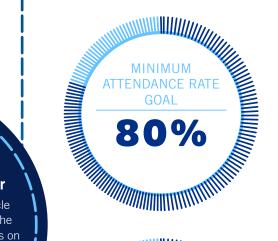
- Statutory reform consisting of updating the functions of the Board of Directors related to the approval of investments in subordinate companies and commercial transactions between related parties under the terms of the Code of Good Corporate Governance.
- Design of the "Working Model in the attached Corporate Governance Report for ISA Company Group", which establishes the governance interactions and mechanisms between the parent company and the affiliates, in order to achieve the ISA2030 Strategy.

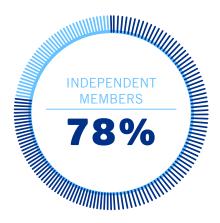
of Directors and are explained

Modification of the Code of Good Corporate
 Governance for making explicit the main reports
 that are submitted before the General Shareholders'
 Meeting and the parties responsible for them.









REMUNERATION OF

COP 4.832.070PER SESSION



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BOARD OF DIRECTORS [GRI 102-18] [GRI 102-22] [GRI 102-23]



Marcela Meléndez Arjona

Appointed by: Ministry of Finance and Public Credit



Santiago Montenegro Trujillo

Appointed by: Pensions and Severance Funds

Chairman of the Board of Directors
Chairman of the Business
Committee



Carlos Mario Giraldo Moreno

Appointed by: Ministry of Finance and Public Credit

Chairman of the Board and Corporate Governance Committee



Appointed by: Empresas
Públicas de Medellín

Chairman of the Corporate

Audit Committee



Isaac Yanovich Farbiarz

Appointed by: Ministry of Finance and Public Credit



Henry Medina González

Appointed by: Pensions and Severance Funds





Camilo Zea Gómez

Appointed by: Pensions and Severance Funds



Juan Pablo Zárate Perdomo*

Technical Vice-Ministry of the Ministry of Finance and Public Credit **Appointed by:** Ministry of Finance and Public Credit



César Augusto Arias Hernández

Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit **Appointed by:** Ministry of Finance and Public Credit

Note: Independent Member | ¬ Board and Corporate Governance Committee | L Corporate Audit Committee | — Business Committee

* Replacing Luis Alberto Rodríguez Ospino as from September 2019



MANAGEMENT [GRI 102-18]

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Bernardo Vargas Gibsone CEO



Olga Patricia Castaño Díaz **Chief Strategy Officer**



César Augusto Ramírez Rojas Chief Energy **Transmission Officer**



Carolina **Botero Londoño Chief Corporate** Finance Officer



Carlos Humberto Delgado Galeano Chief Organizational Talent Officer



Sonia Margarita Abuchar Alemán Chief Legal Officer

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Daniel Isaza Bonnet Chief Growth and **Business Development** Officer



Olga Lucía López Marín Chief IT Officer



Jorge Iván López Betancur **Road Concessions** Corporate Manager



Guillermo González Rodríguez Chief Institutional **Relations Officer**



Carlos Ignacio Mesa Medina Chief Corporate **Audit Officer**



Jaime Alberto Peláez Espinosa INTERNEXA's CEO



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ETHICS

ISA's companies are recognized nationally and internationally as an ethics and good practice benchmark. One of the tools that leverage this value is the Ethics and Compliance Business Program, through which, in 2019, the Code of Ethics and Conduct and the Anti-Corruption and Anti-Bribery Management Guide were consolidated among the employees and third parties with whom the companies interact. These documents establish expected behaviors and criteria for action.

Main actions

• Updating of definitions regarding conflict of interest declarations. The periodicity with which employees must declare the existence of a conflict of interest was modified. Now, it must be declared at the beginning of the labor relation, annually, and when a specific situation arises. To support compliance with these definitions, an application was developed so that this declaration is made online, and at any time. The annual declaration by the employees of the company group made through the app obtained a percentage of progress of 93%, which made it possible to identify potential and real situations that were addressed.



IN EVERY
DECISION MADE,
ETHICS IS
PRESENT AS A
NON-NEGOTIABLE
CRITERION

- Creation of a Compliance group for ISA CTEEP, which is the contact point for the definition and incorporation of the standards defined.
- Recertification of the Corporate Integrity and Ethics Model (Law 20.393),
 for ISA INTERVIAL and its concession companies. This is a model
 updated with protocols to prevent new crimes sanctioned by Chile's
 laws. This management implies that for each decision made, ethics is a
 non-negotiable criterion; it involves all third parties with whom we have a
 relationship so that they apply the same philosophy into their processes
 and guarantee the best standards of ethics and compliance.



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- Implementation of the dissemination and training plan to strengthen ethics as a cultural trait through:
 - Awareness raising among internal and external stakeholders: meeting with suppliers of ISA, ISA REP, ISA CTEEP, ISA INTERCOLOMBIA, XM, and ISA INTER-VIAL, universities, professional seedbeds and the Global Compact Network.
 - E-learning that clearly and practically compiles the contents developed in the Code of Ethics and Conduct.
 - Conversation between all the employees and the CEO about ethics as a fundamental part of "the ISA that we want to preserve in the next 50 years".



Likewise, from the point of view of comprehensive risk management, progress was made in identifying and assessing the corporate risk of fraud and corruption at the level of the most exposed processes, such as: procurement, project management, treasury, and human management, which allows efforts to be focused on prevention and mitigation.

As part of the voluntary actions, work continued on the Energy Sector Collective Action, of which ISA, ISA INTERCOLOMBIA, ISA TRANSELCA, and XM are part, the latter acting as representative of the Technical Secretariat. The dissemination of the "map of competence" risks in the energy sector" and progress in closing gaps in Transparency International principles through the Ethics and Compliance Program is highlighted.



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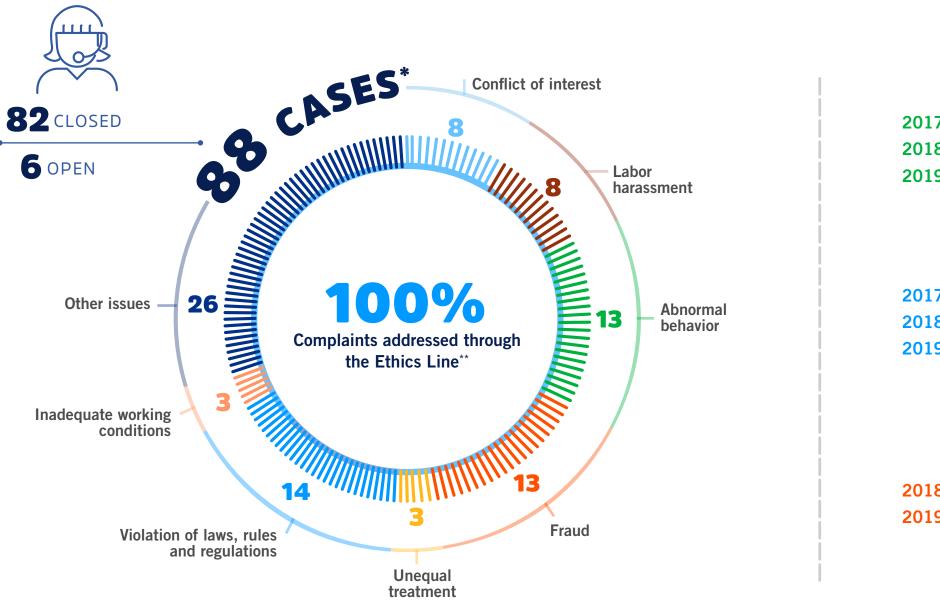
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RESULTS OF THE ETHICS LINE [GRI 102-34]



^{*} Cases reported and investigated; not based on number of effective cases



^{**} In 2017, 2018, and 2019 100% of the complaints were addressed





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STRATEGY

ISA's strategy for 2030 seeks

the creation of Sustainable

Value, which allows us to

go beyond the generation of

The first year of implementation of the ISA2030 Strategy was characterized by the achievement of major milestones, the creation of initiatives and a variety of indicators to mobilize the achievement of strategic objectives, the identification and allocation of individual contributions from each of the affiliates to the major goals of the group, the definition of the scheme for monitoring the implementation of the strategy and alignment with the budget, and performance management.

ΣΞ AND CONDUCY **CONNECTIONS** solely economic value. It is our **THAT INSPIRE** great commitment to generate value overtime, not only for shareholders but also to create a positive social and environmental impact, ensuring corporate longevity. [GRI 102-14] Based on the higher purpose **CONNECTIONS THAT INSPIRE**, which accompanied by its principles and complemented by the Code of Ethics and Conduct, the Code of Good Corporate Governance and the commitments with Stakeholders represents the business philosophy. [GRI 102-16] [GRI 102-17]

ISA's companies are known to be key players in the development and progress of society, transcending obligations and creating a legacy for future generations.



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ISA2030 STRATEGY

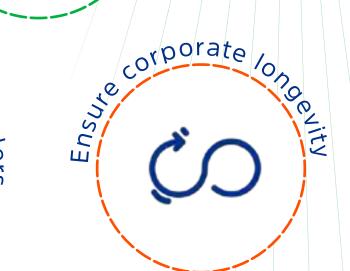
The ISA2030 strategy proposes concrete initiatives and objectives for growth, reduction of environmental impacts, investment in innovation, new energy businesses, and entrepreneurship.

GROWTH WITH SUSTAINABLE VALUE

The bet for the future is to generate value over time, not only for shareholders but for the society and the planet, and ensure the continuity or longevity of ISA.







TRANSVERSAL PILLARS

All daily actions and decisions are marked by how ISA is related internally and to the world.



Green

Minimization of environmental impacts in operations and promotion of initiatives that generate positive environmental impact



Innovation

Taking advantage of business opportunities derived from technological evolution and trends

Development



- Build capacities and leaders to face business challenges Promote territorial
- and entrepreneurship ecosystem development



Articulation

Seal of strategic alliances to meet the objectives



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BALANCED PORTFOLIO

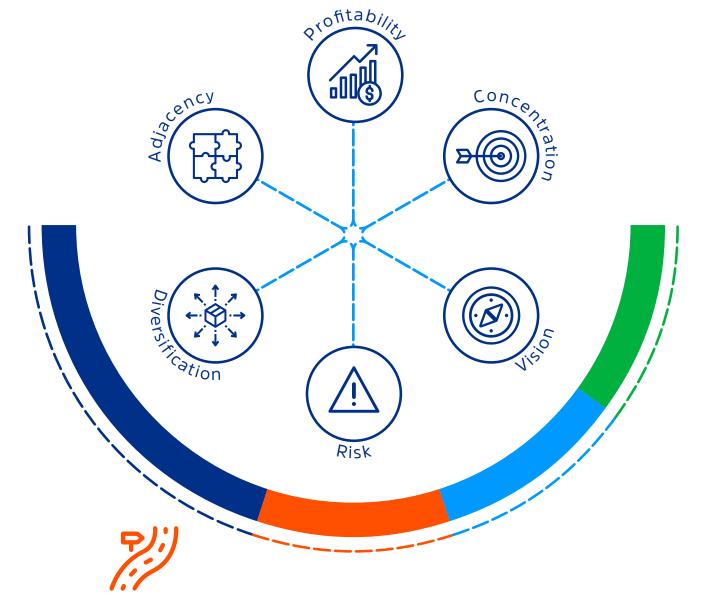
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ELECTRIC ENERGY

- Energy Transmission, core business
- Profitable projects
- Capex and Opex excellence
- New geographies
- Key role in the transformation of the sector
- Sub transmission

New businesses

- Large-scale storage
- Distributed energy solutions distribuidas





FUTURE BUSINESSES

Focus

- Beyond our CORE business
- Transformational innovation
- Enhance current skills

Vehicles

- Open Innovation Ecosystem
- Corporate Entrepreneurship

ROADS

Platform development

- Alliances for growth
- Strengthening of existing capacities
- Profitable projects
- Growth in new geographies

Excellence in:

Structuring, construction, O&M



TELECOMMUNICATION AND ICT

Profitability

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



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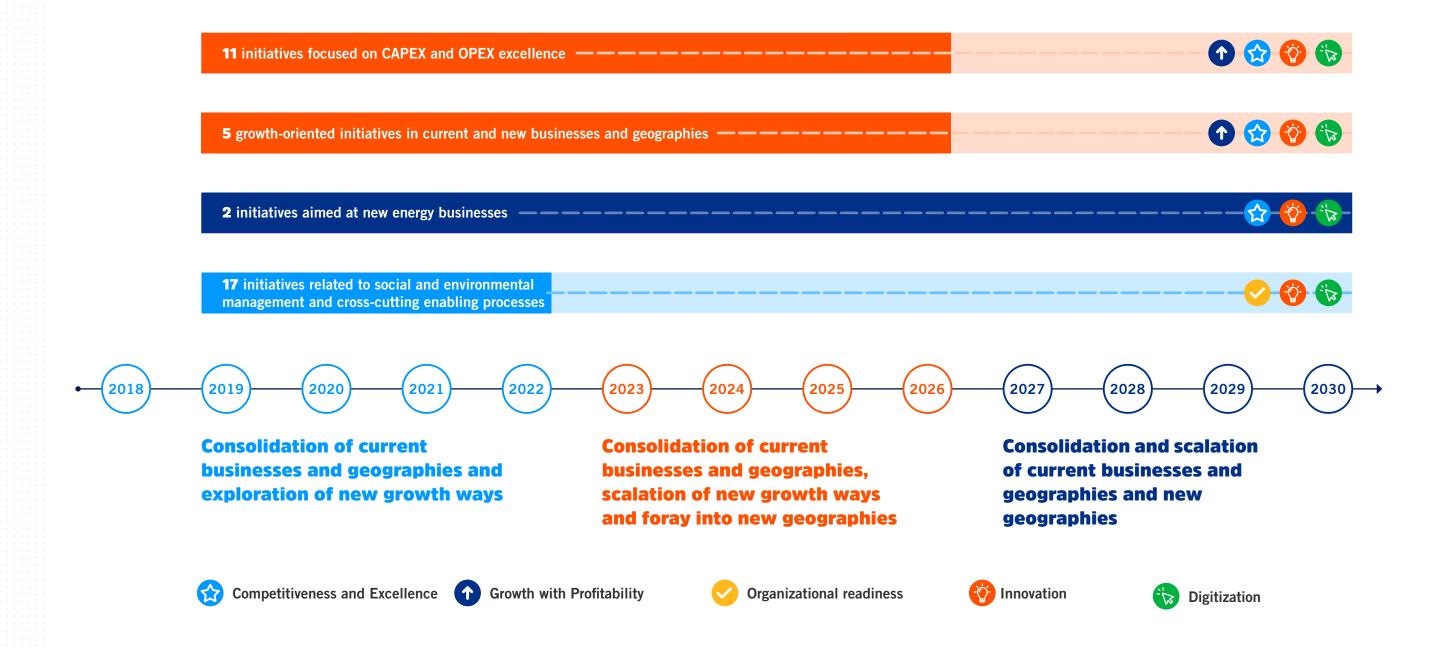
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STRATEGIC INITIATIVES TO DEVELOP GOALS

During 2019, the first year of the strategy's implementation, the main projects that will allow ISA's companies to get closer to the objectives and goals set for 2030 were formulated.





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STRATEGY MILESTONES ACHIEVED IN 2019



Ensure

Reduce 11 million tons of CO₂e

- 1.434.290 tons of CO₂e reduced considering the decrease in impacts associated with the development of operations and results of the Conexión Jaguar program
- Target for 2019: **1.352.720** tons of CO₂e
- Accomplishment: 106%

Achieve a minimum increase of **70%** in EBITDA

- EBITDA 2019: COP 5.285.605 million
- **9,8%** higher than in the previous year
- **EBITDA indicator target** defined for group companies: **101%**
- Accomplishment: 107,3%



Invest USD 2.000 million in new energy businesses

Invest **USD 150** million in entrepreneurship

Invest USD 10.500 million in current businesses and geographies and in new geographies

 More than USD 900 million committed in 2019 for new investments

- Consolidation of a business model to build, operate and maintain large-scale storage systems to provide network services
- Design and implementation of an innovation strategy
- Interaction with a network of allies within an innovation and entrepreneurship ecosystem in the region
- **USD 15,9 million** invested in innovation projects
- USD 0,97 million revenues from new products and services
- 85 projects developed

Digitization

Progress was made in deepening the digitization of core and support processes. On our way to moving towards the work of the future, with no time and place restrictions, and where people are dedicated to more high-value activities, a robotic force of 120 robots was consolidated by 2019, impacting 60 processes,

improving productivity by 30.000 hours in the year, and packing and preserving knowledge through this process of digitization. The group's excellence center for advanced analytics and artificial intelligence was created, in which more than 10 pilot projects were developed with an emphasis on the core business.

Organizational capabilities

The following capabilities required by employees were identified to accompany the implementation of the strategy: operational excellence, innovation and entrepreneurship, digital transformation, adaptability, networking, customer orientation, ethics, co-responsibility, environmental and social management, talent development, and continuous learning.



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To ensure the fulfillment of the challenges by 2030, maintain the transcendence approach on the long term and carry out the actions required to achieve future results in the short term, intermediate goals have been defined for:

Simplifying the implementation

- They allow alignment with other reference periods towards 2030
- They allow assessing priorities in the short term in accordance with the dynamics of the environment
- They synchronize the pace of implementation with the nature of the variables relevant for the strategy
- They define a horizon with greater certainty in the most important investments to fulfill the strategic plan

Promoting connections and motivational factors

- They allow finding a balance between the motivational and rational connection needed to achieve the results
- They facilitate communicating goals achievable in the short and medium term

The ISA's companies will continue to implement their strategy inspired by sustainable value, committed to generating value for the shareholder, creating positive social and environmental impacts, and ensuring corporate longevity. This will allow them to face the cha-



ISA REP team, Perú

llenges of the future, transcend, move away from obsolescence, anticipate trends and their impact on the businesses and industries in which they are present, and leave a legacy that will inspire new generations.

During 2020, ISA and its companies will focus on the following challenges:

- Ambitious growth plan in current businesses that implies greater competitiveness in environments characterized by high competition and a greater number of stakeholders with solid and aggressive strategies.
- Creating alliances for the growth of businesses and companies.

- Development of new capabilities, creation of alliances, new ways of corporate and managerial organization, greater agility, incorporation of new technologies and exposure to new risks; all of the above to enter into new business models.
- Evolution of the group's innovation system as a guarantee of competitiveness and excellence and as a lever for consolidation and growth in new businesses.
- Greater commitment and rigor in ensuring human safety and environmental and social sustainability.
- Greater and better foresight in risk and opportunity management, as well as greater rigor in the monitoring and effectiveness of their administration.



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CHALLENGES AND SIGNS OF THE ENVIRONMENT \

ISA and its companies are systematically attentive to the reading and interpretation of environmental signals that could entail opportunities or risks for the strategy defined.

- Inclusion of sustainability and demographic trends in the public policy agenda (ex: urban planning, infrastructure)
- Geopolitical tensions in the region generate uncertainty regarding regional integration

agenda

 Climate change will condition the main actions of citizens, governments,

and companies

- The development of disruptive technologies will be essential for adaptation and mitigation
 - A significant increase in costs associated with climate change adaptation and mitigation. Consolidation of the carbon pricing as one of the most effective measures to reduce global emissions

• Emerging markets will dominate the generation of Gross Domestic Product (GDP) worldwide, highlighting the

LONG-TERM

leadership of China, India, Indonesia, Brazil, and Mexico

SHORT-TERM

- Moderate growth in Latin America leveraged by Peru, Colombia, and Bolivia
 - Persistent macroeconomic crisis in Argentina and Venezuela
 - Foreign investors more interested in Latin America

ECONOMIC

- Growing protests are evidence of increased social discontent
 - Citizens demand structural reforms in political and economic models
 - Increased public expenditure, tax reforms, and redefinition of priorities on the political agenda

- Prosumers that prefer shared economy schemes
 - Compliance with Sustainable Development Goals (SDGs) by 2030 will require actions of greater impact and better institutional articulation
 - Population ageing implies changes in consumption and production habits, and urban and macroeconomic planning of economies

- Transformation of the energy matrix towards nonconventional renewable energies
- Priority given to investment in green businesses

Climate change

and Bolivia

 Delays in the implementation of financial schemes as an urgent mitigation measure.

• U.S.

presidential

determine both trade

and geopolitical tensions

elections will

Electoral calendar will renew

Chile, and Bolivia, as well as the

local governments in Brazil, Mexico,

POLITICA

in Latin America

legislative government in Peru

• Increased public spending,

tax reforms, and priorities

redefined in the political

Demand to companies: active participation in mitigation and adaptation.

- Transformation of traditional companies' supply chain, generating technical challenges
- Regulatory incentives and technological advances accelerate the penetration of non-conventional renewable energies
- Comprehensive reforms to the energy sector

Regulation based

on use rather than

availability

 Regulatory adjustments to foster energy transition

LEGAL

- Outdated regulations limit the penetration of technology and the consolidation of disruptive business models
- Possible deregulation associated with the eventual incapacity of legal systems to adjust to the fourth industrial revolution

- and new business opportunities
- and the electric, roads, and telecommunications infrastructure by:

Adaptation of the market

- New vehicular technologies
- Distributed energy resources
- Massification of data
- Digitized, decarbonized, and decentralized networks

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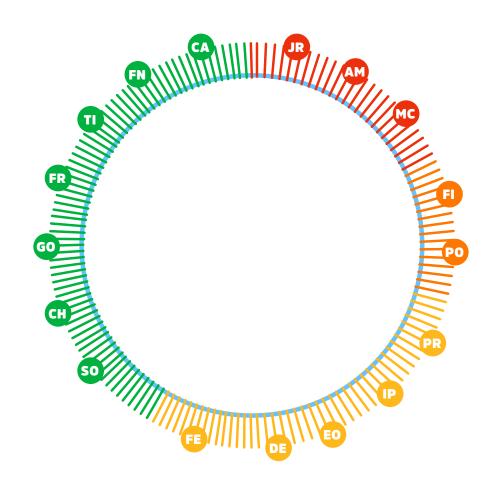
COMPREHENSIVE RISK MANAGEMENT

The Comprehensive Risk Management in ISA and its companies seeks to preserve the integrity of corporate resources and continuity and sustainability of business units. For this, ISA and its companies systematically perform the identification, analysis, evaluation, monitoring, and communication of risks to which companies are exposed, in order to minimize impacts on the financial and reputation resources, and benefit from

opportunities that can come. Each affiliate of the group implements the risk cycle and generates a map that includes its identification, assessment, and administration measures. This information is updated and consolidated on a quarterly basis.

At the end of the period, the consolidated risk map for ISA and its companies reflected the following view in its 17 risk categories:

RISK MAP OF ISA AND ITS COMPANIES



Legal and regulatory

Environmental

MC Market, competition, mergers, and acquisitions

Market, liquidity, and credit

Political

Property

Descriptions

Eurors or omissions



System or energy market deficiencies

Priority criteria for the financial resource (USD million)

- FE Failure of equipment, spare parts, and materials
- Social
- CH Human capital and labor relationships
- GO Governance
- FR Fraud
- Information and Communications Technologies
- FN Natural events
- A Armed conflict, terrorism, and vandalism



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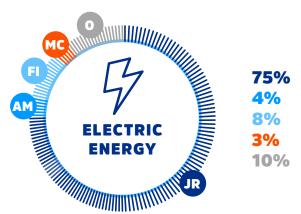
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RELEVANT RISKS [GRI A- RI1]

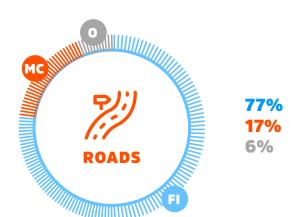
BY BUSINESS UNIT

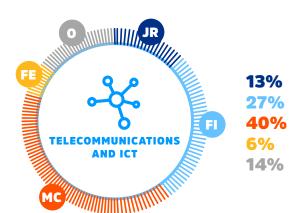
Risks

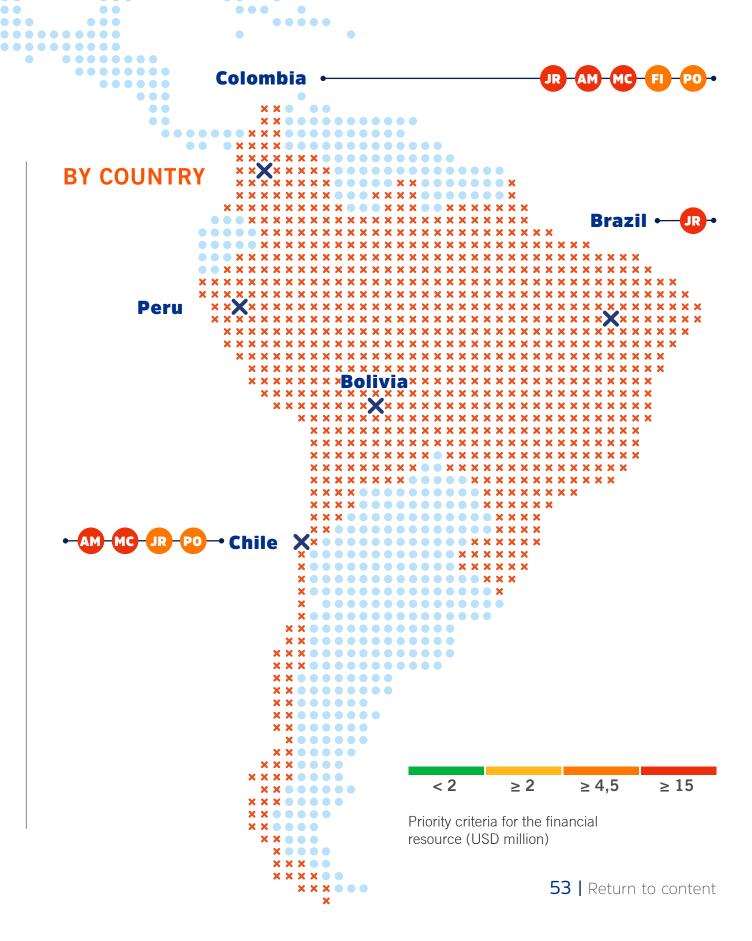
- JR Legal and regulatory
- **AM** Environmental
- Market, liquidity, and credit
- Market, competition, mergers, and acquisitions
- System or energy market deficiencies
- FE Failure of equipment, spare parts, and materials
- Information and Communications Technologies
- Others



• • • • • • • • • • • •









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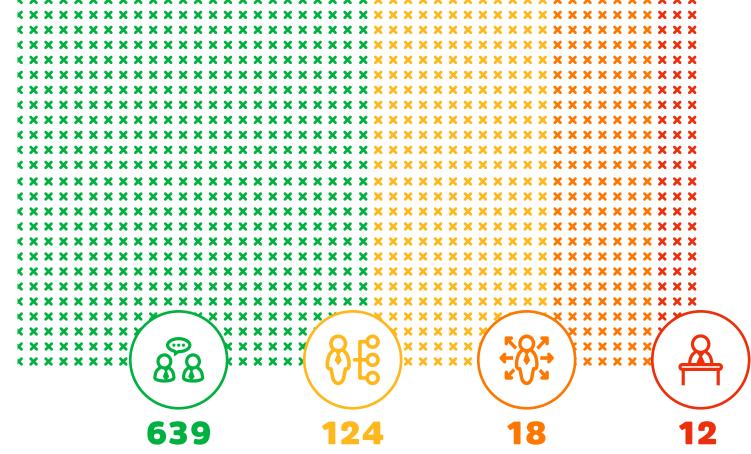
RISK MONITORING AND REVIEW

The risk management is essential for processes and, based on it, uncertain events that could affect the company's results are identified and addressed. Therefore, each person that is responsible for the process, project, asset, contract, among others, is directly involved in its proper identification, assessment, prevention, and mitigation.

The monitoring of risks is associated with the levels of responsibility along the structure of the organization, going through the processes layer, until reaching the highest levels of the companies, including their boards of directors or their equivalents. In addition, support for monitoring business risks is among the functions of the companies' audit areas.

RISK SCALING SCHEME

793
RISKS IDENTIFIED AND REPORTED IN ISA



NUMBER OF RISKS

MONITORING LEVEL

DIRECTORS

CHIEF OFFICERS AND AREA MANAGERS

GENERAL MANAGERS

BOARD OF DIRECTORS



Comment	Category	Country	Risk	Actions
2019 INTEGRATED MANAGEMENT REPORT		*** *** **** **** *****	Change of the compensation scheme of energy transmission.	 Direct work and work through unions before the regulatory authority, the Ministry of Mines and Energy and the Ministry of Finance. Comprehensive technical, regulatory, legal, and financial analyses of the regulator's proposals. Strengthening of asset management for decision making considering criteria of cost, risk and performance, in the definition of replacement plans.
Message from ISA's CEO Report		Colombia	Uncertainty regarding the allocation of the payment of transporters restrictions (Resolution CREG 100 of 2019).	 Management through different sectoral entities such as the National Association of Public Utilities and Communications (ANDESCO) and the National Council of Operation (CNO). Technical, regulatory and legal analyses for the definition of the proposal to the regulator. Efforts with the government to disseminate comments and counter-proposals. Decisions on maintenance strategies and plans leveraged in "asset management".
Profile Company Profile	Legal and Regulatory		Tax events and pension liability in ISA CTEEP.	 Submission of relevant appeals to the regulatory authorities. Contribution of documentation and supports, and trade union management. Judicial and extrajudicial proceedings. Collection management and ongoing monitoring of process evolution. Provision of a dedicated legal team and favorable legal opinions.
4 STRATEGY Materiality Analysis		Brazil	Uncertainty about receiving the total or partial value of the remuneration from the Basic Network of the Existing System (RBSE) of ISA CTEEP.	 Permanent work with the Ministry of Mines and Energy, the Ministry of Finance, the National Energy Agency (ANEEL), and Tribunal de Contas da União (TCU). Submission of proposals and judicial management through Associação Brasileira das Empresas de Transmissão de Energia (ABRATE), in collective and individual actions.
Financial Results Annexes			Impacts of the periodic tariff revision for energy transmission.	 Management of ANEEL's public hearings, hiring of experts. Direct work with ANEEL and joint actions with ABRATE for common issues. Technical analyses accompanied by legal-technical opinions.



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Category Country Risk Actions



Loss of Other Transmission Facilities (OTF) for distributors.

- Contributions to consultations and public hearings.
- Regulatory action during ANEEL or São Paulo State Sanitation and Energy Regulatory Agency (ARSESP) inspections.
- Direct work with ANEEL, with technical arguments related to asset management and the need for investment in the sector.



Regulatory



Brazil

Impact on the development of projects due to difficulties in procedures and increase in environmental offsetting.

- Work before the Ministry of Mines and Energy, the authorities, and society involved to overcome environmental, forestry, and archaeological conflicts.
- Minimization of the environmental impact.
- Regional optimization of offsets.

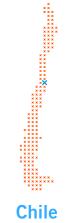


Technical or Technological dependence of suppliers.

- Development of suppliers and framework alliances.
- Supplier management initiative with respect to negotiations with a life cycle insight.



mergers, and acquisitions



Failure to be awarded the bid or replacement of concessions due to expire before 2030.

- Consolidation of synergies.
- Consideration of strategic alliance.
- Development of private initiatives.
- Exploration of brownfield projects.
- Participation in greenfield projects.



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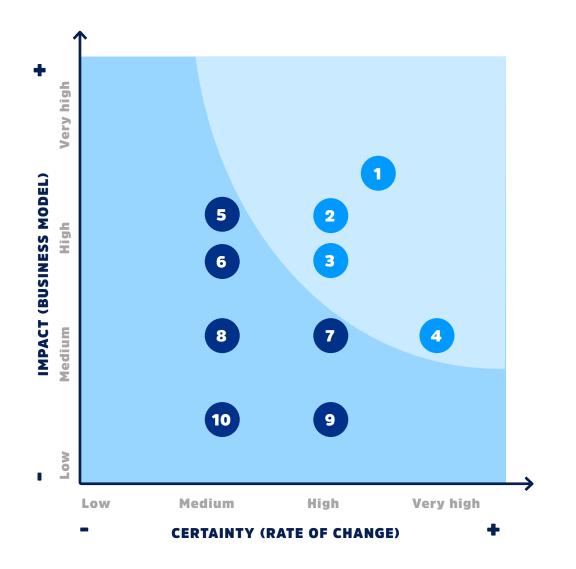
MATERIALIZED RISKS

- Change in the calculation of the Periodic Tariff Review-RTP- by ANEEL at IE Madeira in CTEEP, Brazil.
- Higher value of the asset
 associated with the
 Cardones-Polpaico project in
 Chile due to the actual date
 of entry into operation.
- Claim from supplier
 associated with EPC contract
 in the construction of project
 in Chile.

EMERGING RISKS [GRI A- RI21]

As a complement to the quarterly evaluation of risks that could impede the company from achieving the strategy, ISA analyzes uncertain events, generally external and complex, that could affect future business models more than the current strategy. In this analy-

sis, trends are identified and the trajectory of the main variables that could amplify them or affect the relation between them is evaluated in order to reformulate the business models, reorient the strategy to anticipate negative impacts, or turn them into new opportunities.



- Decrease in the business range due to reconfiguration of the energy sector value chain
- 2 Legal and regulatory uncertainty and new revenue schemes
- Climate turning points and catastrophic extreme events
- 4 Cyber-vulnerability and critical information fraud
- Adverse consequences of technology development (artificial intelligence, new materials, and wireless solutions)
- 6 Deep social instability in countries of interest
- 7 Instability in governments, economies, institutions, or between states
- 8 Impact on, or loss of critical infrastructure
- 9 Loss of biodiversity
- 10 Changes in user preferences or technologies that affect the use of current road infrastructure



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Emerging risks Impact on the organization **Actions** Decrease in the business area New energy businesses (storage and distributed Economic impact on participation, due to reconfiguration of the energy energy services). competitiveness, and current revenues. sector value chain • New business models in early stages. New opportunities for investment and growth of • Preparation of human resources. Legal and regulatory uncertainty and the value chain. Proactive regulatory management. new revenue schemes • Reduction of carbon emissions through Climate turning points and catastrophic • Damage to property and infrastructure. the Conexión Jaguar Program. extreme events Impact on service. Portfolio of forest offsets. Cyber-vulnerability and critical • Protection mechanisms, processes that promote the • Unavailability of services. cybersecurity culture and recovery plans. information fraud • Impact on information. Permanent monitoring of risk evolution and adoption of • Impact on productivity and competitiveness Adverse consequences of technological better practices and technologies according to security • Less need for energy transmission services development challenges inherent to digital transformation. (transformation and transport) and New energy businesses. Changes in user preferences or less traffic on the roads. New business models in early stages. technologies that affect the use of New product development opportunity. • Evolution of the innovation system. current road infrastructure Deep social instability in countries of • Monitoring of the political, economic, social, technological • Increased restrictions on business development interest and environmental scenario of the countries of interest. and growth. Diversification in business and markets (geographies). Instability in governments, economies, Higher volatility of macroeconomic variables. Financial hedges. institutions, or between states Impact on, or loss of critical Damage to property and infrastructure. infrastructure Asset management system. Cost overruns in the investment and operation. • Asset life cycle insight for environmental aspects. Impact on the continuity of service (blackouts). Portfolio of forest offsets. Loss of biodiversity • More restrictions to business development.





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MATERIALITY ANALYSIS

GRI [102- 43] [102- 44] [102- 46] [102-47] [102-49] The ISA Group performs materiality analyses to identify issues that are relevant to the achievement of its strategy and are valued as such both internally and externally. Below is the construction process of this analysis, developed in 2019:

STEPS FOR MATERIALITY ANALYSIS

- 1. Definition of relevant issues
- 2. Internal validation of relevant issues
- **3.** Measurement and consultation with stakeholders
- **4.** Construction of the materiality matrix Issues that are relevant to both the business and the stakeholders are identified.



- Relevance for the business (X axis): impact of the issues on the achievement of the company's strategic goals. Issues considered:
 - Influence of the issue on the fulfillment of the strategic goals.
 - Capacity to generate an impact (positive or negative) with the management of each element of the model.
 - Performance perceived from the company on each issue.
- External relevance (Y axis): importance of issues according to key audiences' expectations, the

context, and trends that may affect companies, non-financial reporting requirements and investor requirements.

Additionally, a complementary analysis was made with other perspectives and sources that favor the management of material issues in which the following stages were addressed:

- Context study.
- Analysis of material issues of other companies of the sector.
- Construction of the materiality matrix.

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

The validation process included in-depth interviews, debate sessions, and online surveys to all areas of the companies and their managers, and consultations with key audiences, board members, directories or boards of directors.

The finding of each issue in the matrix, according to their value in each axis, allows identifying the most important issues for both the company and the stakeholders (called material issues) and also allows verifying the degree of balance between the external expectations and the internal importance of these issues.

The materiality analysis identified 28 issues relevant to the company and its stakeholders, which makes it a key tool for identifying the issues that constitute sustainability priorities for ISA and its companies.



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MATERIALITY MATRIX



GOOD GOVERNANCE



TRANSFORMATIONAL **LEADERSHIP AND INFLUENCE CAPACITY**



STRENGTH AND GROWTH



FORESIGHT AND INNOVATION



EXCELLENCE IN COMPLIANCE WITH ACTIVITIES



PROACTIVE CONTRIBUTION TO GLOBAL ENVIRONMENTAL **CHALLENGES**



COMMITMENT TO SOCIO-ECONOMIC DEVELOPMENT



STRATEGIC ALLIANCES FOR **TRANSFORMATION**



ATTRACTION, DEVELOPMENT, AND CARE OF THE BEST TALENT

CRITICAL RELEVANCE

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

HIGH RELEVANCE

- 2 Ethical, comprehensive, and transparent behavior
- 18 Strategy to mitigate and adapt to effects of climate change
- Versatility in the definition of risk appetite and in its management before new business opportunities
- Attractive and desirable employer
- Influential, inspiring company able to anticipate to, adapt to and transform the environment
- Diverse corporate governance structure and composition responsive to strategy challenges
- Infrastructure and information security and cybersecurity
- Quality labor practices and respect for employees
- Independence from the state and/or third parties
- Capacity to educate highly qualified workers who learn and see themselves linked to the organization in the long term

MEDIUM RELEVANCE

- 14 Reference in its standards and practices
- Management of equity, diversity and inclusion
- Respect and promotion of human rights and management of social impacts
- Contribution to sustainable development and transformation of territories. building a positive legacy for the regions
- Culture of innovation with flexibility and agility
- 22 Long-term alliances for achieving goals and enhancing the capabilities of the parties
- Optimization of its resources and capabilities to generate synergies between group companies
- Third-party risk management
- Inspirational, adaptive, referential, and transformative leaders



RELEVANCE FOR BUSINESS



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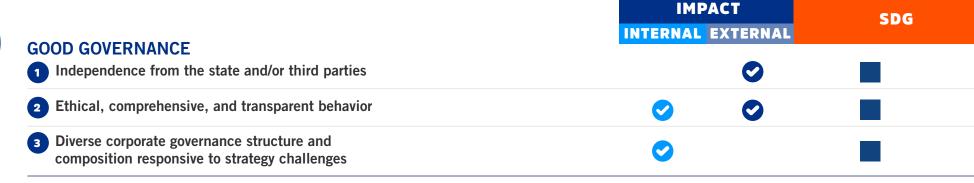
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TRANSFORMATIONAL LEADERSHIP AND INFLUENCE CAPACITY

- Influential, inspiring company able to anticipate, to adapt, and transform the environment
- 5 Inspirational, adaptive, referential, and transformative leaders
- **6** Fulfillment of commitments



STRENGTH AND GROWTH

- Ability to meet financial and business objectives by benefitting from opportunities and ensuring corporate longevity
- 8 Appropriate growth strategy
- Optimization of its resources and capabilities to generate synergies between group companies



FORESIGHT AND INNOVATION

- 10 Identification, foresight, and adaptation to challenges and trends
- 111 Culture of innovation with flexibility and agility
- Versatility in the definition of risk appetite and in its management before new business opportunities



EXCELLENCE IN COMPLIANCE WITH ACTIVITIES

- 13 Fulfilling the value offer with rigor and excellence
- 14 Reference in its standards and practices
- 15 Infrastructure and information security and cybersecurity



















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PROACTIVE CONTRIBUTION TO GLOBAL ENVIRONMENTAL CHALLENGES

Leadership in initiatives to contribute to the protection of ecosystems and biodiversity		•	
Management of environmental impacts related to activities	Ø	0	
Strategy to mitigate and adapt to the effects of climate change	Ø	②	

IMPACT

INTERNAL EXTERNAL

SDG



COMMITMENT TO SOCIO-ECONOMIC DEVELOPMENT

Contribution to sustainable development and transformation of territories, building a positive legacy for regions			
Closeness and dialogue with stakeholders, listening to their expectations	②	②	

21 Respect and pron	motion of human rights and ma	nnagement of social imp	pacts	②	•	



STRATEGIC ALLIANCES FOR TRANSFORMATION

Long-term alliances for achieving goals and enhancing the capabilities of the parties	•	
23 Third-party risk management		



ATTRACTION, DEVELOPMENT, AND CARE OF THE BEST TALENT

24 Attractive and desirable employer	②	•	
Capacity to educate highly qualified employees who learn and see themselves linked to the organization in the long term	②		
Quality labor practices and respect for employees	⊘		
Occupational health and safety for direct and indirect employees	②	•	
Management of equity, diversity, and inclusion	O	•	



















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REPUTATION

In 2019, ISA and its companies integrated the exercise of reputation and materiality into a single model, which makes it possible to manage, comprehensively, relevant management issues (sustainability) and the recognition expected from that management (reputation). Also, thanks to the synergy in the exercise, it was possible to have a unified vision about the expectations and perceptions of the key audiences.

The model developed considered, from its conception, the ISA2030 Strategy and aspects such as:

- Reputational capital developed over time
- The expected recognition in 2030
- The aspects that build the stakeholders trust
- The behaviors that would affect the stakeholders trust

SPONTANEOUS ASSOCIATION ATTRIBUTES





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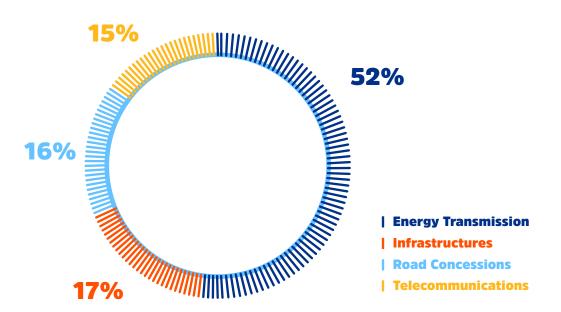
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RECOGNITION OF ISA IN COMPANIES



NOTE: More than 60% of the public consulted recognize that the companies are part of the ISA Group and associate it with different sectors

Projection of the future and multi-Latin vision





Strength and proven experience

Accuracy and strength in the processes

Good corporate governance



"Connections that Inspire" transcends the affiliates



Trust, commitment and co-responsibility

Ability to leave a legacy for future generations

"The improvement I see in the ISA Group makes me proud and inspires me"



REPUTATION
INDICATOR FOR
ISA AND ITS
COMPANIES

4,05

Scale 1 to 5

TECHNICAL SHEET OF THE SURVEY TO ALL THE COMPANIES

METHODOLOGY

Mixed
QUANTITATIVE
AND QUALITATIVE

238
IN-DEPTH
INTERVIEWS

MORE THAN

3.660
PEOPLE
CONSULTED

3.379
ONLINE
QUESTIONNAIRES

8
COMPANIES

43
DEBATE
SESSIONS

PUBLIC

- The State
 Sharehold
- ShareholdersSuppliers
- Key Opinion and media leaders
- Guilds
- ClientsCommunities
- AnalystsNGO

Investors/

- AlliesAcademy and innovation
- environmentsSociety



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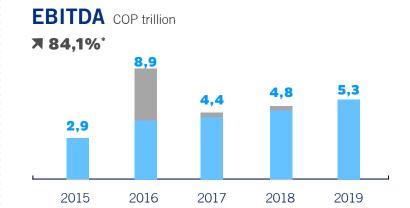
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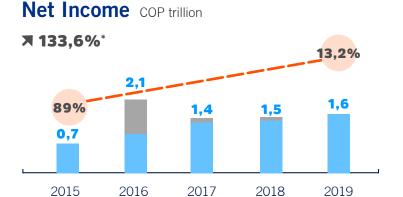
STRENGTH AND GROWTH

ISA and its companies remain solvent thanks to their strategy, benefitting from growth opportunities, synergies, and adjacencies in their portfolio and diversifying business and financing models:

- Ability to meet financial and business objectives by benefitting from opportunities and ensuring corporate longevity
- Appropriate growth strategy

CONSOLIDATED RECORDS





Extraordinary eventsFinancing law, equity tax, 6 months of tariff adjustment, RBSE/PERT

*Variation 2015-2019 without extraordinary events

PROJECT MANAGEMENT

ENERGY TRANSMISSION

COMMISSIONED1

USD 1.032

MILLION

1.813 Km

1.170 MVA

IN PROGRESS²

USD 3.016

MILLION

5.618 Km

14.312 MVA

ROADS

IN PROGRESS

USD 730

MILLION

Expansion to third lanes, safety and service works, double road construction, others.

NEW INVESTMENTS

The ISA Group continues working for the development of infrastructure in the region. In 2019, it was awarded new projects for approximately **USD 384 million.**

THE ISA GROUP SIGNED
A SALE PURCHASE
AGREEMENT TO ACQUIRE
100% OF THE COSTERA
CARTAGENA BARRANQUILLA
CONCESSION IN COLOMBIA.



Subestación El Río

MILLION

THE ISA GROUP CONTINUES TO CONSOLIDATE ITS PARTICIPATION IN THE BRAZILIAN MARKET, BY ADDING 379 KM OF LINES TO ITS GRID, AFTER BEING AWARDED THREE PROJECTS IN PUBLIC TENDER BY ANEEL.



CHILE ROAD CONCESSIONS

USD25

Migration to the free flow system of the Nueva Angostura toll



BRAZIL

ENERGY TRANSMISSION

USD263

Lots 1, 6, 7 ANEEL's tender

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¹ These figures include the entire PLEX 1 project in Chile; tranches 1 and 2 were energized in 2018; the entire project in 2019.

² These figures exclude projects energized during the year. The approximate investment value corresponds to the projected Capex.



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EXCELLENCE

ISA companies ensure their compliance with the value offer by applying world-class standards, making decisions effectively and efficiently, and taking into account the needs of their stakeholders. They have mechanisms to ensure the safety and resilience of infrastructure and cybersecurity, allowing timely response to contingencies:

• Fulfilling the value offer with rigor and excellence



99,98% RELIABILITY

99,93%

12.495

MVA21.181



99,99%

99,05% **AVAILABILITY**

37.095



99,99% RELIABILITY

99,47%

10.955

12.344



46.374 Km OF CIRCUIT

92.600 MVA OF POWER

> Not including jointly controlled investments



100% RELIABILITY

CHILE

98,25%

1.948

2.250



99,73% **AVAILABILITY**

MVA 587



63.079 Km **109.164** MVA

Including totally controlled investments and jointly controlled investments



ENERGY TRANSMISSION PROJECTS

2019

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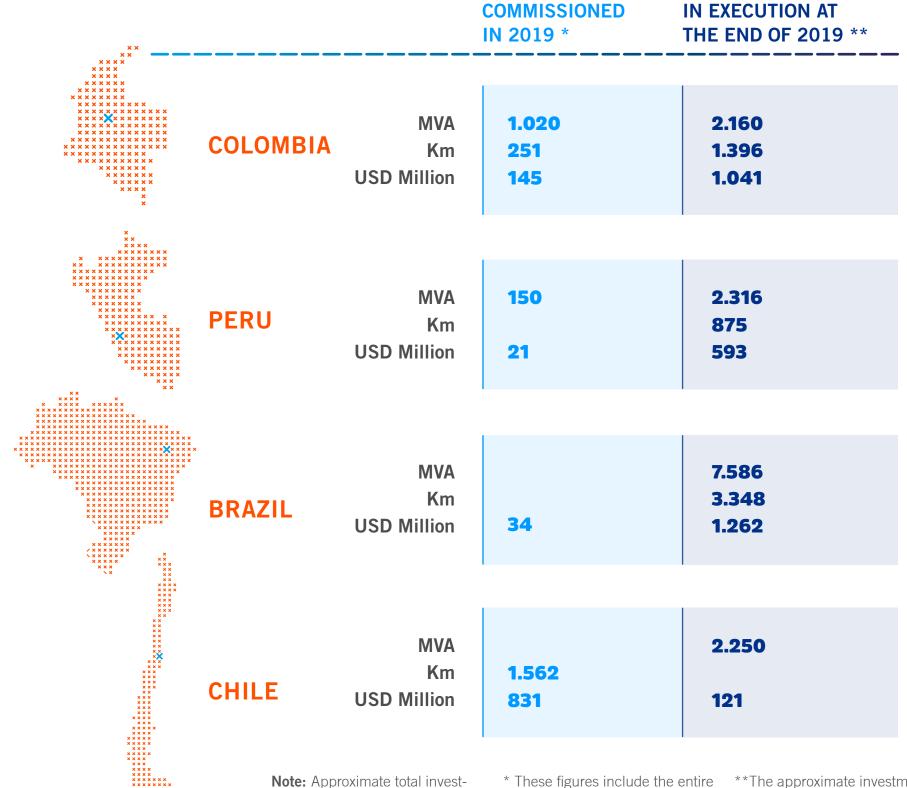
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ment figures of projects.

PLEX 1 project in Chile; tranches

1 and 2 were energized in 2018;

the entire project in 2019

MORE THAN

20_{PROJECTS}

in progress at the end of 2019, excluding renovations, reinforcements, and expansions

INVESTMENT

More than USD 4.000

MILLION in projects under construction in the year

More than 7.000 KM of circuit

More than 15.000 mva

^{**}The approximate investment value corresponds to the projected Capex



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COORDINATION



26.901 km



78 generators

32 network operators



6 regional transmitters,



110 Marketers



25 communications links

231 generation plants

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ROAD INFRASTRUCTURE

IN OPERATION

	Tranche	Km	Trunk toll posts	Side toll posts	Service Areas			
RUTA DEL MAIPO	Santiago - Talca	237	3	39	4			
RUTA DEL MAULE	Talca - Chillán	193	2	16	4			
RUTA DEL BOSQUE	Chillán - Collipulli	161	2	16	3			
RUTA DE LA ARAUCANÍA	Collipulli - Temuco	144	2	8	3			
RUTA DE LOS RÍOS	Temuco - Río Bueno	171,7	2	5	4			
TOTAL	Santiago - Río Bueno	907	11	84	18			
UNDER CONSTRUCTION								
RUTA DEL LOA	Carmen Alto - Calama	136	1	0	1			

151 millon **VEHICLES** IN TRANSIT

94% CONSUMER SERVICE **FAVORABILITY** 86% **AMBULANCE** SERVICE COMPLIANCE

TOW TRUCK SERVICE COMPLIANCE

FREE FLOW TOLL SYSTEM

INSTALLATION IN NUEVA ANGOSTURA, ADAPTATION OF THE TOLL STATION AND CONSTRUCTION OF THE CONTROL TOWER.

> 91% PATROL SERVICE COMPLIANCE





UNDER EXECUTION

In USD million

RUTA DEL MAIPO

Extension to third lanes, safety and service works

RUTA DEL MAULE

96,4*

RUTA DEL BOSQUE

80*

RUTA DE LA ARAUCANÍA

80,2*

* Regulatory safety works



RUTA DE LOS RÍOS

74,5

RUTA DEL LOA

323

Construction of double carriageway and others, Calama circular road



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CYBERSECURITY

Cybersecurity is one of the most relevant issues of ISA Group's digital transformation, it facilitates business continuity, protects own information and stakeholders' information, and safeguards the integrity of the information systems and critical infrastructures that drive operations and guarantee services to customers.

In 2019, progress was made in implementing the group's cybersecurity strategy and roadmap, as well as in evaluating, controlling, and measuring cyber risks:

- Extension of audits and intrusion testing for both Information Technology (IT) and Operational Technology (OT) environments.
- Strengthening and protecting the digital identities of employees of the group companies, network authentication processes and remote access to information systems.
- Development of pilots for the deployment and scaling up of a solution Security Operations Center (SOC) for the group.
- Structuring of the comprehensive cybersecurity model for continuous monitoring that includes foreseeing possible events (prevention, detection, response, and prediction).
- Contracting the cyber security insurance policy that covers all affiliates and businesses of the group.
- Creation of the partners ecosystem for cybersecurity, at the level of government entities in the countries of the region.
- ISO 27001 recertification in some critical processes of the electric energy business.
- Adoption of world-class best practices such as NIST CSF, IEC 62443 and NERC CIP.



ISA Digital transformation fair 2019

ISA IS COMMITTEED TO RESPECT AND PROTECT PERSONAL DATA. WHICH IS WHY IT IS SECURED AND COMPLIANCE WITH THE CORRECT USE OF INFORMATION IS MANDATORY.

- Monitoring as an emerging risk in the group's emerging risk map.
- Strict protection of stakeholder information and personal data.
- Biannual presentation of the progress of the cybersecurity and digital transformation strategy before the Board of Directors.
- Deployment of training, education and awareness campaigns to all employees in the affiliates, in all businesses and geographies.



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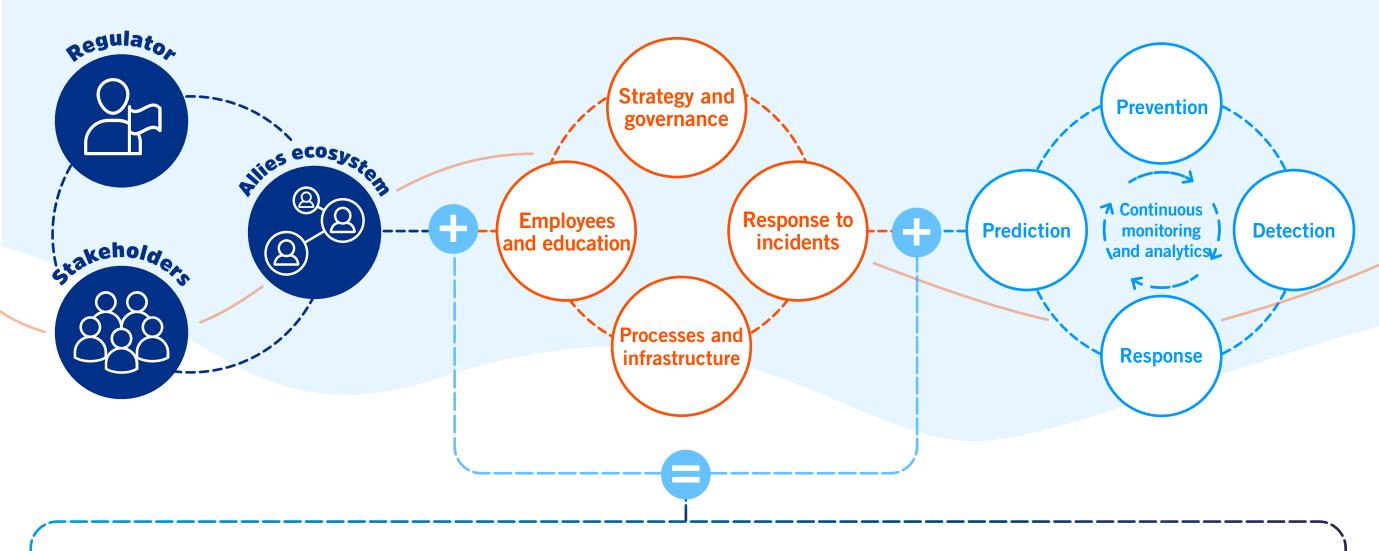
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CYBERSECURITY STRATEGY AND ITS INTERACTIONS



Strategy and governance

- Alignment between IT and operating security
- Sponsorship of Board of Directors, CEO, Chief Offices

Responsibilities and Employees

Education and culture of cyber risk

Response to incidents

Response mechanisms and risk coverage

Processes and infrastructure

- Segmentation of operational networks
- Implementation of predictive security solutions
- Secure remote access and mobile work
- Strengthening of preventive security and digital identity

Applicable internal regulations

- Code of Ethics and Conduct
- Information policy

- Corporate Guide 04: Use and management of information technology
- Institutional guide 242:
 Protection of personal data



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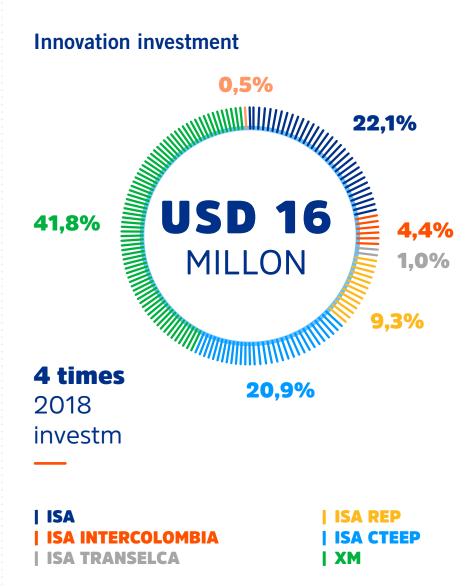
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FORESIGHT AND INNOVATION

The ISA Group promotes disruptive and incremental innovation, relying on the flexibility and agility of its decisions and actions, to identify and foresee challenges and opportunities of the environment, and taking into account the level of risk assumed. Likewise, a culture focused on sustainable innovation that ensures a positive impact on society and the environment is promoted:

• Identification, foresight, and adaptation to challenges and trends









TRENDS

Major global trends and challenges will deeply transform the world and its dynamics, including, of course, relevant changes in the markets in which ISA participates. The ISA2030 Strategy consolidates the company's response to this insight of the future; for this reason, a macro-trend and foresight analysis was made, which combines the company's own experience and the experience of global experts in the businesses that ISA manages. Thus, the global trends could significantly affect the group's business models were determined, and the strategy was structured to address efficiently these changes, ensuring the competitiveness and permanence of ISA companies in the long term:



TRENDS OF GREATER IMPACT BY 2030

2019

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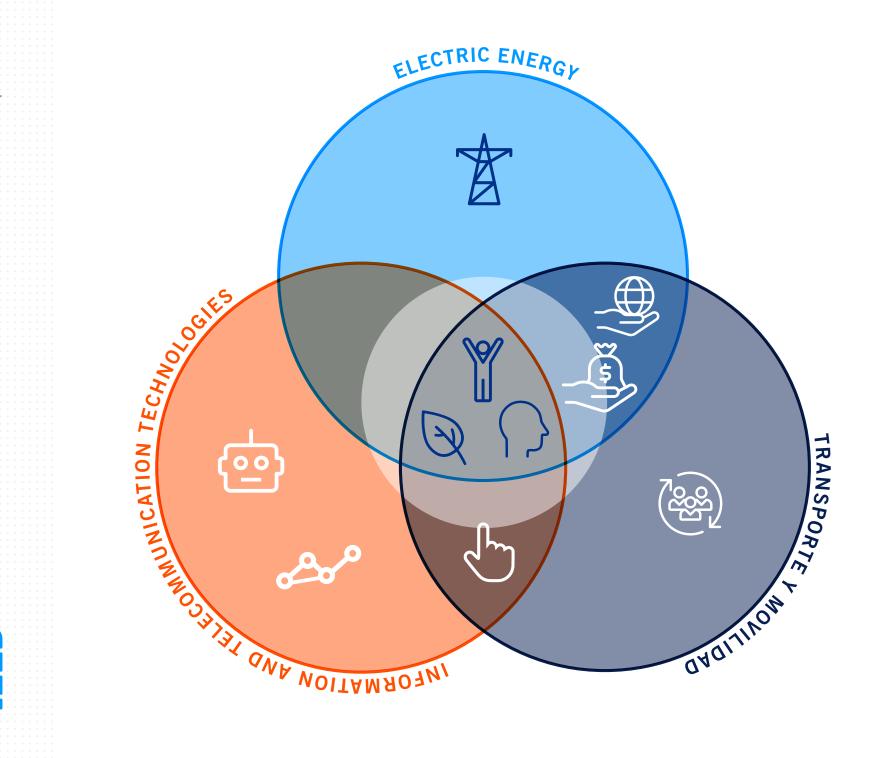
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Optimization of energy resources

- Regional energy integration
- Energy efficiency



Automation

- Autonomous activities
- Data based decisions
- Virtualization



Hyperconnectivity

- IoT
- 5G
- Cyber attacks



Personalization

- Services consumed by demand
- Blockchain
- Decentralized human resource



Demographic transformation

• Urban and suburban densification



Ethics and Transparency

Reputational crisis



Digital Transformation

- Network automation
- Big Data and automatic control
- Intelligent transport systems
- Autonomous cars



More active social participation

- More active consumers and society
- Behavior and response to demand



Decarbonization

- Decarbonization and renewables
- Storage and distributed services
- Transport electrification



Market adaptation

- Regulation by incentives
- Incentives for traffic regulation



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INNOVATION

ISA will have to face the challenges of a world that is living a full digital transformation, hyperconnected and automated, with more active consumers and citizens who prefer "green" solutions and increasingly competitive markets, where new segments are emerging by modifying traditional value chains and diluting the boundaries between sectors.

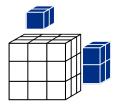
These challenges are placed at the center of the corporate strategy and the new innovation system of the group, adopted precisely to face the challenges of the future:



Ensure the competitiveness and reliability of today's businesses (electric energy, Road Concessions and Telecommunications and ICT).



Develop new adjacent energy transmission businesses.



Benefit from

new business

opportunities in

areas of convergence

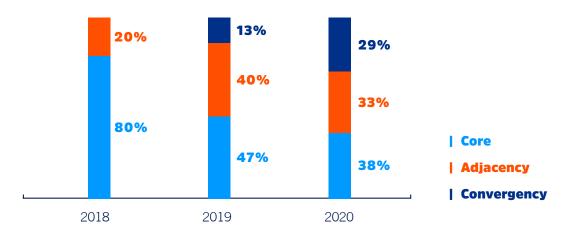
of current

businesses.

In this regard, innovation seeks to strengthen capacities and ensure excellence as a guarantee of business growth and profitability.

To meet these objectives, ISA has diversified its innovation portfolio by gradually searching for initiatives beyond its traditional businesses to obtain value from new segments and complement its current value chain. In 2019, ISA advanced in the reconfiguration of the project portfolio as shown below:

Distance from the core



Progress was also made in the consolidation of the open innovation approach: many of the initiatives started were the result of interaction with the broad network of allies, with whom work was done to capture greater value from the region's innovation and entrepreneurship ecosystem.

Allies ecosystem



Dynamize the science, technology, and innovation ecosystem



Promote the collaborative work with regional startups



Develop high-level training programs in innovation and entrepreneurship



Foster high-impact entrepreneurship in Colombia and Latin America. ISA is part of the Regional Board of Directors



Encourage the transformation of the Colombian energy sector by 2030 with the collaboration of Universidad Nacional de Colombia, EAFIT, UPB, and EIA



Develop the Buró 4.0 project, an innovation center for the engineering and construction sector



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GREAT ACHIEVEMENTS BY OBJECTIVE Competitiveness of current businesses

- Energy transport engineering and design: a design digitization pilot was created in electrical infrastructure works by allies Pactia and Conconcreto.
- Advanced maintenance of energy transmission assets: fourth industrial revolution technologies were implemented for the maintenance of energy transport assets. An example of this is the alliance with Drone Power, (Brazilian startup) with whom the sophistication of the line and substation inspection process was achieved by using drones, doubling the number of findings in half the time.
- Road concession automation: implementation of the free flow system (tele toll) on Ruta del Maipo, generating benefits for road users and efficiencies for the business.
- Self-management portal in telecommunications: INTERNEXA has developed a self-management portal from its services portfolio, so that customers can verify the information, status, and performance of contracted services in a quick and simple way.



Drone Power. Brasil

New adjacent energy businesses

- In Colombia, storage was promoted as an alternative to traditional solutions for network expansion and complementary services (frequency regulation, backup, voltage control, black start, among others).
- A resolution was received from the Colombian Energy and Gas Regulatory Commission (CREG) authorizing all agents to participate in tenders for storage expansion, including ISA.
- ISA has consolidated a business model to build, operate, and maintain large-scale storage systems to provide network services.



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New business opportunities in convergence areas

Many intra-enterprise initiatives were managed and consolidated within the group's affiliates. Many of them are currently marketed; especially:



MAIA: XM, affiliate of the ISA group, developed this platform based on artificial intelligence that compiles all the regulations in force in the wholesale and retail energy sector at national level. It works as a regulatory assistant that supports strategic decision making.



Ecoregistry: pioneering platform in Colombia and Latin America, based on blockchain technology for the issuance, monitoring, and withdrawal of carbon credits, contributing to the mitigation of climate change.



Thunder: cloud service developed by the affiliate INTERNEXA*, that allows users to quickly and flexibly access their computer infrastructure resources. It is integrated with multiple clouds and delivers a better business application experience for customers.



ARCO: developed to estimate
the value of portfolio provisions
of companies participating in the
Wholesale Energy Market (MEM);
provides important information for
credit risk management.



LISA: real-time monitoring system for power transformers.



GAPS: solution based on the application of mathematical methods to power systems, to identify and assess all possible scenarios and restrictions of a network.



Appimotion: application that provides sustainable mobility management services in organizations.

^{*} INTERNEXA, affiliate of the ISA Group, is mentioned; however, the company does not fall within the scope of the materiality analysis.



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TRANSFORMATIONAL LEADERSHIP AND INFLUENCE CAPACITY

ISA and its companies face current and future challenges that transform the environment with proactivity, foresight, responsibility and closeness, with leaders who help reach goals and fulfill the commitments declared by the company to it's stakeholders, demonstrating an exemplary trajectory:

- Company able to foresee, adapt to, and transform the environment
- Fulfillment of commitments

REGULATORY MANAGEMENT

ISA and its companies design actions aimed at generating proper conditions for the operation of their businesses by means of an effective relationship with governments, and at being a relevant player in the construction of public policies, as well as foreseeing and adapting to the regulatory environment.

During 2019, the ISA companies participated in different sector committees, both technical and guild committees; spaces were created to analyze and manage new proposals on regulations that support the development of businesses in the countries where they are present.

The reform of the energy sector in Latin America in the 80s and 90s was accompanied by the separation of the production chain in generation, transmission, distribution and marketing activities (vertical disintegration), in which transmission, given its own characteristics as a natural monopoly, became a regulated business. Given this nature, legal and regulatory stability conditions in the various countries directly impact the management of the business.



- Regarding the remuneration of the Basic Network of the Existing System (RBSE), the main achievement was to obtain, in the first instance, a positive decision to include the ke component in the payment.
- During the year, ANEEL maintained the Periodic Tariff Review (RTP), which was postponed to 2020 with retroactive effect to 2018, when it should have started. The updating of the reference price data bank stands out, which establishes the

- investment values that guide expectations of recognition of new investments to be made by the company.
- As for the cost of capital (WACC), the rate in force at that time was maintained for another year and discussions on the methodology proposed by ANEEL were furthered.
- CTEEP exposed to the regulator the need to improve the approval process of Reinforcements and Improvements in transmission facilities under the responsibility of concessionaires, for which ANEEL published the public consultation 05/2019 (CP 05/2019). It is expected that the public hearing and the publication of a new policy resolution on this subject will be available by 2020.



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- ISA REP made research, together with other stakeholders of the sector, for the regulatory review and potential applications of new energy businesses: battery storage systems. Within the "Agent Proposal and Solution" stage of the 2021 - 2030 Transmission Plan, two cases of application of the Battery Energy Storage System (BESS) were presented.
- Through the transmitters subcommittee of the National Interconnected System Financial Operation Committee (COES), research was conducted on contributions of transmitters to the national

- operator, proposing a new scheme that does not depend on the "short-term marginal cost" variable.
- Publication of a draft standard that includes part of the proposals presented by ISA REP on the setting of tolls for complementary transmission systems with concession agreements; this was the result of the analysis made together with Osinergmin to improve the regulatory procedures for the settlement of revenues for the calculation of tariffs.



XM

The energy transformation that the electricity sector is facing after the entry of new technologies poses great challenges for the regulator, for the agents of the sector, and for XM as Operator and Administrator of the Colombian Energy System. Therefore, XM is actively and permanently engaged in the discussion, construction, promotion, and development of studies and regulatory proposals that leverage the correct appropriation and implementation of changes that this transformation implies. As part of the above, XM actively participated in three of the focuses defined in the "Mission for energy transformation and modernization of the electricity sector: Building the roadmap for the energy of the future."

Regarding regulatory management, 2019 stands out for the issuance of Resolution CREG 060 of 2019 by the Energy and Gas Regulation Commission (CREG), adopting rules and making temporary modifications to the Network Code to allow the connection and operation of solar photovoltaic and wind



XM Team



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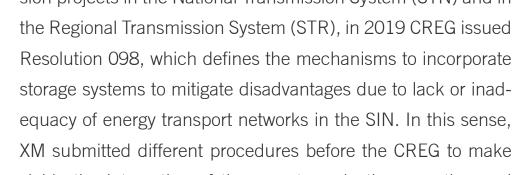
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power plants to the National Interconnected System (SIN). With respect to this issue, XM has made various analyses and studies which take into account different scenarios considered feasible in the operation of the SIN as a result of the integration of these new generation sources. Likewise, the modifications that this resolution establishes for the energy market have been incorporated into its systems.

On the other hand, taking into account network exhaustion problems in the SIN, which are generated, among other factors, from the delay in the entry into operation of some expansion projects in the National Transmission System (STN) and in viable the integration of these systems in the operation and transactions of the market.



ulator, in the construction of the operational, commercial, and Regional Coordinator regulations that will govern the future of International Electricity Transactions (TIE). XM also submitted different regulatory proposals that seek to materialize objectives established by the CREG by adding value to the transformation of the Colombian energy sector. Likewise, the company made progress in the implementa-

During 2019, XM was actively engaged, together with the Reg-

tion of Energética 2030, an ecosystem that covers all elements of the energy sector chain by means of an alliance that involves public and private companies and academia (and of which XM is part of the strategic committee) to develop prototypes and models that allow the operation, supervision and control of the future of energy in Colombia, with high penetration of Non-Conventional Renewable Energy Sources (FERNC), and Distributed Energy Resources (DER).

Within the framework of this alliance, the company attended two workshops and participated in 5 of the 10 projects that make up this program: Demands; Policies, regulation and markets; Scenarios; Micro networks and Management Center, the most relevant milestones being the creation of a distributed generation inventory; the diagnosis and analysis of the current Colombian regulation related to the FERNC and a reference of trends and regulations for its incorporation in different places of the world; the submission of a proposal to regulate the inclusion of batteries in the SIN; the definition of information analysis procedures for solar radiation and wind speed, and the development of an intra-hour dispatch pilot considering high integration of the FERNC.

National Dispatch Center (CND)





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ISA INTERCOLOMBIA

- Working meetings with the CREG continued being promoted, for the revision of the transmission remuneration scheme for the next regulatory period.
- The company attended workshops with the CREG and was engaged in sessions and sectorial management of analysis and discussion about other issues that are relevant for transmission. which support its sustainability:
 - Revision and updating of the Network Code regarding technical requirements that transmission facilities must meet, and the feasibility of connecting plants based on non-conventional renewable energy sources.
 - Revision of the methodology to determine the weighted aver-

- age cost of capital (WACC) for the transmission activity.
- Review of regulations related to restrictions in the INS.
- Proposal for a scheme of remuneration and development of new types of transmission works and technologies, which will make it possible to carry out this type of work as an expansion alternative.
- Contribution of elements for a regulatory definition that gives the possibility of having connections shared between generation projects, with the resulting environmental, social, and economic positive impact, and that will also favor the viability of the connection of non-conventional renewable energies.



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COLOMBIA – PANAMÁ INTERCONNECTION PROJECT

The Colombia-Panamá Energy Interconnection is an essential project for consolidating the regional energy market and integrating the Andean Community with Central America, which already has an organized market through the SIEPAC network. This project will allow the energy exchange between both countries and will enable access to new renewable sources of energy to boost competitiveness and efficiency, thus contributing to its economic and sustainable development.

In May 2019, within the framework of the Mesoamerican Energy Agenda, the governments of Colombia and Panama signed an agreement on the definitions required for the project to be feasible, which considers a regulatory harmonization scheme, the benefits of an efficient meeting of the demand, and the establishment of mechanisms for the development and remuneration of interconnection works. This scheme will be developed through an agreement between ministries, which will establish the basic principles and criteria, and an agreement

between regulators that will contain the regulatory treatment and guidelines for the definition of operational and commercial issues.

The Environmental and Social Impact Assessment (ESIA) and the field design study are currently being developed in Panama. These studies began being conducted in indigenous territories (Guna Yala and Kuna Wargandi), once authorized, under a sustainable environmental corridor insight.



2020 outlook

- The main priority of the project is to define the development scheme through the regulatory agreements to be signed, within the framework of the government's bi-national commitments.
- In parallel with the environmental research, progress is being made in contracting marine inspection services, which are expected to be provided during 2020. The purpose of this research is to determine the detailed information (technical and environmental) required for the design, engineering and execution of cable laying and protection activities, and for the definition of the baseline study for the Environmental and Social Impact Study (EIAS).
- In addition, based on the completion of the milestones agreed and as a contribution to the interconnection technical and economic studies, IDB and CAF have confirmed their interest in supporting the company's activities in 2020, through Technical Cooperation, ratifying the support that BID has been providing since 2006.



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INSTITUTIONAL COMMITMENTS [GRI 102-12]



GLOBAL COMPACT OF THE UNITED NATIONS

Since 2005, ISA is a signatory to the United Nations initiative, Global Compact. Its affiliates ISA INTERCOLOMBIA, ISA REP, and ISA CTEEP, are also part of this initiative. In 2019, the following actions were carried out:

• ISA and ISA INTERCOLOMBIA, together with other Colombian companies, organized the Global Compact Chair, in which five sessions were held for suppliers. Topics that were covered included sustainability strategy, socially aware companies, circular economy, sustainable mobility and ethics and compliance; with the aim of including key issues of the Agenda 2030 in business management.

SESSIONS

100%

- ISA, ISA INTERCOLOMBIA, ISA REP and XM offset 100% of their greenhouse gas emissions through the purchase of 25.698 tons of CO₂e. These companies were ratified by the South Pole Group as Carbon Neutral.
- **ISA CTEEP** offset 65% of its greenhouse gas emissions.



Recognition of the SDG to the 2019 **Sustainable Development Best Practices**

 ISA, XM, ISA INTERCOLOMBIA and ISA TRANSELCA participated in the Collective Action of the Energy Sector.



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RECONCILIACIÓN COLOMBIA

ISA, as part of Reconciliación Colombia, supported initiatives that help build society in peace.



REDPRODEPAZ

Red Prodepaz, together with Red de Pobladores, advanced towards the construction of a nation in peace based on local and regional dynamics and processes of development and peace. ISA, as a supporting entity, facilitated:

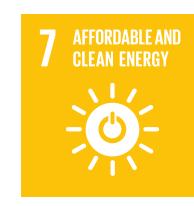
- The management of processes for the social construction of knowledge about development, strengthening of the territory, and peace.
- Actions for reconciliation and the construction of peace.
- The strengthening and sustainability of the territorial processes for development and peace in Colombia.



SUSTAINABLE DEVELOPMENT GOALS

In 2015, ISA declared publicly in the General Assembly of the United Nations its commitment to work in meeting this global initiative.

With the declaration of the ISA 2030 Strategy, goals associated with the Sustainable Development Goals (SDGs) and compliance potential through corporate action were reviewed, prioritizing the following:















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INFLUENTIAL AND INSPIRING COMPANY WITH CAPACITY TO ANTICIPATE, ADAPT, AND TRANSFORM THE ENVIRONMENT

Associations to which ISA and its companies belong [GRI 102-13]

Entity name	Company	2017	2018	2019
Asociación de Empresas de Servicios Públicos - ANDESCO	ISA	5.529,49	26.435	31.116,77
Asociación Nacional de Empresarios de Colombia - ANDI	ISA	67.758,71	57.683	63.223,42
Cámara Colombiana de Infraestructura - CCI	ISA		13.076	14.225,89
Corporación Reconciliación Colombia	ISA		5.231	6.317,37
Comité Colombiano de la Comisión de Integración Energética Regional - COCIER	ISA	29.561,60	-	-
Consejo Mundial de Energía Colombia - WEC	ISA	-	4.863	5.224,68
Fundación para el Progreso de Antioquia - PROANTIOQUIA	ISA		10.462	11.900,62
Red Local del Pacto Global Colombia	ISA	6.702,41	4.616	5.401,05
Pacto Global de las Naciones Unidas	ISA	-	8.001	7.018,31
Red de Líderes empresariales contra el cambio climático - LECCC	ISA	-	1.846	1.969,76
Comité Nacional CIGRÉ Colombia	ISA	-	1.231	1.344,74
Institute of Electrical and Electronics Engineers - IEEE	ISA	-	52.249	58.236,54
Corporación Centro de Investigación y Desarrollo del Sector Eléctrico - CIDET	ISA	3.696,29	22.701	25.269,47
Clúster Energía Sostenible	ISA	-	-	-
Comisión de Integración Energética Regional - CIER	ISA	10.053,62	-	-
Asociación de Empresas de Servicios Públicos	ISA TRANSELCA	14.813,65	13.089	13.682,66
Comité Colombiano de la Comisión de Integración Energética Regional - COCIER	ISA TRANSELCA	4.983,91	4.423	5.065,39
Consejo Colombiano de Seguridad	ISA TRANSELCA		668	662,77
Consejo Internacional de Grandes Sistemas Eléctricos Colombia CIGRE	ISA TRANSELCA	-	1.231	1.281,61

^{*}Figures in USD



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Entity name	Company	2017	2018	2019
Corporación Centro de Investigación y Desarrollo del Sector Eléctrico - CIDET	ISA TRANSELCA		2.582	2.560,40
Fundación Cívico Social Pro Cartagena FUNCICAR	ISA TRANSELCA		-	4.702,50
Agencia de Promoción de Inversiones de Barranquilla - ProBarranquilla	ISA TRANSELCA		-	7.628,60
Cámara de Comercio Colombo Americana AMCHAM	ISA TRANSELCA		-	990,19
Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones	ISA INTERCOLOMBIA		5.077	5.494,43
Comité Colombiano de la Comisión de Integración Energética Regional	ISA INTERCOLOMBIA	9.048,26	8.308	9.032,27
Red Local del Pacto Global Colombia	ISA INTERCOLOMBIA		-	-
Pacto Global de las Naciones Unidas	ISA INTERCOLOMBIA		4.770	4.729,73
Comité Nacional CIGRÉ Colombia	ISA INTERCOLOMBIA		1.231	1.239,16
Comité Minero Energético de seguridad y DDHH	ISA INTERCOLOMBIA	42.895,44	14.934	6.094,72
Comité Boliviano de la Comisión de Integración Energética Regional	ISA BOLIVIA	5.460	5.000	5.000
ASSOCIAÇÃO BRASILEIRA DOS CONCESSIONÁRIOS DE ENERGIA	ISA CTEEP	8.814	7.877	7.919,17
ASSOCIAÇÃO BRASILEIRA DE INFRAESTRUTURA	ISA CTEEP	33.931	30.389	25.575,80
ASSOCIAÇÃO BRASILEIRA DAS COMPANHIAS ABERTAS	ISA CTEEP	6.467	5.522	5.680,96
ASSOCIAÇÃO BRASILEIRA DAS EMPRESAS DE TRANSMISSÃO DE ENERGIA	ISA CTEEP	104.261	57.991	38.870,63
ASSOCIAÇÃO BRASILEIRA DE GERÊNCIA DE RISCOS	ISA CTEEP		-	692,93
ASSOCIAÇÃO BRASILEIRA DOS CONTADORES DO SETOR DE ENERGIA ELETRICA	ISA CTEEP		-	3.474,02
INSTITUTO ACENDE BRASIL	ISA CTEEP	78.441	66.971	60.252,40
CEPEL	ISA CTEEP	30.228	39.308	34.226,45
Comité Brasileño de la Comisión de Integración Energética Regional	ISA CTEEP	7.858	6.709	5.448,60
Comité Nacional Brasileiro de Produção e Transmissão de Energia Elétrica	ISA CTEEP	1.166	996	1.193,09
Conselho Regional de Engenharia e Arquitetura - Mato Grosso	ISA CTEEP		-	-

^{*}Figures in USD



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Entity name	Company	2017	2018	2019
Conselho Regional de Engenharia e Arquitetura - São Paulo	ISA CTEEP		-	956,55
Sindicato das Industrias de Energia no estado de São Paulo	ISA CTEEP		-	28.270,40
Grupo de Institutos, Fundações e Empresas	ISA CTEEP		-	5.730,98
Instituto Brasileiro de Governança Corporativa	ISA CTEEP		-	7.007,43
GRI-CLUB	ISA CTEEP		5.283	-
Pacto Global de las Naciones Unidas	ISA CTEEP		5.162	-
Patronato Perú 2021	ISA REP	5.547	4.926	5.451,29
Sociedad Nacional de Minería, Petróleo y Energía	ISA REP	30.883	27.300	34.906,43
Comité Peruano de la CIER	ISA REP	4.912	4.362	4.694,17
Alianza de empresas que promueven y financian Obras por Impuestos -ALOXI	ISA REP	3.698	3.264	5.451,29
Consejo Empresarial Colombiano	ISA REP	2.211	1.958	2.173,25
Comité CIGRE	ISA REP		1.175	1.338,59
Club de la Energía	ISA REP		1.484	1.817,10
AMCHAM	ISA REP		593	605,70
Aperhu	ISA REP		119	121,14
Empresas Electricas A.G.	ISA INTERCHILE	21.000	72.006	40.095,94
Asociación Empresas Energías Renovables ACERA A.G.	ISA INTERCHILE		36.003	-
Asociación Industria Eléctrica y Electrónica AIE	ISA INTERCHILE		17.281	-
Pacto Global Chile	ISA INTERCHILE		21.602	-
World Energy Council Chile	ISA INTERCHILE		-	6.677,00
Cámara Regional de Comercio de Valparaíso	ISA INTERCHILE		-	8.013,00
Corporación para el Desarrollo de Til-Til	ISA INTERCHILE		-	16.026,00

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Entity name	Company	2017	2018	2019
Corporación Desarrollo Coquimbo	ISA INTERCHILE		-	8.013,00
Capítulo Chileno de CIGRE	ISA INTERCHILE		-	13.365,31
Accion RSE Chile	ISA INTERCHILE		25.922	-
Capítulo Chileno de CIGRE	ISA INTERCHILE		14.401	1.335,00
Asociación de Empresas de Servicios Públicos	XM	ND	4.689	6.713,17
Asociación Mundial de operadores de mercados de energía y gas	XM	ND	780	1.927,90
Colombia Inteligente	XM	ND	3.388	5.797,74
Comisión de Integración Energética Regional	XM	ND	5.296	-
Comité Colombiano de la Comisión de Integración Energética Regional	XM	ND	4.277	-
Corporación Centro de Investigación y Desarrollo del Sector Eléctrico	XM	ND	1.442	3.051,44
Institute of Electrical and Electronics Engineers	XM	ND	670	1.525,72
International Council on Large Electric Systems	XM	ND	1.529	2.136,01
International Council on Large Electric Systems Colombia	XM	ND	1.231	2.136,01
Cámara chilena de la construcción	ISA INTERVIAL	ND	11.560	11.051
COPSA- Concesiones	ISA INTERVIAL	ND	13.647	13.045
Cámara de comercio chileno colombiana	ISA INTERVIAL	ND	1.518	1.451
Total		539.921	778.346	723.631,93

^{*}Figures in USD



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ACTIONS CARRIED OUT WITH ENTITIES OF THE SECTOR

Entity	Main management and most relevant milestones	Most relevant entities
ISA	• ISA focuses its role in the guilds on strengthening relations with companies in its sector or similar sectors, in order to contribute to the country's development. With ANDI, ISA focused its role on strengthening environmental policies by joining the Biocaribe Agreement, which seeks to protect the country's northern ecosystems and articulate the actions that the region's players take to mitigate climate change. At the same time, ANDESCO, the public services and telecommunications guild, participated in the National Government's project for energy transformation, re-imagining the needs that the country will have to face the future development of the sector.	ANDI/ANDESCO
ISA INTERCOLOMBIA	 Led by ISA INTERCOLOMBIA in ANDESCO and the guilds adjacent to the sector, contributions were made to improve the preventive archaeology public policy and the country. Additionally, the company took part in the construction of the national development plan for the improvement of the public services sector. The Mining and Energy Committee has a special focus on the country. It strengthens the company-state relationship in the defense and protection of human rights. 	ANDESCO/CME
ISA INTERCHILE	 During 2019, within the framework of the participation in WEC, a roadmap for the future of energy in Chile was created, and the ISA Group was able to participate, considering its international experience. At the local/regional level, participation in Corporación Pro Til-Til allowed for social investment and local development initiatives in the Polpaico area, articulated with 8 large companies that operate in the area and with the local and regional government. 	WEC Capítulo Chile y la Corporación Pro Til-Til
ISA CTEEP	 The Brazilian Association of Energy Transmission Companies (ABRATE), who has among its affiliates other companies in the sector, was a fundamental support for the actions in 2019. It coordinated and monitored all meetings in the Regulatory, Legal, Legislative and Executive areas, allowing the discussion around the resolution to pay for existing assets as of May 2000, not fully depreciated as of December 2012 (known as the Basic Network of the Existing System - RBSE). 	Asociación Brasileña de Empresas de Transmisión de Electricidad (ABRATE) / Asociación Brasileña de Infraestructura e Industrias Básicas (ABDIB) / Instituto Acende



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MONETARY VALUE OF SIGNIFICANT FINES FOR BREACH OF REGULATIONS RELATED TO SUPPLY OF PRODUCTS AND SERVICES [GRI 419-1]

Entity	2017	2018	2019	Description for the term
ISA	0	0	0	
ISA INTERCOLOMBIA	0	0	0	
ISA TRANSELCA	0	O	101.953,3*	*An appeal for reconsideration was filed within the legal term. decision on this appeal by the SSPD is expected. Therefore, the sanction is not yet final.
ISA BOLIVIA	0	0	0	
ISA REP	149.276	O	20.673	The sanction is related to failure to supply energy services, as a consequence of a forced disconnection, maneuvering, or electrical installation.
ISA INTERCHILE	NA	0	ND	
ISA CTEEP	54.753	0	0	
XM	0	0	0	
ISA INTERVIAL	ND	ND	413	
TOTAL	204.029	0	20.673	

^{*}Figures in USD



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ISA and its companies ensure that their processes and operations are aligned with the search for sustainable development, thus complying with commitments acquired, applicable regulations and corporate guidelines and standards. [GRI 103]

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



Huertos en línea, ISA REP. Peru

ISA and its companies are committed to excellence and leadership to improve environmental conditions. In this regard, the management of business impacts has evolved towards a proactive and significant contribution of these impacts to the mitigation and adaptation to climate change, the protection and conservation of ecosystems and their biodiversity, inspiring others for the benefit of humanity:

- Leadership in initiatives to contribute to the protection of ecosystems and biodiversity.
- Management of environmental impacts related to activities.
- Strategy to mitigate and adapt to effects of climate change.



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CONEXIÓN JAGUAR

Conexion Jaguar is a sustainable program of ISA and its companies, which, together with its technical allies South Pole and Panthera, develops to contribute to:



The biodiversity conservation to the connectivity of natural habitats of the jaguar



Climate change mitigation



Development of rural communities

TECHNICAL ALLIES







In Chile, we work for the conservation of the puma

| ISA's presence | Jaguar corridor

Countries with projects in 2019





CENTRAL AMERICA



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CONEXIÓN | LA CO

PROGRAM'S GOALS AS OF 2030



4 millon tCO,e



20 projects
certificated in Latin America.
As of 2019, 6 projects
are being supported



of the jaguar corridor are protected. We have currently contributed to the

conservation of **436.533 hectares**



Promoting the **development**of rural communities.
The projects supported have
contributed to the improvement
of living conditions of

300 families



CONTRIBUTION TO ACHIEVE BIODIVERSITY AND CLIMATE CHANGE TARGETS, AND CONTRIBUTION TO THE COMPLIANCE WITH INTERNATIONAL AGREEMENTS OF THE COUNTRIES IN WHICH THE PROGRAM IS PRESENT







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ACHIEVEMENTS



Three projects in Colombia

Cimitarra, Tierralta, and Kogis









CONEXIÓN | ISA



Two projects in Peru Huayabamba and Biored







A project in Brazil Instituto Homem Pantaneiro



76.855

NUMBER OF HECTARES WHERE CONSERVATION ACTIVITIES ARE CARRIED OUT

154.250*

DE CACAO

During projects**

205.428

EMISSION REDUCTION POTENTIAL OF tCO, e

578.569 tCO₂e

2.972.825 tCO₂e

469.628

tCO₂e





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CONEXIÓN JAGUAR

HUMAN – FELINE COEXISTENCE



Promotion of coexistence
between humans and big cats
in 3 regions: Simacota and
Cimitarra (Santander) and in
Sierra Nevada de Santa Marta
with the Arhuaco community.

AWARDS

Colciencias award in the category
Organizational Research for the
second consecutive year.







Award in the 9° United Nations Global Compact in Colombia "Alliances that transform the world" by Sustainable Development Practices, specifically by its contribution to the Sustainable Development Goal 15: which is aimed to the care of life of terrestrial ecosystems.

FIRST ISSUE

First issue of carbon credits in the Huayabamba project, Peru, by 226.000 credits*







 $^{^{\}ast}$ Each carbon credit is equivalent to one ton of $\mathrm{CO_2e}$

POSITIONING

Participation in highly recognized and relevant events for sustainability













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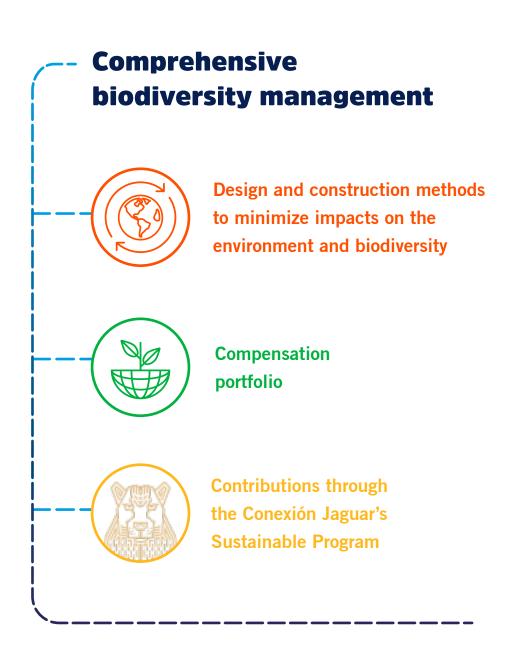
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COMMITMENT TO THE PROTECTION OF BIODIVERSITY

The ISA Group manages, through legal and voluntary actions, the potential impacts on biodiversity throughout the life cycle of its assets:



MAIN ACTIONS FOR THE ECOSYSTEM AND BIODIVERSITY PROTECTION MANAGEMENT IN 2019

ISA INTERCOLOMBIA

Biotic offset

 Development of a forest offset portfolio in areas with potential to meet the requirements of environmental authorities, which are cost-effective, sustainable, and which prioritize the recovery of areas of ecological interest.

Institutional management

- Extension of the agreement with Parques
 Nacionales Naturales, in order to articu late actions and strategies for the conser vation and protection of protected areas.
- Participation in technical committees
 with environmental and guild authorities
 for the standardization and homologation
 of criteria and methodologies to formulate offsetting plans for the biotic component, procedures for the lifting of bans
 and forest subtraction.

Innovation

- Development of the project for sustainable lines, which consisted of a methodology to design and implement variable strips for forest exploitation (application in Copey - Cuestecitas project).
- Development of a remote sensing technology pilot project -Laser Imaging Detection and Ranging (LIDAR)to inspect conducting cables and vegetation, applied in 7 projects for a total of 264 Km of transmission lines.
- Development of a new conservation project within the framework of the Conexión Jaguar program, which covers nearly 150.000 hectares of native forest in the territory of the Kogi Community, Sierra Nevada de Santa Marta (with potential for 400.000 hectares).



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ISA TRANSELCA

- Voluntary planting of 20.000 trees over the company's area of influence in the Caribbean region.
- Compliance with forest offsetting by planting
 5.360 trees required by environmental authorities for pruning permits.

ISA REP

- Monitoring biodiversity in more than five energy concessions, for conservation and increase of the number of species (spectacled bear, Andean condor, hummingbird, among others).
- The company attended, together with the Ministry of the Environment and the Ministry of Agriculture, the COP18-CITES held in Geneva, where the Peruvian initiative to recognize the jaguar as an emblematic species was approved, as well as the guidelines for the study of illegal trade routes.
- Tripartite agreement signed with the National Wildlife Service and the Cacayaco Community for the reforestation of 7 hectares of the buffer zone of the Agua Blanca y Salinas National Reserve in the Arequipa Region, for the recovery of the Queñual forest (emblematic species in Peru, recognized as a protected species).

• More than 300 trees planted in substations nationwide as part of tree-planting programs.

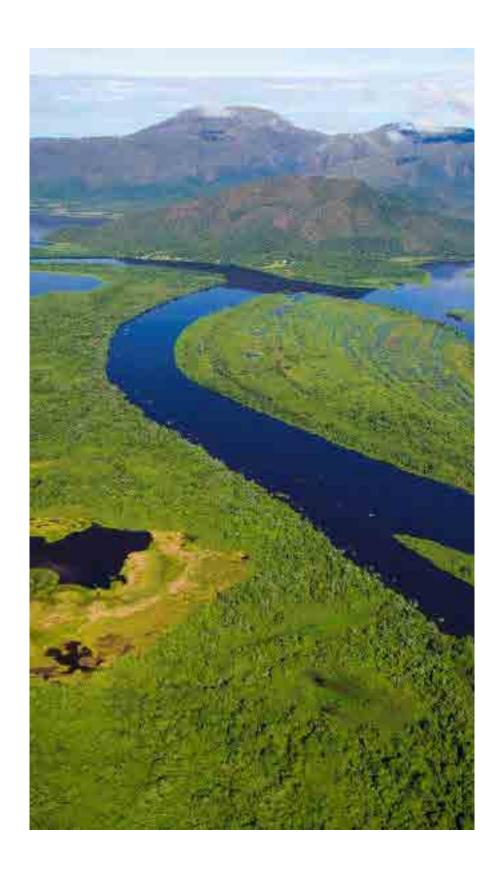
ISA CTEEP

• First project within the framework of the Conexión Jaguar program in Brazil, which will help preserve more than 76 thousand hectares in Serra do Amolar, located in the Pantanal de Mato Grosso, which is home to about 4.700 species.

ISA INTERCHILE

Continuation of the implementation of environmental management measures under the Plex 1 project, among which are:

- Flora rescue, relocation and replacement plans.
- Population studies of flora species in the conservation category.
- Collection and conservation of genetic material of flora and vegetation species in the conservation category.
- Installation of bird anti-collision devices.
- Reforestation of arboreal, shrub, and herbaceous species.





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CHALLENGES TO PREVENT AND REVERSE THE LOSS OF BIODIVERSITY

Challenges associated with the protection of biodiversity are considered in project structuring mechanisms. Policies seek to implement sustainable offsetting schemes with the highest added value to neutralize the loss of biodiversity and enhance positive impacts.



- Maintain the Biotic Offsetting Portfolio as a tool for planning future bids and biotic offsetting.
- Validate the methodology to design variable strips for forest use to manage vegetation in the easement strip.
- Consolidate an inter-institutional management model for offsetting plans, leveraged on the experience from the BioCaribe's agreement for forest offsetting in the Los Colorados Flora and Fauna Sanctuary.
- Design and build a strategy to administer and manage financial resources for the implementation of biotic offsetting.



- To count on a regulatory framework for carbon credit issuance projects. Reserve areas considered conservation concessions are not sufficiently controlled by the State, which makes them vulnerable to illicit crops and activities.
- Strengthen institutions to carry out conservation activities.
- Enter into agreements with public and private institutions for the conservation of biodiversity.



Use of technology to effectively manage assets to reduce impacted areas:

- Drones for inspection and cable laying activities, which reduces felling and pruning.
- Promotion of the implementation of high-rise towers.
- Lighter special cables that do not require additional reinforcement structures.
- Armored substation technology.



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ENVIRONMENTAL IMPACTS MANAGEMENT

Environmental management is performed together with the life cycle of assets, through actions such as:

- Managing environmental impacts with a preventive approach.
- Addressing environmental contingencies that may affect natural resources, ecosystems, communities, or their interrelationships.
- Identifying, assessing, and implementing necessary measures, both obligatory and complementary, to manage the risks that can be generated by the development of our activities on the natural systems and social environments.

[GRI 102-11] [GRI 103] The ISA companies carry out procedures for the environmental permits and licenses required to develop their projects and operations, following regulations applicable in each country where they are present, and guaranteeing sustainable development, as stated in the Environmental Policy and the environmental management model:



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PORTFOLIO	OFFER	DESIGN	CONSTRUCTION	OPERATION AND MAINTENANCE	DISMANTLING	
		ЕМР	ASIS			
Incorporation of environmental, social, and property criteria for portfolio projects	Comprehensive assessment of environmental, social, and property activities and risks in CAPEX and OPEX Incorporation of environmental, social, and property impacts	Design of the Environmental Impact Studies (EIA) Citizen participation and prior consultation for timely environmental licensing purposes	Execution of environmental improvement plans Execution of environmental and social offsetting plans Information provided to communities, authorities, and other stakeholders	Application of environmental management systems to ensure the management of risks and environmental impacts	Application of the renewa and final sale of the asset to avoid environmental liabilities	
		PRAC	TICES			
Socio – environmental risks workshop	Identification of environmental, social, and property risks	Updating and management of environmental, social, and property risks				
	Environmental legal analysis					
Analysis of Restrictions of the Expansion Plan (ARPEX)	Restrictions analysis (ARA)	Route selection criteria	Execution of environmental, social, and property components		Renovation and final disposal strategy	
Anticipated social and intervention pla		Interrelation of the env	vironmental management with the	e Corporate Social Management I	Model	
	Calculation of environmental, social, and property items for CAPEX and OPEX	Environmental and social studies for licensing	Complianc	e with the environmental manag	ement plan	
		Regulatory monitoring and re	egulatory management			
	Su	pplier management aligned with	the environmental strategy			
		Environmental Management	System – ISO 14001			
		Comprehensive managen	nent of biodiversity			



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From early stages in the life cycle of the assets, Environmental Restriction Analysis in Expansion Plans (ARPEX), and Environmental Restriction Analysis (ARA) tools are implemented to help optimize the design of transmission lines to avoid and minimize their environmental impact, especially regarding their passage through ecosystems of high importance for biodiversity.

More than three years of ARPEX implementation in Colombia and Peru affiliates. As from 2019, also in Brazil.



The main actions to reduce environmental impacts, which go beyond the natural management of processes and the compliance with legal commitments, are highlighted:

ISA INTERCOLOMBIA

- Specific offsetting plans in energy transmission projects
 Caracolí and Montería Urabá Substation.
- Progress in the implementation of the BioCaribe agreement, for the protection, restoration, connectivity, and sustainable development of biodiversity at Canal del Dique -Montes de Maria basin.
- Structuring and implementation of the forest offsetting plan for the Bolívar-Copey-Ocaña-Primavera Transmission Line project and associated works, through the ecological rehabilitation of intervened areas in the Los Colorados Flora and Fauna Sanctuary.

ISA TRANSELCA

• ISO 14001:2015 Certification of the Environmental Management System for five locations.

ISA CTEEP

- Implementation of the Environmental Management System (SGA) which contains, among others, a monitoring tool.
- NBR ISO 14001: 2015 certification in eight substations.



ENVIRONMENTAL LICENSING FOR PROJECTS

2019

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Company	Project Project	Status
	UPME: Cerromatoso - Chinú - Copey	License granted
	CHUR: Proyecto de Interconexión Chinú - Montería - Urabá.	License granted
	SITU: Proyecto de Interconexión Noroccidental	
	Antioquia - Cerro	
	Antioquia - Porce	License granted
	Porce - Sogamoso	
	Antioquia - Ancón	
ISA INTERCOLOMBIA	El bosque subterráneo	License granted
	Sochagota - San Antonio	License granted
	Ampliación El Bosque	License granted
	Copey - Fundación - Cuestecitas	Preparation of the EIA
	UPME: Segundo transformador Ocaña 500/230 kV	License granted
	Sabanalarga - Bolívar	Preparation of the EIA
	Flores - El Río - Tebsa	Preparation of the EIA

	Company	Project	Status
LSa-		YANA: Nueva Yanango - Nueva Húanuco	Preparation of the EIA
		COYA: Mantaro - Nueva Yanango - Carapongo	Preparation of the EIA
2019 INTEGRATED		Expansion 19.2, Installation of 100 MVA 220/60/10 kV final transformer and cells at Piura Oeste Substation	Environmental certification approved
MANAGEMENT REPORT	ISA REP	Talara	Environmental certification approved
		PAPO: Relocation of the Pachachaca - Pomacocha 220 kV Transmission Line	Environmental certification approved
Message from ISA's CEO		POCA: Relocation of the Pomacocha - Carhuamayo 220 kV Transmission Line in towers 7C, 8C, 9C, 11C, and 12 C	Environmental certification approved
Report		IE BIGUACU (L1)	Awaiting prior license
Profile		IE TIBAGI (L5)	Installation license granted
Company Profile		IE ITAÚNAS (L21)	Installation license granted
Ctratagu		IE ITAPURA (L10)	Installation license granted
Strategy	ISA CTEEP	IE AGUAPEI (L29) - Baguacu	Installation license granted
MATERIALITY ANALYSIS		AIE IVAÍ	License granted
Financial		AIE PARAGUACU	Preparation of studies
Results		AIE AIMORÉS	Studying and planning license
Annexes		IE AGUAPEÍ (L29) - Alta Paulista	Installation license granted



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TO MONITOR COMPLIANCE WITH TARGETS REGARDING ENVIRONMENTAL PERMITS AND LICENSES, THE FOLLOWING INDICATORS WERE ESTABLISHED

Indicator	Company	Result 2017	Result 2018	Result 2019	Goal 2020
	ISA INTERCOLOMBIA	97%	107%	106%	Our day the co
	ISA TRANSELCA	102%	102%	100%	
COMPLIANCE WITH PHYSICAL PROGRESS OF PROJECTS	ISA INTERCHILE	97%	104%	103%	Greater than or equal to
(AGAINST THE SCHEDULE)	ISA REP	100%	99%	82%	95%
,	ISA CTEEP	127%	99%	110%	
	Consolidated for the group	105%	103%	100%	
	ISA INTERCOLOMBIA	260	463	303	
DAYS OF DELAY IN	ISA TRANSELCA		N/A	N/A	Obtaining
OBTAINING THE ENVIRONMENTAL LICENSE (AGAINST THE SCHEDULE)	ISA INTERCHILE	568	645	N/A	licenses as per the
	ISA REP	226	238	51	schedule
	ISA CTEEP	0	0	163	



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LEGAL PROCEEDINGS
INHERENT TO THE
BUSINESS ARISEN
DURING THE TERM

ISA INTERCOLOMBIA

14 ongoing processes

__

1 process terminated resulting in a penalty of COP 6,4 millon

ISA TRANSELCA

4 ongoing processes

ISA REP

3 ongoing

environmental audits

1 environmental audit resulting in a fine

ISA CTEEP

11 ongoing cases

NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

Company	2015	2016	2017	2018	2019
ISA INTERCOLOMBIA	0	0	O	0	0
ISA TRANSELCA	Ο	0	O	0	0
ISA INTERCHILE	N/A	N/A	N/A	0	3
ISA REP	0	1	0	0	0
ISA CTEEP	18	5	25	0	12
ISA BOLIVIA	N/A	N/A	0	0	0





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CLIMATE CHANGE MITIGATION AND ADAPTATION

ISA counts on a climate strategy aligned with joint priorities and actions of governments, the society and companies, based on a consolidated practice of measuring, reducing, and offsetting greenhouse gases (GHG) produced by the operation of ISA's businesses.

ISA considers COP 21 commitments regarding climate change, the United Nations 2030 agenda, and the impact of climate change phenomena in recent years in its risk map, and plans a series of actions, most of them focused on climate change mitigation. In addition, emissions are reduced by investing in the modernization of more eco-efficient equipment and products, new energy businesses using non-conventional technologies, process improvements, sustainable mobility, and employee awareness.

CLIMATE CHANGE MANAGEMENT

ISA and its companies identified that, in terms of their direct GHG emissions (scope 1), more than 80% corresponds to leaks of sulfur hexafluoride gas, or SF_6 , which is installed in encapsulated substations and high-voltage switches. The Global Warming Potential (GWP) of this gas is 23.500 times higher than CO_2 , which is an important contribution to global warming per unit emitted.

SF₆ LEAKAGE MANAGEMENT

At present, there is no substitute for this gas for the high-voltage systems operated by ISA. Considering that this gas is the main source of direct GHG emissions, and being consistent with aligning with the best sustainability practices worldwide, in 2016 a corporate goal was set, focused on the reduction of direct emissions, which consists of reducing, by 2020, SF_6 leaks of that year by more than 50%, which is equivalent to avoiding the emission of approximately 18.500 tons of CO_2 e.

To achieve this goal by 2020, annual goals were set for each company. Companies that do not yet meet the International Electrotechnical Commission (IEC) standard, which establishes that leaks shall not be greater than 0.5% of the SF_6 installed, must reduce the leaks of the previous year by 10% until getting below this standard before 2020.

With the intention of achieving the 2020 target, improving increasingly, a specific work plan for the optimal management of SF_6 was designed during 2019 to help achieve the goals.



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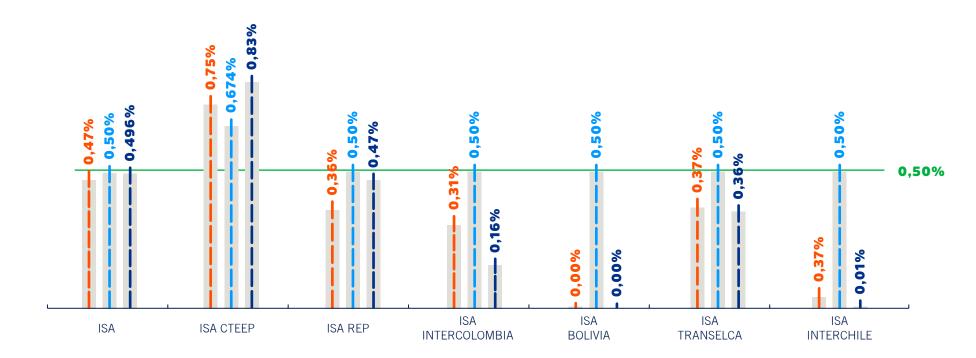
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For ISA, leaks in total operations amounted to 1.003 kg, an increase of 74 kg of gas compared with the previous period. In 2019, all the energy transmission companies, excluding ISA CTEEP met this goal, thus reducing the consolidated percentage of leaks of the group to 0,496%, while exceeding the 0,5% goal, and even the IEC standard.

It should be noted that ISA REP, ISA INTERCOLOMBIA, ISA TRANSELCA, ISA INTERCHILE and ISA BOLIVIA's leaks were below 0,5%, and ISA CTEEP had an increase by about 11% over the previous year, from two gas leak events at two substations, resulting in 238 kg.

SF₆ LEAKS





These results are largely due to the implementation of good practices and the proper operation and maintenance of the equipment, such as:

- Training on SF₆ handling for employees of ISA CTEEP and ISA INTERCHILE.
- Regular preventive maintenance to switches, thus preventing gas leaks.
- Replacement of high-voltage switches at the end of their useful life.
- Continuous improvement in leak record in the SAP system.
- Use of infrared light cameras for the timely detection of uncontrolled leaks during the operation of the equipment.
- Overhaul or major maintenance to switches, which is the process of changing the seals that guarantee the hermeticity of the enclosures that contain the gas.



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GREENHOUSE GAS (GHG) MANAGEMENT

For 2019, a reduction of approximately 320 tons CO₂e was set as a goal, taking into account water consumption, energy, and waste generation sections. The results are positive, as the goal was exceeded with a total of 413 tons CO₂e avoided by eco-efficiency actions in the impact reduction section. XM, ISA REP, and ISA BOLIVIA met the target agreed for each affiliate, while ISA INTERCOLOMBIA and ISA CTEEP did not meet their target mainly because of energy consumption, which is determined by national emission factors that cannot be controlled by the companies.

Consult the GHG inventory

ISA INTERVIAL completed the first measurement of the Carbon Footprint, and joined the Ministry of the Environment's Chile Footprint program, thanks to which the "Quantification of Greenhouse Gas" seal was obtained.

At ISA REP, GHG emissions were reduced by 22% with respect to 2018, due to the several eco-efficiency actions implemented. It was recognized by the Ministry of the Environment for the reduction activities for corporate carbon footprint through the "Peru Carbon Footprint" mechanism. Additionally, it obtained the ISO 14064 standard certification: "Greenhouse Gases" by the National Institute of Quality.

The second individual source of GHG emissions is associated with energy consumption (scope 2), activity for which the short-term goal was set: to reduce consumption by 5% by 2019, taking the average of the last three years as the baseline. The total reduction achieved was 479 tons CO2e, which represents 22% of the target. The acquisition of International Renewable Energy Certificates (I REC) by the subsidiary ISA INTERCOLOMBIA for energy consumption at the Medellín headquarters, thanks to which 25% of the demand was met by 2019, stands out.

GHG MANAGEMENT ACHIEVEMENTS AND CHALLENGES

ISA REP

- Thanks to the eco-efficiency actions implemented, emissions were reduced by 22% compared with the previous year.
- Recognition from the Ministry of the Environment for corporate carbon footprint reduction activities through the "Carbon Footprint Peru" mechanism.
- GHG management served as a model for the elaboration of the Peruvian Technical Standard ISO 14064 by the National Institute of Quality.

ISA CTEEP

- Improved measurement of indirect emissions (Scope 3) of the GHG inventory, including the measurement of emissions from home-workhome employee commutes and third-party transportation services.
- Carbon credits were generated through the Verified Carbon Standard (VCS) by replacing gasoline with renewable fuels in the fleet's FLEX vehicles. By the end of the year, 99% of the fleet was already receiving renewable fuels.

ISA INTERVIAL

- First measurement of Carbon Footprint
- Joined to the HuellaChile program of the Ministry of the Environment

ISA INTERCHILE

• GHG inventory measurement started upon entry into operation of the PLEX 1 project



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SUSTAINABLE MOBILITY "EN LA MOVIDA"

- As a result of the commitment to join the Air Quality Agreement, the emission of 100,70 ton CO₂ to the atmosphere was avoided.
- Sistemas Inteligentes en Red, affiliate of the group, created the Appimotion application, which seeks to support the management of sustainable mobility.
- 26,28 ton CO₂ avoided by using Appimotion.
- 49,80 ton CO₂ avoided by using company routes.
- **24,62 ton CO₂ avoided** by teleworking.
- A 246.55-ton CO₂e target to reduce emissions by means of sustainable mobility was set for 2019 in ISA, ISA INTERCOLOMBIA, XM, ISA REP, ISA BOLIVIA, and INTERNEXA, of which 41% was achieved.

ECO-EFFICIENCY

In 2019, as goals for ISA and its companies², water and energy consumption, and waste generation (both ordinary and hazardous), were targeted to be reduced by 5% in each of the eco-efficiency sections, using the average of the last three years as the measurement baseline. With this goal, the reduction of approximately 320 tons CO2e associated with improving eco-efficiency performance is sought.

	Affiliates	2019 goal	Resultado 2019 (ton CO ₂ e)	% Cumplimiento
	(ton CO ₂ e)	2019 result	0,00	0,00%
	(ton CO ₂ e)	% compliance	5,78	11,50%
	ISA TRANSELCA	0,00	0,00	0,00%
	XM	4,67	15,24	326,16%
IMPACTS REDUCTIONS	ISA REP	108,62	362,67	333,89%
	ISA CTEEP	139,23	0,00	0,00%
	ISA INTERVIAL	0,00	0,00	0,00%
	ISA INTERCHILE	0,00	0,00	0,00%
	ISA BOLIVIA	16,99	21,99	129,43%
	TOTAL	319,73	405,68	126,88

² With the exception of ISA REP, which is committed to a 10% reduction, and ISA INTERCHILE and ISA TRANSELCA, which will begin measuring their consumption and generations to set their short-term goal.



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ECO-EFFICIENCY ACTIONS

ISA INTERCOLOMBIA

Green substations and locations project: comprehensive action for the efficient use of water, use of organic solid waste, and replacement of lights with LED technology:

- 2 fully self-supplied substations: Sogamoso and Porce have allowed saving 221 and 157.64 m3 of water, respectively, as they do not require water.
- 2 atmospheric water generators are put into service at Sogamoso and Cerromatoso Substations.
- 2 dry composting toilets at the Medellin Headquarters and Cerromatoso Substation, and 1 dry incineration toilet at Sogamoso Substation.
- Installation of the easily biodegradable waste composting system at Sogamoso Substation.

ISA TRANSELCA

- Energy reduction by 25%, management implemented at headquarters, representing approximately 43% in consumption reduction with respect to the rest of the assets
- Smart use of air conditioners. An average reduction of 19,956
 kWh equivalent to 2.16 Ton CO₂e (emission factor 2018 Col) was achieved during 5 months of implementation.
- Water reduction: 12,7%

ISA REP

- Reduction of energy consumption by 38% by changing conventional lights.
- Reuse of condensation water from air conditioners and drip irrigation.

- 48% reduction in water consumption by switching from conventional to energy-saving taps.
- Execution of ECOSUN project to provide auxiliary services by means of solar panels.
- Use of photovoltaic paint to absorb GHG emissions at Chavarria Substation.
- Implementation of a rainwater recovery system for irrigation at Reque Substation.
- Recycling of 8 tons of paper, cardboard, and plastic
- Replacement of all air conditioners with R22 refrigerants to environmentally friendly R410 systems.

ISA CTEEP

- New headquarters in Sao Paulo with LEED certification,
 Gold category.
- Implementation of the 3R Program, focused on reduction, reuse and recycling, minimizing material and product waste.
- Use of rainwater and reuse of supplies, proper waste management and energy efficiency in all substations.

ISA INTERVIAL

- Reuse of asphalt for road repair on Ruta de la Araucanía and Ruta de los Ríos.
- Replacement of lamps with LEDs in concessions.
- Tests and prototypes were performed on a wind turbine located at the median strips (Ruta del Maipo).
- Step generator testing was performed (Ruta del Maipo).
- Se realizaron pruebas con generador de paso (Ruta del Maipo).



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COMMITMENT TO SOCIOECONOMIC DEVELOPMENT

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

- Respect and promotion of human rights and management of social impacts.
- Promotion of closeness, listening, and dialogue, to create relationships with trust and legitimacy.



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INVESTMENT IN SOCIAL PROJECTS GRI [413-1]

COLOMBIA

USD 10.138.043 Invested371.297 People benefited1.310 Organizations benefited



PERU

USD 10.371.624 Invested

76.142 People

benefiteds

5 Organizations benefited

CHILE

USD 583.313 Invested**5.000** People benefited**150** Organizations benefited



USD 23.533.992

-BRAZIL

USD 2.008.199 Invested **13** Organizations benefited



USD 432.813 Invested**5.000** People benefited**76** Organizations benefited



1.555
ORGANIZATIONS
STRENGTHENED

457.443
PEOPLE
BENEFITED

INVESTMENT LINES

Local Development and Institutional Strengthening



2017 → USD 1.0 2018 → USD 1.8 **× 2019 → USD 3.23** **Education and coexistence**



2017 → USD 1.3 2018 → USD 3.8 2019 → USD 12.12 **Community** infrastructure



2017 → USD 2.2 2018 → USD 5.8 > 2019 → USD 2.58 Social promotion actions



2017 → USD 1.7 2018 → USD 3.2 > 2019 → USD 5.6



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SOCIOECONOMIC DEVELOPMENT [GRI 103]

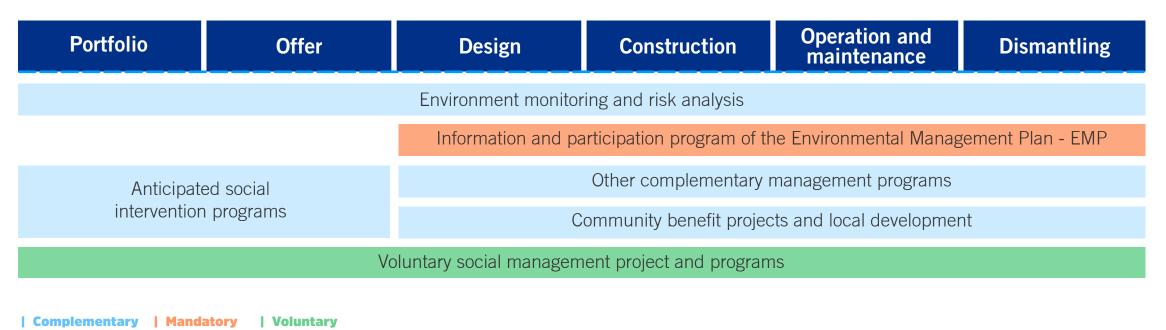
In the countries where ISA is present, there are socio-political complexities and social and environmental conflicts, possibly generated by the rurality of the territories, social gaps, and historical poverty. This implies risks that limit the creation of value for the company, among other things, due to delays in obtaining licenses and starting up projects.

In recent decades, ISA has been implementing a social management model based on the recognition, protection, and empowerment of human rights by communities that live near its infrastructure. Thus, the company is recognized not only for

its excellent operations, but also for building healthier and more prosperous environments, hand in hand with communities. Over the years, ISA has been accumulating lessons within its social management model, thanks to its capacity to connect communities around their major issues, to increasingly deepen development and coexistence and, in recent years, to the challenges they face as humanity (SDG agenda).

In this regard, through the Social Management Model based on corporate guidelines and standards, ISA sets the parameters to address relationships and investment plans in the communities.

SOCIAL MANAGEMENT IN THE ASSET LIFE CYCLE





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PERCENTAGE OF CRITICAL MUNICIPALITIES WITH SOCIAL INVESTMENT

Country	Company	2017	2018	2019
Colombia	ISA INTERCOLOMBIA	64	95	86
Colonibia	ISA TRANSELCA	100	100	100
Brazil	ISA CTEEP	100	100	ND
Peru	ISA REP	100	33	72
Chile	ISA INTERCHILE	100	70	80
	ISA INTERVIAL	ND	NAD	100
Total		92,8	79,6	87,7

83% GOAL 2019

90% GOAL 2021



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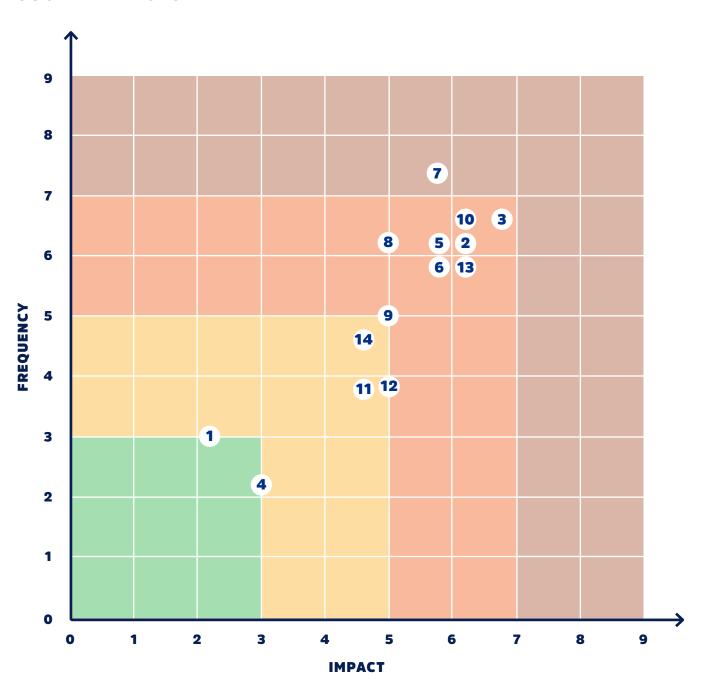
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SOCIAL IMPACTS MATRIX AND RISK MANAGEMENT TOOLS

It is a priority for the company to identify the social impacts generated by projects and operations in order to articulate better solutions, programs and measures that directly contribute to the prevention, mitigation, or offsetting of such impacts.

SOCIAL IMPACTS MATRIX



- 1 Modification of air quality
- 2 Modification in the availability of water resources
- Impact on cultural characteristics of ethnic or non-ethnic groups
- 4 Configuration of undesirable parallel economic activities (micro trafficking, prostitution, common crime, among others)
- 5 Alteration to accesses/ road infrastructure or modifications to urban mobility
- 6 Alteration to historical and archaeological heritage
- Modification in the current use of the soil (impact on crops, economic use of the soil)

- 8 Limitation to the right of ownership
- 2 Radio-interference and electrical inductions
- 10 Increased risk of accidents
- Modification in sound pressure levels (noise pollution-noise)
- 12 Involuntary displacement of families or infrastructure (includes impacts on private community infrastructure)
- 13 Conflicts arisen/worsened
- Modification of landscape quality



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Social management is supported by several tools, actions, and programs aimed at addressing, in a timely manner, social risks, focusing on reducing the probability of their materialization, thus contributing to obtaining the social permit to build and operate the projects and the feasibility of the businesses.

Tool	Definition	Management
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.	ARPEX applied to three projects in Colombia, and a prototype applied to three projects in Brazil.
Environment analysis	Environment analysis and market intelligence exercises to identify risks and opportunities associated with social, political, and environmental realities in the area of influence of the infrastructure.	Monthly Reports with 100% reach in countries where the company is present.
Community Benefit Projects (PBC)	Initiatives agreed with the community to provide populations with social infrastructure to support the licensing process.	100 projects in the area of influence of infrastructure under construction in Colombia.
Program for safe coexistence with the infrastructure	Risk prevention program aimed at strengthening the relationship with the population in the area of influence of transmission lines, and promoting safe coexistence.	Programs developed in Colombia, Peru, Brazil, Bolivia, and Chile.



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Tool	Definition	Management		
Early Relationship Program (PRA for its initials in Spanish)	Complementary social management actions, projects, and programs in stages prior to the construction of projects that seek to generate an early relationship that addresses risks previously identified and strengthens integration bonds with stakeholders in a timely and assertive manner.	Meetings and harmonization rituals with indigenous communities of Colombia that help create bonds of respect and mutual trust.		
Conexión Jaguar Program	Program created for the conservation of biodiversity and mitigation of climate change.	Three new projects in Brazil, Colombia, and Peru.		
Human rights promotion	Actions to train in and promote human rights.	There were no cases of discrimination, restriction of freedom of association, child exploitation, or forced labor in any of the Group companies.		
		Number of hours of human rights training: 2.748		
Complementary and voluntary social management	Programs aimed at creating long-term, trust relationships with communities, addressing social risk, and mitigating social impacts.	100% of the countries where we operate have different programs that allow us to have a constant presence in the territories.		
Environmental Management Plans (PMA for its initials in Spanish)	Activities aimed at preventing, mitigating, correcting, or offsetting the environmental and social impacts and effects of the development of a project, work, or activity.	Environmental licenses and modifications were obtained: two in Colombia and four in Brazil.		
Community Information and Participation Processes (PIPC) in Colombia	Comprehensive strategy aimed at creating community participation spaces in order to establish effective communication channels.	Around 587 agreements reached with local communities in more than 80 municipalities.		



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DIALOGUE WITH STAKEHOLDERS

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

Stakeholders are groups of people, organizations, and institutions with whom common interests are built and shared; they may be affected by the company's services or activities; the relationship between them and ISA companies is clear, visible, and legitimate. [GRI 102-42]

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

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



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STAKEHOLDERS

Material interest

Strategic response on value practices

Strategic indicators

Relations mechanism

ATTRACTION, DEVELOPMENT, AND CARE OF THE TALENT

- ▶ Attractive and desirable employer
- ▶ Capacity to educate highly qualified employees who learn and see themselves linked to the organization
- ▶ Quality labor practices and respect for employees
- Occupational health and safety for direct and indirect employees
- Management of equity, diversity, and inclusion

Corporate validity

- Training programs
- ▶ Health plans
- ▶ Leadership program
- ▶ Competitive labor conditions
- Organizational climate
- ▶ Superior performance
- ▶ Accident rate index
- ▶ Leadership index
- ▶ Labor environment survey and leadership measurement
- ▶ Psychosocial risk measuring survey
- ▶ Performance management
- Intranet, bulletins, billboards, email, and suggestion boxes
- ▶ Coffee with the CEO
- Virtual communities
- ▶ Joint occupational health committees and coexistence committees
- ▶ Primary committees and groups
- ► Collective negotiation processes

State The

GOOD GOVERNANCE AND INTEGRITY

- ▶ Independence from the state and/or third parties
- ▶ Ethical, comprehensive, and transparent behavior
- Diverse governance structure and composition responsive to strategy challenges

Shareholder value

- ▶ Promotion and provision of high-quality utilities
- ▶ Ethical management and anti-corruption practices
- ▶ Promotion of SDG (7 access to energy, 13 climate change, 15 ecosystems)
- ▶ Conexión Jaguar Program

- ▶ Net income
- ▶ EBITDA

- ▶ Participation spaces to promote public policies
- ▶ Spaces for union participation
- ▶ Consultations



GOOD GOVERNANCE STRENGTH, AND GROWTH

- ▶ Ability to meet financial and business objectives by benefitting from opportunities and ensuring corporate relevance
- ▶ Appropriate growth strategy

Shareholder value

- Leadership and commitment of the Board of Directors
- ▶ Good governance practices
- ▶ Payment of dividends

- Net income
- ▶ EBITDA
- ▶ Valuation of the share with respect to the market
- ▶ Inclusion in Dow Jones Sustainability Index
- ▶ General Shareholders' Meeting
- ▶ Contact center
- ▶ Webcast
- Quarterly reports
- Meetings and visits
- Support hotline
- ▶ Email
- ▶ Chat





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Material interest

Strategic response on value practices

Strategic indicators

Relations mechanism



FORESIGHT AND INNOVATION

- ▶ Application of innovation to develop new products and services
- ▶ Continuous improvements, innovation of processes, and digital transformation

STRATEGIC ALLIANCES FOR TRANSFORMATION

▶ Long-term alliances for achieving goals and enhancing the capabilities of the parties

- ▶ Social and environmental impact
- Value to the shareholder
- ▶ Responsible provisioning practices
- Management of ethics and human rights
- ▶ Local purchases
- Development programs
- ▶ Commitment and permanent training in OHS

Accident rate index of employees - contractors

- Meeting
- ▶ Performance evaluation
- Field and plant visits



EXCELLENCE IN COMPLIANCE WITH ACTIVITIES

- ▶ Fulfilling the value offer with rigor and excellence
- ▶ Reference in its standards and practices
- Infrastructure and information security, and cybersecurity
- ▶ Social and environmental impact
- ▶ Permanent communication
- ▶ Habilitation programs for the provision of the service
- ▶ Client/user satisfaction
- ▶ Reliability and availability of the energy grid
- ▶ Road safety

- ▶ Compliance with service standards
- ▶ Unscheduled energy not-supplied
- ▶ Road concession user satisfaction index
- ▶ Road safety index
- ▶ Compliance with TELCO service levels
- ▶ CREG indicators

- In affiliates:
- ▶ Annual meeting
- ▶ Bulletin
- ▶ Visits
- ▶ Satisfaction evaluation
- ▶ Client mailbox

PROACTIVE CONTRIBUTION TO GLOBAL **ENVIRONMENTAL CHALLENGES**

- Leadership in initiatives to contribute to the protection of ecosystems and biodiversity
- ▶ Strategy to mitigate and adapt to effects of climate change

▶ Social and environmental impact

- ▶ Commitment to development
- Investment in critical areas for the business
- ▶ Communication and consultation with the community and its representatives, Conexión Jaguar Program
- ▶ Compensation of CO_a emissions
- Weighted compliance with physical progress of Transmission Energy projects
- Compliance with physical progress of the Safety Regulations Works of Ruta del Maule project.
- ▶ Compliance with safety regulations works, IRR
- ▶ Ruta del Maule

- ▶ Training workshops
- ▶ Information and awareness meetings
- ▶ Relationship rounds
- ▶ Radio program
- Agreement closing survey
- Meeting with the community



COMMITMENT TO SOCIO-ECONOMIC DEVELOPMENT

- ▶ Contribution to sustainable development and transformation of territories, building a positive legacy for the regions
- ▶ Proximity and dialogue with stakeholders
- ▶ Respect and promotion of human rights and management of social impacts



DIALOGUES WITH STAKEHOLDERS















Ethics line (free) 01 8000 941341 lineaetica@isa.com.co



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PROGRESS ON COMMITMENTS ACQUIRED

UNIVERSITY-BUSINESS ARTICULATION

- Expansion of the network at Universidad del Norte, partnered with ISA TRANSELCA and ISA.
- Promotion of the Conexión Jaguar Program at Universidad del Norte and Universidad de los Andes.
- Supplier training together with Universidad EAFIT within the framework of the Global Compact Chair for strategic management, sustainable mobility and ethics, and compliance management.

PROMOTION OF SYNERGIES BETWEEN ALLIES

- Management of an alliance between ISA, the United Nations Development Programme (UNDP), and Fundación Restrepo Barco (FRB).
- Feline-Human Coexistence training by
 Fundación PANTHERA to the Educational
 Transformation for Life Program team of
 Restrepo Barco Foundation (FRB).

MANAGEMENT OF THE KNOWLEDGE OF SUPPLIERS

- Promotion of innovation and knowledge within the framework of ""Jornadas del Conocimiento".
- Approximation to the Conexión Jaguar Program (purchase of bonds, project management, management in territories, and cooperators).
- Sustainability talks within the framework of the meeting with suppliers.

BE A KEY STAKEHOLDER IN THE TRANSITION AND IN PROMOTING EFFICIENCY

- Participation of ISA and XM in the Energy
 Transformation Mission discussions.
- Participation of ISA and ISA INTERCOLOMBIA in the construction of the energy chapter of the Commission of Sages.



LISTENING AND DIALOGUE ARE KEY TO
FOSTERING ENGAGEMENT WITH STAKEHOLDERS.
IN 2019, DIALOGUE CONTINUED. THIS PRACTICE
HAS BECOME A PILLAR OF MANAGEMENT AS A
GENERATOR OF VALUE.



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MAIN DIALOGUE MEETINGS WITH STAKEHOLDERS IN AFFILIATES

ISA INTERCOLOMBIA

Meetings with communities

- Follow-up on the implementation of the communication and stakeholder relations strategy.
- Review of voluntary social investment agreed with communities to address needs.

Connection with suppliers

- Follow-up on the improvement of the procurement model.
- Agreements to achieve the improvement of the "Strategic Sourcing" strategy, where levers that generate bidirectional value (supplier - organization) are identified.
- Creation of the draft for the "Socius" supplier management program, focused on strengthening suppliers, relationships, and recognition.

ISA TRANSELCA

Dialogues with suppliers and clients

- Dissemination of the ISA2030 Strategy.
- Presentation of ISA and its companies' Business
 Ethics program.
- Procurement-ISA2030 Strategy alignment.

XM

Supplier meeting "Management of risks in the supply chain"

- Common understanding of the main risks that may affect the development of the services provided, understanding their impact on the operation.
- Cyber risk awareness.

ISA REP

Meeting with suppliers

Launch of the "Competitive Business" sustainability
program developed by Global Reporting Initiative (GRI)
and the Secretary of State for Economic Affairs of the
Government of Switzerland, which focuses on small
and medium-sized enterprises, clusters and supply
chain to contribute to a better inclusion of SMEs in the
sustainable value chain.

ISA INTERCHILE

Meetings and dialogues with communities and suppliers The community

Presentation of the Cardones-Polpaico Transmission
 Line energy transmission project in a meeting between
 the CEO of the company and the five neighborhood
 councils of Polpaico.

 Activities with the Diaguita Chipasse Ta Tatara indigenous community in Freirina, to compile historical and cultural information on the community, as source for the publication of a book about the history and intangible cultural heritage of the community.

Suppliers

- Focus groups within the framework of the regularization program for construction subcontractors in the cities of La Serena, Copiapó and Santiago, to identify lessons learned and improve the control of works.
- Contractors' focus groups to disseminate the implementation of lessons learned and milestones in the construction of the Cardones-Polpaico Transmission Line.

ISA INTERVIAL

Annual meeting with suppliers

 Dialogue, listening, and knowledge transfer with more than 80 strategic suppliers.



CARE AND HUMAN CAPITAL DEVELOPMENT

2019

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ISA and its companies seek to manage the team strategically and responsibly, promoting policies and mechanisms to attract, take care of and develop the best talent, today and in the future, in a quality, challenging, diverse, inclusive, human, and safe work environment, according to the needs and reasonable expectations of the employees and the company:

- Workplace health and safety for direct and indirect employees.
- Capacity to educate highly qualified employees who learn and see themselves linked to the organization in the long term.

In 2019, aligned with the higher purpose "connections that inspire", new distinctive capacities were defined that will allow achieving the objectives set for the organization and the people. The strengthening of a group culture that allows us to go beyond the generation of purely economic value, allowing us to create a positive impact on our stakeholders while ensuring our corporate relevance, was maintained.





The ISA Group launched the Otras Miradas diversity and inclusion program.

TALENT DEVELOPMENT [GRI 401-1]

We seek to enable organizational capabilities and achieve superior performance in the team through learning and knowledge management. During 2019, progress was made in consolidating the learning and knowledge strategy on the three fronts defined:



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CENTER

53%

521 PROGRAMS

that seek to attract, maintain and disseminate the company's core knowledge, facilitating the mobility of this knowledge.

INVESTMENT **USD 1.530.155**

→ 49%

(L) 70.062 HRS



of total training hours

→ **98%** Satisfaction level

207.647 TRAINING HOURS

USD 3,135,439

MILLION

INVESTMENT IN TRAINING



TRAINING

PROGRAMS BY CENTER

44% DEVELOPMENT CENTER

430 PROGRAMS

that target issues related to organizational capacities, supporting the achievement of ISA2030 Strategy thanks to effective results and high performance.

> INVESTMENT **USD 1.071.885**

> > **34%**

129.921 HRS

of total training hours

63%

→ 97%

Satisfaction level

37 PROGRAMS

that promote the leadership brand, fostering the exchange of experiences, discussions and new knowledge.

INVESTMENT **USD 533.399 → 17%**

7.664 HRS



→ 100% Satisfaction level covered by internal personnel: 54 equivalent to **57%**

> TRAINING **FOR WOMEN** 47.415 HRS

Doubled compared to 2018 **21.500.**

Average: 48 hours of training / each woman in the company (increased from 2018 by 4 hours).



3 60.000 more hours compared to 2018.

Average: **54 hours** of training / each man trained (increased from 2018 by **7 hours)**.

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In 2019, different training programs were developed that sought, among others, the following targets:

- Identifying knowledge units to leverage and ensure operational excellence (400 knowledge units identified in the business core of which seven are deemed critical)
- Reduce work accidents in the company by at least 10% compared with 2018
- Strengthening a leadership that is adaptive, transformative and referential, which can be evidenced in the results of the leadership index measured in the organizational climate survey.

LEADERSHIP

Development of key leaders and talents to leverage the strategy

ISA'S LIDERANDO EL FUTURO PROGRAM

This program seeks to strengthen leadership in managers and key talent, as well as the development of new talent. Nine managers were trained to be program disseminators

→ 99% Level of satisfaction

LEADERSHIP BLENDED PROGRAM

This program offers tools and coherence with the Leadership Brand, to accelerate Cultural transformation Attendance of 114 employees from different affiliates

→ **92%** Level of satisfaction

EXECUTIVE BRIEFING MIT PROGRAM

18 executives of the company participated, under MIT's advisership, in a shared conceptual framework on global digital transformation mega trends (leadership, digital business models, 4.0 technologies, capabilities, and culture), 30 middle management employees of ISA and affiliates in Colombia participated in the "Digital Transformation" program with The Valley, on trends and challenges of new technologies

EXCELLENCE

Work with technical experts of the business to maintain and develop knowledge

HEALTH PROMOTION PROGRAM FOR INTERNAL EMPLOYEES AND CONTRACTORS

It seeks to ensure personal safety and quality maintenance of energy transport assets, through work at height certifications, project superintendents, technical week, Occupational Safety and Health week, and Safe Culture Program

In 2019 the Accident Frequency Index (IFA) decreased by 16,52% compared with 2018

KNOWLEDGE SESSIONS

eighth edition: "Inspiring the future, leading transformation", a platform to mobilize knowledge and innovation management:

- 500 attendants
- 150 presentations by the ISA companies' employees
- 18 technical conferences
- 9 rooms by categories
- 5 plenary sessions
- 31 juries
- 30 awards

ASSET MANAGEMENT

The capabilities incorporated through this project have allowed the following:

- ISO 55001 Certification by ISA REP and ISA INTERCOLOMBIA in 2014
- Strengthening of management tools such as Total Expenditure (Totex), in addition to the associated risks

DEVELOPMENT

Development of business sustainability skills

MENTE PROJECT

32 leaders and employees developed negotiation skills, which were reflected in the successful negotiation of the Collective Agreement signed for ISA

LANGUAGE TRAINING PROGRAM

55 people studied English, 28 Portuguese, 1 Spanish

ISA'S TALENT SEEDBED

Development of future high-potential leaders and their successors:

- For a group of 31 professionals
- 72% attendance
- Level of satisfaction: 80%

SMART FRAMEWORKS

Goal: to enhance Digital Transformation and Industry 4.0 issues

- 32 smart framework programs
- 140 attendants

AUTOMATION

128 employees trained in Robotic Process Automation RPA

ANALYTICS AND BIG DATA

- More than 80 employees trained in advanced analytics
- Consolidation of ISA Group's Analytical Group



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TRAINING PROGRAMS WITH GREATER IMPACT ON THE CORE BUSINESS

Development Program	Benefits for the business	Quantitative impacts	% of employees (FTEs) participating in the program
LEADERSHIP PROGRAM	 Strengthening the Leadership Brand through the development of program disseminators. Aligning leaders with the cultural transformation process required by the organization. Strengthening relations between the different affiliates, based on the promotion of collaborative work. 	 The leadership index remains a clear strength in the group, as the positive result of the previous year was maintained. Nine leaders were trained as internal disseminators, who in turn trained 23 people and generated savings of USD 57.500 in leadership development, thus generating a return on investment (ROI) of USD 2,56 for every dollar invested. 114 employees trained on the leadership program under the blended methodology. 35% savings on the cost of the program. 	Nine leaders were leader disseminators and 137 employees participated in the leadership program.
TECHNICAL PROGRAMS	 Rigor, excellence and strengthening the value of safety. Enabling skills and knowledge fundamental for business processes. Implementation of prevention and protection measures for work at heights. Reduction of work accidents. Systemic insight in maintenance processes, taking into account technical, human, administrative and legal aspects and the respective control of each activity and risk. 	10% reduction in work at heights training costs due to the implementation of the Vocational Unit of Business Learning (UVAE) for Safe Work at Heights.	 Training coverage of 92,4% was obtained, which means 132 employees trained out of a total population of 143 employees exposed to work at heights, which is an increase of 1,3% over 2018. 21 employees trained. Zero work at height accidents.



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OCCUPATIONAL HEALTH AND SAFETY

For ISA and its companies, it is important to protect and preserve the health and safety of employees regardless of the type of contractual relationship, by guaranteeing safe working environments, self-care, and the application of good prevention practices; which can be demonstrated by some of the year's milestones:

- All the companies in Colombia carried out the evaluation and audit of their management system, obtaining results higher than what is required by the Ministry of Labor.
- ISA TRANSELCA strengthened its Occupational Health and Safety (OHS) management system, obtaining the ISO 45001 certification.
- Rigorous monitoring of compliance with each country's legal requirements, programs, plans and general documentation of contractor personnel was maintained. The OHS Contractor's Manual was made available to affiliates in Colombia.
- Intervention campaigns were made to reduce accidents suffered by contractors and employees such as: MISIÓN CUIDARNOS, REPonte and REPienso; also promoting healthy living habits.
- Recognitions for OHS good practices and management were received in Peru (granted by the insurance company Pacífico de Seguros) and in Brazil (granted by the Brazilian Association of Electric Energy Companies).

Unfortunately, two employees of contractor firms suffered fatal accidents during the term. Also, during 2019 the affiliate ISA INTERCHILE had a helicopter accident, which cannot be reported with more detail as is still in investigation by authorities.





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To face these events, improvement plans were implemented to prevent the recurrence of accidents.

Type of accident	Action plan					
	 Review of the matrix for identification of hazards, risk assessment and determination of model controls, including the activity of mobilization of equipment, materials and tools, their associated risks, and specific controls identified as a result of the process of investigation of the event. Development and implementation of reconnaissance and review pilot for access areas to tower sites identified as being in critical conditions by the contractor. 					
MECHANICAL	 Evaluation of the possibility to implement the requirement contained in the Contractor HSE Manual about the anti-flipping system structure and availability of seat belt in tractor-type equipment that are available for the execution of activities. Notification to the ISA INTERCOLOMBIA project management of the result of the occupational accident investigation, as a lesson learned for further definitions of access to tower site. Evaluation of contractor's performance. 					
ELECTRIC	 Dissemination of the event, including the lesson learned about electrical risk from atmospheric discharges regarding contractors of ISA INTERCOLOMBIA's project management. Review of the matrix for identification of hazards, risk assessment and determination of model controls, updating the organizational controls defined to prevent accidents due to atmospheric discharges. Extending the dissemination of the measures defined in the protection manual for Electric Atmospheric Discharges (DEAT). Evaluation of the implementation of the storm detector, defining the conditions of its use by contractors. Update of the contractor "HSE Manual" to include, in the technical specifications, the construction of fences with lines and landing, as a preventive measure. Modification of the footwear upon results of the dielectric withstand tests carried out. Evaluation of the implementation of the use of safeguard sites according to areas most prone to atmospheric discharges. Evaluation of contractor's performance. 					



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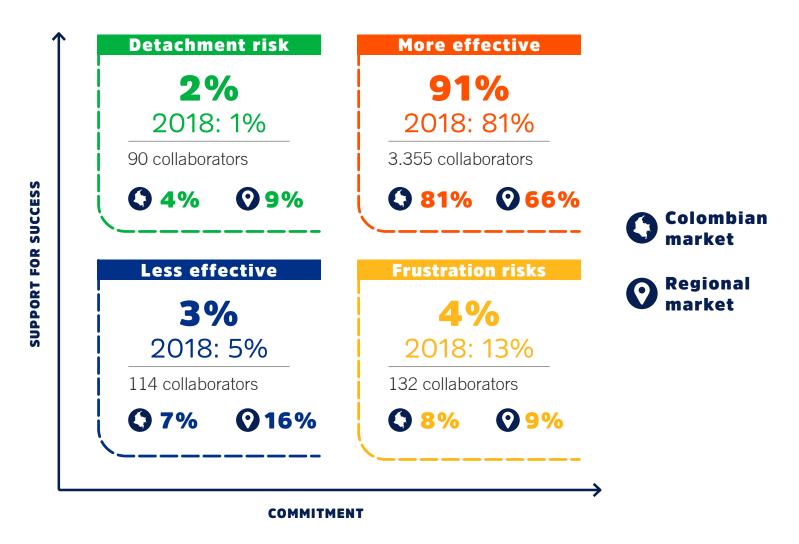
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QUALITY OF LIFE

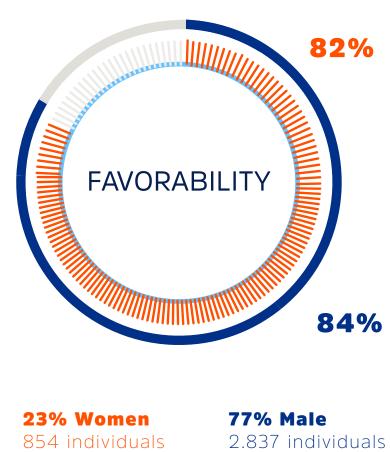
For ISA and its companies, fostering quality of life in work teams is essential. Creating a space where the employees find a balance between professional and personal life is a priority for ISA and its companies.

ISA's organizational climate and companies obtained 83% favorable rating in 2019. This is a very positive value when compared with the Colombian (74%) and regional (72%) market averages. The following stands out upon this measurement:

EFFECTIVENESS MATRIX ISA GROUP 2019



GENDER ANALYSIS





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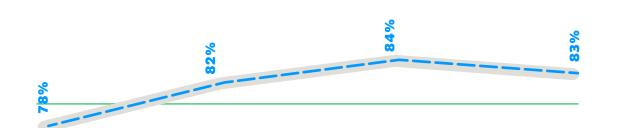
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- 91% of the population was located in the "more effective" quadrant of the effectiveness matrix: the people of the group is highly committed to the company and perceive that they count on the support of the organization to perform adequately; this value is positive when compared with the Colombian (81%) and regional (66%) market average.
- Most people plan to stay longer than 5 years (including millennials and centennials). The factors that most influence their choice are career development opportunities and work-life balance.
- For the first time the measurement was made segmented by the gender variable. Results are positive since men and women perceive that equality in the practices developed by the company is valued.

% HISTORIC FAVORABILITY



Implementation of salary administration policies regionally approved, which fosters salary equality between men and women.

COMPENSATION AND BENEFITS

- Changes made to the long-term variable compensation model at the regional level, for managers.
- Approval of the Job Evaluation Manager system for regional positions.
- Adjustment of the group mobility program.
- · Capability-based group recognition model.

PERFORMANCE MANAGEMENT

- 2017 baseline: 72%. Result 2018: 79%. Result 2019 closes in March 2020
- Baseline 2018: 40%. Result 2019: 57%.
- 57% of all critical job openings have been filled with internal talent, compared to 40% in 2018, which creates mobility opportunities for 25 talents in the group.

SUCCESSION MANAGEMENT

- The group has identified 262 critical positions, of which 182 are executive (69,4%) and 74 are non-executive (30,6%).
- Successors have been identified for 152 of the 182 management positions (83%).
- The potential of 105 successors identified for Level 0
 (General Managers) and Level 1 (Executives reporting to General Managers) has been measured.





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ACCUMULATED CONSOLIDATED RESULTS REPORT

In 2019, ISA, for the fourth consecutive year, surpassed the income of the preceding year, reflecting a sustainable and profitable growth path. This was a transitional year to the new strategy, with major challenges, achievements, and learnings that allow presenting satisfactory results.

In 2019, revenues amounted to COP 8.139.008 million, with an annual growth of 12,5%, compared with 2018. The EBITDA accumulated COP 5.285.605 million, 9,8% more than in the previous year, going positively towards meeting the goal set out in the ISA2030 strategy: increasing the EBITDA by 70% compared to 2018.

ISA's net income amounted to COP 1.638.732 million, an increase by 7,5% compared with the previous year. The net margin for 2019 was 20,1%.

Assets ended the year in COP 48.793.244 million, an increase by 8,5% compared with 2018. Excluding the exchange rate effect to Colombian pesos of the financial statements of companies abroad, assets increased by 10,6%.

The ROE reached 13,2%, the highest in history, which demonstrates the company's efficiency and focus on profitability.

In order to contextualize the financial information, the following events of 2019 are highlighted:

• ISA entered into operation projects that leverage development and

deliver more reliability to the energy transmission system in Colombia, Chile, Brazil, and Peru, which are described in this chapter.

- In 2019, ISA Capital do Brasil paid out for the first time to ISA dividends for COP 304.480 million.
- Within the framework of debt management, ISA continues to implement efficient structures and financing sources that allow it to have optimal financing costs. Also, ISA permanently monitors the impact of funding on new investments in the credit risk rating. In 2019, relevant operations of debt management were made, which are reported below.
- Additionally, operating management reflects
 the rigorous and efficient administration of
 management, operation, and maintenance (AOM)
 costs and expenses. Within this context, initiatives
 are being implemented and oriented, among other
 aspects, to control AOM expenses, productivity
 indicators, and a new cost model considering the
 asset life cycle.

COP 5,3
TRILLION
EBITDA

9,8% higher than the previous year



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- Upon signature of the share sale contract related to the shares held by Cartagena-Barranquilla Concession, subject to approvals from competent entities, Intervial Chile built and capitalized Inversiones Costera Chile by USD 93.500.
- In October 2019, the Constitutional Court decided to declare the Financing Law unconstitutional, with the exception that the ruling would take effect from January 1, 2020, so this law continued to have full effect during the 2019 tax year.
- In December 2019, the Economic Growth Law (Law 2010) was approved, through which most of the measures of the Financing Law were reincorporated into the current tax system. This law becomes valid as of 2020.
- Likewise, ISA's share performance in 2019 reached a historic peak price of COP 20.480 and had an excellent performance in the year accumulating a valuation of 40,2%, exceeding the COLCAP index by 58%. ISA had one of the five shares with the best performance in the market.
- CTEEP's and TAESA's share also reached a historic peak price of BRL 26,11 on July 22 and BRL 31,18 on December 30, respectively.
- EPM sold 1,35% of its share participation in ISA, going from 10,17% to 8,82%, which allowed that the floating percentage would increase to 39,77% at the end of 2019 (38,42% in 2018).

• The natural hedging strategy implemented by ISA, whereby debt for each company is contracted in the same currency as the currency for the income received to reduce the volatility of results, made it possible that devaluation in 2019 of the average exchange rate of the Colombian peso against the dollar (11,0%), the Brazilian real (2,19%), and Chilean peso (1,7%), would not significantly impact consolidated net income. The exchange rate variation was 3,2% (COP 48.844 million) of the net income, which ratifies the effectiveness of the strategy.

CONSOLIDATED INCOME STATEMENT

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

	2019	2018	Var %
Construction revenues	1.441.269	991.013	45,4
Construction costs	955.624	657.251	45,4
EBITDA CONSTRUCTION	485.645	333.761	45,5
Operating revenues	6.697.739	6.243.700	7,3
Operating AOM	1.897.779	1.765.213	7,5
OPERATING EBITDA	4.799.960	4.478.488	7,2
Operating EBITDA margin	71,7%	71,7%	(0,1)
Operating revenues	8.139.008	7.234.713	12,5
(-) AOM expenses	2.853.403	2.422.464	17,8
EBITDA	5.285.605	4.812.249	9,8
Total EBITDA margin	64,9%	66,5%	(2,4)
OPERATING INCOME	4.743.841	4.271.733	11,1
Operating margin	58,3%	59,0%	(1,3)
NET INCOME	1.638.732	1.524.382	7,5
Net margin	20,1%	21,1%	(4,4)



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Net income growth is the result of several events occurred in the year, such as:

- Higher income of new energy transmission projects that started operations in Colombia, Brazil, Peru, and Chile.
- Higher efficiency in construction due to the optimization of Capex and programs, especially in Brazil, which increased income by COP 28.046 million.
- The adjusted revenues received in 2018 by ISA INTERCHILE, from the Maitencillo - Nueva Maitencillo and Pan de Azúcar -Nueva Pan de Azúcar connection works, which entered into commercial operation earlier. This adjustment had a positive impact on results by COP 25.678 million.

In 2018, income included three extraordinary events that added results by COP 203.261 million. Excluding these effects, net income growth in 2019 was 24%, compared with 7,5% of this table. Such events are:

- The application of the Financing Law meant a lower expense of COP 82.741 million, due to the adjustment of the deferred tax derived from the decrease of the future income fee to 30%.
- Equity tax recovery in Colombia, which provided revenues for
 Also, in Colombia, the positive behavior for the year of the
 COP 60.901 million.
- The income inflation update for six additional months for the 2018 - 2019 tariff cycle in ISA CTEEP, its affiliates and its jointly controlled entities, as a result of the decision to conduct it on a monthly basis, generating higher profits for COP 59.619 million.

Income tax expense totaled COP 772.816 million, 32,4% more than in the same period last year, explained by higher results in Chile, Colombia, and Peru, and a lower tax expense in 2018 associated with the adjustment of the deferred tax tariff by application of the Financing Law in Colombia.

Net financial expenses increased 11,5% (COP 125.052 million), as a result of higher expenses to finance the company's growth and higher expenses from exchange differences mainly arising from loans in dollars.

Operating Income was COP 4.743.841 million, a growth of 11,1% compared with the previous year.

EBITDA accumulated COP 5.285.605 million, COP 473.356 million (9,8%) more than in the previous year. The increase is explained by the following relevant information:

The Electric energy Business Unit explains 72% of this variation as follows:

- In Colombia, higher income for COP 142.197 million, associated with the entry into operation of projects at the end of 2018 and 2019.
- Also, in Colombia, the positive behavior for the year of the Producer Price Index (PPI) and the Representative Market Rate (RMR), variables to which Colombian income is indexed, allowing higher income for COP 70.090 million.
- In Chile, a higher income for COP 97.041 million arising from the Cardones-Polpaico transmission project, whose last tranche, the Pan de Azúcar-Polpaico transmission line, entered into operation in May.



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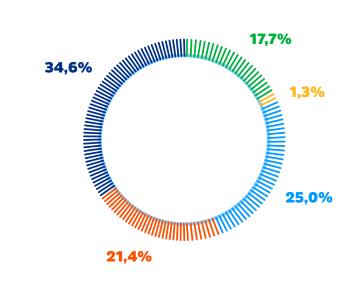
- The adjusted revenues received in 2018 by ISA INTERCHILE, from the Maitencillo - Nueva Maitencillo and Pan de Azúcar - Nueva Pan de Azúcar connection works, which entered into commercial operation earlier, which also implied higher revenues for COP 25.678 million.
- In Brazil, improvements and reinforcements of ISA CTEEP, as well as the Itapura concession contract 042/2017, in São Paulo, entered into operation. Additionally, construction efficiencies for the optimization of Capex and programs were recognized, which generated an increased EBITDA in construction for 130,728 million.
- Also, in Brazil, higher financial returns from construction concessions were obtained: Itaúnas, Tibagi, Aguapeí, Itapura, and Itaqueré, which contributed to the increase of revenues for COP 29.786 million.
- In Peru, new revenues for COP 27.574 million, mainly explained by the entry into operation of projects at the end of 2018 and 2019.

The Roads Business Unit contributed to the higher EBITDA for COP 35.844 million compared with 2018, mainly explained by greater revenues from maintenance, operation, and toll management activities in Chile, higher financial returns of the Ruta del Loa concession, and income increase of the rental of the TAG device in Ruta del Maipo.

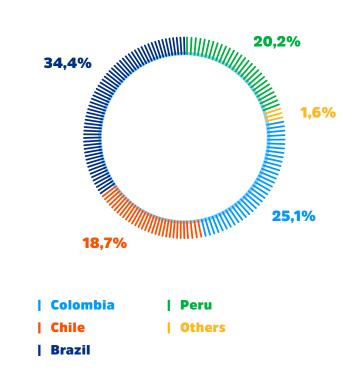
Also, the Telecommunications and ICT Business Unit contributed to a higher EBITDA for COP 45,372 million compared with the previous year, explained by the increase of IP services and network rights.

The composition of revenues and EBITDA by country and business unit is as follows:

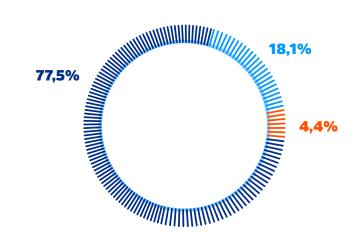
Revenues by country



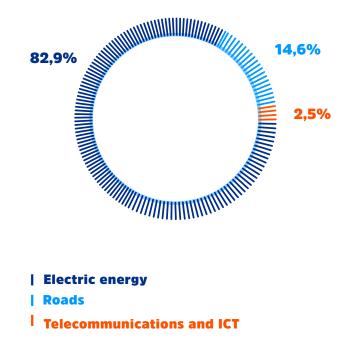
EBITDA by country



Revenues by business unit



EBITDA by business unit



⁴ Net income in construction arises as of 2018 with the entry into force of IFRS 9 and IFRS 15, whereby ISA CTEEP changed the accounting model for the financial assets of its concessions and implemented the "Contractual Asset" methodology (see note 22 of the financial statements).



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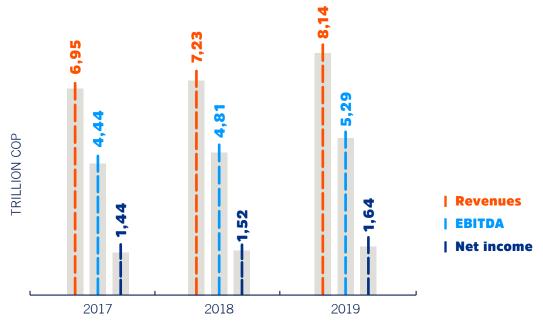
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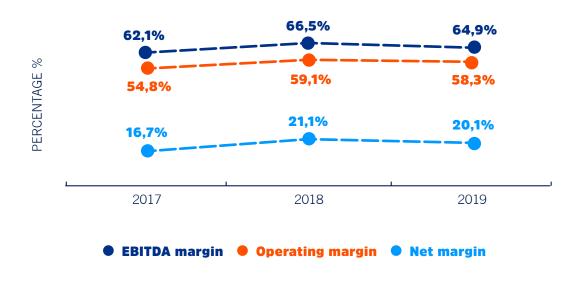
Financial results | Consolidated financial statements

Below is the pattern of the main consolidated figures for the last 3 years:

Financial figures of the consolidated report



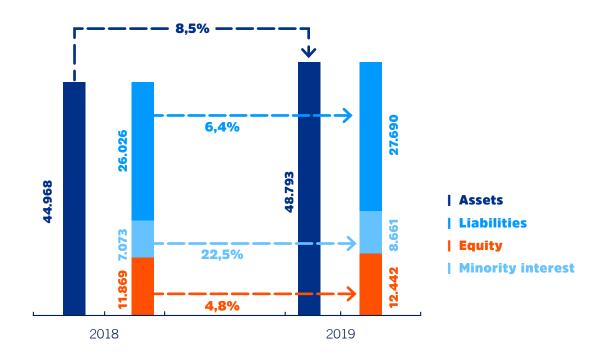
Financial indicators of the consolidated report



ISA's positive financial results reflect right business decisions, discipline in the search for greater efficiency in operations, the rigorous management of the debt, and the search for value generation for investors.

CONSOLIDATED BALANCE SHEET

Figures in COP billions



ISA's assets³ ended the year in COP 48.793.244 million, COP 3.825.390 million more than in 2018. Assets increased by 8,5% as a result of the ISA's growth through new projects in Colombia, Peru, Chile, and Brazil. The variation includes the recognition of construction efficiencies in ISA CTEEP and its companies, higher investment funds in Brazil by COP 1,7 trillion, and the increase of temporary investments and the cash by COP 1,1 trillion, mainly in Brazil.

⁵ Consolidated assets include the impacts of Exempt Resolution No. 01 of February 7, 2020 issued by the Chilean Ministry of Energy, which partially accepts the request for force majeure regarding the delay in the achievement of Milestone 5 -Commissioning- of the last tranche of the Cardones - Polpaico Project. 105 days that suffered force majeure were recognized out of a total of 499 days of delay, which implied for INTERCHILE the collection of the Bank Guarantee of this Milestone for USD 5,6 million, and a payment for USD 72,8 million for the days not recognized. This effect was recorded as an increase in the value of operating assets (property, plant and equipment) based on accounting and financial regulations, which determine that there are property, plant and equipment costs that, although they do not increase future economic benefits, are unavoidable for obtaining such economic benefits.



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investments of the Group.

COP 8.661.038 million, 22,5% more than in 2018.

ISA's equity stood at COP 12.442.176 million, in 2015 to 11,7% in 2019. 4,8% more than in 2018. This is explained by the net effect of higher income, and the distribution of dividends to shareholders.

The liability reached COP 27.690.030 million, an Moreover, indicators highlight the increasing trend of increase of 6,4% compared with the previous year, the shareholder's returns on equity (ROE) in the last explained by the financing needs for construction and 5 years, going from 8,9% to 13,2%, as an example of ISA's efficiency and its focus on profitability, as shown Equity associated with minority interest was in the gray bar; where ROE, excluding extraordinary events, increases 280 basis points going from 8,9%

ROE



Extraordinary events:

RBSE value adjustment: In 2016, the first value adjustment emerged going from BRL 1,4 to BRL 3,9 billion, COP 1.333.710 million.

In 2017, the RBSE value was adjusted for the second time. The account receivable totaled BRL 4,1 billion, COP 85,269 million.

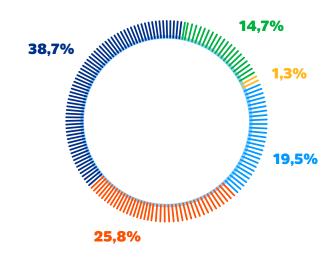
- Tax Amnesty PERT in Brazil COP 248.675 million.
- RBSE financial update.
- 6 additional months of inflationary adjustment in Brazil.

| ROE %

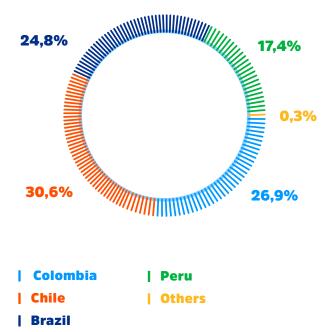
| ROE % excluding the extraordinary events

The detail of the assets and liabilities by country and by business unit is presented below:

Consolidated assets by country



Consolidated liabilities by country





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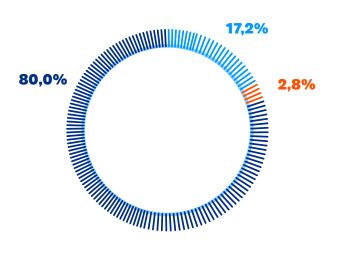
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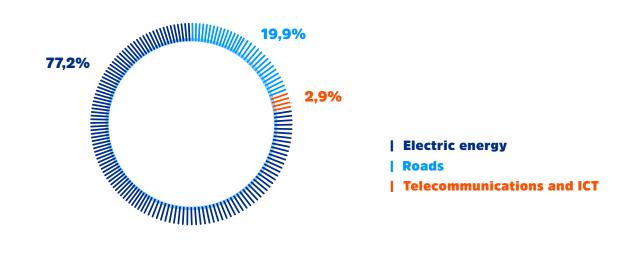
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Consolidated assets by business unit

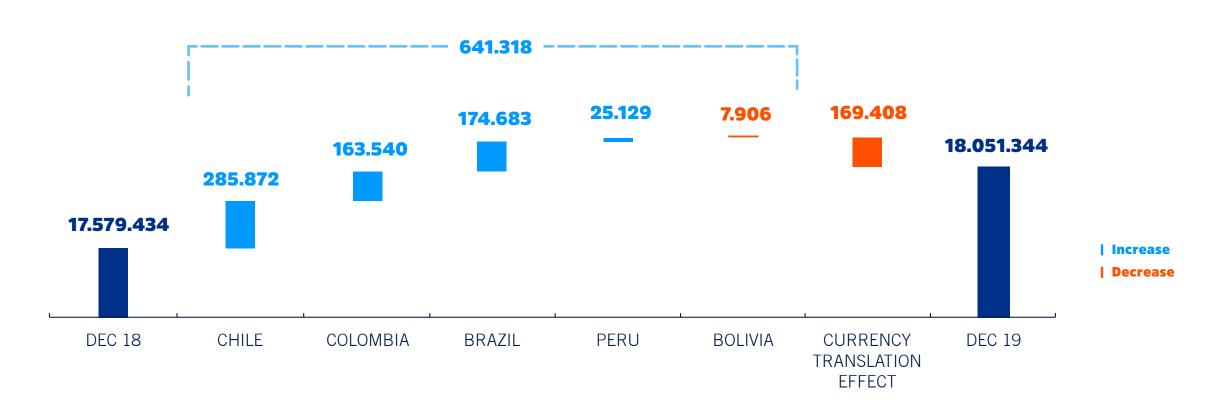
Consolidated liabilities by business unit





FINANCIAL LIABILITIES AND BONDS

Figures in COP millions







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The financial debt of ISA and its companies closed at COP 18 trillion, an increase of 2,7% compared with the previous year.

The concessionaires of ISA INTERVIAL in Chile received disbursements to finance the development of the infrastructure, as follows:

- Ruta del Maipo issued bonds for UF 5 million for the financing of additional works that include the improvement of service standards, Third Lanes of Tranche III and implementation of the free flow system.
- Ruta de la Araucanía and Ruta de los Ríos received disbursements by CLP 4.384,9 million and UF 396.317, respectively, for the development of safety regulations works.
- Ruta del Loa received disbursements that are part of the senior loan for financing the project for UF 262.050, and disbursements that are part of the IVA line for CLP 1.225 million.

Concessionaires made payments to their financial obligations for an amount of UF 1.386.005 and USD 30,9 million.

In ISA INTERCHILE, through the entry into commercial operation of Tranche 3 of the Cardones - Polpaico project, the "Project Completion Date" stipulated in the financing contracts of such projects and the start of its operation stage are achieved. Likewise, in 2019, ISA INTERCHILE received disbursements for the financing of the project for USD 14,8 million. Also, it amortized senior loans for USD 19,7 million and the loan that is part of the IVA line totaling CLP 18.305,2 million.

In Colombia, ISA exercised the prepayment option for Lots 1 and 2 of the Fourth Tranche of the Program on Issuance and Placement of Securities of ISA's Internal Public Debt for COP 223 billion. Additionally, ISA received disbursements for 50 million and COP 300 billion intended to cover the 2019 - 2020 investment plan. Moreover, ISA TRANSELCA conducted debt management operations for COP 158.050 million, obtaining better conditions with local banks. Also, INTERNEXA received disbursements for COP 23.530 million to finance the investment plan of the year.

Regarding Brazil, ISA CTEEP issued debentures for BRL 409,3 million to support the investment plan of its affiliates. ISA Investimentos e Participações made payments to debenture holders for BRL 83,1 million.

In Peru, Consorcio Transmantaro successfully issued green bonds in the international market with the "144ª/Reg S" format, for USD 400 million, to be used to refinance debt associated with transmission projects that generate an environmental benefit for USD 345,7 million, and to finance other projects under execution that have the same profile. Likewise, ISA PERU made a debt management transaction for USD 15,7 million to improve the term and rate conditions.

Notes 12 and 13 from the Financial Statements have the details and main debt transactions for ISA and its companies in 2019.

Finally, the debt as of December 2019 also includes the exchange rate effect, which represents 20,5% of total movements and does not generate an impact on cash flow.





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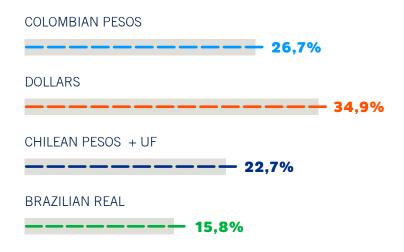
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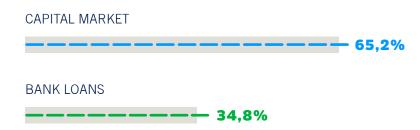
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ISA and its companies maintain the strategy of obtaining a natural hedge against foreign exchange risk, seeking to contract debt in the same currency as their income. Similarly, considering that the projects they develop are remunerated in the long term, a large portion of their debt is obtained in the capital market (bonds) at competitive rates.

Consolidated debt per currency



Consolidated debt by source



CREDIT RISK RATINGS

In 2019, corporate risk and local and international bond issuance ratings, granted by national and international specialized agencies, ratified the financial strength of ISA and its companies, due to the regulated nature of its revenues as a natural monopoly in the countries where they operate.

ISA's risk rating reflects the low risk profile of the energy transmission business unit, and contemplates the solid geographical and business unit diversification of its source of income, which together with the operating cash flow predictability, is translated into a strong financial profile. In Colombia, the Program on Issuance and Placement of securities of ISA's Internal Public Debt has maintained the maximum credit risk rating "AAA" for bonds and F1 + (col) for commercial papers.

ISA's international rating issued by the three most recognized international credit rating companies, maintained the investment grade rating. In addition, Moody's agency adjusted the outlook from negative to stable. As of December 2019, ISA maintains its investment grade. The chart with the credit ratings for ISA and its companies is presented below.



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COMPANY	RATINGS	S&P	MOODY'S	FITCH	FITCH LO- CAL	FELLER RATE	APOYO Y ASOCIADOS	EQUILI- BRIUM	HUM- PHREYS
		INTERNATIO	NAL RATING				LOCAL RATING		
		BBB-(Stable)	Baa2 (Stable)	BBB+					
	Corporate	Nov 2019	May 2019	(Stable) May 2019					
ISA	Issuance of				AAA (Stable)				
OA .	local bonds				May 2019				
	Commercial				F1+				
	Papers				May 2019				
SA TRANSELCA	Issuance of local				AAA (Stable)				
JA TRANSLEGA	bonds				Mar 2019				
	Corporate				AAA (Stable)				
SA CTEEP	Corporate				Aug 2019				
JA CILLI	Issuance				AAA (Stable)				
	of bonds				Aug 2019				
	Issuance of		Baa3 (Stable)	BBB- (Positive)					
CONSORCIO	international bonds		April 2019	April 2019					
TRANSMANTARO	Commercial						CP- 1+ (Stable)		
	Papers						May 2019		
	Issuance						AAA (Stable)	AAA (Stable)	
SA REP	of bonds						May 2019	May 2019	
ON INEI	Commercial						CP- 1+ (Stable)	EQL1 (Stable)	
	Papers						May 2019	May 2019	
RUTA	Issuance	BBB -(Stable)	Baa3 (Stable)	BBB -(Stable)		A+			A+
DEL MAIPO	of bonds	Oct 2019	May 2019	Sep 2019		Jun 2019			Jun 2019
RUTA	Issuance		Baa3 (Stable)		A+	А			
DEL BOSQUE	QUE of bonds		Oct 2019		Sep 2019	Jun 2019			



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INVESTMENTS

In 2019, ISA and its companies invested COP 2,6 trillion in their growth plans:

Cash investments



COLOMBIA:

investments for COP 854,435 million

- **ISA:** COP 727.544 million, to be used in the construction of energy transmission projects.
- **ISA TRANSELCA:** COP 55,028 million for the renovation of assets and construction projects.
- **INTERNEXA:** COP 26.903 million in the expansion of its infrastructure and connection projects with clients.
- XM: COP 44.960 million in technological developments.

BRAZIL: ISA CTEEP made investments by COP 245,281 million for grid reinforcements and capital contributions to

the companies where it has stakes. Likewise, the subsidiaries invested COP 430.151 million in the expansion of their grids and INTERNEXA Brasil invested COP 32.248 million in the expansion of its fiber optics network.

PERU: Consorcio Transmantaro invested COP 261,293 million for the execution of projects awarded by the Peruvian government, while ISA REP invested COP 95,792 million in the expansion of its electric grid. ISA PERU invested COP 1.693 million associated with the expansion project. Also, INTERNEXA Peru invested COP 12.859 million in

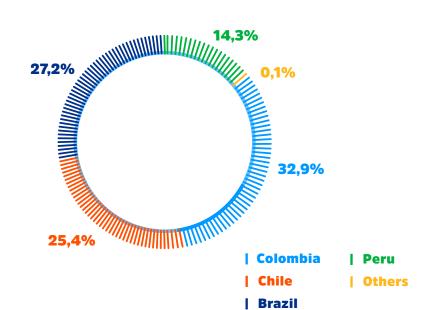
the expansion of its fiber optics network and connection projects with clients.

CHILE: ISA INTERCHILE made investments for COP 421.679 million in the construction of energy transmission projects.

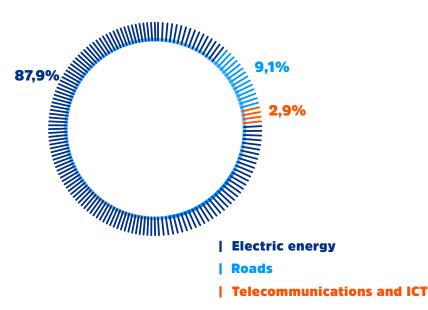
Road concession companies invested COP 237.052 million, executed by Ruta del Maipo for works of Third Lanes of Tranche 3, Ruta de la Araucanía, Ruta de los Ríos, Ruta del Bosque, and Ruta del Maule for the development of safety regulations works and for the start of construction of Ruta del Loa.

The detail of investments by country and by business unit is presented below:

Investments by country



Investments by business unit





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INDIVIDUAL INCOME REPORT

INDIVIDUAL INCOME STATEMENT

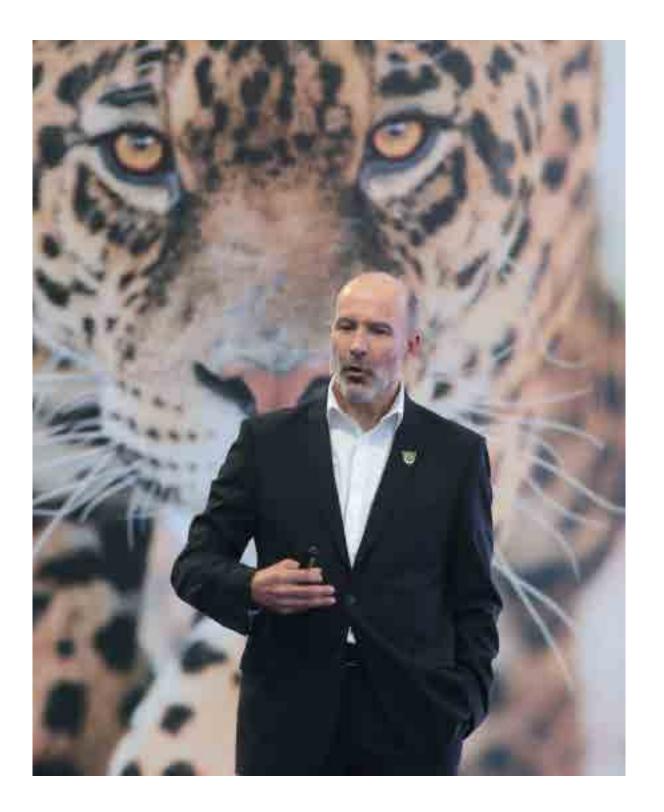
	2019	2018	Var.%
Operating revenues	1.159.768	1.025.221	13,1
EBITDA	1.003.423	895.474	12,1
EBITDA margin	86,5%	87,3%	
Operating income	2.134.911	1.800.665	18,6
Net income*	1.643.505	1.529.155	7,5
Net margin**	67,2%	72,9%	

^{*} The net income of individual ISA differs from the consolidated income by COP 4.773 million due to the amortization of goodwill in the consolidated report.

In 2019, ISA had a growth with profitability, including positive financial results that leverage the multi-country and multi-business growth with relevant regional presence. Accumulated as of December 2019, ISA reached revenues of COP 1.643.505 million, 7,5% more than the same period of the previous year. ISA accumulated an EBITDA of COP 1.003.423 million with a growth of 12,1% compared with 2018.

These results include new revenues by COP 129.469 million from energy transmission projects for the months with higher earnings arising from the following projects: Ituango – Medellin substation, San Antonio at 230kV substation and associated transmission lines, and Costa Caribe reinforcement.

EBITDA growth is mainly related to the months with higher earnings regarding income from projects and higher revenues of the joint account agreement (COP 67.924 million), for the corresponding transfer of UPME-07-13 projects: Monteria



^{**} Net margin = net income / (revenues + equity method).





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at 230 kV substation and associated transmission lines, as of August 2019, and UPME 01-17 project: design, acquisition of supplies, construction, operation, and maintenance of a 220 kV transformation bay in El Bosque substation, located on the department of Bolivar, in June 2019.

Additionally, costs and expenses had a slight growth explained by higher contributions and taxes paid in 2019, road studies and projects, and higher depreciations related to assets from new projects that started operations.

The operating result includes companies where ISA holds control, shared control, or significant influence by COP 1.287.435 million. This profit increased 20% compared with 2018 mainly explained by the entry into operations of projects in Brazil, Peru, and Chile, construction efficiencies in Brazil, and the reliquidation of revenues in ISA INTERCHILE.

For 2019, the net financial expense was COP 326.176 million, 28% more than in 2018. This behavior is explained by higher debt financial expenses and the macroeconomic variables to which it is indexed.

In terms of taxes, during 2019, the company contributed COP 197.149 million in total taxes, of which COP 8.405 million are recognized by the regulator. In 2018, considering the decrease in the income tax rate originated from the Financing Law, Law 1943/2018, the company adjusted deferred taxes at the future rates at which the temporary differences originating them are expected to be reversed, which means the recognition of a lower deferred tax provision of COP 82.741 million in 2018.

INDIVIDUAL BALANCE SHEET

Figures in COP billion



By the end of the year, ISA's assets totaled COP 18.909.931 million, 4,5% more than in 2018. The variation is mainly due to higher fixed assets investments for COP 562.102 million, contributions to companies for COP 90.943 million, and higher results from investments in subsidiaries and joint ventures.

Liabilities amounted to COP 6.439.116 million, 3,7% more than at the end of 2018, mainly due to higher debt disbursements, required for the implementation of long-term projects.

Equity reached COP 12.470.815 million, 4,9% more than in 2018, as a result of higher income in 2019, the distribution of dividends, and the revaluation of the Colombian peso against the Chilean peso and the Brazilian real.



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FINANCIAL LIABILITIES AND BONDS

As of December 31, 2019, financial debt was COP 4,7 trillion; 3,5% more than in 2018 (COP 4,5 trillion).

During the period, ISA exercised the prepayment option for Lots 1 and 2 of the Fourth Tranche of the Program on Issuance and Placement of Securities of ISA's Internal Public Debt for COP 223 billion. In addition, disbursements from Scotiabank for USD 50 million, Bancolombia for COP 150 billion, and Banco Davivienda for 150 billion, were received. These resources were used to meet the needs of the 2019-2020 investment plan.

Note 13 from the separate financial statements have the details and main debt transactions in 2019.

ISA's Debt by currency

ISA's Debt by sources

COP

USD

BONDS

BANK LOANS

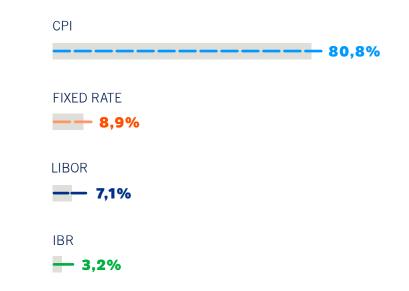
-- 7.1%

At the end of 2019, 92,9% of the debt was entered into in Colombian pesos, since the greatest portion of ISA's revenues is expressed in this same currency.

The debt is entered into and indexed mainly to the Consumer Price Index (CPI), since it is related to the PPI, minimizing the risk impacts on the Interest rate associated with macroeconomic variables.

Consequently, ISA develop long-term projects, so a significant proportion of the debt is incurred in the capital market (bonds) at competitive rates, reducing the refinancing risk.

ISA's Debt by rates



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.

DISPUTES AND CLAIMS

During 2019, no litigations or contingencies that could materially affect the situation of ISA were presented. Judicial and administrative actions instituted against ISA were timely and adequately addressed in defense of the interests of the Company and in compliance with the duties and responsibilities incumbent upon it. In turn, ISA Company promoted judicial and administrative actions necessary for the development of its corporate purpose and defend its interests, in compliance with current standards.

(Additional information regarding litigation and claims to the company can be found on the Notes to the Financial Statements of ISA.)



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SHARE PERFORMANCE

STOCK MARKET

During 2019, all the stock markets of the region performed positively. The Standard & Poor's (S&P) index, considered the most representative index of the US market, showed an increase of 28,9% during the year. For its part, the Morgan Stanley Capital International Emerging Markets (MSCI EM) – Latin America index, designed to measure the performance of the stock markets of Brazil, Chile, Colombia, Mexico, and Peru, showed a positive return of 13,7%. Colombia's performance, represented by the COLCAP index, showed a positive

variation of 25,4%, which is 86,4% higher than the markets' performance in Latin America.

ISA, as shown in the graph, had a very positive performance, accumulating in the year a valuation of 40,2%, exceeding the performance of the local market (58%). Compared with the Emerging Markets and the United States, ISA showed a better performance in local currency, with 26,5% and 11,3%, respectively. In Colombia, ISA's share had one of the best performance in the market.



The most relevant events that influenced the market results can be summarized as follows:

- At the global level, the year began with risk aversion decline in international markets, pushing a higher flow towards emerging markets. The trade war of the United States vs China boosted stock market volatility during 2019. Since the last quarter of 2018, conflict negotiations have been providing a peace environment for equity assets, thanks to which the markets show recoveries.
- For the second quarter, the United States-China trade relationship got tense, and all markets reacted downwards, as did raw material prices. Likewise, low interest rate expectations by central banks of the most developed economies boosted better performances in the productive sectors and therefore in the prices of shares.



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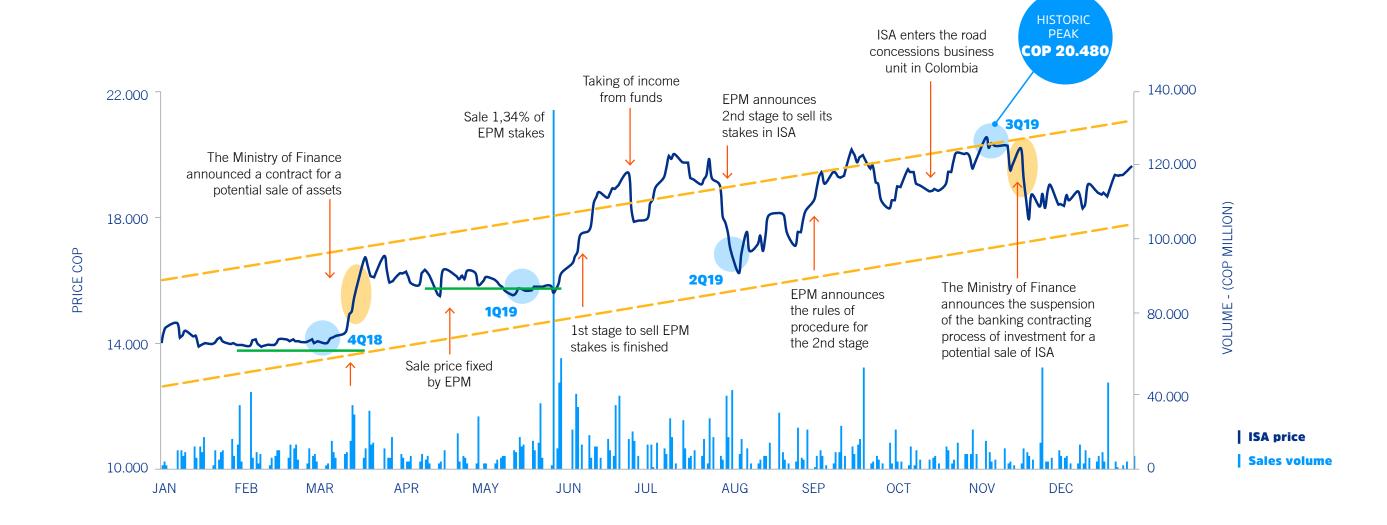
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 As of the third quarter of the year, the White House announced 10% tariffs on Chinese goods imports, worth USD 300 billion. While China took steps to incorporate the effects of the trade war with the United States and its economic downturn. These announcements negatively affected world economy performance expectations, especially affecting emerging countries, which experienced currency weakening, stock market fall, and investment settlements. At the end of the year, investor optimism about the beginning of new high-level trade talks between the United States and China boosted valuations, thanks to which markets went up.

ISA SHARE

In 2019, the ISA share reached a historic peak of COP 20.480 on November 5 and ended the year with a price of COP 19.600.





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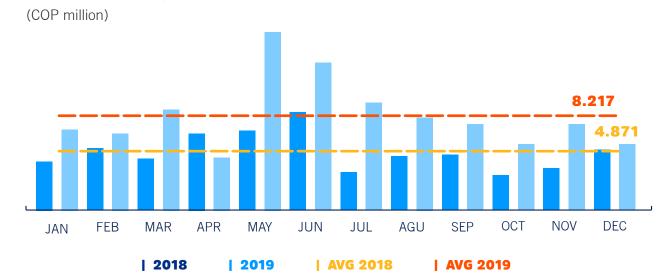
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During the year, the share price was influenced by two main events: the shares' sale process that EPM holds in ISA, and the announcement by the Ministry of Finance (owner of 51,4% of ISA shares) about a potential sale of ISA. In the first event, ISA's market price was adjusted to the sale price defined by EPM; in the second event, the price increased upon the announcement and was adjusted once this process was suspended.

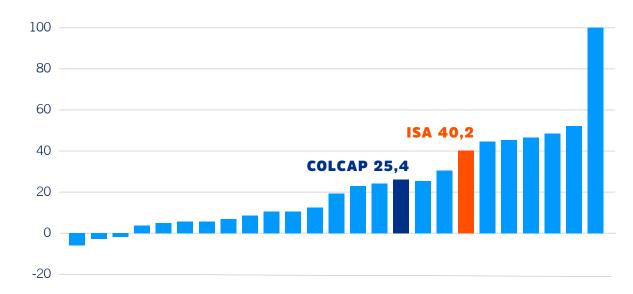
After discounting the aforementioned market effects, the share price moved upwards in search of its fundamental price, also supported by good results of ISA, new projects, which generated value for the shareholder and a strategy of growth.

ISA's daily average volume



The average daily volume traded in 2019 was COP 8.217 million, 69% more than the previous year's average (COP 4.871 million). The higher liquidity is explained by the sale of 14.881.134 shares (1,34%) of the stake held by EPM, plus a greater desire for the share, and an increase of the stake in the indexes, which boosts higher passive sales.

COLCAP (%) issuers variation

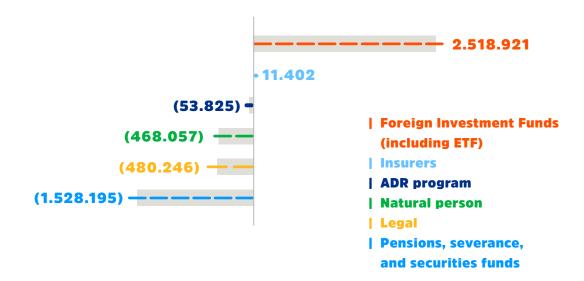


The ISA share showed a very positive performance, 58.2% higher than the Colombian stock market's performance, as measured by the COLCAP index.

During 2019, the net purchasers were the Foreign Investment Funds, while Pension and Severance Funds, Mutual Funds, Securities Funds, Legal Employee Funds, and Natural Persons were the big sellers.

Share negotiation









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DIVIDENDS

The General Shareholders' Meeting held on March 29, 2019, approved the distribution of dividends to its shareholders for COP 611.438 million, equivalent to 40% of the net income for 2018. The payment was made in two equal installments of COP 276 per share on July 24 and December 11, 2019, adding COP 552 per share for the year.

ISA's 2014-2019 compound annual growth for dividends paid was 21%, which is a yield attractive to shareholders.



STOCK MARKET INDICATORS

BVC: ISA CB - ADR: IESFY

No. of outstanding shares	1.107.677.894
Free - float (%)	39,77%
No. of shareholders	25.297
Nominal value (COP)	32,8
Closing price	19.600
UPA: Income per share (COP)	1.479
Ordinary dividend	552
Market capitalization (COP millions)	21.710.487
Daily average traded (COP millions)	8.217
Marketability	ALTA - PUESTO 3
Index	
COLCAP interest (%)	8,38%
COLEQTY interest	8,57%
COLIR interest	8,71%
Financial ratios	
PER: Price/Income (%)	13,25
Tobin's Q Ratio: Price/Carrying value (times)	1,74
EV/EBITDA: Company's value/EBITDA (times)	8,35
Yield (%)	2,82



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INTERCONEXIÓN ELÉCTRICA S.A E.S.P FINANCIAL STATEMENTS



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	NOTE	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	<u>4</u>	2.487.201	1.522.060
Financial assets	<u>5</u>	6.337.727	4.845.365
Current tax	<u>18.3</u>	247.981	316.730
Inventories - Net	<u>8</u>	151.527	98.271
Non-financial assets	<u>6</u>	225.219	241.757
Loans receivable from related parties	<u>5</u>	126	31
TOTAL CURRENT ASSETS		9.449.781	7.024.214
NON-CURRENT ASSETS			
Restricted cash	<u>7</u>	97.347	339.007
Non-current tax	<u>18.3</u>	6.174	27.241
Investments in associates and joint ventures	<u>9</u>	3.119.350	2.871.781
Financial instruments	<u>9</u>	15.478	15.478
Financial assets	<u>5</u>	16.769.982	16.896.526
Inventories - Net	<u>8</u>	64.808	63.359
Property, plant, and equipment - Net	<u>10</u>	11.095.458	10.195.114
Intangible assets - Net	<u>11</u>	7.055.014	6.827.331
Non-financial assets	<u>3</u>	106.428	93.676
Deferred tax	<u>18.2</u>	791.388	591.278





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	NOTE	2019	2018
Finance lease assets - Net	<u>10</u>	220.311	22.514
Intangible finance lease assets - Net	<u>11</u>	1.390	-
Loans receivable from related parties	<u>5</u>	335	335
TOTAL NON-CURRENT ASSETS		39.343.463	37.943.640
TOTAL ASSETS		48.793.244	44.967.854
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial liabilities	<u>13</u>	1.698.041	1.751.632
Accounts payable	<u>14</u>	973.576	635.442
Employee benefits	<u>19</u>	101.658	99.330
Current tax	<u>18.4</u>	268.197	251.656
Provisions	<u>17</u>	551.058	95.924
Non-financial liabilities	<u>20</u>	82.557	89.795
TOTAL CURRENT LIABILITIES		3.675.087	2.923.779
NON-CURRENT LIABILITIES			
Financial liabilities	<u>13</u>	16.059.516	15.438.954
Accounts payable	<u>14</u>	974.314	908.158
Non-current tax	<u>18.4</u>	963.722	986.905
Employee benefits	<u>19</u>	465.417	390.147
Provisions	<u>17</u>	211.188	247.497





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	NOTE	2019	2018
Non-financial liabilities	<u>20</u>	499.037	499.634
Deferred tax	<u>18.2</u>	4.841.749	4.630.953
TOTAL NON-CURRENT LIABILITIES		24.014.943	23.102.248
TOTAL LIABILITIES		27.690.030	26.026.027
EQUITY	<u>21</u>		
Subscribed and paid-in capital	<u>21.1</u>	36.916	36.916
Premium for placement of shares	<u>21.4</u>	1.428.128	1.428.128
Reserves	<u>21.6</u>	5.346.023	4.428.306
Accumulated income		3.212.454	3.217.227
Income for the year		1.638.732	1.524.382
Other comprehensive income		779.923	1.234.415
EQUITY ATTRIBUTABLE TO CONTROLLING INTEREST		12.442.176	11.869.374
Non-controlling interest		8.661.038	7.072.453
TOTAL EQUITY		21.103.214	18.941.827
TOTAL EQUITY AND LIABILITIES		48.793.244	44.967.854

See accompanying notes to financial statements.

Bernardo Vargas Gibsone CEO

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.° 34420 – T

(See certification attached)

Xumpunz.

Patricia Mendoza Sierra
Statutory Auditor P.C. No. 78856 – T
(See my report attached of February 28, 2020)
Designated by Ernst & Young Audit S.A.S. TR-530



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	NOTE	2019	2018
REVENUES FROM CONTRACTS WITH CUSTOMERS	<u>22</u>		
Energy transmission services		4.783.487	4.402.746
Road concessions		1.089.079	1.015.860
Constructions for sale		1.441.269	991.013
Information and Telecommunication Technologies		359.040	324.722
Connection charges		243.755	232.888
CND-MEM Dispatch and coordination		92.513	85.969
MEM Services (STN, SIC, SDI)		48.725	40.653
Other revenues		81.140	79.961
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS		8.139.008	7.173.812
Operating costs	<u>24.1</u>	2.910.529	2.463.857
GROSS INCOME		5.228.479	4.709.955
Administrative expenses	<u>24.2</u>	768.178	739.723
Other extraordinary revenues	<u>25</u>	-	60.901
Net equity method revenues/(expenses)	<u>26</u>	213.728	238.374
Other net revenues/(expenses)	<u>27</u>	69.812	2.226
NET INCOME FROM OPERATING ACTIVITIES		4.743.841	4.271.733
Net financial revenues/(expenses)	<u>28</u>	(1.212.664)	(1.087.612)
INCOME BEFORE TAXES		3.531.177	3.184.121
Income tax	<u>18.1</u>	772.816	583.727
INCOME FOR THE YEAR		2.758.361	2.600.394
Non-controlling interest		1.119.629	1.076.012
INCOME ATTRIBUTABLE TO CONTROLLING INTEREST		1.638.732	1.524.382



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	NOTE	2019	2018
INCOME FOR THE YEAR			
Net income attributable to			
Controlling interest		1.638.732	1.524.382
Non-controlling interest		1.119.629	1.076.012
TOTAL NET INCOME FOR THE YEAR		2.758.361	2.600.394
Actuarial gains (losses) from defined benefit plans, net of taxes		(58.422)	2.720
Gains (losses) from cash hedges, net of taxes		(103.804)	8.123
Gains from foreign exchange differences, net of taxes		(292.266)	(16.392)
OTHER COMPREHENSIVE INCOME		(454.492)	(5.549)
Total comprehensive income attributable to			
Controlling interest		1.184.240	1.518.833
Non-controlling interest		1.119.629	1.076.012
COMPREHENSIVE INCOME FOR THE YEAR		2.303.869	2.594.845

See accompanying notes to financial statements.

Bernardo Vargas Gibsone CEO

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.° 34420 – T

(See certification attached)

Xann June Z.

Patricia Mendoza Sierra
Statutory Auditor P.C. No. 78856 – T
(See my report attached of February 28, 2020)
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	DECEMBER 2019	DECEMBER 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from loans and operations portfolio	38.810	34.986
Collections from deposits and exigibilities	4.550	2.266
Collections from insurance accounts receivable	-	298
Collections from sales of goods and services	8.477.672	6.643.187
Other collections from operating activities	105.380	132.031
Payments from Secr da Fazenda Ações - Lei 48	122.092	95.017
Payments from accounts payable to the insurance activity	-	206
Payments to suppliers for the provision of goods and services	1.929.721	1.102.208
Payments to and on behalf of employees	810.865	738.538
Payments for premiums and benefits, annuities, and other obligations	-	10.825
Other payments from operating activities	317.501	312.092
NET CASH FLOWS FROM OPERATING ACTIVITIES	5.446.233	4.553.882
Interest paid, classified as operating activities	208.505	164.514
Interest received, classified as operating activities	25.503	33.861
Income tax reimbursed (paid)	981.600	1.150.367
Cash inflows (outflows)	57.449	(2.527)
(Payments) collections to suppliers for the provision of goods and services	(82.873)	38.754
NET CASH FLOWS FROM OPERATING ACTIVITIES	4.421.953	3.231.581





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Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos

	DECEMBER 2019	DECEMBER 2018
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Other charges for the sale of equity or instruments	20.797	3
Other payments to acquire equity or debt instruments	-	4.932
Other payments to acquire interest in joint ventures	215.084	25.750
Amounts from the sale of property, plant, and equipment	9.706	2.317
Purchase of properties, plant, and equipment	1.973.542	1.986.324
Purchase of intangible assets	256.027	227.020
Cash advances and loans granted to third parties	127.190	22.207
(Payments) collections from the reimbursement of advances and loans	(82.525)	19.021
Payments from futures contracts, term contracts, option contracts	6.788	16.541
Collections from futures contracts, term contracts, option contracts	-	1.210
Dividends received, classified as investing activities	88.872	122.022
Interest received, classified as investment activities	27.100	45.187
Other cash inflows (outflows)	942.524	(469.137)
NET CASH USED IN INVESTMENT ACTIVITIES	(1.572.157)	(2.562.151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments from other interest on equity	14.582	-
Amounts from loans	3.921.758	5.267.391
Reimbursement of loans	3.348.229	4.048.882





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	DECEMBER 2019	DECEMBER 2018
Payment of financial lease liabilities	18.585	7.232
Dividends paid, classified as financing activities	1.169.797	1.863.562
Interest paid, classified as financing activities	946.532	814.491
Income tax reimbursed (paid)	1.106	4.430
Other cash (outflows) inflows	(192.484)	7.618
NET CASH USED IN FINANCING ACTIVITIES	(1.769.557)	(1.463.588)
CASH AND CASH EQUIVALENTS, EXCLUDING EXCHANGE EFFECT	1.080.239	(794.158)
Effects of exchange rate variation on cash	(115.098)	774.667
NET CASH AND CASH EQUIVALENTS	965.141	(19.491)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.522.060	1.541.551
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.487.201	1.522.060

See accompanying notes to financial statements.

Bernardo Vargas Gibsone

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.º 34420 – T (See certification attached) Xumpunz.

Patricia Mendoza Sierra
Statutory Auditor P.C. No. 78856 – T
(See my report attached of February 28, 2020)
Designated by Ernst & Young Audit S.A.S. TR-530



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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos

					RESERV	AS					
	Subscribed and paid-in capital	Premium for placement of shares	Legal	By tax regulation	For equity strengthening	For rehabilitation and replacement of STN assets	Total reserves	Income for the year and accumulated	Other comprehensive income	Non-controlling interest	Total
NOTE	<u>21.1</u>	<u>21.4</u>			<u>21.6</u>						
BALANCE AS OF DECEMBER 31, 2017	36.916	1.428.128	18.458	898.802	2.631.265	37.434	3.585.959	4.666.070	1.239.964	7.466.485	18.423.522
Transfers approved by the General Shareholders' Meeting	-	-	-	-	842.347	-	842.347	(842.347)	-	-	-
Ordinary dividends at COP 266 per share and an extraordinary dividend at COP 276 per share settled on 1.107.677.894 outstanding shares.	-	-	-	-	-	-	-	(600.362)	-	-	(600.362)
Exchange rate difference	-	-	-	-	-	-	-	-	(16.392)	(1.470.045)	(1.486.437)
Other comprehensive income	_	-	_	-	-	-	-	-	10.843	_	10.843
Net income as of December 31, 2018	_	-	-	-	-	-	-	1.524.382	-	1.076.013	2.600.395
Increase (decrease) from change in policies	-	-	-	-	-	-	-	(6.134)	-	-	(6.134)
BALANCE AS OF DECEMBER 31, 2018	36.916	1.428.128	18.458	898.802	3.473.612	37.434	4.428.306	4.741.609	1.234.415	7.072.453	18.941.827
Transfers approved by the General Shareholders' Meeting	-	-	-	-	917.717	-	917.717	(917.717)	-	-	-
Ordinary dividends at COP 552 per share and per share settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	(611.438)	-	-	(611.438)
Exchange rate difference	_	-	_	-	-	-	-	-	(292.266)	468.956	176.690
Other comprehensive income	-	-	-	-	-	-	-	-	(162.226)	-	(162.226)
Net income as of December 31, 2019	-	_	-	-	-	_	-	1.638.732	_	1.119.629	2.758.361
BALANCE AS OF DECEMBER 31, 2019	36.916	1.428.128	18.458	898.802	4.391.329	37.434	5.346.023	4.851.186	779.923	8.661.038	21.103.214

See accompanying notes to financial statements.

Bernardo Vargas Gibsone CEO

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.º 34420 – T (See certification attached) Xum June Z

Patricia Mendoza Sierra

Statutory Auditor P.C. No. 78856 – T (See my report attached of February 28, 2020) Designated by Ernst & Young Audit S.A.S. TR-530



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019 AND 2018

(Amounts expressed in millions of Colombian pesos, excluding nominal value of the share and net income per share; foreign currency expressed in original amounts).

I. GENERAL NOTES

1. GENERAL INFORMATION

ISA, parent company, with headquarters in Medellin, was incorporated as joint stock company by public deed No. 3057 issued by the 8th NOTEry of the NOTErial Circuit of Bogota, on September 14, 1967.

On November 22, 1996, by public deed No. 746 issued by the Sole Notary of Sabaneta, ISA changed its legal nature to Mixed Utility Company, incorporated as a joint stock company of commercial and national nature, linked to the Ministry of Mines and Energy, with indefinite term, and subject to the legal regime provided by Law 142 of 1994, a situation that materialized on January 15, 1997 with the entry of private contributions.

In accordance with the considerations of the Constitutional Court in its ruling C-736 dated September 19, 2007, ISA has a special legal nature by being defined as a Mixed Utility Company, decentralized by services, which is part of the executive branch of the public power with special and legal regime of private law.

Headquarters are located in Medellin, Calle 12, Sur # 18-168.

ISA's purpose is:

- The provision of the Energy Transmission utility, pursuant to Laws 142 and 143 of 1994 and the rules extending, amending, or replacing them, as well as the rendering of similar and complementary services related to such activities, according to the legal and regulatory framework in force.
- The development of information and telecommunication technology systems, activities, and services.
- The direct or indirect participation in activities and services related to the transport of other energies.
- The provision of technical and non-technical services in activities related to its purpose.
- The development of infrastructure projects and their commercial operation, as well as the execution of activities related to the exercise of engineering according to Law 842 of 2003 and the regulations that extend, modify, or replace it.
- The investment in national or foreign companies whose purpose is the use of any legal economic activity; the investment in movable and immovable assets, and the investment in shares, quotas or stakes, bonds, commercial papers, or fixed or variable rate instruments registered in the stock exchange market, or any other modality provided by Law, allowing the investment of resources.
- The management of the group's companies is exercised through the definition of strategic, organizational, technical, and financial guidelines, among others.



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The company was registered as a business group before the mercantile registry of the Chamber of Commerce of Medellín in October 2001. For such effects, the parent company is Interconexión Eléctrica S.A. E.S.P. (ISA), and its subsidiaries are: ISA INTERCOLOMBIA S.A. E.S.P.; TRANSELCA S.A. E.S.P.; XM Compañía de Expertos en Mercados S.A. E.S.P. and its subsidiary Sistemas Inteligentes en Red S.A.S.; ISA Capital do Brasil and its affiliate Companhia de Transmissão de Energia Elétrica Paulista (CTEEP) and its subsidiaries Interligação Elétrica Aguapeí S.A., Evrecy Participações LTDA, Interligação Elétrica Itaúnas S.A., Interligação Elétrica Biguaçu S.A., Interligação Elétrica Serra do Japi, Interligação Elétrica de Minas Gerais S.A. (IEMG), Interligação Elétrica Norte e Nordeste S.A. (IENNE), Interligação Elétrica Pinheiros S.A. (IEPINHEIROS), Interligação Elétrica Sul S.A. (IESUL), Interligação Elétrica Tibagi S.A., Interligação Elétrica Itaquerê S.A., Interligação Elétrica Itaquera S.A., ISA Investimentos e Participações Do Brasil S.A.; ISA Perú S.A.; Red de Energía del Perú S.A.; Consorcio Transmantaro; Proyectos de Infraestructura del Perú S.A.C.; ISA Bolivia S.A.; INTERNEXA S.A. and its subsidiaries INTERNEXA PERÚ e INTERNEXA CHILE S.A., Internexa Argentina, Internexa Participações S.A. and its subsidiary Internexa

Brasil Operadora de Telecomunicações S.A.; INTERCHILE S.A.; ISA INVERSIONES CHILE LTDA. and ISA INVERSIONES MAULE LTDA. and its subsidiary INTERVIAL CHILE S.A., which in turns owns ISA Inversiones Toltén Ltda. and the concessionaires: Ruta de la Araucanía Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Ruta del Maipo Sociedad Concesionaria S.A., Ruta del los Ríos Sociedad Concesionaria S.A., and Ruta del LOA Sociedad Concesionaria S.A.; INTERVIAL COLOMBIA S.A.S. and Linear Systems RE LTD., companies in which the parent company has direct and indirect interest (hereinafter the subsidiaries).

ISA's companies had the following employees during 2019 and 2018, this information is reported to comply with the External Circular 002 of 1998, issued by the Financial Superintendence of Colombia, which requests to disclose the number of people employed during the period by the parent or controlling company and its subsidiaries, classified by management and trusted employees and others, and the personnel expenses generated for each of these categories.



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	201	.9					
COMPANY	MANAGEMEN' TRUSTED PERS		OTHER	S	TOTAL		
	N.° PEOPLE	VALUE	N.° PEOPLE	VALUE	N.° PEOPLE	VALUE	
ISA - Interconexión Eléctrica S.A. – ISA	200	61.758	13	1.244	213	63.002	
ISA INTERCOLOMBIA S.A. E.S.P.	381	64.522	205	25.881	586	90.403	
CTEEP-Companhia de Transmissão de Energia Elétrica Paulista	104	25.502	1.283	81.354	1.387	106.856	
Red de Energía del Perú	233	51.260	155	20.481	388	71.741	
Proyectos de Infraestructura del Perú S.A.C.	20	2.844	38	3.001	58	5.845	
ISA Bolivia S.A.	3	192	28	2.537	31	2.729	
TRANSELCA S.A. E.S.P.	16	5.704	226	29.160	242	34.864	
XM Compañía de Expertos en Mercados S.A. E.S.P.	240	42.452	2	231	242	42.683	
Sistemas Inteligentes en Red S.A.S.	59	2.340	-	-	59	2.340	
INTERNEXA S.A.	169	32.954	14	660	183	33.614	
Internexa Perú	36	8.546	2	48	38	8.594	
Internexa Chile	21	3.694	-	-	21	3.694	
Internexa Argentina	2	585	8	1.158	10	1.743	
Internexa Brazil Operadora de Telecomunicações S.A.	3	6.877	90	32.751	93	39.628	
Interchile	7	3.377	54	6.817	61	10.194	
Intervial Chile S.A.	24	8.880	64	14.159	88	23.039	
Ruta de la Araucanía Sociedad Concesionaria S.A.	1	755	28	1.684	29	2.439	
Ruta del Maipo Sociedad Concesionaria S.A.	13	2.679	136	14.716	149	17.395	
Ruta del Maule Sociedad Concesionaria S.A.	2	766	39	3.441	41	4.207	
Ruta del Bosque Sociedad Concesionaria S.A.	1	766	31	1.924	32	2.690	
Ruta de los Ríos Sociedad Concesionaria S.A.	1	755	29	1.449	30	2.204	
Ruta del LOA Sociedad Concesionaria S.A.	1	527	-	-	1	527	
TOTAL	1.537	327.735	2.445	242.696	3.982	570.431	



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	201	8					
COMPANY	MANAGEMEN TRUSTED PER		OTHER	S	TOTAL		
	N.° PEOPLE	VALUE	N.° PEOPLE	VALUE	N.° PEOPLE	VALUE	
Interconexión Eléctrica S.A. E.S.P. (ISA)	200	43.751	9	877	209	44.628	
INTERCOLOMBIA S.A. E.S.P.	372	63.165	186	23.356	558	86.521	
Companhia de Transmissão de Energia Elétrica Paulista (CTEEP)	105	28.027	1.380	99.258	1.485	127.285	
ISA Perú S.A.	1	77	-	-	1	77	
RED DE ENERGIA DEL PERÚ (REP)	229	42.338	149	17.584	378	59.922	
Consorcio Transmantaro S.A.	1	77	-	-	1	77	
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. (PDI)	23	2.185	37	2.807	60	4.992	
TRANSELCA S.A. E.S.P.	16	5.088	209	25.545	225	30.633	
XM S.A. E.S.P.	228	41.664	2	231	230	41.895	
Sistemas Inteligentes en Red S.A.S.	47	2.324	-	-	47	2.324	
INTERNEXA S.A.	176	34.599	13	851	189	35.450	
INTERNEXA S.A. (Perú)	28	6.016	7	1.005	35	7.021	
INTERNEXA CHILE S.A.	14	2.570	-	-	14	2.570	
ISA BOLIVIA S.A.	3	1.247	27	1.793	30	3.040	
Transamerican Telecommunication S.A. (INTERNEXA ARGENTINA S.A.)	2	974	8	1.091	10	2.065	
Internexa Brazil Operadora de Telecomunicações S.A.	6	7.361	91	32.770	97	40.131	
INTERCHILE S.A.	7	2	45	5	52	7	
INTERVIAL CHILE S.A.	12	8.589	69	12.857	81	21.446	
Ruta de la Araucanía Sociedad Concesionaria S.A.	1	196	29	2.295	30	2.491	
Ruta del Maipo Sociedad Concesionaria S.A.	13	3.419	119	10.451	132	13.870	
Ruta del Maule Sociedad Concesionaria S.A.	3	831	40	2.643	43	3.474	
Ruta del Bosque Sociedad Concesionaria S.A.	1	70	32	2.310	33	2.380	
Ruta del LOA Sociedad Concesionaria S.A.	1	330	-	-	1	330	
Ruta de los Ríos Sociedad Concesionaria S.A. (*)	-	-	27	2.360	27	2.360	
TOTAL	1.489	294.900	2.479	240.089	3.968	534.989	

^(*) The concessionaire company does not have managers and trusted personnel, as this personnel is directly hired by INTERVIAL CHILE S.A.



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2. BASIS OF PRESENTATION

Below is the description of the main policies and practices adopted by ISA and its companies:

2.1 Consolidation principles

Consolidated Financial Statements include the financial statements of the parent company and all affiliates and subsidiaries (including consolidable structured entities).

Subsidiaries are entities, over which the parent company exercises direct or indirect control.

Structured entities consolidable by ISA are generated from contractual agreements with financial institutions for the management of resources that do not have voting rights.

The structured over which ISA exerts control are Patrimonio Autónomo Betania in Colombia, with direct control, and the following investment funds through ISA CTEEP: Referenciado DI Bandeirantes, Xavantes Referenciado DI, Fundo de Investimento Assis, and Fundo de Investimento Barra Bonita Renda.

An investor controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the same.

The consolidated financial statements of ISA and its subsidiaries are prepared according to the global integration method, where all assets, liabilities, equity, revenues, costs and expenses of subsidiaries are added to the financial statements of the parent or controlling company, upon elimination in the parent or controlling company of the investment made by it on the equity of the subsidiaries, as well as

operations and reciprocal balances existing on the date of preparation of the consolidated financial statements.

The consolidation of operations of the parent company and subsidiaries was performed by applying the following basic principles:

- a. On the date of takeover, the assets acquired and liabilities assumed from the subsidiary are recorded at fair value, excluding certain assets and liabilities that are recorded following the valuation principles set out in other IFRS.
- b. The value of the stake of non-controlling shareholders in equity and comprehensive income of the subsidiaries, respectively, is presented in non-controlling interest, in the consolidated statement of financial position. The income for the year and each component of the other comprehensive income are attributed to the owners of the controlling entity and to the non-controlling stake. These stakes correspond to third parties alien to ISA's businesses.
- c. The financial statements of the subsidiaries are included in the consolidated financial statements as of the date when the Group obtains control over the subsidiary, until the date when the control over it is lost.
- d. Investments in foreign subsidiaries are recorded based on financial statements as of the reporting date, approved under the accounting and financial information standards accepted in Colombia (NCIF) and translated into Colombian pesos, according to the provisions of IAS 21, upon definition of the functional currency, using the U.S. dollar as reference currency. The income and financial position of all entities where ISA does businesses that use a functional currency that is different from the presentation currency, are translated into the presentation currency as follows:



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- Assets and liabilities are translated into Colombian pesos at the closing rate, which
 corresponds to the Representative Market Rate (RMR) on the balance sheet date,
 certified by the Financial Superintendence of Colombia.
- Revenue and expense items are translated into Colombian pesos at the average exchange rate in force at the end of each period, unless it changes significantly, in which case the exchange rates of the date when the transaction is performed, are to be used.
- Equity is maintained at the historical exchange rate on the acquisition or contribution date, and at the average exchange rate on the date of generation, in the case of accumulated income.
- If applicable, exchange differences that arise are recognized in other comprehensive income and are accumulated in equity, in gains (losses) for conversion exchange differences (attributed to the non-controlling stakes, as appropriate).

Both the surplus value arising from the acquisition of a business abroad, and the fair value adjustments made on the carrying amount of assets and liabilities, as a result of the acquisition of a business abroad, will be treated as assets and liabilities of the same. This means that they will be expressed in the same functional currency of the business abroad, and will be translated into the closing exchange rate.

- e. All significant balances and transactions between ISA and its subsidiaries were eliminated in the consolidation process.
- f. Changes in stakes that ISA and its companies hold in a subsidiary that do not cause a loss of control are accounted for in equity. The carrying amount of the stakes owned by ISA and its companies and the non-controlling stakes are adjusted to reflect changes

in their corresponding stake in the subsidiary. Any difference between the amount by which the non-controlling stakes were adjusted and the fair value of the consideration paid or received is recognized directly in equity, and attributed to the owners of the controlling entity.

Accounting policies of the Group's subsidiaries, associates, and jointly controlled companies are applied in a way that matches the accounting policies of ISA, to ensure the consistency of the Group's financial information, basis for appropriate consolidation.

Regarding investments in associates and jointly controlled entities, the parent company applies the equity method in its consolidated financial statements.

An associate is an entity over which the parent company is able to exercise significant influence, through the power to participate in decisions about its operating and financial policies.

In general, the significant influence is assumed in cases where the Group holds a stake higher than 20%, even though, as in the case of control, it must be evaluated.

A joint venture is an agreement whereby the parties exerting joint control have rights to the net assets of the entity. Joint control only occurs when the decisions on relevant activities require the unanimous consent of the parties sharing control.

The equity method is a method of accounting whereby the investment in associates and jointly controlled entities is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The income for the period and other comprehensive income of the entity include its share



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of the income for the period and other comprehensive income of the entity. Dividends received from these entities are recorded as lower value of investment.

Transactions that imply a loss of control or significant influence over an associate or a jointly controlled entity are accounted for, by recognizing any retained stake at its fair value, and the gain or loss resulting from the transaction is recognized in the income for the period, including the corresponding items of other comprehensive income.

Regarding transactions that do not imply a loss of control or significant influence in the associate or jointly controlled entity, the equity method remains being applied and the

portion of the gain or loss recognized in other comprehensive income relating to the reduction in the stake of the property is reclassified in income.

Consolidated financial statements as of December 31, 2019, were authorized for disclosure by the Board of Directors on February 28, 2020.

The following figures were taken from the accounting records of ISA and its companies as of December 31, 2019 and 2018, and in the consolidation currency (Colombian peso), according to the provisions of Decree 2784/2014 and all its subsequent amendments:



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	2019			
COMPANY	ASSETS	LIABILITIES	EQUITY WITHOUT PROFIT	PROFIT (LOSS)
Interconexión Eléctrica S.A. E.S.P. (ISA)	18.909.930	6.439.115	10.827.310	1.643.505
INTERCOLOMBIA S.A E.S.P	252.747	160.410	59.395	32.943
ISA Investimentos e Participações LTDA.	872.443	120.985	671.368	80.090
ISA Capital do Brasil S.A.	3.473.521	28.694	2.941.790	503.037
Companhia de Transmissão de Energia Elétrica Paulista (CTEEP)	15.664.291	6.074.979	8.123.874	1.465.437
Interligação Elétrica de Minas Gerais S.A. (IEMG)	102.404	22.475	78.711	1.218
Interligação Elétrica Pinheiros S.A. (IE PINHEIROS)	519.917	74.081	390.723	55.113
Interligação Elétrica Serra do Japi S.A. (IE SERRA DO JAPI)	419.881	65.665	318.381	35.835
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	402.107	160.301	222.549	19.256
Interligação Elétrica Sul S.A. (IESUL)	227.904	65.813	151.776	10.315
Evrecy Participações Ltda.	43.633	3.429	36.708	3.496
Interligação Elétrica Tibagi S.A	100.005	26.719	72.781	505
Interligação Elétrica Aguapeí S.A.	101.801	18.503	82.606	692
Interligação Elétrica Itaquerê S.A.	201.886	47.234	144.294	10.358
Interligação Elétrica Itapura S.A.	115.976	35.217	64.178	16.580
Interligação Elétrica Itaúnas S.A.	115.966	8.892	102.608	4.466
Interligação Elétrica Biguaçu S.A.	9.820	1.030	9.659	(869)
ISA PERÚ S.A.	180.275	61.851	85.290	33.133
Red de Energía del Perú (REP)	1.679.842	1.046.352	420.353	213.137
Consorcio Transmantaro S.A.	5.055.779	3.491.212	1.376.294	188.274
Proyectos de Infraestructura del Perú S.A.C. (PDI)	164.008	147.899	15.019	1.090
ISA Bolivia S.A.	178.008	86.818	51.962	39.229
TRANSELCA S.A. E.S.P.	1.452.299	629.172	652.507	170.619





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	2019			
COMPANY	ASSETS	LIABILITIES	EQUITY WITHOUT PROFIT	PROFIT (LOSS)
XM, S.A. E.S.P.	175.235	152.390	13.061	9.783
Sistemas Inteligentes en Red S.A.S.	17.084	8.730	2.380	5.974
INTERNEXA S.A.	434.780	362.349	69.973	2.458
INTERNEXA S.A. (Perú)	243.038	205.838	27.807	9.393
INTERNEXA CHILE S.A.	72.131	57.985	8.949	5.197
Transamerican Telecommunication S.A. (INTERNEXA ARGENTINA S.A.)	31.354	14.513	14.035	2.806
INTERNEXA Participações S.A.	44.282	327	62.932	(18.977)
INTERNEXA en Brasil Operadora de Telecomunicações	244.102	199.859	63.085	(18.842)
ISA Inversiones Chile Ltda.	2.009.609	405	1.837.089	172.115
ISA Inversiones Maule Ltda.	1.289.749	160.876	1.023.286	105.587
INTERVIAL CHILE S.A.	3.125.778	265.824	2.568.790	291.164
Ruta de la Araucanía Sociedad Concesionaria S.A.	893.417	524.013	336.181	33.224
Ruta del Maipo Sociedad Concesionaria S.A.	6.122.238	4.115.568	1.793.280	213.390
Ruta del Maule Sociedad Concesionaria S.A.	223.541	87.630	106.648	29.262
Ruta del Bosque Sociedad Concesionaria S.A.	457.997	342.602	111.072	4.323
Ruta de los Ríos Sociedad Concesionaria S.A.	361.359	299.348	33.329	28.682
Ruta del LOA Sociedad Concesionaria S.A.	129.666	88.671	36.638	4.357
ISA INVERSIONES TOLTÉN LTDA.	36	-	37	(1)
LINEAR SYSTEMS RE LTD.	75.465	60.360	11.658	3.447
INTERCHILE S.A.	4.122.732	2.929.555	1.153.795	39.382
INTERVIAL COLOMBIA S.A.S.	589	6	1.267	(684)
Fondo de Inversión Referenciado DI Bandeirantes	103.981	13	86.524	17.444
Fondo de Inversión Xavantes Referenciado DI	1.555.293	22	1.553.939	1.332
Patrimonio Autónomo Betania	84	-	670	(586)
ASSIS - Fundo de Investimento Assis	3.202	1	(2.215)	5.416
Fundo de Investimento Barra Bonita Renda	25.120	6	22.122	2.992



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COMPANY	ASSETS	LIABILITIES	EQUITY WITHOUT PROFIT	PROFIT (LOSS)
Interconexión Eléctrica S.A. E.S.P. (ISA)	18.104.124	6.210.885	10.364.084	1.529.155
INTERCOLOMBIA S.A. E.S.P.	231.602	147.393	57.731	26.478
ISA Investimentos e Participações LTDA.	889.010	195.171	609.672	84.167
ISA Capital do Brasil S.A.	3.392.457	29.215	2.877.087	486.155
Companhia de Transmissão de Energia Elétrica Paulista (CTEEP)	15.071.453	5.788.306	7.762.295	1.520.852
Interligação Elétrica de Minas Gerais S.A. (IEMG)	107.888	26.666	69.852	11.370
Interligação Elétrica Pinheiros S.A. (IE PINHEIROS)	510.934	88.266	381.081	41.587
Interligação Elétrica Serra do Japi S.A. (IE SERRA DO JAPI)	437.857	73.813	330.099	33.945
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	403.062	173.055	148.528	81.479
Interligação Elétrica Sul S.A. (IESUL)	218.906	62.108	154.684	2.114
Evrecy Participações Ltda.	45.214	3.747	47.213	(5.746)
Interligação Elétrica Tibagi S.A.	12.183	1.728	10.639	(184)
Interligação Elétrica Aguapeí S.A.	11.020	1.343	9.541	136
Interligação Elétrica Itaquerê S.A.	108.882	13.356	93.542	1.984
Interligação Elétrica Itapura S.A.	24.031	18.046	6.362	(377)
Interligação Elétrica Itaúnas S.A.	40.869	3.078	36.339	1.452
Interligação Elétrica Biguaçu S.A.	3.057	396	2.712	(51)
ISA PERÚ S.A.	194.313	85.543	86.809	21.961
Red de Energía del Perú (REP)	1.644.090	1.036.844	468.180	139.066
Consorcio Transmantaro S.A.	4.811.931	3.235.608	1.423.479	152.844
Proyectos de Infraestructura del Perú S.A.C. (PDI)	131.739	111.969	12.060	7.710
ISA Bolivia S.A.	163.946	26.706	105.073	32.167
TRANSELCA S.A. E.S.P.	1.436.935	644.643	656.508	135.784

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XM, S.A. E.S.P.	152.086	133.882	12.162	6.042
Sistemas Inteligentes en Red S.A.S.	13.428	7.948	1.246	4.234
INTERNEXA S.A.	375.330	303.075	145.540	(73.285)
INTERNEXA S.A. (Perú)	209.385	181.795	19.925	7.665
INTERNEXA CHILE S.A.	58.227	48.295	10.917	(985)
Transamerican Telecommunication S.A. (INTERNEXA ARGENTINA S.A.)	24.786	10.832	13.843	111
INTERNEXA Participações S.A.	65.313	219	166.077	(100.983)
INTERNEXA en Brasil Operadora de Telecomunicações	253.615	188.360	165.346	(100.091)
ISA Inversiones Chile Ltda.	1.981.358	241	1.830.852	150.265
ISA Inversiones Maule Ltda.	1.362.648	262.994	1.010.037	89.617
INTERVIAL CHILE S.A.	3.075.570	116.413	2.700.638	258.519
Ruta de la Araucanía Sociedad Concesionaria S.A.	1.069.884	669.446	372.537	27.901
Ruta del Maipo Sociedad Concesionaria S.A.	5.620.000	3.691.529	1.730.285	198.186
Ruta del Maule Sociedad Concesionaria S.A.	175.869	25.932	124.526	25.411
Ruta del Bosque Sociedad Concesionaria S.A.	550.160	431.153	114.854	4.153
Ruta de los Ríos Sociedad Concesionaria S.A.	412.185	318.518	72.469	21.198
Ruta del LOA Sociedad Concesionaria S.A.	81.592	56.497	23.411	1.684
ISA INVERSIONES TOLTÉN LTDA.	39	-	39	-
LINEAR SYSTEMS RE LTD.	33.632	22.065	8.795	2.772
INTERCHILE S.A.	3.492.166	2.348.705	1.111.829	31.632
INTERVIAL COLOMBIA S.A.S.	1.281	14	1.271	(4)
Fondo de Inversión Referenciado DI Bandeirantes	215.635	34	189.034	26.567
Fondo de Inversión Xavantes Referenciado DI	220.808	17	219.563	1.228
Patrimonio Autónomo Betania	10.246	-	12.898	(2.652)
ASSIS - Fundo de Investimento Assis	140.425	3	127.985	12.437



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2.2 Accounting principles

The ISA Group prepares its consolidated financial statements in accordance with the Colombian Standards for Financial Information (NCIF), established in Law 1314 of 2009, regulated by Decree 2420 of 2015, which was compiled and updated by Decree 2270 of 2019, with all the legal provisions in force adopted by the General Accounting Office of Colombia.

These accounting and financial information reporting standards correspond to the International Financial Reporting Standards (IFRS), officially translated, and authorized by the International Accounting Standards Board (IASB).

2.3 Application of standards implemented in Colombia as of January 1, 2019

ISA and its companies implemented these standards and amendments for the first time in 2019:

2.3.1 IFRS 16 LEASES

IFRS 16 was issued in January 2016 and replaced IAS 17, which stipulates accounting policies to account for and disclose information related to leases; IFRIC 4, which determines whether an arrangement contains a Lease; SIC-15, which determines the treatment of incentives derived from an operating lease; and SIC-27, which evaluates the substance of transactions that involve the legal form of a lease.

IFRS 16 establishes principles to recognize, measure, present, and disclose leases and requires lessees to recognize their contracts under a model similar to the financial leases model under IAS 17. This standard contemplates two exceptions for this recognition: leases of low-value assets and short-term leases (that is, leases with a term of less than twelve months). On the starting date of a lease, the lessee will recognize: an asset that

represents the right to use the underlying asset during the term of the contract, and a liability from periodic payments that must be made, as well as an interest expense generated from the lease liability, and a depreciation expense that arises from the asset by the right of use.

This new standard also requires lessees to re-measure the lease liability when certain events occur (for example, a change in the term of the lease, a variation in future fees resulting from a change in an index, or a rate used to determine them). The lessee will generally recognize the amount of the new measurement of the lease liability as an adjustment to the asset by the right of use.

IFRS 16 does not contain significant modifications in recognition requirements for lessors with respect to IAS 17. Its implementation is effective for periods after January 1, 2019.

TRANSITION EFFECTS OF IFRS 16

ISA and its companies implemented IFRS 16 in 2019 and, for transition purposes, they opted for determining retrospectively the cumulative effect on the initial application of the standard, instead of restating the comparative information. They also applied the exceptions proposed by the standard for leases of low-value underlying assets, and those which term will end in twelve months.

In its initial recognition, ISA and its companies determined a lease liability equivalent to the present value of the remaining minimum payments discounted according to the lessee's incremental borrowing rate at the transition date, and an asset equivalent to the lease liability adjusted according to any prepaid expenses recognized in the statement of financial position.



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The effect of the adoption of IFRS 16 as of January 1, 2019 was the following:

Impact on the consolidated statement of financial position [Increase /(decrease)]:

	JANUARY 1, 2019		
ASSETS			
Assets by right of use	194.639		
Prepaid expenses	-		
Deferred tax asset	-		
TOTAL IMPACT ON ASSETS	194.639		
LIABILITIES			
Lease liabilities	194.639		
Deferred tax liability	-		
TOTAL IMPACT ON LIABILITIES	194.639		
EQUITY			
Income for the period	-		
Non-controlling stakes	-		
TOTAL IMPACT ON EQUITY	-		

The companies that suffered the greatest impact are the telecommunications business unit companies.

There was no impact on the consolidated statement of comprehensive income and the consolidated cash flow statement as of January 1, 2019.

2.3.2 AMENDMENTS TO IAS 40

These amendments make some clarifications for cases in which a company must transfer properties, including properties under construction or investment property. These amendments establish that a change in use occurs when the property begins to meet or fails to meet the definition of investment property and there is evidence of such change. A simple change in the intention of use for the property by the management does not constitute evidence of a change in use. The company must reevaluate the classification of its properties at that time and, if applicable, reclassify it to reflect the existing conditions at that time.

The company has suffered no impact after the implementation of this amendment.

2.3.3 ANNUAL IMPROVEMENTS TO IFRS 2014 - 2016 CYCLE

2.3.3.1 IAS 28 - CLARIFICATIONS ABOUT THE MEASUREMENT OF ASSOCIATES AT FAIR VALUE WITH CHANGES IN INCOME

These amendments clarify the following:

• If an entity that is not itself an investment entity, holds an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, choose to retain the fair value measurement applied by such investment entity to the investment entity associate's or joint venture's interests in subsidiaries. This choice is made separately for each investment at the later of the date in which the investment entity is initially recognized, the date in which the associate or joint venture becomes an investment entity, and the date in which the investment entity associated or joint venture first becomes a parent company. The company does not expect any impact after the implementation of this amendment.

ISA and its companies do not expect impacts after implementing this amendment.



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2.3.4 ANNUAL IMPROVEMENTS OF IFRS 2015 - 2017 CYCLE 2.3.4.1 IFRS 3 – BUSINESS COMBINATIONS

The amendments clarify that when an entity acquires the control of a business that is a joint operation, the entity will apply the requirement for a business combination achieved in stages, including the prior remeasurement of the interest held on the assets and liabilities of the joint operation at fair value. By doing so, the acquirer will fully re-measure them prior to holding the interest in the joint operation.

2.3.4.2 IFRS 11 - JOINT AGREEMENTS

A party that holds a stake in but does not exert joint control of a joint operation, may acquire the joint control of the joint operation in which the activity constitutes a business as defined in IFRS 3. Amendments clarify that the interest previously held in the joint operation should not be re-measured.

2.3.4.3 IAS 12 - INCOME TAX

Through this amendment, it is clarified that an entity will recognize the income tax consequences of dividends, as defined in IFRS 9, when it recognizes a liability to pay a dividend. The income tax consequences of dividends are more directly related to past transactions or events that generated distributable income than to distributions made to owners. Therefore, an entity will recognize the income tax consequences of dividends in results for the period, other comprehensive income, or equity, depending on where the entity originally recognized those past transactions or events.

2.3.4.4 IAS 23 – BORROWING COSTS

This amendment to IFRS 23 clarifies that insofar as the funds of an entity come from generic borrowings and the entity uses them to obtain a qualifying asset, the value of costs eligible for capitalization will be determined by applying a capitalization rate to disbursements made in such asset. Additionally, it clarifies that the capitalization rate will

be the weighted average of the borrowing costs applicable to all outstanding borrowings received by the entity during the period. However, the entity must exclude from this calculation borrowing costs applicable to borrowings specifically agreed to finance a qualifying asset, until all activities necessary to prepare that asset for its intended use or sale are materially completed. The value of borrowing costs capitalized during the period must not exceed total borrowing costs incurred during the same period.

2.3.5 AMENDMENTS TO IFRS 9

This amendment defines requirements of IFRS 9 regarding termination rights of a contract, to allow its measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income), even in the case of negative compensation payments.

In addition, they include a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability.

2.3.6 IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

This interpretation addresses the way to determine the date of the transaction, for the purpose of determining the exchange rate to use on the initial recognition of the related asset, expense, or income (or portion of them), in the derecognition of a non-monetary asset or liability arising from the payment or collection of an advance consideration in foreign currency.

2.3.7 AMENDMENT TO IAS 28 - LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES

This amendment clarifies that an entity will apply IFRS 9, instead of IAS 28, when



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accounting for long-term interests. Therefore, when applying IFRS 9, no associate or joint venture loss is taken into account, nor any impairment loss on the net investment, recognized as adjustments to the net investment in the associate or joint venture using IAS 28.

2.4 Standards issued by the IASB not yet in force in Colombia

By means of Decree 2270 of 2019, from January 1, 2020, the following standards will come into force within the technical regulatory framework that contains some amendments issued by the IASB in 2018, allowing their early implementation:

2.4.1 IFRIC 23 - UNCERTAINTY OVER INCOME TAX TREATMENTS

This interpretation clarifies how to apply the requirements for the recognition and measurement of IAS 12 when there is uncertainty over income tax treatments. In this circumstance, an entity will recognize and measure its deferred or current tax asset or liability by applying IAS 12 requirements based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this interpretation.

ISA and its companies made an analysis of the practical application of IFRIC 23 and concluded that an impact on the financial statements from the application of this IFRIC should only arise when an item with uncertain treatment is estimated differently, due to the application of the interpretation with the highest tax acceptance.

2.4.2 IAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

Amendments align the definition of "Material" between IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting policies, changes in accounting estimates and errors, and clarify certain aspects of the definition. The new definition establishes that "Information is material if omitting, misstating, or obscuring it could reasonably be

expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

2.4.3 IAS 19 – EMPLOYEE BENEFITS

Amendments to IAS 19 define the accounting treatment of any amendment, curtailing, or settlement of a plan that occurs during a financial year. Said amendments specify that when a plan is amended, curtailed, or settled during the reporting year, the entity is required to:

- Determine the current service cost for the remaining period after the plan is amended, curtailed, or settled, using actuarial assumptions that are used to recalculate the net liability (asset) for defined provisions, reflecting the benefits offered under the plan and the plan assets after that event.
- Determine the net interest for the remaining period after the plan is amended, curtailed, or settled by using: the net liability (asset) of the defined benefit that reflects the benefits offered under the plan and plan assets after that event, and the discount rate used to recalculate that net liability (asset) of the defined benefit.

The amendments also clarify that the entity first shall determine any past service cost, or settlement gain or loss, regardless of the effect of the asset ceiling. This amount is recognized as a profit or loss. The effect of the asset ceiling after the plan amendment, curtailment, or settlement is then determined and any changes in such effect, excluding amounts included in net interest, are recorded in other comprehensive income.

2.4.4 IFRS 3 - BUSINESS COMBINATIONS

This interpretation clarifies that, to be considered a business, a set of activities and assets acquired must include, at least, an input and a substantive process where these



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contribute significantly to the capacity to create outputs. It restricts the definitions of a business and outputs by focusing on goods and services provided to customers and by eliminating the reference to the capacity to reduce costs. It provides guidance and graphic examples to help entities assess whether a substantive process has been acquired. It eliminates the assessment on market participants' capacity to replace any missing inputs or processes and continue the production of outputs, and adds an optional concentration test, which allows for a simplified assessment about a set of activities and assets acquired not being a business.

2.4.5 CONCEPTUAL FRAMEWORK

It contains definitions of concepts related to:

- Measurement: including factors considered when selecting measurement bases.
- Presentation and disclosure: including when to classify revenues or expenses in other comprehensive income.
- Non-recognition: including guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates definitions of assets and liabilities as well as criteria to include them in the financial statements. Likewise, it clarifies the meaning of some concepts.

ISA and its companies foresee that the adoption of these standards and interpretations issued by the IASB, not yet in force in Colombia and previously mentioned, would not have a material impact on the financial statements.

2.5 Standards issued by the IASB not implemented in Colombia

The following standard has been issued by the IASB, but has not yet been implemented by Decree in Colombia:

2.5.1 IFRS 10 - CONSOLIDATED FINANCIAL STATEMENTS - IAS 28 - INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Amendments to IFRS 10 and IAS 28 address situations in which there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that gains or losses resulting from the loss of control over a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for by using the equity method, are recognized in the income or loss only to the extent of the interests of investors not related to that associate or joint venture. Likewise, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (which has become an associate or joint venture that is accounted for using the equity method) at fair value are recognized in gains or losses only to the extent of the interests of investors not related to the new associate or joint venture.

The IASB has not yet established the effective date of application of the amendments; however, early application of the amendments is permitted.

ISA and its companies will quantify the impact of the aforementioned amendments on the financial statements once the decree incorporating them into the Colombian Technical Regulatory Framework is issued.

2.6 Main judgements and estimates

The preparation of the financial statements based on IFRS demands from the management the use of judgements, estimates, and assumptions to determine the asset and liability figures reported, the exposure of contingent assets and liabilities on the date of the financial statements, the revenue and expense figures reported, and the applications of accounting policies as of December 31, 2019.



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Nonetheless, final results could differ from estimates included in the financial statements. The management expects that variations, if any, would have no significant effect on the financial statements.

If the information is material, <u>it is a matter of judgment and depends on the factors</u> <u>involved and the circumstances of the company.</u> These estimates are based on the best experience of the management, on the best expectations regarding present and future events, and on the best use of the information available on the date of issuance of these consolidated financial statements. Current results may differ from these estimates but are adjusted once they are known.

The Group management has determined that the most significant judgements and estimates correspond to:

Identification of Cash Generating Units (CGUs): They are defined as the identifiable
group of assets that generate cash inflows and, at the same time, are independent
of cash inflows from the sale or provision of services, arising from other assets or
groups of assets.

The identification of CGUs involves significant judgment, mainly about how the company must add its assets.

- Definition of hierarchy levels of financial instruments: (see Note 3.10).
- Lease agreements: Leases may be financial or operating, and the classification is based on the degree to which the risks and benefits inherent to owning the asset affect the lessor or the lessee. A lease is classified as financial when all the risks and benefits inherent to owning the asset leased are substantially transferred to the

lessee; otherwise, it is classified as an operating lease. These risks include the possibility of idle capacity or technological obsolescence losses, as well as variations in performance due to changes in economic conditions. Benefits may imply the expectation of profitable exploitation throughout the economic life of the asset, and the gain from revaluation or realization of its residual value.

This classification is made at the beginning of the agreement and is not changed during its term, unless lessee and lessor agree to change the terms of the lease. Nevertheless, changes in estimates -economic life or residual value of the asset-, would not generate a new classification of said lease. (See Note 3.9 Leases).

• Disbursements incurred for concessions recognized as intangible, as financial asset, or as contract assets under guidelines of IFRIC 12 (Service Concession Arrangements): The management of each of the companies that has entered into concession agreements determines the classification as intangible assets, contract assets or financial assets of the disbursements capitalized, based on cash flows receivable and based on requirements specified in concession agreements entered into with the respective governments, which contemplate the infrastructure and other assets that should be part of the concession granted, and which will be delivered to the grantor at the end of the respective terms. (See Note 3.7 Concessions).

Goods acquired by each of these companies, with the purpose of providing support to the operations inherent to the concessions granted, but which are not part of the goods of the companies, are recorded and classified as fixed assets or supplies, depending on their nature.

• Value impairment of accounts receivable: To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses



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are recognized. Instead, an entity shall always account for credit losses expected, as well as changes in them. The amount of such losses is updated at each reporting date to reflect credit risk changes since the initial recognition and, therefore, information on these losses is timelier.

- Estimated recoverable amount of a non-financial asset: The carrying value of non-financial assets, excluding deferred taxes, is reviewed at each balance sheet date to determine whether there exist of impairment indications. If there is evidence of impairment, the recoverable value of the asset is estimated and charged to results for the period.
- Estimated value in use of operating assets: Future cash inflows and outflows, derived either from the continuous use of the asset or from their disposal through other methods at the end of their useful life, are estimated. Then, the proper discount rate is applied to these future cash flows.
- Useful life and residual values of property, plant, and equipment: The determination of useful lives and residual values of the property, plant, and equipment components involves judgments and assumptions that could be affected if circumstances change. The Group management reviews these assumptions annually and adjusts them prospectively if any change is identified.
- Useful life of intangible assets (concessions) and their expansions: The useful life of concession intangible assets, mainly expansions, is estimated and recorded depending on the closing date of the concession agreement, that is, the remaining useful life of each expansion.
- Provision for legal and administrative proceedings: When estimating the loss con-

tingency for legal proceedings pending against ISA and its companies, legal advisers analyze, among other things, the merits of the claims, the jurisprudence of the courts involved, and the current status of proceedings. This provision is linked to the probability of occurrence, as well as the professional judgement, and opinion of the legal advisers.

• Recovery of deferred tax assets: The use of professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. To recognize deferred tax assets, the management is required to evaluate the probability of the company to generate taxable revenues in future periods. The estimates of future taxable income are based on financial projections and the application of tax laws. Depending on how much future cash flows and taxable income significantly differ from estimates, there could be an impact on the organization's capacity to realize the net deferred taxable assets recorded at the reporting date.

Additionally, future changes in tax laws could limit the capacity of the company to obtain tax deductions in future periods. Any difference between estimates and subsequent real disbursements is recorded in the year when it occurs.

• Provision for significant replacements and maintenance: Under concession arrangements, significant replacement and maintenance costs necessary to keep the infrastructure in the conditions required, are estimated and recorded as an expense and a provision at the closing date of each accounting period, depending on the condition and ageing factors of the transmission lines and substations, on which a qualitative analysis (weather conditions, number of technical failures, technical inspections) and a quantitative analysis (samples, physical-chemical and lab analysis) are annually performed by the Maintenance area and, based



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on such factors, an estimate of disbursements for maintenance and significant replacements is made, taking into account the current market prices of the components to be replaced.

According to the budget prepared for the capital expenditure, companies index the corresponding inflation to the cash outflows, and to update the provision for significant maintenance and replacements, an annual rate free of risk is applied, taking into account current market conditions and the specific risk of the liability associated.

- Traffic projections for concessions: To estimate the concession term according to the Present Value of Revenues (VPI) for concessions Ruta del Maipo Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Ruta de la Araucanía Sociedad Concesionaria S.A. and Ruta del Loa Sociedad Concesionaria S.A., all Chilean concessionaires, traffic studies are performed by an independent entity based on GDP projections and local variables according to the concession.
- Employee benefits: The current value of defined benefit pension plans and other post-employment medical benefits and long-term benefits are determined by actuarial valuations. These valuations include formulating several hypotheses which could differ from future real events, such as the determination of the discount rate, future salary and pension increases, and mortality rates. Due to the complexity of the valuation, its long-term nature, and underlying hypotheses, the calculation of the defined benefit obligation is highly sensitive to changes in these hypotheses. All of them are reviewed at each closing date.

The mortality rate is based on the country's public mortality rates. The future salary and pension increase is based on expected future inflation rates. (See Note 19).

2.7 Foreign currency transactions and balances

The financial statements are presented in Colombian pesos as it is the currency used in the primary economic environment of operation of the parent company and, therefore, it is the functional and presentation currency.

Foreign currency transactions are translated into the functional currency by using exchange rates prevailing on the dates of the transactions. At the end of the year, monetary assets and liabilities in foreign currency are restated and exchange gains and losses resulting from exchange rate differences, as well as gains and losses generated by the settlement of non-monetary liabilities or collection of monetary assets, are recognized in the comprehensive income statement.

Exchange gains from the restatement of monetary items are presented in the comprehensive income statement, in Financial net income/expense.

Rates used

Foreign currency transactions and balances are converted to the current exchange rates certified by the Central Bank of Colombia (Banco de la República) or official banks of the main countries with whom the company makes transactions.

The exchange rates used for the preparation of the consolidated financial statements as of December 31, 2019 and 2018, expressed in Colombian pesos, were the following:



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Average rates, for converting comprehensive income statement balances:

CURRENCY	CODE	2019	2018
US Dollar	USD	3.282,39	2.956,55
Peruvian Nuevo Sol	PEN	983,02	899,35
Bolivian Peso	ВОВ	471,61	424,79
Brazilian Real	BRL	831,39	808,25
Chilean Peso	CLP	4,69	4,61

Closing rates, for converting statement of financial position balances:

CURRENCY	2019	2018
COP / USD	3.277,14	3.249,75
COP / BRL	813,04	838,69
COP/ CLP	4,38	4,68
BRL / USD	4,03	3,87
CLP / USD	748,74	694,77

2.8 Classification of balances as current and non-current

In the statement of financial position, balances are classified according to their maturities, i.e., current balances are those with maturities equal to or below twelve months, excluding provisions for post-employment obligations and other similar, and as non-current for maturities exceeding such period.

3. MAIN ACCOUNTING POLICIES

The main accounting policies and practices applied during the preparation of the accompanying consolidated financial statements are the following:

3.1 Investments in jointly controlled entities and associates

ISA applies the equity method in its Consolidated Financial Statements to account for investments in jointly controlled entities and associates, in accordance with IAS 28.

Accounting policies of jointly controlled entities and associates are applied on a basis that is uniform with the Group's, in order to ensure comparability in the financial information of ISA and its companies, and a proper application of the equity method.

The equity method is an accounting method whereby the investment is initially recorded at cost and is then adjusted for changes in the net assets of subsidiaries, joint ventures, and associates, according to the investment held by the company. The profit or loss and other comprehensive income of the Group include results of companies in which the Group holds a stake.

Dividends received from companies over which ISA and its companies exert joint control or significant influence are recorded as a lower investment value.

that imply a significant loss of control or influence over investee are accounted for, by recognizing any retained interest by its fair value, and the gain or loss resulting from the transaction is recognized in the income for the period, including the corresponding items of other comprehensive income.

For transactions not implying a significant loss of control or influence over the investee the equity method remains being applied, and the portion of the gain or loss recognized



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in other comprehensive income related to the reduction inownership interest, is reclassified in income.

3.2 Business combination and surplus value

A business combination should be accounted for by applying the acquisition method. The consideration for each acquisition is measured at fair value, which is calculated as the sum of the fair value on the acquisition date of the assets transferred, minority interests in the acquisition, liabilities generated or accepted, and equity instruments issued by the Group, in exchange for the control of the acquisition. Costs related to the acquisition are recognized in results when incurred.

Identifiable assets acquired and liabilities assumed are recognized at fair value on the acquisition date, except that:

- Deferred tax assets and liabilities, and liabilities or assets related to employee benefit agreements, are recognized and measured according to IAS 12 Income Tax and IAS 19 Employee Benefits, respectively;
- Equity liabilities or instruments related to payment agreements based on shares
 from the acquired company or payment agreements based on Group shares
 made to replace agreements with payment based on shares from the acquired
 company, are measured in accordance with IFRS 2 Share-based payments at
 the acquisition date; and
- Assets or asset groups for disposal, classified as held-for-sale in accordance with IFRS 5 Non-Current Assets held for sale and discontinued operations, are measured according to such standard.

If the initial accounting of a business combination can be determined only provisionally at the end of the period in which the combination was made, because the fair values to distribute to identifiable assets, liabilities and contingent liabilities of the acquired com-

pany or the cost of the combination can be determined only provisionally, the combination will be accounted for by using these provisional values; these values will be adjusted when the fair values of assets and liabilities are objectively determined until a period of twelve months after the date of acquisition.

When the consideration transferred by the Group in a business combination includes assets or liabilities that result from a contingent consideration agreement, that is, as a recognized obligation, associated with future events generated from it, the contingent consideration is measured at fair value on the acquisition date and it is included as part of the consideration transferred in business combination. Changes in the fair value of the contingent consideration that qualify as adjustments to the measurement period are adjusted retrospectively to the corresponding adjustments against the surplus value. Measurement period adjustments are those that arise from the additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent record of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. The contingent consideration that is classified as equity is not measured again on subsequent reporting dates and its subsequent cancellation is registered in equity. The contingent consideration that is classified as asset or liability is measured again on its reporting date according to IAS 39, or IAS 37, when appropriate, and the corresponding profit or loss is recognized in income.

In cases of phased business combinations, the Group's equity in the acquired company is re-measured at its fair value on the acquisition date (i.e., the date on which



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the Group obtained the control) and the resulting gain or loss, if any, is recognized in income. Amounts resulting from the stake in the acquired company before the acquisition date, that had been recognized in other comprehensive income, are reclassified in income, provided that such treatment was adequate in the event of selling that stake.

3.2.1 SURPLUS VALUE

When the company Group acquires the control of a business, the difference between the consideration transferred and the fair value of identifiable assets, liabilities assumed and any non-controlling stake in the company acquired, are recorded as goodwill.

The goodwill is not amortized and is subject to annual impairment tests or whenever there is evidence of value impairment. Value impairment losses applied to the surplus value are recorded in income for the period and their effect is not reversed.

If the net amounts of the identifiable assets acquired and the liabilities assumed exceed the amount of the consideration transferred, the amount of any non-controlling stake in the acquired company and the fair value of the stake previously held by the acquiring company in the acquired entity, then said excess or negative surplus value is recognized directly in income for the period as purchase gain.

3.3 Inventories

Inventories are recorded at cost or at net realizable value, the lower value of either.

For ISA's companies, inventories correspond to materials used in operating asset internal maintenance and conservation activities. They are initially recognized at the acquisition cost, which includes all costs incurred in the purchase. Inventory consumptions are determined based on the weighted average cost method.

Inventories are annually tested for impairment or lost value, based on a specific analysis made by the management. If impairment takes place, it is recognized in profit or loss of the period.

3.4 Property, plant, and equipment

Property, plant, and equipment is valued at the acquisition cost -historical cost- or construction cost, less depreciation and accumulated impairment losses, if any. In addition to the price paid to acquire each element, the cost also includes the following concepts:

- Import tariffs and non-recoverable indirect taxes imposed on the acquisition, after deducting trade discounts and rebates.
- All costs directly related to placing the asset, in the conditions necessary for its operation in the manner intended by the management.
- Loan costs attributable to the purchase of a suitable asset, which is the asset that requires a substantial period of time before being ready for use or sale, and from which it is expected to obtain future benefits..
- The initial estimate of element dismantling or withdrawing costs, as well as the rehabilitation of the place on which it is based, when they are obligations incurred by the company, as a result of using such item during a certain period.

Expenses for maintenance, preservation, and repair of these assets are recorded directly in income as a cost for the period in which they are incurred.

Additions and expansion, upgrading, or improvement costs are capitalized as higher value of the respective assets, provided that they extend their useful life, production capacity, and operational efficiency, and improve the quality of services, or bring a significant reduction of costs.



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A property, plant, and equipment item is derecognized upon sale or when no future economic benefits are expected. When an asset is sold, the derecognition gain or loss is calculated as the difference between the revenues from the net sale and the carrying value of the asset. This effect is recognized in income for the period.

Safety and environment assets

Certain property, plant, and equipment items may be acquired for safety or environmental purposes. Although their acquisition does not increase the economic benefits provided by the existing property, plant, and equipment items, it may be necessary for the Companies to obtain the economic benefits derived from the rest of assets. Security assets are depreciated on a linear basis over their estimated useful life.

Assets under construction and assembly

Assets used during the course of the construction for management, production, supply, or non-defined purposes are recorded at cost, less any recognized impairment loss. Such construction and assembly assets are classified in the appropriate categories of property, plant, and equipment when they are ready for their intended use, and the depreciation of these assets begins on that day i.e., when they are in the location and in the conditions required for operating as intended.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction, or production of qualifying assets that require a substantial period of time for use are added to the cost of those assets until they are ready for said use. In general, for ISA and its companies, a substantial period will be considered, and it would be appropriate to capitalize the interest costs if the construction of an asset is equal to or exceeds six (6) months. However, if the period for building a qualifying asset is shorter than expected, the management of each of the companies will financially support the generation of future profits.

Specific borrowings are those taken with the specific purpose of obtaining a suitable asset, and, consequently, costs of real borrowings incurred could be directly capitalized, deducting financial yields obtained from the temporary investment of the funds, as long as the activities to prepare the asset for its use are being conducted. Determining whether loans are specific or not requires an assessment of the circumstances and evidence or internal documentation supporting this purpose.

The capitalization rate is based on generic borrowing costs, divided by the weighted average of the borrowings received by the Group which have been outstanding during the accounting period, excluding borrowings considered specific.

All other borrowing costs are recognized in income for the period in which they are generated.

Estimation of the remaining useful life

Every year, the Companies review the residual value, the depreciation method, and the remaining life of the assets and its components. For this purpose, the company established a methodology based on the rate of impairment of each asset associated with a rate of instant failure, which at the same time is related to its effective age. The rate of impairment is calculated based on this age, and then the life expectancy and remaining life are estimated based on international survival curves. This methodology has allowed obtaining more reliable values when estimating the remaining life of the assets, useful input for assets renewal plan and basis of valuation thereof.

Lands are not depreciated as they have an indefinite useful life. The depreciation of the remaining property, plant, and equipment elements is calculated by using the straight-line method on the cost, based on the estimated useful life of the assets.



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Residual value

It is the estimated amount that would be obtained from the disposal of the asset after deducting estimated costs for such disposal, if such asset would have already reached its disposal age and other expected conditions at the end of its useful life.

Components of assets

A component of a fixed asset is an element that can be seen as part of other asset, but due to its own characteristics, the role it plays, and the type of strategies or activities performed during its technical of service life, it may be classified as a separate asset.

Each property, plant, and equipment item shall be identified and separated from other assets in order to depreciate them during their useful life and make their treatment and accounting control easier. Important spare parts and permanent maintenance equipment that the company expects to use for more than one period normally comply with specifications to be classified as property, plant, and equipment. Similarly, if spare parts and auxiliary equipment of a fixed asset could only be used for such asset, they will be classified as part of the property, plant, and equipment.

3.5 Non-financial assets

They are prepaid expenses, telecommunication services, and other assets that are amortized by the straight-line method during the periods in which economic benefits are expected. Prepaid expenses mainly include monetary items such as insurance premiums, among others, and they could be also amortized according to the validity of the corresponding policies.

3.6 Intangible assets

An intangible asset is recognized when the condition of being identifiable and separable

is met, when the item generates future economic benefits, and when the Group is able to control such benefits.

Intangible assets are initially recognized at their production or acquisition cost, and then they are valued at their cost net of their corresponding accumulated amortization and net of impairment losses experienced by the assets, if any.

An intangible asset is derecognized upon its disposal, or when no future economic benefits are expected. The gain or loss arising from the derecognition of an intangible asset, calculated as the difference between net revenues from the sale and the carrying amount of the asset, is recognized in income when the asset is derecognized.

Residual values, useful lives, and amortization methods are reviewed at each year-end and are applied prospectively if necessary.

Easements

Easements are rights obtained for the use of a strip of land for the installation of a transmission line. This involves restrictions by the owner on land use and authorizations to the line owner for construction, operation, and maintenance operations.

Such intangible assets are the permanent rights, which term for use is indefinite; although transmission lines to which these easements are related do have a limited life. The Group has the possibility to either replace the transmission lines when their useful lives end, or to use the right of easements acquired for any other service related to energy transmission and telecommunications, according to what the purposes of creation of the easements stipulate. These assets have indefinite useful lives and are not amortized; therefore, they are tested for impairment on an annual basis.



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Software and licenses

Software is amortized by the straight-line method over a maximum period of three years. Licenses are amortized by the same method during periods in which it is expected to receive benefits, according to studies of feasibility for recovery.

Charges for project studies and research are labelled as expenses when they are incurred.

Research and development costs

Disbursements from research activities are recognized as expenses in the period in which they are incurred.

An intangible asset generated internally as a result of development activities (or as a result of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it can be available for use or sale;
- the intention to complete said intangible asset to use it or to sell it;
- the capacity to use or sell the intangible asset;
- the way the intangible asset will generate probable future economic benefits;
- the availability of proper technical, financial, and other resources to complete the
 development and to use or sell the intangible asset, and the capacity to reliably
 measure the disbursement attributable to the intangible asset during its development; and
- the ability to reliably measure the expenses attributable to intangible assets during their development.

The amount initially recognized for an intangible asset generated internally is the sum of the disbursements incurred from the time the item meets the conditions for

recognition established above. When an intangible asset generated internally cannot be recognized, development disbursements are charged to profit or loss in the period in which they are incurred.

3.7 Concessions

IFRIC 12 (Service Concession Arrangements) applies to those public service concession arrangements where the grantor controls or regulates the services to be provided by the concessionaire by using the infrastructure, to whom the services are provided and at what price; and through ownership, the right of usufruct or, otherwise, any residual interest on the infrastructure, when the concession agreement expires.

IFRIC 12 is also applied to infrastructures:

- built or acquired by the operator to third parties;
- already existing, to which the operator has access for use.

This interpretation establishes the general principles of recognition and measurement of rights and obligations under the concession arrangements and defines the following models:

Financial asset model: When the operator has an unconditional and contractual right to receive money or other financial asset from the grantor for the specific amounts for the provision of the service and the grantor has little or no power to avoid the payment under the arrangement.

The financial asset recognized is classified as loans and accounts receivable under IFRS 9, and recorded in the statement of financial position in current and non-current debtors. This asset bears interest using the effective interest rate method. (See Note 23).



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Contract asset model: The contract asset originates as a concessionaire meets its obligation to build and implement the transmission infrastructure; the value of said asset is calculated by discounting cash flows of the concession at a fixed rate defined at the beginning of each project, and recognizes the variation in construction costs in the income.

According to this methodology, the yield is recognized by the market interest rate, which reflects the economic volatility on the future cash flow, which compensates the investment in the transmission infrastructure. The discount rate is represented by a market rate that takes into account specific risks and rewards of the transmission business. (See Note 23).

Intangible asset model: When the operator receives from the grantor the right to charge a fee based on the use of infrastructure; the operator will recognize an intangible asset to the extent that it receives a right (a license) to charge users of the utility. The right to charge is not an unconditional right to receive cash because the amounts are conditioned by the level of public use of the utility.

The intangible asset generated by the concession agreements is amortized by the straight-line method during the validity term of such contract. The amortization expense on intangible assets with limited useful lives is recognized in the comprehensive income statement, guaranteeing coherence with the function of such intangible assets.

Mixed model: When the contract simultaneously includes remuneration, commitments guaranteed by the grantor and remuneration commitments dependent on the level of use of the concession infrastructure.

Expansions of infrastructure are recorded as additions to the intangible asset, since the generation of future economic benefits for ISA and its companies is expected.

Significant replacements and maintenance that the Group must perform on the energy transmission system infrastructure to maintain the service quality and reliability standards, which are required in the concession agreement and which do not generate future economic flows for the Group, are accounted for as part of the provision for significant replacements and maintenance.

The costs of renewals, improvements and additions are capitalized, while routine maintenance and repairs that do not extend the useful life of goods are recognized in the income for the period to which they correspond.

In general, ISA's companies with concessions for the delivery of utilities understand that the construction of infrastructure made by the operator is a service provided to the grantor, which is different to the operation and maintenance service, and as such it is remunerated by the same.

In accordance with the contents IFRIC 12, revenues related to construction remuneration, and costs and expenses incurred and contracted with suppliers for construction, are accrued in income for the period; the difference between revenues and costs associated to construction corresponds to the margin in said construction that, for certain concessions of ISA and its companies, was negotiated in terms of the operation.

The Group periodically tests for impairment those assets related to the concession, or earlier, in case that there are events or circumstances that indicate that the carrying value exceeds the recoverable value of the assets under the concession. If there is any difference, this is immediately recognized in the income statement for the period.

The Cash Generating Units defined for this treatment are directly associated with each concession agreement with their corresponding extensions, if any; that is, the assets assigned to the concession belong to the same cash generating unit.



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3.8 Impairment of assets

Non-financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount, and consequently at the end of each period reported, or earlier if there is any indication of impairment, the Group evaluates the recoverable amount and compares it with the carrying amount of its assets, including intangible assets with undefined useful lives, to determine whether there is an indication that those assets have suffered any impairment loss.

The recoverable amount of an asset or a cash generating unit is the higher amount between its fair value, less disposal and its value in use. Under these conditions, provided that the recoverable amount is lower than the carrying amount of the assets, ISA and its companies must record such impairment.

The impairment loss is recognized as a lower cost of the asset or asset component that generated it, and as an expense for the period where it was determined.

The recovery of impairment losses on assets cannot exceed the carrying value that would have been determined, net of depreciation, if the impairment loss for the same asset had not been recognized in previous periods.

Financial assets

To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses are recognized. Instead, an entity shall always account for expected credit losses, as well as changes in them. The amount of such losses is updated at each reporting date to reflect changes in the credit risk since initial recognition and, therefore, more timely information can be provided on these losses.

The amount of the expected loss must maintain the analysis of the following variables based on the information available on each of the counterparts, with respect to history of payment performance, the geographic location of the counterpart, and guarantees offered by said counterpart to cover any eventual noncompliance with its obligations.

Generally, the expected loss can be expressed as follows:



Where:

- **Exposed balance:** The exposed balance of the asset is the current balance of capital, interest and other accounts receivable of the obligations or the portfolio analyzed.
- **Probability of default:** Probability that, in a period of twelve (12) months, debtors of a certain obligation or portfolio cause a default.
- Loss given default (LGD): It is the entity's downturn in the event that any of the
 default situations materializes. LGD for debtors within the default category will
 increase gradually according to the number of days passed after being classified
 in said category.

To determine investment and goodwill impairment, ISA, at the end of each year, assesses whether there is an impairment of its investments in subsidiaries, associates and joint ventures, with the purpose of not recognizing them at an amount higher than the amount expected to be obtained from their sale or use.



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Thus, the company analyzes the presence of impairment evidence and if there is an indication that an asset may be impaired, the company conducts impairment tests, estimating the recoverable amount, which is the highest amount between the value in use and the fair value, less sale costs.

The value impairment test consists of estimating the recoverable amount, which will be the higher amount between its value in use and its fair value, less sale costs.

To determine the recoverable amount, the generating unit is the company as a whole. Regarding companies that hold goodwill, these are distributed among each of the investments in subsidiaries, which are expected to benefit from synergies from the business combination in the estimation of the value impairment.

The value in use is determined by discounting cash flows expected from and generated by operations in the long term, at the weighted cost of debt and equity capital resources, reflecting the value of the money over time and the risk associated with the business.

The fair value is determined by using the valuation technique that is most appropriate and consistent with market conditions of the company.

When the carrying value of investments exceeds its recoverable value, ISA and its companies first verify the value impairment of the investee's assets in order to obtain value impairment losses through the equity method. In the event that this is not applicable, it reduces the carrying amount of the investment by the value impairment losses, and recognizes an expense in the income statement for the period.

When the carrying value of investments in associates and jointly controlled entities exceeds its recoverable value, ISA and its companies verify the value impairment at the

level of the assets of the associate in order to obtain impairment losses through the equity method. In the event this is not applicable, they reduce the carrying amount of the investment regarding value impairment losses, and recognize an expense in the income statement for the period.

Value impairment losses recognized previously in investments will be reversed when their service potential increases due to sale or use. The reversal will be limited in such a way that its carrying value does not exceed its recoverable amount, nor is higher than the carrying value that would have been determined if no value impairment loss had been recognized in previous years. Such reversal will be recognized in the income statement.

3.9 Leases

A lease is the agreement that grants the right to use an asset, capacity, or another portion of the asset for a period, in exchange for receiving fees or payments commonly known as lease payments.

3.9.1 LEASES WHEN ISA IS THE LESSEE

ISA and its companies initially recognize lease payments for underlying assets with low value, and short-term as a linear expense over the term of the agreement. Other lease agreements are recognized as an asset by right of use and a lease liability.

The asset by right of use is measured at cost, which comprises:

- The amount of the initial measurement of the lease liability.
- Lease payments made before or as from the starting date, less lease incentives received.
- Initial direct costs incurred by the lessee.
- An estimate of the costs to be incurred by the lessee when dismantling and removing



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the asset, restoring the site where it is located, or restoring the asset to the condition required under the terms of the lease.

After the commencement date, ISA and its companies measure their assets by the right of use by applying the cost model, and are amortized according to the term of the contract and the expectations of the asset's use.

For its part, the lease liability is initially measured at the present value of the lease payments pending payment by that date. Lease payments are discounted using the interest rate implicit in the lease if that rate could be easily determined; otherwise, the companies use the lessee's incremental borrowing rate, which is equivalent to the rate that would have to be paid for a loan with a similar term and security in a similar economic environment.

In subsequent periods, lease liabilities are measured:

- By increasing the carrying amount to reflect the interest on the lease liability.
- By reducing the carrying amount to reflect the lease payments made.
- By re-measuring the carrying amount to reflect new measurements or modifications made to the lease, and to reflect fixed lease payments that have been revised.

3.9.2 LEASES WHEN ISA IS THE LESSOR

ISA and its companies classify each of their agreements as either an operating lease or a financial lease, depending on the nature of the transaction rather than on the form of the agreement. A lease is classified as financial when all the risks and benefits inherent to owning the asset are substantially transferred, and is classified as an operating lease when risks and benefits are not substantially transferred to the ownership of the asset.

The companies initially recognize payments from operating leases as linear revenues. Also, the initial direct costs incurred when negotiating and agreeing an operating lease are added to the carrying amount of the asset leased and recognized on a linear basis over the term of the agreement. In subsequent periods, lease assets are depreciated and/or impaired based on company policies.

However, ISA and its companies recognize, in their financial statements, financial lease payments as a receivable item for an amount equal to the net investment in the lease. The net investment in the lease is the sum of the lease payments to be received by the lessor and any unsecured residual value that corresponds to the lessor, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and they reduce the revenue amount recognized over the term of the lease.

In subsequent measurements, the companies recognize the financial revenues over the term of the lease, applying a rate that reflects a constant rate of return on the net financial investment made in the lease. It also applies lease payments related to the period to the gross investment made in the lease, in order to reduce both principal and unearned financial revenues, and implements the derecognition and impairment requirements of IFRS 9 to the net investment in said lease.

3.10 Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

3.10.1 FINANCIAL ASSETS

Classification as financial asset depends on the business model used to manage the financial assets and the characteristics of contractual cash flows of the financial asset; this classification is determined at the time of initial recognition.



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• Financial assets at fair value with value changes recognized in income

Their particularity is that they are incurred mainly for managing liquidity with frequent instrument sales. These instruments are measured at fair value and variations in their value are registered in income when generated.

Accounts receivable and others

Financial assets valued at amortized cost correspond to non-derivative financial assets, with known payments and fixed maturities, under which the managements of the companies have the intent and ability to collect the contractual cash flows of the instrument.

The amortized cost is calculated by adding or deducting any premium or discount over the remaining life of the instrument and using the effective interest method. Gains and losses are recognized in the income statement if there is objective evidence of impairment or when assets are recognized by the amortization process.

Borrowings and accounts receivable are financial assets issued or acquired by ISA and its companies in exchange for cash, goods, or services delivered to a debtor. Sale accounts receivable are recognized at the original invoice value, net of accumulated impairment losses and when all risks and benefits are transferred to the third party.

• Financial assets at fair value with value changes in other comprehensive income

They correspond to investments with variable income that are not held for trading nor correspond to a contingent consideration of an acquirer in a business combination. For these investments, ISA and its companies may choose at initial recognition and irrevocably, to disclose gains or losses on subsequent measurement at fair value with value changes in other comprehensive income.

These instruments are measured at fair value. Gains and losses arising from the new measurement at fair value are recognized in other comprehensive income until the derecognition of the asset. In these cases, gains, and losses that were previously recognized in equity are reclassified to cumulative income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position of the companies include all cash balances and held in banks. For purposes of preparing the cash flow statement and due to their liquidity, temporary investments with original maturity of less than 90 days are considered cash equivalents. These accounts are not subject to a significant risk of changes in their value.

Bank overdrafts payable on demand and that are an integral part of the Group's cash management are included as a component of cash and cash equivalents for purposes of its cash flow statement. And for the statement of financial position, the financial accounts disclosing overdrafts are classified as financial obligations.

Restricted cash

Restricted cash is a monetary resource that is classified independently in order to use it for specific, previously established purposes, such as: debt payment or acquisition of capital equipment, or to be used during emergencies and/or unforeseen losses. Therefore, there are certain limitations regarding its availability, which could be legal or contractual, and it cannot be freely used to cover current financial commitments that result from normal activities of the companies.

• Derecognition of financial assets

A financial asset or a portion thereof is derecognized when sold, transferred, or expired, or when the control over the contractual rights or over the cash flows of the instrument



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is lost. When all the risks and benefits of the property are retained by the Group, the financial asset is still recognized in the financial position for its total value.

3.10.2 FINANCIAL LIABILITIES

All financial liabilities are initially recognized at fair value plus directly attributable transaction costs except in the case of loans, which are initially recognized at fair value of the cash received less costs directly attributable to the transaction.

ISA and its companies establish the classification of their financial liabilities at their initial recognition, which include: financial liabilities at fair value with value changes in income or at amortized cost.

• Financial liabilities at fair value with value changes in income

They include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value with value changes in income.

Financial liabilities at amortized cost

They include loans received and bonds issued, which are initially recognized at the amount of cash received, net of transaction costs. Subsequently, they are measured at amortized cost by using the effective interest rate, recognizing interest expenses based on effective profitability.

• Derecognition of a financial liability

The Group will derecognize a financial liability if, and only if, it expires, is canceled, or the obligations originating it have been met. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in income.

3.10.3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING OPERATIONS

Derivative financial instruments are initially recorded at fair value on the date of the transaction and on subsequent measurements. The recognition of gains or losses arising from variations in their fair values depends on the designation made of the derivative financial instruments.

ISA and its companies designate certain financial instruments, which include derivatives, embedded derivatives, and non-derivatives with respect to foreign currency risk as a fair value hedge, or cash flow hedge.

At the inception of the hedge, the company documents the hedging ratio and the objective and risk management strategy for undertaking the hedge; such documentation will include how the Group will measure the effectiveness of the hedging instrument to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

• Fair value hedge

Changes in the fair value of derivatives, designated and qualified as fair value hedge, are recognized immediately in income, along with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the hedged item attributable to the hedged risk is recognized in gains or losses in the item related to the hedged item.

The Group interrupts the hedge accounting when: the hedging relation is revoked, the hedging instrument expires or is sold, finalized, or exercised, or when the criteria for hedging accounting is no longer met.



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Any adjustment to the carrying amount of a hedged financial instrument is amortized against the income for the period.

Cash flow hedges:

The portion of the changes in the fair value of derivates that is determined to be an effective cash flow hedge will be recognized in other comprehensive income and will be accumulated as cash flow hedge reserve. The ineffective portion of gains or losses of the hedge instrument will be immediately recognized in the income for the period, in "other gains or losses".

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified in the income for the period in which the hedged item is recognized, in the same line of the comprehensive income statement where the recognized hedged item is located. However, if the hedge of a planned transaction subsequently generated the recognition of a non-financial asset or a non-financial liability, losses or gains previously accumulated in equity are transferred and directly included in the initial cost or other amount of the non-financial asset or liability.

The hedge accounting will be interrupted when the companies revoke the hedge relation, when the hedge instrument expires or is sold, resolved, or exercised, or when the hedge no longer meets the requirements established for hedge accounting. The gain or loss that had been recognized in other comprehensive income and accumulated in equity will remain in equity and will be recorded when the planned transaction is charged to income. When it is no longer expected that the planned transaction occurs, any cumulative gain or loss in equity is immediately recognized in gains or losses.

• Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation are accounted for similarly to cash

flow hedges. Any gain or loss on the hedge instrument that is classified as an effective hedge is recognized in other comprehensive income and accumulated in the foreign operation translation reserve. Gains or losses related to the ineffective portion will be recognized in income.

Gains and losses on hedge instruments related to the effective portion of the hedge accumulated in the foreign currency conversion reserve are reclassified to income at the time of disposal of the foreign operation.

3.10.4 OFFSETTING ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and reported net in the financial statements if, and only if, there is a legally enforceable right at the closing date, requiring to receive or pay the amounts recognized at their net value, and when there is an intention to offset on a net basis to realize assets and settle liabilities simultaneously.

3.11 Fair value measurement

The fair value of an asset or liability is defined as the price that would be received when selling an asset or the price that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the primary market, i.e., the market with higher volume and level of activity for the asset or liability. In the absence of a primary market, it is assumed that the transaction takes place in the most advantageous market the company has access to, that is, the market that maximizes the amount to be received when selling the asset or the market that minimizes the amount that would be paid to transfer the liability.



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To determine the fair value, the companies use valuation techniques that are appropriate to the circumstances and on which there are sufficient data for measuring, maximizing the use of relevant observable input data and minimizing the use of unobservable input data.

Taking into account the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value are classified at the following levels:

- Level I: quoting prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of the fair value recorded are observable, either directly or indirectly.
- Level III: internal valuation techniques, using company estimated variables not observable for the asset or liability (there is no market information observable).

When measuring the fair value, the company considers the characteristics of the asset or liability, in particular:

- For non-financial assets, an estimation of the fair value considers the capacity of a
 market participant to generate economic benefits by making the highest and best
 use of the asset, or by selling it to other market participant that would make the highest and best use of the same.
- For liabilities and own equity instruments, the fair value entails that the liability will not be settled, and the equity instrument will not be canceled, nor otherwise will be extinguished on the measurement date. The fair value of the liability reflects the effect of default risk, i.e. the risk that a company does not meet an obligation, which includes but is not limited to the company's own credit risk.
- In the case of financial assets and liabilities with offset positions at market risk or counterpart credit risk, the fair value is measured on a net basis that is consistent with the way market participants would price the net exposure to risk on the measurement date.

3.12 Operations from the Wholesale Energy Market

In the development of the management of the energy trading system -Administración del Sistema de Intercambios Comerciales de Energía Eléctrica (ASIC)- in the wholesale market, and acting as agent represented by the participants in the Colombian energy market, the group, through its affiliate XM, collects the monies related to transactions performed by the agents in that market on behalf of third parties, and distributes them to the agent's beneficiaries.

XM defined the following accounting criteria for the recognition of regulated revenues:

- Revenues from operating costs: They are recorded as revenues at the time of provision of the service.
- Revenues from investment costs: The current methodology to recognize XM's regulated revenues establishes the approval of revenues from investments, which is subject to meeting the five-year investment program. Total revenues received that correspond to the remuneration from investments and projects are treated as deferred revenues at the moment of billing. These revenues are amortized according to depreciation, amortization, and study and project expenses for the period, in the proportion that results from dividing the deferred revenues from investment by the fixed and intangible assets (net) of the statement of financial position of the former period. The value of unexecuted investments is transferred to the next tariff year; that is, it is reduced in the amount billed in the next tariff period.
- Remuneration of shareholders' equity: These revenues are recognized at the time that the regulated service is provided
- Remuneration of the adjustment to the maximum regulated revenues: Total revenues received from this concept are recognized as deferred revenues, which are amortized in the proportion that additional approved expenses are executed. The adjustment value of unexecuted maximum regulated revenues that is linked to the implementation of new resolutions and legal defense expenses is transferred to the next tariff year; that is, the amount billed is reduced in the next tariff period.



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3.13 Provisions

Provisions are recognized when the Group has a present obligation —legal or implicit— as the result of a past event; it is probable that a resource outflow is needed to settle such obligation, and a reliable estimate regarding the amount of the obligation can be made.

The amount recognized as provision should be the best estimate of the disbursement required to settle the present obligation at the end of the period that is reported, considering the corresponding risks and uncertainties. When a provision is measured using the cash flows estimated to settle said obligation, its carrying amount reflects the present value of that cash flow (when the effect of the value of money over time is material).

Certain contingent conditions may exist on the date of issuance of the statement of financial position. These may result in a loss for the companies and will only be resolved in the future, when one or more events occur or may occur; such contingencies are estimated by the management and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of judgement and it is a matter of opinion.

If the estimation of the contingency indicates that it is probable that a material loss will occur and the amount of the liability can be estimated, then it is recorded in the statement of financial position. In addition, if the estimation indicates that a potential loss is not probable and its amount is known, or is probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the statement of financial position, with an estimate of the potential range of loss. Loss contingencies estimated as remote are not disclosed.

3.14 Income tax

The income tax expense for the period comprises current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to tax

authorities. The income tax expense is recognized in income, except when it is related to items recognized directly in equity, in which case it is recognized in equity.

3.14.1 CURRENT TAX

The current tax payable is based on taxable gains recorded during the year. Taxable gains differ from gains reported in the income statement due to income or expense items that are taxable or deductible in other years, and items that are never taxable or deductible. The current tax liability is calculated by using tax rates in force at the end of the period.

The managements of the companies periodically evaluate positions taken in tax returns with respect to situations in which tax laws are subject to interpretation. The companies, when appropriate, create provisions for the amounts they expect to pay to tax authorities.

3.14.2 DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the statement of financial position and the corresponding tax bases used for determining the taxable income. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the assets and liabilities by current tax and are related to income taxes applied by the same tax authority on the same taxable company.

Deferred tax assets are recognized by all the deductible temporary differences, including tax losses, to the extent that it is likely that there is taxable income against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recovered.

The carrying amount of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer likely that there will be sufficient taxable income



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available to allow the use of all or part of the deferred tax asset. The deferred tax related to items recorded directly in equity is recognized in equity instead of in the income statement.

3.15 Employee benefits

Employee benefits include all compensations to employees and former employees related to the provision of services to the entity. These are salaries, short-term and long-term benefits, termination benefits and post-employment benefits.

3.15.1 CURRENT BENEFITS

Obligations regarding current employee benefits are recognized as expenses as the related service is provided. Employment obligations are adjusted at the end of each period, based on legal provisions and labor agreements in force.

This benefit is recognized when there is a current legal or implicit obligation to make a payment as a result of a service provided by the employee in the past and at the time the obligation can be estimated reliably. The obligation is recognized by the amount expected to be paid within the next year after the cut-off.

3.15.2 NON-CURRENT BENEFITS

Some companies of the Group grant their employees benefits associated with their time of service, such as quinquennium (seniority premium and five-year period payments).

The fair value of the plan assets is deducted from the present value of the obligation by benefits defined when determining the deficit or surplus. The calculation is performed annually by certified independent actuaries, who use the projected credit unit method to make a reliable estimation of the final cost for ISA and its companies. Any actuarial gain or loss is recognized in income for the corresponding period.

3.15.3 POST-EMPLOYMENT BENEFITS

Defined contribution plans

The defined contribution plan is a post-employment benefit by which the Group pays fixed contributions to a pension fund, and by which it has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as employment benefit expense in income for the periods in which employees provide the services.

Defined benefit plans

In the case of defined benefit plans, the obligation and the cost of such benefits is determined by using the projected unit credit method, with independent actuarial valuations on an annual basis.

The liability recognized in the statement of financial position regarding defined benefit pension plans is the present value of the defined benefit obligation on the date of the statement of financial position, less the fair value of the plan assets. The present value of the defined benefit obligation is determined by discounting the estimated cash outflow, using interest rates calculated from the yield curve of the Colombian Government bonds –TES B curve–, expressed in Actual Value Units –Unidades de Valor Real (UVR)–, which have terms that are close to the terms of the pension obligation until maturity.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are charged or credited in other comprehensive income for the period in which they arise.

Past service costs are recognized immediately in income, unless changes in the pension plan are conditioned to the fact that the employee continues providing services for



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a specific period of time —the period granting the right—. In this case, the past service costs are amortized by the straight-line method during the period that grants the right.

• Other post- employment obligations

Some companies of the Group grant their retired employees benefits such as complementary health plan, health assistance, education assistance, and calamity loan, after the employment relation. The right to access these benefits depends on the conditions defined in individual and collective agreements.

The obligation and the cost of such benefit plans are determined by the projected unit credit methodology. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited in the statement of comprehensive income for the period in which they arise. Qualified independent actuaries annually valuate these obligations.

Plan assets

Plan assets correspond to the set of assets destined by the Group, by virtue of the legal provisions in effect or by own initiative to comply with pension obligations. These resources are recognized following the same policies that would apply if they were classified in the other kind of assets, and their restatement is recognized in the income for the period. This minimum reserve amounts should correspond to the pension liability supported by the actuarial estimate.

3.15.4 TERMINATION BENEFITS

These benefits are determined by using the Projected Unit Credit method, with actuarial valuations conducted at the end of each annual period being reported. The new measurement, which includes actuarial gains and losses, is immediately reflected in the statement of financial position, charged or credited to other comprehensive income for the period in which it is incurred.

3.16 Onerous contracts

Present obligations arising from an onerous contract are recognized as a provision when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received from it. To the date of the statement of financial position, the companies have no provisions for onerous contracts.

3.17 Recognition of revenues, costs, and expenses

Revenues, costs, and expenses are recorded based on the principle of accrual.

3.17.1 REVENUES

The company recognizes revenues from ordinary activities to describe the transfer of goods or services promised to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled when exchanging for those goods or services.

Revenues are recognized only when all the following criteria are met:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the price of the transaction.

Step 4: Allocate the price of the transaction to the performance obligations in the contract.

Step 5: Recognize ordinary revenues when (or as) the entity satisfies a performance obligation.

The following criteria apply for the recognition of revenues:

• Revenues from contracts with customers for energy transmission and other associated services

Colombian companies: ISA, ISA INTERCOLOMBIA, ISA TRANSELCA and XM- providers of the energy transmission and other related services, are regulated by the Gas and



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Energy Regulatory Commission –Comisión de Regulación de Energía y Gas (CREG) –. Revenues from operating costs are recorded when performance obligations are met.

Revenues from concession arrangements

Concession revenues applicable to energy transmission companies in Brazil, Bolivia, Peru, and road companies in Chile are measured at the fair value of the consideration received or receivable, taking into account the payment conditions defined in the contracts. The following specific criteria must be met to recognize revenues in accordance with the application of IFRIC 12:

Construction services

Revenues and costs from project construction services are recognized in the comprehensive income statement, according to the completion percentage method for those projects on the date of statement of financial position. Some Group companies do not recognize any profit margin during the progress of the works, as construction revenues are managed and/or monitored by a related company which is the one who recognizes such margin in its financial statements. In Brazil, it was determined that the fair value of construction assets considers a margin that is sufficient to cover costs and expenses incurred in the construction stage.

In Brazil, specifically, ISA CTEEP and its companies record costs for construction services and their associated revenues without any margin during the progress of the works. Once the project enters into operation, the construction gain or loss from positive or negative variations is accounted for by comparing the costs incurred in the construction of the infrastructure with the future cash inflow, discounted at the rate that represents the financial component of the business, defined at the beginning of each contract/project.

Operations and maintenance services

Revenues from operation and maintenance services to third-party facilities are recognized as the service is delivered.

Financial returns of concessions recorded as financial asset or contract asset

The companies that recognized their concessions as financial asset or contract asset according to IFRIC 12, recognize interests of the account receivable credited to income, by using the effective interest rate method.

Revenues from construction contracts

When the outcome of a construction contract can be estimated reliably, the revenues from ordinary activities and their associated costs are recognized based on the progress of the work at the end of the period being reported. The measurement is made based on the ratio that contract costs incurred during the work performed to that date represent with respect to the total contract costs estimated, except when this ratio does not represent the status of completion. Variations in contract works, claims, and incentive payments are included to the extend their amount can be measured reliably and their reception is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenues from ordinary activities are recognized only to the extent that it is probable to recover costs incurred by virtue of the contract. These costs shall be recognized as expenses for the period in which they are incurred. If there is a possibility that the total contract costs will exceed total revenues, the expected loss is recognized as an expense immediately.

Regarding contracts where billings based on work progress exceed the contract costs incurred to date, plus recognized profits, less recognized losses, the surplus is shown



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as amounts owed to customers for the work contract. Amounts received before the corresponding work is performed are included in the statement of financial position in liabilities, as an advance payment received. Amounts billed for work performed but pending payment by the customer are included in the statement of financial position in trade accounts receivable and other accounts receivable.

Revenues from dividends and interest

Revenues from dividends are recognized once shareholders' rights to receive the payment have been established –provided that the economic benefits will flow to the company and ordinary revenues can be measured reliably–. Dividends received from companies where ISA exerts control, joint control, or significant influence are recorded as a lower investment value.

Interest revenues are recognized when it is probable that ISA and its companies will receive economic benefits associated with the transaction. Interest revenues are recorded on a time basis, by reference to the outstanding principal and the effective interest rate applicable, which is the discount rate that exactly matches the cash flow receivable or payable estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

3.17.2 GOVERNMENT SUBSIDIES

Government subsidies are only recognized when there is reasonable assurance that the entity meets the conditions attached to the grant and that the subsidy will be received.

The government subsidies must be recognized as gain or loss on a systematic basis over the periods necessary to offset them with the related costs. Government subsidies which main condition is that the Group purchases, builds, or otherwise acquires non-current assets are recognized as deferred revenues in the consolidated statement

of financial position and are transferred to income on a systematic and rational basis over the useful life of related assets.

In the case of concessionaire companies in Chile, subsidy revenues are recognized as a lower value of the account receivable, and have the following characteristics:

- Ruta del ¬Bosque is entitled to an annual state subsidy equivalent to UF 150.000, which is growing at an annual rate of 5% as of 2002, and
- Ruta de los Ríos is entitled to an annual state subsidy equivalent to UF 250.000, which is growing at an annual rate of 5% as of 2002, and ended in 2017.

The benefit of a government loan at an interest rate below the market rate is treated as a government subsidy, measured as the difference between the benefits received and the fair value of the loan based on the exchange rate in effect on the date.

3.18 Business units

The Group has defined the linear infrastructure management segment, through which it owns these business lines: management of linear infrastructure investments, energy transmission, connection to grid, and construction services. In the parent company, the corporate strategy is defined by business unit and the management is performed by company.

The business lines of the Group are described below:

- Management of investments in linear infrastructure: It consists in the management
 of investments related to linear infrastructure in energy transmission, information and
 telecommunication technologies, toll road concessions, and intelligent management
 of real-time systems.
- **Energy transmission services:** It consists in energy transmission through transmission systems and in the operation, maintenance, and expansion of transmission systems, either national or regional.



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- **Connection to the grid:** Lines, substations and associated equipment that interconnect the regions.
- Construction services: Construction services for third party-owned projects.

3.19 Gain per basic and diluted share

Income per basic share is calculated by dividing the income attributable to shareholders of the company, by the weighted average of common shares outstanding in the year, excluding common shares acquired by the company and held as treasury shares.

Income per diluted share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all common shares potentially dilutable. The companies own no potentially dilutable common shares.

3.20 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the financial position of the parent company for the period in which the Shareholders' Meeting approves dividends, or when the corresponding obligation is in place according to the applicable legal provisions or policies established by the Shareholders' Meeting.

3.21 Capital stock

Common shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of taxes.

The repurchase of own equity instruments of the parent company is recognized and deducted directly in equity at the acquisition cost and the difference with the nominal value is recognized as a higher or lower value of the premium for placement of shares.

Rights are suspended for own shares reacquired and, therefore, they do not take part in the distribution of dividends.

The parent company is listed on the Colombia Stock Exchange.

3.22 Premium for placement of shares

The issue premium corresponds to the overpricing in the placement of shares generated in capital increase operations.

3.23 Related parties

Among others, the following are parties related to the parent company:

- i. Shareholders who, directly or indirectly, hold a stake equal to or higher than twenty percent (20%) of ISA and its companies' capital stock.
- ii. Members of the Board of Directors and members of the Senior Management¹, as well as their close² relatives and/or companies where any of the members of the Board of Directors and the members of the Senior Management exert control or joint control.
- iii. Companies over which ISA and its companies exert direct or indirect control or joint control, as well as joint ventures or companies where ISA holds (directly or indirectly) a stake equal or higher than twenty percent (20%), or companies where ISA and its companies have power to make financial and operating policy decisions.

¹ The Senior Management is comprised by the CEO and the employees of the first management level reporting directly to the CEO, who hold the positions of Chief Officers and Corporate Directors.

² According to the definition of IAS24, "close members of the family" are: "those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner".



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Commercial transactions between the companies of the Group and the members of the Board of Directors, the Senior Management, and other administrators and/or their permanent relatives, spouses or partners and legal entities where they hold stakes or hold directing positions pursuant to the law, are subject to the legal regime of inabilities or incompatibilities applicable to ISA and its companies' contracting as mixed utility company, which are prohibited to be contracted with the company. The corporate website includes the informative list of such inabilities and incompatibilities provided by Colombian legislation.

The legally valid commercial transactions between related parties are carried out under market conditions and prices, i.e., in conditions equivalent to those existing for arm's-length transactions.

3.24 Reclassifications

In 2019, changes were made to the hierarches of financial assets, non-financial assets, current tax (liabilities and assets), deferred tax, construction revenues, operating revenues, costs, and expenses that involved reclassifications among these lines of the financial statements to ensure the comparability and standardization of the ISA Group's 2018 financial information. There was no impact on net income, income before tax, or equity.

These adjustments implied an increase in consolidated assets and liabilities of 2018 of COP 3.889. The following table explains these variations.



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	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
CP financial assets	4.589.834	255.531	4.845.365
Current tax	317.589	(859)	316.730
Non-financial assets	246.622	(4.865)	241.757
Loans receivable from CP related parties	-	31	31
LP financial assets	17.142.800	(246.274)	16.896.526
Intangibles	6.827.341	(10)	6.827.331
Loans receivable from LP related parties	-	335	335
TOTAL ASSETS	29.124.186	3.889	29.128.075
Accounts payable to CP	973.576	(9.220)	635.442
Current tax	268.197	(10.512)	251.656
Provisions for CP	551.058	(7.863)	95.924
Non-financial liabilities	82.557	42	89.795
Accounts payable to LP	974.314	23.790	908.158
Non-current tax	963.722	(17.087)	986.905
Provisions for LP	211.188	6.932	247.497
Deferred tax	4.841.749	17.807	4.630.953
TOTAL LIABILITIES	8.866.361	3.889	7.846.330

	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
Property, plant, and equipment	10.217.628	(22.514)	10.195.114
Finance lease assets	-	22.514	22.514

At the level of results, reclassifications generated a decrease in operating costs of COP 3.168 in 2018, which went from COP 2.467.025 to COP 2.463.857, versus an increase in administrative expenses of COP 1.651, a decrease in other net revenues of COP 2.790, lower net interest expense of COP 1.429, and other reclassifications of COP 155.

As a result of the application of IFRS 15 in Brazil, net construction revenues from the entry into operation of the projects of ISA CTEEP and subsidiaries of COP 291.258 were reclassified to construction revenues.



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II. NOTES TO FINANCIAL INFORMATION

4. CASH AND CASH EQUIVALENTS

The composition of the item as of December 31, 2019 and 2018 is as follows:

		2019	2018
Cash and banks		755.825	519.530
TOTAL CASH		755.825	519.530
Fixed income investments	(1)	1.321.588	832.114
Other variable income investments	(2)	409.788	170.416
TOTAL CASH EQUIVALENTS		1.731.376	1.002.530
TOTAL CASH AND CASH EQUIVALENTS		2.487.201	1.522.060

- (1) It includes term deposits and purchase agreement transactions with repurchase, both with a maturity of less than 90 days from the investment date.
- (2) Basically, it includes deposits for easy-to-liquidate marketable securities, such as: Ruta del Maipo, COP 271.862 (2018: COP 19.880); Intervial Chile, COP 48.999 (2018: COP 41.800); and Ruta de los Ríos, COP 32.354 (2018: COP 21.546).

4.1 Resource management

XM, as administrator of the commercial exchange system of the energy market (ASIC) in the wholesale energy market (MEM) and as administrator of the usage fee of the National Interconnected System (SIN), as controlling entity, representing stakeholders of

the Colombian energy market, receives the respective monies from paying agents to be distributed to beneficiary agents. Therefore, these monies do not belong to XM, since it is just an administrator, so that, as they are not own assets, they should not be included in the presentation of the statement of financial position.

Balance of assets and liabilities of third parties as of December 31, 2019 and 2018 are represented in:

		2019	2018
ASSETS			
Cash and cash equivalents	(1)	442.401	295.765
TOTAL ASSETS		442.401	295.765
LIABILITIES			
Collections in favor of agents		442.393	295.757
GMF Reserve	(2)	8	8
TOTAL LIABILITIES		442.401	295.765
NET		-	-

- (1) Balances in bank accounts. The use of these monies is restricted to stock transactions in accordance with the provisions of the current regulation.
- (2) This balance is due to an account payable to XM and established as provision to cover possible bank expenses and GMF for the first days of the following month.



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5. FINANCIAL ASSETS

The balance of this item as of December 31, 2019 and 2018 is composed of accounts receivable and other financial assets, as shown below:

	NOTE	2019		2018			
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Accounts receivable	<u>5.1</u>	3.953.472	16.750.085	20.703.557	3.933.062	16.890.751	20.823.813
Other financial assets	<u>5.2</u>	2.384.381	20.232	2.404.613	912.334	6.110	918.444
TOTAL FINANCIAL ASSETS		6.337.853	16.770.317	23.108.170	4.845.396	16.896.861	21.742.257

5.1 Accounts receivable

		2	2019		2018		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Clients and concessions	(1)	3.439.155	15.433.544	18.872.699	3.573.886	15.658.397	19.232.283
Accounts receivable - Law 4819	(2)	-	1.701.368	1.701.368	-	1.629.017	1.629.017
Other debtors	(3)	545.137	221	545.358	358.927	2.921	361.848
VAT accounts receivable (MOP)	(4)	41.887	-	41.887	70.526	-	70.526
Loans to employees	(5)	11.830	34.355	46.185	10.933	33.058	43.991
Interest receivable		110	1	111	96	-	96
Loans to economic related parties		126	335	461	31	335	366
Dividends receivable		85	-	85	-	-	-
TOTAL ACCOUNTS RECEIVABLE		4.038.330	17.169.824	21.208.154	4.014.399	17.323.728	21.338.127
Less - impairment of accounts receivable	(6)	(84.858)	(419.739)	(504.597)	(81.337)	(432.977)	(514.314)
TOTAL ACCOUNTS RECEIVABLE, NET		3.953.472	16.750.085	20.703.557	3.933.062	16.890.751	20.823.813



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(1) This item includes the following balances:

- » Financial asset for Road Concessions in Chile for COP 6.312.937 (2018: COP 6.753.208).
- Energy Transmission concessions of ISA CTEEP and its subsidiaries are accounted for as contract assets, according to IFRS 15. This account receivable had a variation of COP 762.735 million, increasing from COP 4.120.545 in 2018 to COP 4.883.280 in 2019, explained by the net impact of: 1) net income in construction for COP 427.777 related to projects, improvements, and reinforcements that started operations (see Note 22 Income); 2) revenues related to construction works for COP 480.007; 3) financial returns from the updating of the account receivable for COP 452.715; 4) net amortizations for COP 541.600; and 5) minor effects by exchanging Brazilian reals into Colombian pesos.
- » Accounts for the administration of the Wholesale Energy Market, which correspond 100% to XM, for COP 15.022 (2018: COP 13.809).
- Account receivable from the Basic Network of the Existing System (RBSE) of ISA CTEEP, for COP 6.921.163 (2018: COP 7.500.475). The decrease in the account receivable by COP 579.312 compared with 2018 is mainly explained by the net effect of collections for COP 1.162.704; the gross financial returns before the Social Integration Program (PIS) and the Cumulative Social Security Financing Contribution (COFINS), by the account receivable updating for COP 1.011.977, and a minor effect by exchange.
- » Operation and maintenance account receivable of ISA CTEEP and its subsidiaries for COP 115.635, in 2019, and for COP 264.434 in 2018. This account refers to the installment billed monthly, informed by the National System Operator -ONS-, related to the remuneration of operation and maintenance services, with an average reception term of less than 30 days.

- (2) Accounts receivable of ISA CTEEP from the Government of Brazil for labor benefits regulated by Law 4819 of 1958 for BRL 2.092.588 thousands (2018: BRL 1.942.338 thousands); the increase in the account receivable with respect to the previous year is a result of compliance with court ruling No. 49 of the labor court, in which ISA CTEEP requests the reimbursement of complementary benefits paid to state pensioners covered by the Law.
- (3) Other debtors mainly include: Consorcio Transmantaro COP 379.349 (2018: COP 257.485) and REP COP 21.654 (2018: 22.398) for private contracts for energy transmission signed with third parties, which are seen as finance lease contracts; disbursements made by Consorcio Transmantaro for the construction of the related asset are recognized as account receivable, as long as the energy transmission lines are under construction, and become an account receivable equal to the outstanding lease installments when the construction has been completed; and in Ruta del Maipo COP 62.415 (2018: COP 30.444), in particular by electronic toll service free flow, tag.
- (4) Account receivable from the Ministry of Public Works of Chile (MOP), corresponding to VAT paid by concessionaire companies to providers of operation and maintenance services, as well as construction services charged to MOP. Concessionaires are entitled to recover such tax by issuing a sales invoice to MOP for construction and/or exploitation services.
- (5) Loans to employees mainly comprise loans granted for acquisition of housing, vehicles, and education.
- (6) The movement of credit losses expected over the life of the loan that has been recognized for commercial accounts receivable and others, in accordance with the simplified approach defined by IFRS 9 is as follows:



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	2019	2018
Initial balance	(514.314)	(542.539)
Provisions for the year charged to income	(7.916)	(21.683)
Portfolio write-off	10	-
Recovery of provisions	3.774	69.945
Exchange rate effect	13.849	(20.037)
FINAL BALANCE	(504.597)	(514.314)

There are no restrictions to the disposal of such accounts receivable of significant amount.

The Group does not have any customers with whom it records sales representing 10% or more of its ordinary revenues for the periods ended December 31, 2019 and 2018.

As of December 31, 2019 and 2018, the analysis of accounts receivable, overdue and unpaid, is as follows:

CUSTOMERS	2019	2018
Current	18.738.155	19.102.205
OVERDUE		
Overdue between 1 and 90 days	58.264	59.082
Overdue between 91 and 180 days	3.883	4.062
Overdue between 181 and 360 days	3.124	1.443
Overdue between 1 and 3 years	23.269	57.432
Overdue between 3 and 5 years	24.555	7.097
Overdue above 5 years	21.449	962
TOTAL OVERDUE	134.544	130.078
TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS	18.872.699	19.232.283

ISA and its companies charge interest on overdue accounts to its customers at the maximum rate authorized by law in each country.



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5.2 Other financial assets

		2019			2		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Rights on trusts	(1)	1.687.582	3.870	1.691.452	576.648	4.090	580.738
TDs over 90 days	(2)	696.799	16.362	713.161	335.686	2.020	337.706
TOTAL		2.384.381	20.232	2.404.613	912.334	6.110	918.444

(1) It mainly includes resources from DI Bandeirantes investment fund COP 103.980 (2018: COP 215.634), managed by Banco Bradesco, from DI Xavantes investment fund COP 1.555.285 (2018: COP 220.799), managed by Banco Itaú Unibanco, and from Fundo de Inversión Assis COP 3.201 (2018: COP 140.424), managed by Banco de Santander, and from Fundo Barra Bonita Renda COP 25.120 (2018: COP 0), managed by Banco do Brasil.

The non-current portion corresponds to autonomous equity used to pay works taxes in ISA INTERCOLOMBIA COP 3.870 (2018: COP 4.090).

(2) The balance as of December 31, 2019 includes TD over 90 days of Ruta del Maipo COP 448.343 (2018: COP 266.073), and Ruta del Bosque, COP 192.132 (2018: COP 42), among others.

6. NON-FINANCIAL ASSETS

Balances as of December 31 comprise the following:

		2019		2018			
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
NON-FINANCIAL ASSETS							
Prepaid expenses	(1)	75.864	17.907	93.771	103.386	10.387	113.773
Prepayment for purchase of goods and services	(2)	132.707	16.609	149.316	115.671	7.601	123.272
Deposits delivered	(3)	1.001	52.287	53.288	887	65.572	66.459
Others		15.647	19.625	35.272	21.813	10.116	31.929
TOTAL		225.219	106.428	331.647	241.757	93.676	335.433



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- (1) Prepaid expenses of: insurance, leases, fees, travel expenses, among others.
- (2) Advances granted to suppliers to purchase supplies and equipment to be used in company projects, especially Proyectos de Infraestructura del Perú (PDI) for COP 72.279 (2018: COP 81.378), linked to advances granted, the affiliate acting as controller for the Carapongo 500/220 kV Substation project and associated lines (CARA), Mantaro-Nueva Yanango Carapongo 500 kV Connection and associated
- substations (COYA) and Nueva Yanango Nueva Huánuco 500 kV Connection and associated substations (YANA) and INTERNEXA BRASIL for COP 27.131 (2018: COP 13.403) for the submarine cable project.
- (3) It mainly includes, in ISA CTEEP for COP 51.671 (2018: COP 65.443), legal deposits created to cover labor, tax, and regulatory contingencies.

7. RESTRICTED CASH

The composition of the item as of December 31, 2019 and 2018 is as follows:

	2019	2018
Restricted cash	97.347	339.007
TOTAL RESTRICTED CASH	97.347	339.007

Restricted cash mainly includes: ISA INTERCHILE COP 50.358 (2018: COP 279.459) from syndicated loans held by the company, which are used mainly for property, plant and equipment, and VAT payments; IENNE COP 13.704 (2018: COP 14.558) for the guarantee granted to Banco del Nordeste, and ISA COP 11.029

(2018: COP 10.461), associated with the trusts created for the execution of FAER, FAZNI projects and management and payment trusts created for Unidad de Planeación Minero Energética (UPME) projects. It also includes resources to develop the Conexión Jaguar (Jaguar Connection) project.



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8. INVENTORIES - NET

ISA and its companies perform actions to secure the due preservation and safeguard of their inventories, and they are insured by a combined material damage policy; they also perform periodical physical inventories and have not found any significant differences in the counting. Inventories have no restrictions, liens, or pledges limiting the use or realization.

		2019		2018			
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
INVENTORIES							
Materials for provision of services	(1)	153.637	64.849	218.486	101.034	64.287	165.321
Inventory in transit		660	-	660	441	-	441
TOTAL INVENTORIES		154.297	64.849	219.146	101.475	64.287	165.762
Provision	(2)	(2.770)	(41)	(2.811)	(3.204)	(928)	(4.132)
TOTAL INVENTORIES - NET		151.527	64.808	216.335	98.271	63.359	161.630

- (1) Inventories for delivering energy services and project construction services to ensure continuity of the service and allow compliance with system availability indicators.
- (2) The recognized provision for inventories is the result from the inventory impairment evaluation conducted by the companies. The following is the movement of the provision for inventories:

	2019	2018
Initial balance	(4.132)	(3.889)
Charge in income	(269)	(451)
Inventories write-off	237	-
Exchange rate effect	6	208
Provision recovery	1.347	-
FINAL BALANCE	(2.811)	(4.132)

As of December 31, 2019 and 2018, there are no pledges on inventories.



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9. INVESTMENTS IN ASSOCIATES, JOINT VENTURES, AND FINANCIAL INSTRUMENTS

The composition of investments in joint ventures, associates, and financial instruments as of December 31, 2019 and 2018 is detailed below:

		PLACE AND	STAK	E (%)	BALANCES	BALANCES
	MAIN ACTIVITY CREATION OF TRANSACTIONS		2019	2018	AS OF DECEMBER 2019	AS OF DECEMBER 2018
INVESTMENTS WITH JOINT CONTROL (1)						
Interligação Elétrica do Madeira S.A. (IE MADEIRA)	Energy Transmission	Brazil	51,00	51,00	1.278.705	1.202.868
Interligação Elétrica Garanhuns S.A.	Energy Transmission	Brazil	51,00	51,00	315.952	306.835
Interligação Elétrica Paraguaçu S.A.	Energy Transmission	Brazil	50,00	50,00	84.182	12.161
Interligação Elétrica Aimorés S.A.	Energy Transmission	Brazil	50,00	50,00	52.387	9.191
Interligação Elétrica Ivaí S.A.	Energy Transmission	Brazil	50,00	50,00	55.848	18.916
Transmissora Aliança de Energia Elétrica S.A.	Energy Transmission	Brazil	14,88	14,88	861.144	864.943
Interconexión Eléctrica Colombia Panamá S.A.	Energy Transmission	Panama	50,00	50,00	4.996	8.395
Interconexión Eléctrica Colombia Panamá S.A.S E.S.P.	Energy Transmission	Colombia	1,17	1,17	3	3
Transnexa S.A. (2)	Telecommunications Transmission	Ecuador	50,00	50,00	-	-
Derivex S.A.	Derivative financial instruments	Colombia	42,48	49,98	708	289
Parques de Río S.A.S.	Roads	Colombia	33,00	33,00	63	72
TOTAL INVESTMENTS WITH JOINT CONTR	OL				2.653.988	2.423.673

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		PLACE AND	STAKE	E (%)	BALANCES	BALANCES
	MAIN ACTIVITY	CREATION OF TRANSACTIONS	2019	2018	AS OF DECEMBER 2019	AS OF DECEMBER 2018
INVESTMENTS IN ASSOCIATES						
ATP Tower Holdings LLC	Telecommunications Transmission	United States	24,69	24,89	465.362	448.108
TOTAL INVESTMENTS IN ASSOCIATES 465.362						
TOTAL INVESTMENTS IN ASSOCIATES AND	JOINT VENTURES				3.119.350	2.871.781
FINANCIAL INSTRUMENTS (3)						
Electricaribe S.A. E.S.P.	Energy distribution and trading	Colombia	0,48	0,48	-	-
Company which owns the Grid (EPR)	Energy Transmission	Costa Rica	11,11	11,11	12.524	12.524
Cámara de Riesgos Central de Contraparte de Colombia	Operations Settlement and Compensation System	Colombia	8,07	8,07	2.954	2.954
Red Centro Americana de Telecomunicaciones (REDCA)	Telecommunications Transmission	Costa Rica	11,11	11,11	-	_
TOTAL FINANCIAL INSTRUMENTS					15.478	15.478

- (1) The Group exerts joint control over these companies according to Colombian Financial Reporting and Accounting Standards (NCIF) and at the statutory level. These investments are updated using the equity method.
- (2) TRANSNEXA is currently undergoing a liquidation process; the investment is 100% impaired.
- (3) ISA and its companies hold these investments for the development of the strategic

business mobilization plan in different countries. Electrificadora del Caribe was received as transfer payment.

Investments in Electrificadora del Caribe, which cost is COP 12.113, and Red Centro Americana de Telecomunicaciones (REDCA), which cost is COP 944, are totally impaired.



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10. PROPERTY, PLANT, AND EQUIPMENT - NET

The following is the balance of property, plant, and equipment:

	2019	2018
PROPERTY, PLANT, AND EQUIPMENT IN OPERATION		
Grids, lines, and cables	12.267.476	10.273.461
Plants and ducts	6.173.007	6.005.143
Buildings	573.020	416.725
Lands	250.631	245.765
Machinery and equipment	616.875	304.482
Communication and computer equipment	177.526	155.672
Transportation, traction, and lifting equipment	57.147	37.883
Furniture, chattels, and office equipment	50.636	55.874
SUBTOTAL PROPERTY, PLANT, AND EQUIPMENT	20.166.318	17.495.005
Less – accumulated depreciation	(10.944.388)	(10.684.676)
Less - impairment	-	(2.769)
TOTAL PROPERTY, PLANT, AND EQUIPMENT IN OPERATION	9.221.930	6.807.560
Construction in progress and machinery, plant, and assembly equipment	2.093.370	3.409.637
Assets in transit	469	431
TOTAL NET PROPERTY, PLANT, AND EQUIPMENT	11.315.769	10.217.628
TOTAL PROPERTY, PLANT, AND EQUIPMENT	11.095.458	10.195.114
TOTAL FINANCE LEASE ASSETS	220.311	22.514



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• Movement of Property, plant, and equipment

	BALANCES AS OF DECEMBER 2018	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOGNITIONS	DEPRECIATION	EXCHANGE DIFFERENCE	BALANCES AS OF DECEMBER 2019
Grids, lines, and cables (1) (3)	3.508.537	1.998.074	559	145.859	2.315	5.362.508
Plants and ducts (1)	2.508.604	589.741	104.394	156.010	2.723	2.840.664
Buildings	341.432	157.377	7.373	27.004	4.053	468.485
Lands	245.765	4.947	79	-	(1)	250.632
Machinery and equipment	110.582	100.718	690	30.201	(1.472)	178.937
Communication and computer equipment	58.039	43.328	479	21.842	26	79.072
Transportation, traction, and lifting equipment	13.437	20.573	114	10.888	(191)	22.817
Furniture, chattels, and office equipment	21.164	1.589	58	3.776	(101)	18.818
On-going constructions (2)	3.410.068	763.203	2.095.565	-	16.129	2.093.836
TOTAL	10.217.628	3.679.550	2.209.311	395.580	23.481	11.315.769

(1) On May 30, 2019 the National Energy Coordinator authorized the entry into operation of the Nueva Pan de Azúcar - Polpaico 2x500kV transmission line project in Interchile. Through this entry into operation, the facilities became available to be considered in the programming and financial dispatch by CEN for all effects established in current regulations. Capitalized assets correspond to COP 1.423.163 from transmission lines and COP 381.269 from Nueva Pan de Azúcar Substation.

In 2019, COP 242.016 for grids, lines, and cables and COP 172.918 for plants and ducts were activated in the following projects:

- » UPME 07-2013 Chinú Montería Urabá, 230kV Interconnection.
- » UPME 03-2016 San Antonio 230 kV Substation and associated transmission lines.
- » UPME 08-2017 Sogamoso 500, 230 kV Third Transformer.
- » Ternium 220/34.5 Kv Connection in Sabanalarga Substation.
- » Implementation of solar photovoltaic generation system to interconnect to ISA's internal grid.
- (2) The balance of on-going constructions mainly includes:

In ISA INTERCHILE, the transfer of capitalized assets for COP 2.081.216 for the entry into operation of the Nueva Pan de Azúcar-Polpaico 2x500kV Transmission Line project.

In ISA, it mainly includes:

- UPME 03-2014 230/500 kV Northwestern Interconnection Project for COP 1.240.271 (2018: COP 973.309), which scope comprises the design, supply, civil works, assembly, and commissioning of Antioquia and Medellin Substations, expansion of substations and related Transmission Lines at 500 kV 547 km. Expected date for entry into service: October 2020.
- Costa Caribe 500 kV Interconnection project for COP 298.179 (2018: COP 233.309), which scope comprises the design, supply, civil works, assembly, and commissioning of Cerromatoso – Chinú – Copey 500 kV - 352 Km Transmission Lines and substation expansions. Expected date for entry into service: March 2021.
- UPME 09-2016 Copey Cuestecitas 500 kV and Copey Fundación 220 kV for



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COP 122.908 (2018: COP 52.777), which comprises the design, acquisition of supplies, construction, testing, commissioning, operation, and maintenance of the works related to the Copey – Cuestecitas 500 kV, and Copey – Fundación 220 kV Transmission Lines project. Expected date for entry into service: March 2022.

(3) On February 7, 2020, the Ministry of Energy of Chile issued Exempt Resolution No. 01, by which it partially accepts the force majeure request for delayed compliance with Milestone 5 "Start-up" of the last tranche of the Cardones - Polpaico Project, recognizing 105 days as force majeure out of a total of 499 days of delay, which implied to ISA INTERCHILE the collection of the guarantee ticket for this milestone for USD 5,6 million and a payment of USD 72,8 million for days not recognized. This effect was recorded in the financial statements of affiliate ISA INTERCHILE as an increase in operating assets (Property, plant, and equipment), based on accounting and

financial regulations that determine that there are plant and equipment costs which, although they do not increase future economic benefits, are unavoidable for obtaining such benefits.

ISA and its companies currently hold insurance policies for combined material damages, terrorism, and consequential losses, intended to protect themselves against the loss and damage of its fixed assets, except transmission lines and towers. There are no restrictions or pledges or mortgaging on assets for any obligations.

As of December 31, 2019 and 2018, ISA's management, through its affiliates and subsidiaries, stated that there are no operating and/or economic indications identified, revealing that the net carrying value of property, plant, and equipment cannot be recovered.

11. INTANGIBLES - NET

		2019	2018
INTANGIBLE			
Software		173.388	141.518
Licenses		76.761	80.319
Easements	(1)	520.189	207.104
Concessions	(2)	8.130.661	7.886.010
Rights		644.148	666.238
Others		56.730	58.519
Goodwill and brands		1.228.672	1.303.590
SUBTOTAL INTANGIBLES		10.830.549	10.343.298
Less – intangible amortization		(3.774.145)	(3.515.967)
TOTAL INTANGIBLES		7.056.404	6.827.331
TOTAL INTANGIBLES		7.055.014	6.827.331
TOTAL INTANGIBLE FINANCE LEASE ASSETS		1.390	-



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- (1) Easements correspond to rights acquired by the Group for transferring its operating assets, mainly the transmission lines. These assets are acquired in perpetuity, that is, there is not a fixed term or contract and the right remains over time.
- (2) Concessions in Peru, Bolivia, and Colombia, which are treated as intangibles according to their characteristics, for COP 5.791.423. (See Note 23).

Intangible assets movement

NAME		BALANCE AS OF DECEMBER 2018	ADDITIONS ACQUIRED SEPARATELY	DERECOG- NITION	IMPAIRMENT	AMORTIZATIONS	EXCHANGE RATE EFFECT	BALANCE AS OF DECEMBER 2019
Software		76.199	32.263	263	-	12.449	(479)	95.271
Licenses		17.556	5.508	1.267	-	7.429	(161)	14.207
Easements	(1)	207.104	312.840	-	-	-	245	520.189
Concessions and rights	(2)	6.206.319	194.437	3.002	-	257.347	30.491	6.170.898
Intangibles related to customer list	(4)	38.955	15	-	-	11.200	(980)	26.790
Goodwill and brands	(3)	281.198	-	-	42.453	4.773	(4.923)	229.049
TOTAL		6.827.331	545.063	4.532	42.453	293.198	24.193	7.056.404

- (1) Additions correspond to easements activated in ISA in 2019 from the entry into operation of the following commercial projects: UPME 07-2013 Chinú Montería Urabá, 230kV Interconnection for COP 17.727; UPME 03-2016 San Antonio 230 kV Substation and associated transmission lines for COP 10.777, and easements imposition on UPME 06-2013 Sabanalarga Caracolí Flores 220 kV Interconnection for COP 6.734.
 - In addition, the easements balance includes the capitalization for COP 276.784 for the entry

- into operation of the Nueva Pan de Azúcar Polpaico 2x500kV Transmission Line project and Tranche 3 of the Cardones Polpaico project in Interchile.
- (2) Acquisitions in CTMP for COP 153.344 associated with the investment in YANA and COYA projects, execution of goods and services of the MAMO project (Colcabamba wall), execution of Reinforcement 1 and Reinforcement 2 services of Center 1, and COP 24.416 in ISA REP for costs incurred in the project. Expansion 18, Expansion 19, Milestone 2, Expansion 20.



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Derecognitions for COP 3.002 in TELE correspond to obsolete programs and licenses or with subscription period expired, which are not operative.

(3) As every year at the end of the accounting period, ISA and its companies update free cash flows estimates expected to be received in the future from their investments in the different subsidiaries.

The calculation of the asset's financial value was made using the discounted free cash flow method for the explicit period of the projection and the calculation of its continuity value. This approach was made considering that the company is a business under operation for an indefinite period, which generates cash flows every year. Cash flows projected were prepared without the effects of cash inflows and outflows related to financial activities and without the effects of revenues or income tax payments, in accordance with the recommendations of CPC 01 (R1) - Impairment of assets (IAS 36).

The discount at present value of cash flows projected and their residual value was obtained by applying the weighted average cost of capital (WACC), calculated by using the capital asset pricing model (CAPM).

For the year ended as of December 31, 2019 the management of Internexa Brasil, according to CPC 01 (R1) - Impairment of assets (IAS 36), conducted the asset impairment test and found that the Ágio asset carrying value exceeded its recoverable value for a total of COP 42.453 (BRL 51,1), thus recognizing an impairment loss of such asset in its accounting records.

(4) Amortizations include the value loss of the asset's Customer Portfolio by COP 6.036 (BRL 7,4) of Internexa Brasil from intangible assets identified in the acquisition of the companies NQT and IPNET.

Amortization corresponds to the systematic distribution of the goodwill amount for the term of the concession.

12. LEASES

12.1 Leases when ISA and its companies are the lessees

ISA and its companies have leases mainly for their operation and are related to properties, grids and lines, lands, vehicles, substations components, and computer and communication equipment.

Property and land leases have average lease terms between 7 and 11 years; substation components have 7-year terms; grids and lines have 3-year terms; and vehicle, computer, and communication equipment have a 2-year term.

In general, the contracts of ISA and its companies contain regular adjustment clauses according to inflation rates, and assets leased are guaranteed by the title of the lessor.

ISA and its companies apply the exceptions proposed by the standard for lease of low-value underlying assets, which term will end in twelve months.

Carrying amounts of assets by the right of use and movements during the period are included in Note 10. Below are the carrying amounts of lease liabilities and movements during the period:



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		2019	2018
INITIAL BALANCE		18.231	20.591
Increase by implementation of IFRS 16		194.639	-
Additions		67.428	1.759
Withdrawals		6.638	-
Interest		16.060	2.097
Exchange difference		(2.925)	(237)
Lease payments		60.510	5.979
FINAL BALANCE	(14)	226.285	18.231

Below is the analysis of maturities of lease liabilities:

	2019	2018
Less than one year	49.722	2.028
Between one and five years	86.431	694
More than five years	90.132	15.509
TOTAL	226.285	18.231

These amounts are recognized in the consolidated results of the period from leases:

	2019	2018
Revenues from sublease of leased assets	3.363	1.454
Depreciation expenses of leased assets	50.607	3.401
Interest expense of lease liabilities	16.060	2.097
Short-term lease expenses	15.060	-
Lease expenses of low-value assets	4.984	-
Lease fees of operating leases recognized as an expense	-	56.674
Expenses related to variable lease payments	-	-
Gains (Losses) from sale transactions with subsequent lease	-	-
TOTAL AMOUNT RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(83.348)	(60.718)



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ISA and its companies had total cash outflows from leasing for the year for COP 80.554 million (COP 62.653 million in 2018).

12.2 Leases when ISA and its companies are the lessors

Operating lease

ISA and its companies have operating leases of energy infrastructure, dark fiber, machinery, and telecommunication equipment. These leases have remaining terms between 1 and 12 years. Usually, lease payments are updated according to the market indices.

ISA and its companies have insured their assets. ISA has not repurchase agreements or residual value guarantees.

Lease revenues recognized in the year amount to COP 38.832 million (COP 29.117 million in 2018).

Future minimum receivables from operating leases are:

	2019	2018
Less than one year	31.122	33.348
Between one and five years	66.456	86.421
More than five years	2.035	2.607

Finance leases

The Group has agreed finance leases of energy infrastructure. Their average term is 12 years. Usually, lease fees are updated according to the market indices.

ISA and its companies have insured their assets, and some of them include residual value guarantees.

Financial revenues from the net lease investment recognized in the year amount to COP 38.547 million (COP 34.902 million in 2018).

Below is the net lease investment and movements for the period:

	2019	2018
INITIAL BALANCE	263.167	234.987
Additions	89.801	11.714
Withdrawals	-	-
Interest	38.547	34.902
Exchange difference	2.076	21.518
Payments received from lessee	44.816	39.954
FINAL BALANCE	348.775	263.167



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Also, the minimum future collections from finance lease together with the current value of minimum lease payments:

	20)19	2018				
	MINIMUM PAYMENTS	CURRENT VALUE OF PAYMENTS	MINIMUM PAYMENTS	CURRENT VALUE OF PAYMENTS			
Less than one year	44.766	6.127	44.519	13.960			
Between one and five years	179.063	36.178	174.320	31.780			
More than five years	508.261	306.470	449.795	217.427			
TOTAL MINIMUM LEASE PAYMENTS	732.090	348.775	668.634	263.167			
less: non-accumulated financial revenue (or not accrued)	383.315	-	405.467	-			
CURRENT VALUE OF MINIMUM LEASE PAYMENTS	348.775	348.775	263.167	263.167			

13. FINANCIAL OBLIGATIONS

The balance of this item as of December 31, 2019 and 2018 is composed of bonds and financial liabilities, as shown below:

		20	19		20	18	
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bonds	<u>13.1</u>	632.718	10.838.218	11.470.936	431.026	9.359.353	9.790.379
Financial liabilities	13.2	1.065.323	5.221.298	6.286.621	1.320.606	6.079.601	7.400.207
TOTAL		1.698.041	16.059.516	17.757.557	1.751.632	15.438.954	17.190.586



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13.1 Outstanding bonds

As of December 2019, the debt represented in bonds reached COP 11.470.936 (2018: COP 9.790.379).

								019 (IILLION)		018 MILLION)
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTEREST	RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
COLOMBIA							3.300.000	3.332.081	3.523.000	3.549.119
ISA										
Tranche 4 Lot 1 Program	COP	07/04/2006	07/04/2026	20	CPI +	4,58%	-	-	118.500	120.812
Tranche 4 Lot 2 Program	COP	07/04/2006	07/04/2026	20	CPI +	4,58%	-	-	104.500	99.354
Tranche 7 Series A Program	COP	01/12/2011	01/12/2023	12	CPI +	4,47%	180.000	181.185	180.000	181.389
Tranche 7 Series B Program	COP	01/12/2011	01/12/2041	30	CPI +	4,84%	120.000	120.777	120.000	120.888
Tranche 8 Series C9 Program	COP	22/05/2013	22/05/2022	9	CPI +	2,84%	120.000	120.838	120.000	120.727
Tranche 8 Series C15 Program	COP	22/05/2013	22/05/2028	15	CPI +	3,25%	100.000	100.775	100.000	100.696
Tranche 9 Series C10 Program	COP	07/05/2015	07/05/2025	10	CPI +	3,80%	100.000	100.929	100.000	100.822
Tranche 9 Series C15 Program	COP	07/05/2015	07/05/2030	15	CPI +	4,14%	120.000	121.136	120.000	121.024
Tranche 9 Series C20 Program	COP	07/05/2015	07/05/2035	20	CPI +	4,34%	280.000	282.696	280.000	282.456
Tranche 10 Series C8 Program	COP	16/02/2016	16/02/2024	8	CPI +	4,73%	115.000	115.797	115.000	115.625
Tranche 10 Series C12 Program	COP	16/02/2016	16/02/2028	12	CPI +	5,05%	152.000	152.981	152.000	152.805
Tranche 10 Series C25 Program	COP	16/02/2016	16/02/2041	25	CPI +	5,38%	133.000	133.631	133.000	133.514
Tranche 11 Series A7 Program	СОР	18/04/2017	18/04/2024	7	Fixed rate	6,75%	260.780	264.003	260.780	263.980
Tranche 11 Series C15 Program	COP	18/04/2017	18/04/2032	15	CPI +	3,81%	196.300	198.820	196.300	198.412
Tranche 11 Series C25 Program	COP	18/04/2017	18/04/2042	25	CPI +	4,00%	242.920	246.084	242.920	245.590
Tranche 12 Series A8 Program	COP	28/11/2017	28/11/2025	8	Fixed rate	6,99%	150.080	150.836	150.080	150.818
Tranche 12 Series C14 Program	COP	28/11/2017	28/11/2031	14	CPI +	3,75%	120.100	120.690	120.100	120.581





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FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERES	ST RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Tranche 12 Series C30 Program	COP	28/11/2017	28/11/2047	30	CPI	+ 3,98%	229.820	230.955	229.820	230.766
Tranche 13 Series C9 Program	COP	25/07/2018	25/07/2027	9	CPI	+ 3,49%	156.500	158.523	156.500	158.201
Tranche 13 Series C15 Program	COP	25/07/2018	25/07/2033	15	CPI	+ 3,89%	142.063	143.991	142.063	143.708
Tranche 13 Series C25 Program	COP	25/07/2018	25/07/2043	25	CPI	+ 4,07%	201.437	204.223	201.437	203.827
TOTAL							3.120.000	3.148.870	3.343.000	3.365.995
TDANICELCA										
TRANSELCA	000	11/10/0011	11/10/0001	1.0	ODI	4.000/	00.000	01.407	00.000	01 074
Third issue Series A10	COP	11/10/2011	11/10/2021	10	CPI	+ 4,20%	80.000	81.407	80.000	81.374
Third issue Series A15	COP	11/10/2011	11/10/2026	15	CPI	+ 4,48%	100.000	101.804	100.000	101.750
TOTAL							180.000	183.211	180.000	183.124
PERÚ							3.305.881	3.315.598	1.997.492	1.984.876
REP										
2P 4th Issue (Series A)	USD	16/02/2007	16/02/2019	12	Libor(3M)	+ 0,75%	-	-	1.589	1.594
2P 20th Issue (Series A)	USD	20/01/2011	19/01/2026	15	Fixed Rate	6,50%	124.728	124.742	123.575	124.550
3P 4th Issue (Series A)	USD	19/10/2012	19/04/2031	19	Fixed Rate	5,88%	131.292	132.058	130.079	130.936
3P 1st Issue (Series A)*	PEN	07/11/2012	08/11/2022	10	Fixed Rate	5,38%	102.834	103.680	100.492	101.081
Fair Value Swap	USD						34.505	34.451	39.311	39.459
3P 1st Issue (Series B)*	PEN	07/02/2013	07/02/2023	10	Fixed Rate	5,13%	76.335	77.899	74.597	75.952
Fair Value Swap	USD						28.736	28.691	32.941	32.744
3P 7th Issue (Series A)	USD	14/07/2014	14/07/2021	7	Fixed Rate	3,75%	21.882	22.193	32.520	32.981
TOTAL							520.312	523.714	535.104	539.297





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FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERES	ST RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
CONSORCIO TRANSMANTAF	RO 0									
CTM International Bonds 144A	USD	07/05/2013	07/05/2023	10	Fixed Rate	4,38%	1.474.713	1.475.513	1.462.388	1.445.579
CTM International Bonds 144A	USD	16/04/2019	16/04/2034	15	Fixed Rate	4,70%	1.310.856	1.316.371	-	-
TOTAL							2.785.569	2.791.884	1.462.388	1.445.579
BRAZIL							1.674.738	1.661.112	1.418.643	1.421.478
СТЕЕР										
Debentures 4ª Emissão	BRL	15/07/2016	15/07/2021	5	IPCA	+ 6,04%	134.483	137.034	133.723	136.142
Debentures 5ª Emissão	BRL	30/03/2017	15/02/2024	7	IPCA	+ 5,04%	266.406	273.923	264.925	272.614
Debentures 6ª Emissão	BRL	15/12/2017	13/12/2020	3	106%	CDI	284.566	284.865	293.541	293.818
Debentures 7ª Emissão	BRL	02/05/2018	15/04/2025	7	IPCA	+ 4,70%	535.746	529.306	532.717	526.282
Debentures 8ª Emissão	BRL	20/12/2019	15/12/2029	10	IPCA	+ 3,50%	333.308	316.794	-	-
TOTAL							1.554.509	1.541.922	1.224.906	1.228.856
ISA INVESTIMENTOS E PAR	RTICIPAÇÕES									
Tranche 1	BRL	12/06/2017	12/06/2022	5	CDI	+ 1,68%	120.229	119.190	193.737	192.622
TOTAL							120.229	119.190	193.737	192.622





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								19 ILLION)	20 (COP MI	
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTEREST RATE		NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VA- LUE	AMORTIZED COST VALUE
CHILE							3.375.034	3.162.145	3.149.667	2.834.906
RUTA DEL MAIPO										
Bond 144A **	USD	29/08/2001	15/06/2022	21	Fixed Rate	7,37%	347.912	343.171	514.966	505.481
Fair Value Swap	USD						112.198	112.198	204.036	204.036
Bond Series C	UF	01/08/2018	15/06/2025	7	Fixed Rate	4,85%	718.672	661.910	747.838	639.721
Bond Series D	UF	01/08/2018	15/12/2030	12	Fixed Rate	3,20%	1.118.669	1.029.122	1.127.971	934.040
Bond Series E	UF	07/08/2018	15/12/2024	6	Fixed Rate	2,30%	123.909	114.082	128.937	129.676
Bond Series E	UF	20/06/2019	15/12/2030	11	Fixed Rate	2,30%	626.629	575.341	-	-
TOTAL							3.047.989	2.835.824	2.723.748	2.412.954
RUTA DEL BOSQUE										
Bond Series A	UF	21/03/2001	15/03/2021	20	Fixed Rate	6,30%	129.944	131.094	220.821	220.940
Bond Series B	UF	30/10/2006	15/06/2022	16	Fixed Rate	3,40%	197.101	195.227	205.098	201.012
TOTAL							327.045	326.321	425.919	421.952
TOTAL BONDS							11.655.653	11.470.936	10.088.802	9.790.379

- * Bonds issued in PEN and a SWAP was carried out into USD.
- ** Bonds issued in USD and a SWAP was carried out into UF.



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The following relevant events took place in 2019, which explain the variation in balance for the outstanding bonds:

INTERCONEXIÓN ELÉCTRICA

In April 2019, the prepayment option for Lots 1 and 2 of the Fourth Tranche of ISA's Program for Issuance and Placement of Internal Public Debt Securities was exercised for COP 223 billion, with an exercise price equivalent to 103,5% of the amortized value, i.e. COP 230.805 million.

RED DE ENERGÍA DEL PERÚ (REP)

In January and July, repayments for USD 3,3 million were made to the Seventh Issuance (Series A) of the Third Corporate Bonds Program.

In February, repayments for USD 488.636 to the Fourth Issuance (Series A) of the Second Corporate Bonds Program were made, having paid the total amount.

CONSORCIO TRANSMANTARO

In April, international "green" bonds were issued for USD 400 million for a 15-year term and with a profile of amortizations as of year eleven (soft-bullet). Resources from the placement shall be used to finance or refinance new or existing projects related to energy efficiency.

CTEEP

In December, debentures were issued for BRL 409,3 million with due date December 2029. Resources from the placement shall be used for investments in affiliates.

ISA Investimentos e Participações

In February, June, August, and December, ISA made payments to holders of debentures for BRL 83,1 million.

RUTA DEL MAIPO

In June, ISA issued bonds for UF 5 million to finance new works.

In June and December, ISA paid to holders of 144A Bonds an amount of USD 30,9 million; and Local Bonds Series D and F earned interest for UF 141.073,4 and UF 57.173,12, respectively.

RUTA DEL BOSQUE

In March and September, a payment was made to holders of Series A for UF 663.910.

The following is the detail of maturities for outstanding bonds:

Short-term		632.718
Long-term		10.838.218
2021	484.687	
2022	582.545	
2023	2.040.143	
2024 and after	7.730.843	
		11.470.936



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13.2 Financial liabilities

As of December 2019, debt represented in financial obligations amounted to COP 6.286.621 (2018: COP 7,400,207).

								2019 (COP MILLION)		2018 (COP MILLION)	
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERE	ST	RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
COLOMBIA								1.840.815	1.857.651	1.452.907	1.465.974
ISA											
Banco de Bogotá	COP	26/02/2015	26/02/2022	7	CPI	+	3,60%	111.216	114.128	155.703	159.169
BBVA	COP	23/02/2016	23/02/2023	7	CPI	+	2,99%	175.000	178.607	225.000	228.393
BBVA	COP	09/10/2017	09/10/2027	10	CPI	+	4,80%	50.000	50.996	50.000	50.877
Banco Davivienda	COP	09/10/2017	09/10/2027	10	CPI	+	4,80%	50.000	50.996	50.000	50.877
BBVA	COP	07/11/2017	07/11/2027	10	CPI	+	4,80%	90.000	91.111	90.000	90.938
Banco Davivienda	COP	07/11/2017	07/11/2027	10	CPI	+	4,80%	90.000	91.111	90.000	90.938
BBVA	COP	14/12/2017	14/12/2027	10	CPI	+	4,80%	60.000	60.194	60.000	60.073
Banco Davivienda	COP	14/12/2017	14/12/2027	10	CPI	+	4,80%	260.000	260.841	260.000	260.315
Scotiabank	USD	27/12/2018	27/12/2023	5	LIBOR (6M)	+	1,20%	163.857	163.532	162.487	162.559
Scotiabank	USD	26/02/2019	27/12/2023	5	LIBOR (6M)	+	1,20%	163.857	163.690	-	-
Bancolombia	COP	19/11/2019	19/11/2029	10	IBR (6M)	+	2,56%	150.000	151.151	-	-
Banco Davivienda	COP	19/11/2019	19/11/2031	12	CPI	+	4,65%	150.000	151.442	-	-
TOTAL								1.513.930	1.527.799	1.143.190	1.154.139



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							(COP MILLION)		(COP MILLION)		
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTER	EST	RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
ITX											
Banco Popular	COP	08/06/2017	08/06/2024	7	IBR (3M)	+	3,75%	13.947	14.010	14.000	14.068
Banco Popular	COP	10/08/2017	10/08/2024	7	IBR (3M)	+	3,75%	31.817	32.138	32.000	32.317
Banco Popular	COP	26/12/2017	26/12/2024	7	IBR (3M)	+	3,75%	9.962	9.972	10.000	10.011
Bancolombia	COP	11/05/2018	11/05/2028	10	IBR (6M)	+	2,20%	59.467	59.998	59.467	60.000
Bancolombia	COP	26/06/2018	26/06/2019	1	IBR (3M)	+	1,78%	-	-	12.000	12.008
Bancolombia	COP	02/11/2018	02/11/2028	10	IBR (6M)	+	2,20%	23.000	23.241	23.000	23.215
Bancolombia	COP	19/02/2019	19/02/2029	10	IBR (6M)	+	2,20%	5.530	5.660	-	-
Banco de Bogotá	COP	11/03/2019	11/03/2020	1	IBR (3M)	+	2,30%	3.947	3.962	-	-
Banco Davivienda	COP	23/05/2019	23/05/2029	10	IBR (6M)	+	3,30%	9.000	9.075	-	-
Banco Davivienda	СОР	01/08/2019	23/05/2029	10	IBR (6M)	+	3,30%	9.000	9.071	-	-
IBM Capitals	COP	01/11/2019	01/07/2020	1	Fixed Rate		5,50%	1.165	1.165	-	-
Bancolombia	COP	29/11/2019	29/11/2020	1	IBR (3M)	+	1,73%	2.000	2.010	-	-
TOTAL								168.835	170.302	150.467	151.619

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)19 IILLION)	2018 (COP MILLION)		
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERES	ST F	RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	
TRANSELCA												
Banco de Bogotá	COP	12/11/2015	12/11/2020	5	CPI	+	2,87%	-		82.500	83.077	
BBVA	COP	25/08/2015	25/08/2020	5	CPI	+	2,45%	-	-	26.250	26.388	
Banco de Bogotá	COP	28/12/2015	28/12/2020	5	CPI	+	2,87%	-	-	5.500	5.489	
Banco de Occidente	COP	18/10/2016	18/10/2023	7	CPI	+	5,25%	-	-	24.000	24.314	
Banco Davivienda	СОР	30/11/2016	30/11/2023	7	CPI	+	4,99%	-	-	21.000	20.948	
Banco de Bogotá	COP	12/02/2019	12/02/2026	7	CPI	+	4,25%	82.500	83.401	-	-	
Banco de Bogotá	COP	12/02/2019	12/02/2026	7	CPI	+	4,25%	5.500	5.567	-	-	
Banco Davivienda	COP	27/02/2019	27/02/2029	10	IBR (3M)	+	4,05%	47.250	47.606	-	-	
Banco de Occidente	COP	06/03/2019	06/03/2026	7	CPI	+	4,25%	22.800	22.976	-	-	
TOTAL								158.050	159.550	159.250	160.216	
PERÚ								297.546	299.314	1.548.476	1.557.011	
REP												
Scotiabank	USD	27/03/2017	27/03/2019	2	Fixed Rate		2,60%	-	-	129.990	132.602	
Scotiabank	USD	26/03/2018	26/03/2019	1	Fixed Rate		2,60%	-	-	90.993	92.162	
Scotiabank	USD	20/09/2019	13/09/2025	6	Fixed Rate		3,10%	229.400	231.393	-	-	
TOTAL								229.400	231.393	220.983	224.764	



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FINANCING SOURCE	USD	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERES	T RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Banco de Crédito del Perú Interbank	USD	18/03/2015								COST VALUE
Banco de Crédito del Perú Interbank	USD	18/03/2015	40406:55							
			18/03/2027	12	Fixed Rate	5,55%	-	-	748.298	750.937
Citibank NA	1100	19/11/2015	03/11/2024		Fixed Rate	4,64%	-	-	284.622	284.378
	USD	24/01/2018	24/01/2019	1	Fixed Rate	2,75%	-	-	87.743	88.222
Scotiabank	USD	26/03/2018	26/03/2019	1	Fixed Rate	2,60%	-	-	113.741	116.035
TOTAL							-		1.234.404	1.239.572
ISA PERÚ										
Interbank	USD	16/10/2015	09/09/2022	7	Fixed Rate	5,02%	-	-	62.758	62.263
Banco de Crédito del Perú	USD	01/07/2016	02/01/2019	3	Fixed Rate	2,85%	-	-	12.999	12.901
Interbank	USD	17/12/2019	25/12/2025	6	Fixed Rate	3,80%	51.542	51.164	-	-
TOTAL							51.542	51.164	75.757	75.164
ITX PERÚ										
Bancolombia Panamá	USD	05/02/2016	28/07/2024	8	Libor(6M)	+ 3,22%	16.604	16.757	17.332	17.512
TOTAL							16.604	16.757	17.332	17.512
BRAZIL							1.177.111	1.186.018	1.349.981	1.389.936
СТЕЕР										
ELETROBRAS	BRL	08/01/1990	15/11/2021	32	Fixed Rate	8,00%	26	28	58	58
BNDES III (FINEM)	BRL		15/03/2029	15		+ 1,80%	144.462	144.858	164.624	164.971
BNDES III (PSI)	BRL	29/01/2014	15/01/2024		Fixed Rate	3,50%	33.900	33.874	43.533	43.469



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BNDES PSI Santander II	BRL	30/12/2014	15/11/2019	5	Fixed Rate		6,00%	-	-	1.768	1.772
BNDES III (Social)	BRL	29/01/2014	15/03/2029	15	TJLP	+	0,00%	1.201	21	1.368	20
BTMU	USD	20/07/2018	20/07/2020	2	Fixed Rate		3,34%	246.941	248.848	232.151	246.492
Citibank	USD	24/08/2018	24/08/2020	2	Libor(3M)	+	0,47%	245.182	245.870	232.151	244.919
Citibank	USD	08/11/2018	08/11/2019	1	CDI		102,50%	-	-	190.526	195.523
Fair Value Swap	USD							749	749	(197)	(197)
BNDES IV	BRL	08/08/2017	15/03/2032	15	TJLP	+	2,62%	190.543	190.370	127.101	126.631
TOTAL								863.004	864.618	993.083	1.023.658
IEMG											
BNDES (FINEM)	BRL	27/03/2009	15/04/2023	14	TJLP	+	2,39%	13.719	14.318	18.415	19.140
TOTAL								13.719	14.318	18.415	19.140
IEPIN											
BNDES (PSI)	BRL	28/01/2011	15/01/2021	10	Fixed Rate		5,50%	8.021	8.853	15.911	17.558
BNDES (FINEM)	BRL	28/01/2011	15/05/2026	15	TJLP	+	2,62%	16.839	18.965	20.188	22.662
BNDES (PSI)	BRL	12/09/2013	17/04/2023	10	Fixed Rate		3,50%	4.832	4.908	6.480	6.581
BNDES (FINEM)	BRL	12/09/2013	15/02/2028	14	TJLP	+	2,06%	3.392	3.644	3.928	4.206
TOTAL								33.084	36.370	46.507	51.007
IE SERRA DO JAPI											
BNDES (FINEM)	BRL	18/11/2011	15/05/2026	14	TJLP	+	1,95%	18.651	20.116	22.237	23.928
BNDES (FINEM)		18/11/2011	15/05/2026	14	TJLP		1,55%	16.144	17.383	19.249	20.678
TOTAL	5.(2	20. 22, 2011	10, 03, 2020	- 1	.02.	•	_,00,73	34.795	37.499	41.486	44.606



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IENNE											
Banco do Nordeste	BRL	19/05/2010	19/05/2030	20	Fixed Rate		10,00%	129.924	130.337	143.565	143.986
TOTAL	DIL	13/00/2010	13/00/2000	20	Tixed Nate		10,0070	129.924	130.337	143.565	143.986
IESUL											
BNDES	BRL	21/12/2010	15/05/2025	14	TJLP	+	2,58%	3.349	3.363	4.083	4.096
BNDES	BRL	21/12/2010	15/01/2021	10	Fixed Rate		5,50%	986	986	1.952	1.958
BNDES	BRL	28/07/2013	15/02/2028	15	TJLP	+	2,58%	5.490	5.506	6.335	6.350
BNDES	BRL	28/07/2013	15/04/2023	10	Fixed Rate		3,00%	3.227	3.230	4.325	4.336
TOTAL								13.052	13.085	16.696	16.740
INTERNEXA IN BRASIL											
ITAU Panamá	USD	13/12/2013	13/12/2020	7	Libor(6M)	+	3,50%	8.193	8.228	16.249	16.322
ITAU	BRL	21/06/2019	23/03/2020	1	CDI	+	2,47%	8.964	8.976	3.224	3.230
BNDES	BRL	15/10/2014	15/08/2020	6	Fixed Rate		6,00%	109	109	525	526
Banco Santander	BRL	21/11/2016	07/02/2022	5	CDI	+	5,40%	9.025	9.113	8.349	8.448
Banco Safra	BRL		17/11/2022	5	CDI	+	1,80%	24.391	24.440	25.161	25.269
Banco ABC	BRL		06/03/2023	5	CDI	+	3,91%	11.207	11.227	12.240	12.240
Banco ABC	BRL			5	CDI	+	3,41%	12.196	12.214	12.580	12.601
ITAU Panamá	USD		12/06/2019	0	Libor(6M)	+	1,75%	-	-	4.062	4.063
ITAU	BRL		23/03/2020	1	CDI	+	2,03%	3.252	3.256	-	-
Banco Safra TOTAL	BRL	10/05/2019	10/05/2024	5	CDI	+	2,50%	12.196 89.533	12.228 89.791	82.390	82.699





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BOLIVIA								-		7.840	8.100
ISA BOLIVIA											
BID	USD	15/08/2005	15/02/2019	14	Fixed Rate		9,71%	-	-	3.875	4.019
CAF	USD	15/08/2005	15/02/2019	14	Li- bor(6M)	+	5,00%	-	-	2.875	2.958
BID	USD	07/05/2009	15/02/2019	10	Fixed Rate		8,16%	-	-	616	635
CAF	USD	07/05/2009	15/02/2019	10	Li- bor(6M)	+	5,00%	-	-	474	488
TOTAL								-	-	7.840	8.100
CHILE								3.080.221	2.943.636	3.139.267	2.987.285
ITX CHILE											
Scotiabank	CLP	28/01/2015	28/07/2022	8	TAB (180)	+	1,40%	11.693	11.892	12.496	12.754
BCI	CLP	08/03/2017	04/03/2022	5	TAB (180)	+	1,50%	13.860	14.070	17.774	18.085
TOTAL								25.553	25.962	30.270	30.839



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RUTA ARAUCANIA										
Banco de Chile Tranche A2	UF	17/03/2014	15/09/2022	9	Fixed Rate 4	,04%	-		11.984	
Banco de Chile Tranche A3	UF	15/03/2012	15/09/2022	11	Fixed Rate 4	,53%	23.546		46.961	
Banco de Chile Tranche B1	UF	15/03/2017	15/09/2022	6	TAB (360) + 0),95%	45.497		58.775	
Banco de Chile Tranche B2	UF	15/09/2012	15/09/2022	10	TAB (360) + 0),95%	34.709	102.041	43.001	
Banco de Chile Tranche C1	UF	15/03/2017	15/09/2022	6	TAB (360) + 0),95%	34.275	193.041	38.677	
Banco de Chile Tranche C2	UF	15/09/2016	15/09/2022	6	TAB (360) + 0),95%	29.259		34.525	
Banco de Chile Tranche D1	UF	15/03/2017	15/09/2022	6	TAB (360) + 0),95%	14.768		18.485	
Banco de Chile Tranche D2	UF	15/09/2016	15/09/2022	6	TAB (360) + 0),95%	10.644		15.773	
Banco de Chile Tranche F1	CLP	03/10/2018	03/03/2025	6	TAB (30) + 1	,33%	13.246	12.073	3.015	1.182
Banco Corpbanca A2	UF	17/03/2014	15/09/2022	9	Fixed Rate 4	,04%	-		5.757	
Banco Corpbanca A3	UF	15/03/2012	15/09/2022	11	Fixed Rate 4	,53%	3.779		7.537	
Banco Corpbanca B1	UF	15/03/2011	15/09/2022	12	TAB (360) + 0),95%	21.856	70 701	28.235	110 710
Banco Corpbanca B2	UF	15/09/2012	15/09/2022	10	TAB (360) + 0),95%	16.674	78.784	20.657	110.710
Banco Corpbanca C1	UF	15/03/2017	15/09/2022	6	TAB (360) + 0),95%	5.501		6.208	
Banco Corpbanca C2	UF	15/09/2016	15/09/2022	6	TAB (360) + 0),95%	4.696		5.541	

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FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM YEARS	INTERE	ST I	RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Banco Corpbanca D1	UF	15/03/2017	15/09/2022	6	TAB (360)	+	0,95%	7.094		8.880	
Banco Corpbanca D2	UF	15/09/2016	15/09/2022	6	TAB (360)	+	0,95%	5.113		7.577	
Banco Corpbanca E1	UF	17/03/2014	15/09/2022	9	Fixed Rate		2,85%	1.883		1.959	
Banco Corpbanca E2	UF	16/09/2013	15/09/2022	9	Fixed Rate		3,06%	1.883		5.552	
Banco Corpbanca E3	UF	15/03/2017	15/09/2022	6	TAB (360)	+	0,95%	5.482		6.186	
Banco Corpbanca E4	UF	15/09/2016	15/09/2022	6	TAB (360)	+	0,95%	4.680		5.522	
Banco Corpbanca F1	CLP	03/10/2018	03/03/2025	6	TAB (30)	+	1,33%	5.451	4.984	1.241	486
Banco del Estado A2	UF	17/03/2014	15/09/2022	9	Fixed Rate		4,04%	-		5.757	
Banco del Estado A3	UF	15/03/2012	15/09/2022	11	Fixed Rate		4,53%	11.311		22.560	
Banco del Estado B1	UF	15/03/2011	15/09/2022	12	TAB (360)	+	0,95%	21.856		28.235	
Banco del Estado B2	UF	15/09/2012	15/09/2022	10	TAB (360)	+	0,95%	16.674		20.657	
Banco del Estado C1	UF	15/03/2017	15/09/2022	6	TAB (360)	+	0,95%	16.466		18.580	
Banco del Estado C2	UF	15/09/2016	15/09/2022	6	TAB (360)	+	0,95%	14.056	106.687	16.586	147.613
Banco del Estado D1	UF	15/03/2017	15/09/2022	6	TAB (360)	+	0,95%	7.094	100.007	8.880	147.013
Banco del Estado D2	UF	15/09/2016	15/09/2022	6	TAB (360)	+	0,95%	5.113		7.577	
Banco del Estado E1	UF	17/03/2014	15/09/2022	9	Fixed Rate		2,85%	1.883		1.959	
Banco del Estado E2	UF	16/09/2013	15/09/2022	9	Fixed Rate		3,06%	1.883		5.552	
Banco del Estado E3	UF	15/03/2017	15/09/2022	6	TAB (360)	+	0,95%	5.482		6.186	
Banco del Estado E4	UF	15/09/2016	15/09/2022	6	TAB (360)	+	0,95%	4.680		5.522	
Banco del Estado F1	CLP	03/10/2018	03/03/2025	6	TAB (30)	+	1,33%	7.275	6.615	1.656	649
TOTAL								403.809	402.184	531.755	529.506



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RUTA DE LOS RIOS										
Banco BICE	UF	21/09/2016	15/08/2022	6	Fixed Rate	3,40%	102.720	104.254	141.423	141.728
Banco Security	UF	21/09/2016	15/08/2022	6	Fixed Rate	3,40%	37.866	35.893	52.133	52.245
Banco BICE	UF	04/01/2019	15/12/2022	4	Fixed Rate	3,15%	15.005	15.005	-	-
Banco BCI	UF	04/01/2019	15/12/2022	4	Fixed Rate	3,15%	17.521	17.843	-	-
Banco BCI	UF	15/03/2019	15/03/2020	1	TAB (360)	0,90%	6.429	5.946	-	-
Banco BICE	UF	15/03/2019	15/03/2020	1	TAB (360)	0,90%	5.506	5.506	-	-
TOTAL							185.047	184.447	193.556	193.973
RUTA DEL MAIPO										
Banco del Estado	UF	30/10/2018	25/09/2019	1	TAB (90)	+ 0,50%	-	-	6.443	6.460
Banco del Estado	UF	16/11/2018	14/02/2019	0	TAB (90)	+ 0,50%	-	-	14.525	10.255
TOTAL							-	-	20.968	16.715
RUTA DEL LOA										
Banco Santander Chile	UF	27/09/2018	15/06/2050	32	Fixed Rate	3,85%	6.116	4.970	4.107	6.803
Compañía de Seguros Euroamérica	u UF	27/09/2018	15/06/2050	32	Fixed Rate	3,85%	61.122	47.496	41.041	29.442
Compañía de Seguros Confuturo	UF	27/09/2018	15/06/2050	32	Fixed Rate	3,85%	24.454	19.003	16.420	11.779
Banco Santander Chile	CLP	27/09/2018	15/06/2022	4	TAB (30)	+ 1,10%	11.836	11.880	6.917	2.946
TOTAL							103.528	83.349	68.485	50.970

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INTERCHILE										
Banco Estado	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.840	204.809	215.557	203.434
Scotiabank Chile	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.840	204.809	215.557	203.434
ВТМИ	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	259.260	246.012	258.921	244.365
CA-CIB	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.840	204.809	215.557	203.434
NATIXIS	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.527	204.809	215.557	203.434
SMBC	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	259.573	246.012	258.921	244.365
KFW	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.840	204.809	215.557	203.434
LA CAIXA	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	215.840	204.809	215.557	203.434
SIEMENS	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	216.300	204.809	215.557	203.434
SABADELL	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	152.657	144.237	151.801	143.270
SUMITRUST	USD	24/05/2016	31/03/2031	15	Libor(3M) +	2,25%	59.682	57.697	60.721	57.316
Fair Value Swap	USD						117.399	117.399	-33.524	-33.524
Banco Estado	CLP	24/05/2016	31/03/2020	4	TAB (90) +	1,10%	895	892	29.498	28.484
BBVA	CLP	24/05/2016	31/03/2020	4	TAB (90) +	1,10%	895	892	29.498	28.484
BICE	CLP	24/05/2016	31/03/2020	4	TAB (90) +	1,10%	896	892	29.498	28.484
TOTAL							2.362.284	2.247.696	2.294.233	2.165.282
TOTAL FINANCIA	I ORLIGATIO	NS					6.395.693	6 286 621	7.490.631	7.400.207



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The following relevant events took place in 2019, which explain the debt change:

INTERCONEXIÓN ELÉCTRICA

In February, payments for COP 22.243 million corresponding to the loan with Banco de Bogotá and for COP 25 billion corresponding to the loan with BBVA were made. Likewise, a disbursement for USD 50 million was received from Scotiabank to cover needs of the 2019 investment plan.

In August, payments for COP 22.243 million were made, corresponding to the loan with Banco de Bogotá and for COP 25 billion corresponding to the loan with BBVA.

In November, disbursements were received for COP 150 billion from Bancolombia and for COP 150 billion from Davivienda to cover needs of the 2019 investment plan.

TRANSELCA

In January, a payment for COP 1.200 million was made for the loan with Banco de Occidente.

In February and March, a debt management operation was made whereby the existing debt conditions (improve the maturity profile and extend the average life) were modified with Banco de Occidente and Banco de Bogotá for COP 110.800 million. Likewise, financial liabilities with Banco Davivienda and BBVA were replaced through a new loan with Banco Davivienda, under the Findeter modality, for COP 47.250 million.

In August, a disbursement from a cash credit from Bancolombia for COP 6 billion was received for working capital, which was totally paid in December.

INTERNEXA

In February, a disbursement of COP 5.530 million was received from Bancolombia to finance the installment payment of the submarine cable, corresponding to 2019.

In March, a disbursement for a credit loan from Banco de Bogotá for COP 5.247,5 million, was received.

In April and August, disbursements for COP 18 billion were received from Banco Davivienda to finance the 2019 investment plan.

In June, the credit loan for COP 12 billion with Bancolombia was repaid.

In August, a capital repayment for COP 274 million was made to Banco Popular for debt management operation, in which the interest rate of current loans was negotiated.

In November, disbursements through credit loans were received: (i) IBM Capital for COP 1.491,2 million, of which COP 326 million have been repaid, and (ii) Bancolombia for COP 2 billion.

REP

In March, loans with Scotiabank were renewed for 6 months for USD 40 million and USD 28 million.

In May, a disbursement for USD 25 million was received from Banco de Crédito del Perú for cash flow, which was repaid in August, having paid the total amount.

In September, a disbursement for USD 70 million was received from Scotiabank to prepay short-term bank loans agreed with Scotiabank and other corporate purposes.



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CONSORCIO TRANSMANTARO

In January, a loan payment for USD 27 was made million to Citibank, having paid the total amount.

In March, payments for USD 3,9 million and USD 3,1 million were made to Banco de Crédito del Perú and Interbank, respectively. Additionally, the loan for USD 35 million with Scotiabank was renewed for 30 days.

In April, a debt management operation consisting on using a part of the resources of the international "green" bond issues to prepay existing loans for USD 345,7 million was made.

In May, a disbursement for USD 15 million was received for cash flow.

In August, payments for USD 15 million were made to Banco de Crédito del Perú S.A., having paid the total amount.

ISA PERÚ

In January, a payment for USD 4 million was made to Banco de Crédito del Perú, having paid the total amount.

In March, June, and September, payments for USD 3,6 million were made to Interbank.

In December, a debt management operation was made, consisting on refinancing the loan for a balance of USD 15,7 million with Interbank, within a period of 6 years with the same bank.

INTERNEXA IN PERÚ

In October, a payment for USD 0,26 million was made to Banco Interbank.

CTEEP

In January and June, disbursements for BRL 80 million and BRL 20 million were received, respectively, from BNDES, used as resources for investments.

For the year, payments for BRL 47,4 million have been made to BNDES.

In November, a loan payment for USD 75 million was made to Citibank, having paid the total amount.

IE Minas Gerais -IEMG-

For the year, payments for BRL 5,1 million were made to BNDES.

IE Pinheheiros –IE PINHEIROS-

For the year, payments for BRL 14,8 million were made to BNDES.

SERRA DO JAPI

For the year, payments for BRL 6,7 million were made to BNDES.

IENNE

For the year, payments for BRL 11,3 million were made to BNDES.

IESUL

For the year, payments for BRL 3,9 million were made to BNDES.

INTERNEXA IN BRAZIL

For the year, payments for BRL 491.789 and BRL 810.811 were made to BNDES and Banco ABC, respectively.



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In March, a disbursement of BRL 15 million was received from Banco Safra to finance the installment payment of the submarine cable, corresponding to 2019.

Between March and June, a disbursement for BRL 15 million was received from Banco ITAU to replace the loan with the same bank.

In June and December, capital repayments for USD 3,75 million were made to Banco UTAÚ Panamá.

In November, a debt management operation for BRL 11,1 million was made with Banco Santander, in which the term was extended and interests were capitalized on the operation date.

ISA BOLIVIA

In February, payments for 1,4 million were made to IDB and for USD 1 million to Corporación Andina de Fomento (CAF), having paid the total loan.

RUTA DEL MAIPO

In January, February, March, April, and May, disbursements from the bridge loan for UF 128.115 with Banco del Estado were received.

In June, the bridge loan for UF 290.736 was prepaid.

RUTA DE LA ARAUCANÍA

For the year, disbursements for CLP 2.236,3, CLP 920,4 and CLP 1.228,2, respectively, were received from Banco de Chile, Banco Corpbanca and Banco del Estado.

In March and September, payments for UFC 524.771, UF 215.441 and UF 288.751 were made to Banco de Chile, Banco Corpbanca and Banco del Estado, respectively.

RUTA DE LOS RÍOS

In January, March, April, May, June, July, and August, disbursements for UF 213.492 were received from Banco BCI and UF 182.825 from Banco BICE.

In September, payments for UF 170.325 and UF 62.787 were made to Banco BICE and Banco Security, respectively.

RUTA DEL LOA

For the year, disbursements as part of the senior loan to finance the project for UF 262.050 were received. Additionally, disbursements as part of the VAT line for CLP 1.225 million were received.

INTERCHILE

In March, disbursements as part of the senior loan to finance the project for USD 14,8 million were received.

In March, June, and September, the senior loan for USD 19,7 million was amortized.

In March and December, payments as part of the VAT line loan for CLP 15.736,6 and CLP 2.568,6, respectively, were made.



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The following chart shows the maturity of financial obligations by year:

Short-term		1.065.323
Long-term		5.221.298
2021	577.950	
2022	518.100	
2023	644.215	
2024 and after	3.481.033	
TOTAL		6.286.621

Some obligations are secured. (See Note 32).

13.3 Derivative financial instruments

Four subsidiaries of the Group had derivative hedging instruments, which are supported by bonds and financial obligations:

COMPANY		DERIVATIVE	SUBJACENT	2019	2018
RED DE ENERGÍA DEL PERÚ (REP)	(1)	Cross currency swap	Bonds	63.142	72.203
Ruta del Maipo Sociedad Concesionaria S.A.	(2)	Cross currency swap	Bonds	112.198	204.036
INTERCHILE S.A.	(3)	Interest rate swap	Financial liabilities	117.399	(33.524)
COMPANHIA DE TRANSMISSÃO DE ENERGÍA ELÉTRICA PAULISTA (CTEEP)	(4)	Cross currency swap	Financial liabilities	748	(198)
TOTAL				293.487	242.517

(1) ISA REP: To mitigate the cash flow risk generated by debt coupons from the debt in soles due to the potential volatility of the exchange rate, and taking into account that the functional currency of this company is the USD, cross currency swap hedge contracts have been signed, which were classified as cash flow hedge derivatives, since they have

the purpose of eliminating uncertainties in the interest payment in Soles made by the company, as a result of exchange rate variations.

On November 8, 2012 and February 7, 2013, ISA REP entered into cross currency swap contracts with BBVA Banco Continental for an amount of S/.104.140.000 and



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S/.77.305.000, with due date November 2022 and February 2023, at an annual nominal rate of 5,375% and 5,1250%, respectively, thereby hedge the cash flows in soles resulting from the volatility of the exchange rate associated with the First Issuance Series A and First Issuance Series B of the Third Corporate Bond Program, for which it pays USD 39.998.464 and USD 29.999.924 at an annual nominal rate of 4,760% and 4,990%, respectively, which flows are liquidated on a semiannual basis. Critical deadlines of hedge contracts have been negotiated to match deadlines of their obligations.

As of 31 December 2019, ISA REP has recognized, in liabilities, a market value of cross currency swap contracts for USD 19.267.302; the effectiveness of these contracts has not been affected since no relevant ineffectiveness has emerged.

(2) RUTA DEL MAIPO: This company owns a cross currency swap as hedging instrument, which purpose is to reduce exposure to the variation in future cash flows caused by the variation in the exchange rate that affects the bond denominated in US dollars and the UF variation due to future flows from toll collection.

For these hedge operations, the gain or loss of the hedging instrument determined as effective hedge will be recognized in the net equity via other comprehensive income, while the ineffective portion of the gain or loss of the hedging instrument must be recognized in the income of the period.

In August 2001, the company issued, in the United States of America, a bond with nominal value of USD 421 million and an annual interest rate of 7,373%; this instrument pays interest biannually, in June and December, and started paying principal on June 15, 2009 ending on June 15, 2022. In May 2005, the company entered into this hedging instrument with the Official Credit Institute of Spain (Instituto de Crédito Oficial de España, ICO) in order to exchange flows in US dollars, originated by the bond, for certain flows in development units (Unidades de Fomento, UF).

Accordingly, during the hedge period, ICO undertakes to deliver the flow in US dollars and the company undertakes to pay a fixed amount of UF for such US dollars. The fair value

of the hedging instrument corresponds to the difference in the present value of the flow in UF and the flow in US dollars of the future semiannual payments. Present values are calculated using a projection of future interest rates, Unidades de Fomento (Development Units) and US dollars, respectively.

This swap is registered for an amount of USD 34.236.651 as of December 2019.

(3) **ISA INTERCHILE:** In February 2016, this company signed a debt contract in USD to finance works for the construction project and entry into operation of 917 kilometers of lines in Chile. This project has an initial construction term for three years and then an operation stage.

Therefore, from 2016 to 2019, ISA INTERCHILE made an interest rate swap hedge transaction for USD 716.653.828, to hedge market risks by future commitments from debts disbursed during such period, focusing on the Libor three-month interest rate. Such risk is directly materialized by the positive variation of such rate. The swap operation was made with the following financial institutions: Banco Estado, Bank of Tokio, BBVA, Credit Agricole, Natixis and SMBC.

The total nominal value of this instrument is USD 716.653.828 at a fixed interest rate of 2,51%. This swap is registered for an amount of USD 35.823.653 as of December 2019.

(4) ISA CTEEP:

- The company registers two cross currency swap hedging instruments, for USD 75.000.000 with the financial entity The Bank of Tokyo-Mitsubishi UFJ, LTD, due July 20, 2020; and for USD 75.000.000 with Citibank due August 24, 2020. The purpose of these operations was to mitigate the local exchange rate risk against the US dollar, to which loans taken out by the company with The Bank of Tokyo-Mitsubishi UFJ, LTD and Citibank for USD 150.000.000 are exposed.
- II) The affiliate agreed to USD/BRL exchange rate forward transactions for USD 29,3 million to mitigate the foreign exchange risk from obligations undertaken in US dollars with suppliers of the IE Biguaçu Lote 01 project.



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14. ACCOUNTS PAYABLE

The breakdown of this item as of December 31, 2019 and 2018 is as follows:

		2	019		2	018	
ACCOUNTS PAYABLE		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Suppliers	(1)	522.296	-	522.296	363.604	-	363.604
Creditors	(2)	201.797	24.898	226.695	111.291	43.452	154.743
Economic related parties		59	-	59	-	-	-
Dividends	(3)	56.300	-	56.300	6.571	-	6.571
Retention on agreements	(4)	19.528	4.089	23.617	21.118	4.088	25.206
Deposits received and sales paid in advance	(5)	123.874	768.764	892.638	130.830	844.415	975.245
Lease liabilities	Note 12	49.722	176.563	226.285	2.028	16.203	18.231
TOTAL ACCOUNTS PAYABLE		973.576	974.314	1.947.890	635.442	908.158	1.543.600

- (1) Accounts payable to suppliers originate mainly from the purchase of goods and services for the development of operations of the Group. These liabilities do not bear interest and are usually paid according to the payment schedule of each company.
- (2) Creditors include balances payable for contributions to social security and parafiscal payments, complementary health plans, fees, and insurances, highlighting the following balances: ISA CTEEP, COP 91.310 (2018: COP 58.623); the variation is explained by the higher balance payable to ABB, Siemens, and Arteche, associated with sustainability projects of CTEEP for COP 24.991 million, and contributions to ANEEL; Linear Systems RE LTD., COP 38.275 (2018: COP 10.217), by the decrease in reserves established by loss events, which have not yet been cancelled or paid; Ruta del Maule, COP 19.970 (2018: COP 15.985), and Ruta del Maipo, COP 18.234 (2018: COP 7.422), for provisions for construction and checks issued for payments of new operation insurance policies; these are kept in a notary office until the date they will be charged by the insurance company.
- (3) ISA CTEEP's dividends payable to non-controlling shareholders.
- (4) Withholdings placed on contracts, highlighting those delivered by companies: ISA CTEEP, COP 5.614 (2018: COP 5.516); Ruta del Maipo, COP 7.960 (2018: COP 4.155); Ruta del Maule, COP 4.523 (2018: COP 2.404), among others.
- (5) It includes advance payments, advance payments received, and third-party deposits from: Ruta del Maipo, COP 754.840 (2018: COP 804.271); Ruta de la Araucanía, COP 105.354 (2018: COP 127.954), among others.

15. RISK MANAGEMENT POLICY

Given the nature of its various businesses and companies, the geographic position where each of them is located and their various rights (revenues) and obligations (financial debt, acquisition of goods and services), ISA and its companies are exposed to different financial risks.



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Accordingly, ISA and its companies seek to permanently monitor the financial markets in order to minimize the potential adverse effects of such risks on the financial results, both individual and consolidated.

Risk management structure

ISA has in place a policy for Comprehensive Risk Management, which provides the concept and action framework for the objective, systemic, and approved implementation of actions aimed at proper management of risks in order to preserve the integrity of the corporate resources and the continuity and sustainability of business. Under this policy, ISA declares the strategic purpose of the Comprehensive Risk Management and assigns express responsibilities to all collaborators.

Below are the financial risks to which the company is exposed:

15.1 Market risk

The market risk corresponds to unfavorable variations with respect to what is expected from the fair value or future cash flows of a financial instrument, caused by adverse changes in variables such as exchange rates, domestic and international interest rates, price of indices (macroeconomic variables), raw materials (commodities), among others.

15.1.1 INTEREST RATE RISK AND MACROECONOMIC VARIABLES

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations, and it is caused by the variation (volatility) of domestic and international interest rates and macroeconomic variables that are indexed to these flows thus affecting their value. The objective of the interest rate and macroeconomic variable risk management is to reach a balance in the structure of revenues and expenditures that would minimize volatility in the financial statements of the company.

• Financial obligations and bonds

As of December 31, 2019, ISA and its companies keep indexation at interest rates and macroeconomic variables in their financial obligations and bonds, and in most cases, the indexation of these operations is offset with the revenue structure of each Group company. Below is the interest rate composition for financial liabilities:

	DEBT SHARE PER RATE	S
RATE	BALANCE IN COP MILLIONS	% INTEREST
Fixed Rate	4.426.812	24,5%
CPI	4.036.156	22,4%
UF	3.686.007	20,4%
Libor (3M)	2.605.528	14,4%
IPCA	1.269.943	7,0%
CDI	486.025	2,7%
TJLP	413.790	2,3%
TAB	409.651	2,3%
Libor (6M)	352.511	2,0%
IBR (6M)	255.997	1,4%
IBR (3M)	108.923	0,6%
TOTAL	18.051.344	100%

Financial instruments – Surplus liquidity

ISA and its companies make investments in financial instruments with their surplus liquidity and, particularly, they are acquired to keep them until their due date; therefore, they are not exposed to the interest rate risk.



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15.2 Exchange rate risk

This risk corresponds to unfavorable changes with respect to what is expected in the fair value or future cash flows of a financial instrument due to price variations in the foreign currency in which they are expressed.

ISA, on a consolidated basis, is exposed to the exchange rate risk, especially because of the effect of conversion of investments in companies abroad into Colombian Pesos (both in cash-in-hand and in the income statement) which are expressed in the following currencies:

- Brazilian Real
- Chilean Peso
- Bolivian Boliviano

Converted to:

USD Converted to:

Colombian Peso

Given that the US dollar is the functional currency used by companies in Peru, the consolidated effect will be related to such currency.

On the other hand, and in a lower proportion, some companies keep an exposure to the exchange rate, mainly in the item of expenses associated to the service of debt entered into currencies other than the functional currency of each company.

In cases where no hedge of a natural type exists against the exchange rate risk, ISA and its companies may carry out financial hedge operations that cover this risk.

Mitigation measures

Market risk mitigation tools are the hedge operations carried out for financial risks, which aim to stabilize, over a time horizon, the financial statements and the cash flow against fluctuations in the aforementioned risk factors.

As part of the market risk hedges (exchange rate, interest rate, price), ISA and its companies can carry out standardized derivative operations (e.g. exchange rate and commodity futures agreements, among others) as well as non-standardized derivative operations such as forward, swap, operations, and fixed term options, in accordance with the best conditions of each market, which qualify as financial hedging instruments to be registered in the financial statements.

Exchange rate hedge operations kept in force by ISA and its companies, are described in the Derivative financial instruments section (Note 13).

15.3 Credit and counterparty risk

15.3.1 CREDIT RISK (CUSTOMERS):

For ISA and its companies, this risk refers to arrears, doubtful collection, or failure to recover the portfolio from services rendered by the companies. In this regard, businesses and concessions in which there are higher interest are highly regulated and, in some cases, contractual measures that reduce such risk are maintained.

Likewise, as part of the application of changes proposed by IFRS 9, ISA and its companies, since 2018, included the expected loss methodology in their portfolio analysis.



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The purpose of this methodology is to recognize possible impairment in advance, not being necessary that what is currently understood as an impairment event occurs. In general, all assets analyzed will have an expected impairment loss from the moment of their initial recognition, and will be recorded via a "provision for impairment" that will decrease their carrying value.

The design of the model, in cases where there is sufficient information, includes statistical and market variables, thus ensuring compliance with requirements of IFRS 9. In cases in which information is not available so it is only possible to perform analyses based on statistics, or when the characteristics of the assets analyzed reflect that an expected loss provision does not apply, the exemption established in the same standard about the cost-benefit of obtaining the information will be fulfilled, and therefore simplified models will be applied. On the other hand, each company of the group, according to its particular characteristics and information available, will perform the analysis and calculation periodically, which will affect its provisions based on the results of said process.

Details of the result of applying these new measures can be seen in Note 5 - Financial Assets.

15.3.2 CREDIT RISK (SURPLUS LIQUIDITY):

This risk is mainly mitigated through the selection of financial institutions of renowned strength and with a risk rating given by locally or internationally authorized agencies. On the other hand, a counterparty quota is to be evaluated through allocation models that analyze both quantitative (financial indicators) and qualitative (risk grading) variables.

At the end of December 2019, no financial institutions where ISA and its companies manage their surplus liquidity materialized any breach.

15.4 Liquidity risk

The liquidity risk is defined as the incapacity to obtain sufficient funds for the fulfillment of obligations when due, without incurring in unacceptably high costs. ISA and its companies carry out constant monitoring of the short-term cash flow, which permits liquidity needs to be identified during the periods analyzed.

Given the above, each company maintains tools to achieve additional liquidity, such as the issuance of commercial papers and credit facilities with local and foreign entities that enable the fulfillment of temporary requirements for funds when so required.



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16. FINANCIAL INSTRUMENTS

16.1 Classification of financial asset by nature and category

Fair value of financial assets

The carrying value of financial assets measured at amortized cost is the approximation to their fair value. The fair value is presented in the following table, based on the categories of financial assets, compared with their current and non-current carrying value included in the financial statements.

The detail of financial asset, classified by nature and category, as of December 31, 2019 and 2018, is as follows:

	NOTE	2019	9	2018	3
FINANCIAL ASSETS		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Cash	<u>4</u>	-	755.825	-	519.530
Fixed income investments	<u>4</u>	1.321.588	-	832.114	-
Other variable income investments	<u>4</u>	-	409.788	-	170.416
Accounts receivable (*)		2.384.022	1.183.904	2.439.855	1.166.888
Other financial assets	<u>5.2</u>	696.799	1.687.582	335.686	576.648
TOTAL CURRENT		4.402.409	4.037.099	3.607.655	2.433.482
Restricted cash	<u>7</u>	-	97.347	-	339.007
Investments in financial instruments	<u>9</u>	-	15.478	-	15.478
Accounts receivable (*)		6.515.091	5.737.260	6.795.472	6.333.588
Other financial assets	<u>5.2</u>	16.362	3.870	2.020	4.090
TOTAL NON-CURRENT		6.531.453	5.853.955	6.797.492	6.692.163
TOTAL		10.933.862	9.891.054	10.405.147	9.125.645

^(*) The fair value of accounts receivable includes the account receivable from RBSE.



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16.2 Classification of financial liabilities by nature and category

Fair value of financial liabilities

The carrying value of financial liabilities measured at amortized cost is the approximation to their fair value. The fair value is presented in the following table, based on the categories of liabilities, compared with current and non-current carrying value included in the financial statements.

The detail of liability financial instruments, classified by nature and category, as of December 31, 2019 and 2018 is as follows:

	NOTE	2019		201	8	
FINANCIAL LIABILITIES		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE	
Financial liabilities and bonds	<u>13.1</u>	1.697.915		1 755 051		
Financial habilities and bonds	13.2	1.097.915	-	1.755.051		
Derivative instruments	<u>13.3</u>	-	126	-	(3.419)	
Accounts payable	<u>14</u>	973.576	-	635.442	-	
TOTAL CURRENT		2.671.491	126	2.390.493	(3.419)	
Financial liabilities and bonds	<u>13.1</u>	15 766 155		15.193.018		
Fillaliciai liabilities aliu bolius	<u>13.2</u>	15.766.155		15.195.016	-	
Derivative instruments	<u>13.3</u>	-	293.361	-	245.936	
Accounts payable	<u>14</u>	974.314	-	908.158	-	
TOTAL NON-CURRENT		16.740.469	293.361	16.101.176	245.936	
TOTAL		19.411.960	293.487	18.491.669	242.517	

16.3 Fair value of financial instruments

a) Fair value hierarchies

The financial instruments recognized at fair value in the statement of financial position are classified hierarchically according to the criteria described in Note 3.10.



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The following table shows the financial assets and liabilities measured at fair value as of December 31, 2019 and 2018:

FINANCIAL INSTRUMENTS	20	19	FAIR VALUE MEASURED AT THE END OF PERIOD		
AT FAIR VALUE	CURRENT	NON-CURRENT	LEVEL I	LEVEL II	LEVEL III
FINANCIAL ASSETS					
Cash	755.825	-	755.825	-	-
Other variable income investments	409.788	-	409.788	-	-
Restricted cash	-	97.347	97.347	-	-
Financial assets	1.569.450	10.234.994	-	11.804.444	-
Financial instruments	-	15.478	-	15.478	-
Other financial assets	1.687.582	3.870	1.691.452	-	-
TOTAL	4.422.645	10.351.689	2.954.412	11.819.922	-
FINANCIAL LIABILITIES					
Derivative instruments	126	293.361	-	293.487	-
TOTAL	126	293.361	-	293.487	-

FINANCIAL INSTRUMENTS	20	18	FAIR VALUE MEASURED AT THE END OF PERIOD			
AT FAIR VALUE	CURRENT	NON-CURRENT	LEVEL I	LEVEL II	LEVEL III	
FINANCIAL ASSETS						
Cash	519.530	-	519.530	-	-	
Other variable income investments	170.416	-	170.416	-	-	
Restricted cash	-	339.007	339.007	-	-	
Financial assets	1.166.888	6.333.588	-	7.500.476	-	
Financial instruments	-	15.478	-	15.478	-	
Other financial assets	576.648	4.090	580.738	-	-	
TOTAL	2.433.482	6.692.163	1.609.691	7.515.954	-	
FINANCIAL LIABILITIES						
Derivative instruments	(3.706)	246.223	-	242.517	-	
TOTAL	(3.706)	246.223	-	242.517	-	



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17. PROVISIONS

Provisions as of December 31, 2019 and 2018, are the following:

				2010			
ESTIMATED LIABILITIES AND PI	ROVISIONS	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Disputes and claims	(1)	10.074	55.139	65.213	1.384	82.593	83.977
Other estimated liabilities and provisions	(2)	540.984	156.049	697.033	94.540	164.904	259.444
TOTAL ESTIMATED LIABILITIES AND	PROVISIONS	551.058	211.188	762.246	95.924	247.497	343.421

2019

- (1) It corresponds to provisions for litigations as defendant and probable. (See Note 31).
- (2) This item also includes estimated liabilities for the acquisition of goods and services which merchandise is in transit, provision for non-billed expenses, and environmental provisions. The increase is mainly due to the estimate of major maintenance provisions in ISA REP, COP 132.429 (2018: COP 141.918); and provisions for goods and services received pending billing in ISA INTERCHILE, COP 407.799 (2018: COP 21.845).

18. INCOME TAX

Relevant aspects of income tax applicable to ISA and its companies:

- **a).** In Colombia, current tax regulations applicable to the Companies state that:
- The nominal income tax rate is 33%.
- Law 1819 of 2016 created a surtax on income tax equivalent to 4% for the tax year 2018. Such surcharge does not apply for 2019.
- The basis for determining the income tax cannot be less than 3,5% of liquid

equity on the last day of the immediately preceding taxable period, calculated by deducting such items duly authorized in the tax laws.

2018

- Law 1819 of 2016 established, as of the tax year 2017, the use of international accounting standards applicable for Colombia as the basis for the calculation of taxable income for the income tax, and the different tax treatments were made explicit.
- As of the tax year 2017, an anti-deferral regime for passive income obtained abroad by Colombian residents started being enforced. It is called Empresas Controladas del Exterior (Foreign Controlled Corporations), ECE, through which passive income obtained by corporations or other foreign corporations controlled by Colombian residents, has to be immediately declared in Colombia once ECE is enforceable.
- Tax loss can be offset with taxable income of the following 12 periods.
- In addition, to determine the income tax the following must be considered:
- Decision No. 578 of the Andean Community of Nations (Comunidad Andina de



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Naciones -CAN-), seeks the elimination of double taxation for income earned in any country that is a member (Ecuador, Peru, Bolivia, and Colombia) through the exoneration mechanism.

In determining the net income in the income tax for 2019 and 2018, the value of income obtained in countries member of the Andean Community of Nations (Peru, Ecuador, and Bolivia) is included as exempt income. This amount results from subtracting the corresponding costs and deductions from income generated by the activity benefited with the exemption.

b). Occasional gains are cleared separately from ordinary income. Occasional gains are obtained from the disposal of fixed assets held for two or more years, income generated from the liquidation of companies, and income from inheritances, bequests, and donations.

Financing Law and Economic Growth Law

In December 2018, Law 1943, known as the Financing Law, was approved. It came into force in 2019. In October 2019, the Constitutional Court decided to declare this law unconstitutional, with the exception that the ruling would take effect from January 1, 2020, so this law continued to have full effect during the tax year 2019.

Having into account the declaration of unconstitutionality, a draft law was submitted before the Congress, which contained substantially all the changes and additions that were introduced in the Financing Law. In December 2019, the Economic Growth Law (Law 2010) was approved, through which most of the measures of the Financing Law were reincorporated into the current tax system.

Some of the most relevant aspects for ISA and its companies in Colombia, brought by the Financing Law and later by the Economic Growth Law, are: A gradual reduction of the income tax general rate for companies.

CONCEPT	2019	2020	2021	2022
Income tax (%)	33	32	31	30

- The rate by which the presumptive income is calculated is reduced until disappearing: 1,5% for 2019, 0,5% for 2020, and 0% for the following years.
- For sales tax payers, VAT paid for the acquisition, construction or formation, and importation of capital assets of any industry may be deducted from income tax.
 With respect to formed assets, the discount may only be considered from the moment the asset is activated and depreciation begins.
- It is established that 50% of industry and commerce tax and tax on notices and billboards that is settled and paid by taxpayers, may be taken as a tax deduction in the income tax. As from the tax year 2022, said discount will be transferred to 100% of the value paid for these taxes.
- The regime of Corporations Controlled Abroad (CFC) seeks to promote international fiscal transparency and avoid that, through the use of entities abroad that receive passive income, Colombian tax residents defer the payment in Colombia of the income tax in relation to such income.
- The CFC regime applies only when (i) there is an entity domiciled abroad, (ii) control is exercised from Colombia over this entity, and (iii) the Colombian taxpayer has a direct or indirect participation equal or higher than 10% of CFC's capital or income, regardless of whether or not they, individually, exercise control over CFC.
- Presumption is established when, if 80% of CFC's total income arises from real economic activities, it will be understood that the totality of CFC's income, costs, and deductions originate active income for controlling entities. On the contrary, if



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80% corresponds to passive income, it will be fully understood that the totality of CFC's income and costs are passive income.

- A regime of Colombian Holding Companies (CHC) was created for companies which main activities include securities holding, investment in shares or stakes, and investment management. Some of its aspects are:
 - » Decentralized entities, like ISA, are understood to be included in the CHC regime.
 - » To belong to the CHC regime, entities must hold direct or indirect stakes on at least 10% of the capital of two or more Colombian and/or foreign companies or entities, for a minimum period of twelve months.
 - » They must have a real structure, with human and material resources that allow them to fulfill their business purpose completely.
 - » CHC dividends received from abroad are considered exempt income.
 - » Income from the sale or transfer of the stake of a CHC in entities not domiciled in Colombia is considered exempt income.
 - » Dividends paid by the CHC to residents in Colombia that come from dividends abroad are taxed at the general rate for income and dividends.
 - » Dividends paid by the CHC to non-residents of Colombia and that come from dividends abroad, are considered foreign income.
 - » CHCs and their shareholders will be subject to the income tax general regime with respect to taxed activities carried out in the national territory.
 - » CHCs will pay industry and commerce tax only for Colombian income.
- A 7,5% withholding is established for dividends distributed to companies domiciled in Colombia. This withholding is calculated and paid for the distribution of dividends to the first company, and is credited until reaching the final beneficiary. Companies that belong to the CHC regime will not be subject to this withholding, due to dividends received from national companies.

- The dividend tax rate, when paid to non-residents of Colombia, is now 10% (7,5% in 2019).
- The dividend tax rate, when paid to natural persons in Colombia, is 10% for dividends exceeding COP 10 million (15% for 2019), and tax withheld at source of 7,5% will be deducted from this 10%. This rate, before the Financing Law, was 5% for dividends exceeding COP 19,8 million and 10% for dividends exceeding COP 33 million.
- A mega-investment regime was created for those who make new investments of at least COP 1,1 trillion in any industrial, commercial and/or service activity that generates at least 400 direct jobs, with the following considerations:
 - » The investment must be made in property, plant, and equipment, and must be executed in a maximum period of five years.
 - » Investments that qualify as mega investments will apply a 27% rate on income tax.
 - » The depreciation of fixed assets would be made in two years, regardless of their useful lives.
 - » Presumptive income would not be applied.
 - » It will be possible to enter into a legal stability contract, for which a premium must be paid, equivalent to 0,75% of the investment to be executed each year during the maximum period of five years within which the investment must be executed.
 - » Mega-investments in the high-tech, emerging and exponential technology, and e-commerce sectors will be required to generate at least two hundred and fifty (250) direct jobs.

b) In Chile, current tax provisions stipulate that:

To establish the income tax, two fiscal regimes exist: the attributed income regime and the partially integrated regime (regime A and B, respectively), to which taxpayers have the right to select. The first-category tax (IDPC) rates vary depending of the regime selected.



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- Integrated regime or income attributed: Company owners must pay taxes in the same year for all income generated by the company and not only on profits withdrawn. The income will be attributed in the way partners or shareholders agreed to distribute, and if not applicable, the distribution percentage agreed in the corporate charter, bylaws, or public deed reported to the Tax Service will applied.

 Under this system, the first-category tax rate (IDPC) is 25%. Taxpayers will have the right to use 100% of the amount paid for the First Category Tax (IDPC) as credit against final taxes.
- Partially and comprehensive regime or income received: Final taxpayers will be levied with the Supplementary or Additional Comprehensive Taxes as appropriate, on the distributions actually carried out by companies where they hold interests. If no company profits are withdrawn, there will be no tax levied for final taxpayers. Under this system, the first-category tax rate (IDPC) is 27%. Taxpayers will be entitled to use only 65% of the amount paid for first Category Tax as credit against final taxes, except for taxpayers of the Additional Tax, domiciled in countries with which Chile has signed a double taxation agreement in force, who can use 100%. For these taxpayers, their tax burden will remain at 35%, whilst for other foreign investors it will be 44,45%

All the companies of the company group domiciled in Chile chose to apply the partially integrated regime.

c) In Peru, current tax regulations state that:

- The income tax rate in force is 29,5% on taxable income, after deducting the participation of employees, which is calculated at a rate of 5% or 10%, on the taxable income.
- Dividends and other forms of distribution of profits are taxed with the income tax at 5%.
- In 2018, important changes have been made to tax matters seeking to implement

OECD recommendations in order to prevent tax evasion, the most important one being the reactivation of an anti-evasion standard and the obligation of the final beneficiary identification of corporate entities.

d) In Brazil, current tax regulations state:

- The Income Tax for Corporate Entities (IRPJ) and the Social Contribution on net profit are taxes under federal authority that affect the income of the corporate entity in its actual or presumed profit.
- Actual profit: The tax is established based on actual income for each period, setting
 up the taxable basis based on accounting profit and making calculations provided by
 tax law. The calculation basis is composed by all income and capital gains, whichever denomination they have. The net profit of the calculation period is the amount of
 operating profit, operating results and the shares at a 34% rate.
- **Presumed profit:** It is a form of simplified taxation for determining the calculation basis. It applies to corporate entities with gross revenues up to BRL 78 million in the previous year. Under this system, the profit of each taxpayer is determined by applying rates of 1,6%, 8%, 16%, and 32% to gross revenues; the application of the rate depends on the activity carried out by the taxpayer.

e) In Bolivia, current tax regulations state:

- The company is subject to the Business Profit Tax (Impuesto a las Utilidades de Empresas, IUE) at a 25% rate on taxable income for each period, which is the result of adjusting the accounting profit according with the criteria defined in the tax provisions. This tax is settled and paid in annual periods, offset with the Transaction Tax (IT) generated in the following period, until its depletion or until the following due date of the IUE.
- The distribution of company profits or payments of interest for the benefit of its share-holders or foreign related companies is subject to a withholding tax of 12,5% on the total amount accredited, paid, or remitted.



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f) In Argentina, current tax regulations state:

- That the company is subject to the income tax, and the dividends are subject to income tax withheld on the total amount credited, paid, or remitted.
- A gradual reduction of the income tax general rate for companies, as well as an increase in dividend withholding, are established.

CONCEPT	2019	2020
Income tax (%)	30	25
Dividend withholding (%)	7	13

An equalization tax on dividends distributed shall be applied for accumulated income until December 2017, established at 35% on the surplus of accounting profits distributed with respect to the accumulated tax gain.

LEGAL STABILITY AGREEMENTS SIGNED BY ISA AND ITS COMPANIES

a). In Colombia: On June 27, 2008, ISA, and the Nation (Ministry of Mines and Energy), signed the legal stability agreement for the activity of energy transmission for a 20-year period, whereby ISA paid a premium and agreed to make an investment. This agreement basically provided for stabilization of income tax regulations, including income tax rate, deduction of the inflationary element of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount by VAT paid at import of machinery for energy transmission and presumptive income as 3% of liquid assets, as well as the time limit of the equity tax.

This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

b). In Peru: The agreement mainly provides investors and the investment recipient with stability in the income tax regime regarding the income tax and stability in procurement regimes of employees.

The following are the Group companies located in Peru who signed legal stability agreements:

- **ISA REP:** On July 26, 2002, the Company entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the term of the concession. This agreement is related to the investment that the shareholders of the company must perform with capital contributions for USD 20.000.000, an amount which was completed by December 31, 2002. The agreement mainly provides investors and the investment recipient with stability in the tax regime regarding the income tax and stability in procurement regimes of employees. The income tax rate is 27% over taxable income, after deducting the participation of employees, which is calculated at a rate of 5% over the taxable income.
- **CONSORCIO TRANSMANTARO:** On February 24, 1998, this affiliate entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the term of the concession. On October 27, 2006, the company signed an addendum to the tax stability agreement with the Peruvian State, which clarifies that the amount at that time of capital contributions amounted to USD 43.005.250. The agreement mainly provides investors and the investment recipient with stability in the tax regime regarding the income tax and stability in procurement regimes of employees. The income tax rate is 30% over the taxable income.
- **ISA PERÚ:** On March 29, 2001, the company entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the term



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of the concession. The agreement mainly provides investors and the investment recipient with stability in the tax regime regarding the income tax and stability in procurement regimes of employees. Accordingly, the income tax rate is 20% plus additional 2%.

- c). In Chile: Until 2015, foreign investors could enter into foreign investment agreements with the State under Decree-Law 600 (DL600), provided that the investment amount exceeds USD 5.000.000. DL600 allows:
- Access to formal exchange market: The foreign investor may remit capital or income abroad, without restrictions or limitations regarding capital amount or income.
- Tax cost of shares or corporate rights: This option is provided to the foreign investor so that, in the event of disposal or settlement of its investment in Chile, the foreign investor has an opportunity to value shares or rights in the receiving company in two different ways, the most appropriate at "acquisition cost" or "tax cost".

- Tax invariability: It provides a rate of 42% as total effective income tax burden for a period of 10 years counted from the start operation date of the respective company, which acts as a protection against possible future tax rate increases above 42%.
- **Non-discrimination:** It provides the foreign investor with the resource to claim standards ordered, which the foreign investor considers a discriminatory resource.

ISA and Internexa Colombia, shareholders of ISA Inversiones Chile, ISA Inversiones Maule, ISA INTERCHILE and INTERNEXA CHILE, signed foreign investment agreements under DL600 in 2015.

d). In Bermuda: Linear Systems Re Ltda is not required to pay revenue or capital gain taxes in Bermuda. The Minister of Finance of Bermuda granted the company a guarantee stipulating that, in the event that taxes are imposed, the company will be exempt until 2035.

18.1 Income tax recognized in income for the year

The result for income tax recorded in the statement of comprehensive income corresponding to 2019 and 2018 is as follows:

	2019	2018
Expense from current tax	533.080	635.188
Expense (income) from deferred tax	197.202	(20.634)
Previous years	(1.487)	(41.852)
Tax in their jurisdictions	44.021	11.025
TOTAL EXPENSE FROM INCOME TAX	772.816	583.727



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The reconciliation of the income tax expense and the product of accounting profit, multiplied by the nominal tax rate of each Group company in 2019 and 2018, is as follows:

	2019	2018
RECONCILIATION BETWEEN INCOME TAX EXPENSE AND ACCOUNTING PROFIT BY THE NOMINAL TAX RATE OF EACH COMPANY		
Net profits before income tax	3.531.177	3.184.121
INCOME TAX EXPENSE AT NOMINAL RATE FOR EACH COMPANY	1.055.546	983.908
INCREASE (DECREASE) IN THE PROVISION OF TAX AS A RESULT OF:		
Tax effect of tax rates borne abroad	41.033	8.475
Non-taxable revenues	5.742	(230.445)
Non-deductible expenses	16.061	12.273
Effect of tax losses	13.316	(14.236)
Change in tax rates	(18.254)	(90.449)
Other tax effects (1) (340.628)	(85.799)
INCOME TAX EXPENSE AT EFFECTIVE RATE	772.816	583.727

(1) It includes the effect of settling the income tax for presumed profit in Brazil and for presumptive income in ISA INTERVIAL COLOMBIA, as well as the application of the fixed assets benefit in ISA.



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18.2 Deferred tax assets and liabilities

Deferred tax balances are presented in the consolidated statement of financial position as the sum of deferred taxes recognized in each company, considering that current and deferred assets and liabilities amounts come from income tax corresponding to various tax administrations and different taxpayers.

Deferred tax assets and liabilities as of December 31, 2019 and December 31, 2018 are as follows:

	201	9	2018		
	BEGINNING OF THE PERIOD	END OF THE PERIOD	BEGINNING OF THE PERIOD	END OF THE PERIOD	
DEFERRED TAX ASSETS					
Other financial and tax credits	301.667	266.168	80.388	301.667	
Estimated liabilities and accounts payable	289.611	525.220	423.876	289.611	
TOTAL DEFERRED TAX ASSET	591.278	791.388	504.264	591.278	
DEFERRED TAX LIABILITY					
Property, plant, and equipment	(938.430)	(1.219.984)	(1.296.180)	(938.430)	
Goodwill and intangible assets	(104.397)	(87.375)	(100.157)	(104.397)	
Other liabilities	(3.588.126)	(3.534.390)	(3.109.428)	(3.588.126)	
TOTAL DEFERRED TAX LIABILITIES	(4.630.953)	(4.841.749)	(4.505.765)	(4.630.953)	
NET DEFERRED TAX	(4.039.675)	(4.050.361)	(4.001.501)	(4.039.675)	



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Annual variations in the balance of the deferred tax were recognized as shown below:

	2019	2018
DEFERRED TAX VARIATION		
Beginning of the period (net)	(4.039.675)	(4.001.501)
End of the period (net)	(4.050.361)	(4.039.675)
VARIATION OF THE PERIOD	(10.686)	(38.174)
Recognized in income - Expense (revenue)	197.202	(20.634)
Recognized in other comprehensive income	(111.944)	3.515
Rate conversion effect	(74.572)	55.293
DEFERRED TAX VARIATIONS	10.686	38.174

According to the provisions of IAS 12, a deferred tax asset by tax losses is recognized when a company considers that the existence of future taxable income is probable, on which it is possible to attribute these losses.

The following companies have tax losses that could be offset in the future and resulted in the recognition of deferred tax asset.

	COUNTRY	2019
TAX LOSSES		
Ruta de Araucanía Sociedad Concesionaria S.A.	Chile	675.181
Ruta del Bosque Sociedad Concesionaria S.A.	Chile	142.038
Ruta del Maipo Sociedad Concesionaria S.A.	Chile	2.623.451
Ruta del Loa Sociedad Concesionaria S.A.	Chile	25.952
ISA Inversiones Chile Limitada	Chile	1.318
ISA Interchile S.A.	Chile	1.046.896
Internexa Chile S.A.	Chile	52.486
Consorcio Transmantaro	Peru	14.947
TOTAL TAX LOSSES		4.582.269



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The management of ISA and its companies consider that projections of future profits of the various companies cover the necessary to recover the balance due to accumulated tax losses for COP 4.582.268 as of December 31, 2019; therefore, recognizing the deferred tax is applicable. Additionally, there is a balance of tax losses for COP 455.012 as of 31 December, 2019 on which deferred tax was not recognized since there is not a reasonable expectation that these companies obtain enough net income to compensate such losses:

	COUNTRY	2019
TAX LOSSES		
Ruta del Bosque Sociedad Concesionaria S.A.	Chile	194.254
Ruta del Maule Sociedad Concesionaria S.A.	Chile	46.234
Intervial Colombia S.A.S	Colombia	1.492
Internexa S.A	Colombia	1.505
Internexa Brasil Operadora de Telecomunicações	Brazil	193.798
Internexa participações	Brazil	17.729
TOTAL TAX LOSSES		455.012

ISA and its companies are potentially subject to tax audits on the income tax by the tax authorities in each country. These audits are limited to a number of annual tax periods, which usually give rise to expiration of the term of such inspections.

Given their nature, tax audits are usually complex and may require several years. Due to the varying interpretations that can be given to tax rules, the inspection results that could be held in the future by tax authorities, for the years subject to verification, could lead to tax liabilities which amounts cannot be quantified today in an objective manner.

Expected nominal income tax rate by country

The expected nominal income tax rate is the one established by tax regulations in each country. The nominal rate applicable to group companies according to their jurisdiction is:

COUNTRY		2019	2018
Colombia		33,00%	37,00%
Brazil		34,00%	34,00%
Peru		29,50%	29,50%
Chile		27,00%	27,00%
Bolivia		25,00%	25,00%
Bermuda	(1)	0,00%	0,00%
Argentina		30,00%	30,00%

(1) The Linear Systems Re Ltda. company is not obliged to pay in Bermuda over income tax or capital gains. The company received a guarantee from the Finance Minister of Bermuda providing that, in the case of levying taxes, the company will be exempt from taxes until 2035.



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Expected nominal income tax rate

The expected nominal income tax rate for the ISA Group is the result of multiplying the weight of the participation of each country in the consolidated income before taxes of ISA.

Given the above, the expected nominal income tax rate for 2019 was 31,35% and 33,01% in 2018.

		2019				2018		
COUNTRY	PROFIT BEFORE TAX (WITHOUT NON- CONTROLLING)	PARTICIPATION OF THE INCOME IN THE CONSOLIDATED STATEMENT	COUNTRY NOMINAL RATE	PARTICIPATION IN RATE BY COUNTRY	PROFIT BEFORE TAX (WITHOUT NON- CONTROLLING)	PARTICIPATION OF THE INCOME IN THE CONSOLIDATED STATEMENT	COUNTRY NOMINAL RATE	PARTICIPATION IN RATE BY COUNTRY
Colombia	647.313	30,10%	33,00%	9,93%	583.429	32,28%	37,00%	11,93%
Brazil	664.306	30,89%	34,00%	10,50%	638.258	35,31%	34,00%	12,00%
Peru	397.212	18,47%	29,50%	5,45%	290.404	16,06%	29,50%	4,74%
Chile	382.678	17,79%	27,00%	4,80%	248.974	13,77%	27,00%	3,72%
Bolivia	51.407	2,39%	25,00%	0,60%	42.700	2,36%	25,00%	0,59%
Bermuda	3.447	0,16%	0,00%	0,00%	2.772	0,15%	0,00%	0,00%
Argentina	4.236	0,20%	30,00%	0,06%	1.268	0,07%	30,00%	0,02%
TOTAL	2.150.599	EXPECTED NOM	INAL RATE	31,34%	1.807.805	EXPECTED NOM	IINAL RATE	33,00%

Income tax effective rate

The consolidated income tax effective rate results from defining the ratio between the income tax and the income before tax applicable to ISA in the consolidated statement, considering the participation in each company.



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Effective rate vs. nominal income tax rate

		2019				2018		
COUNTRY	PROFIT BEFORE TAX (WITHOUT NON- CONTROLLING)	TAX PROVISION (WITHOUT NON- CONTROLLING)	EFFECTIVE RATE (%)	COUNTRY NOMINAL RATE	PROFIT BEFORE TAX (WITHOUT NON- CONTROLLING)	TAX PROVISION (WITHOUT NON- CONTROLLING)	EFFECTIVE RATE (%)	COUNTRY NOMINAL RATE
Colombia	647.313	221.466	34,21%	33,00%	583.429	68.356	11,72%	37,00%
Brazil	664.306	95.095	14,31%	34,00%	638.258	141.693	22,20%	34,00%
Peru	397.212	112.775	28,39%	29,50%	290.404	77.922	26,83%	29,50%
Chile	382.678	68.923	18,01%	27,00%	248.974	(16.238)	(6,52%)	27,00%
Bolivia	51.407	12.179	24,02%	25,00%	42.700	10.533	24,67%	25,00%
Bermuda	3.447	-	0,00%	0,00%	2.772	-	0,00%	0,00%
Argentina	4.236	1.429	33,75%	30,00%	1.268	1.157	34,68%	30,00%
TOTAL	2.150.599	511.867	23,80%	33,01%	1.807.805	283.423	29,39%	33,72%
			CONSOLID	ATED RATE			CONSOLID	ATED RATE

The effective rate in 2019 was 23,84% compared with an expected nominal rate of 31,35%, and in 2018 it was 15,68% against an expected nominal rate of 33,01%, due to the following reasons:

- In Colombia, in 2019, the effective rate is higher mainly because of the amount withheld abroad on income distributed on behalf of ISA and that may not be accredited from the national tax.
- In Brazil, in 2019 and 2018, the effective rate is lower against the nominal rate because ISA CTEEP's affiliates calculate their tax by applying the presumed profit and by the use of tax loss.
 - In 2019, the effective rate is lower compared with 2018 by recognition of the payment of interest on own equity.

- In Peru, in 2019, the decrease of the effective rate in relation to the nominal rate was due to the fact that ISA REP, CONSORCIO TRANSMANTARO, and ISA PERÚ calculate income tax with different nominal rates (27%, 30%, and 22%, respectively), under the legal stability agreements that each of these companies has signed.
- In Chile, in 2019, the lower effective rate is due to the fact that some companies present tax losses, over which deferred tax assets and their corresponding monetary adjustment have been recognized.
- In Argentina, the effective rate is much higher than the nominal rate due to the devaluation, which does not have fiscal effects, causing a higher taxable income.



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18.3 Other assets from taxes, rates, and contributions

	2019			2018		
	CURRENT (1)	NON-CURRENT (2)	TOTAL	CURRENT (1)	NON-CURRENT (2)	TOTAL
Other assets from taxes and contributions	247.981	6.174	254.155	316.730	27.241	343.971

- (1) This item includes withholding tax advance payments of different taxes that will be offset in subsequent periods, credit balance in tax return, sales tax, and municipal taxes.
- (2) This item corresponds to ISA and XM's balances from deferred withholding tax advance payments that will be offset in subsequent periods, and also contains the ISA's industry and commerce credit balance from some of the municipalities in which the company is a taxpayer; and the VAT amount discounted for the acquisition and import of heavy machinery for basic industries which will be taken as tax discount in future taxable periods.

18.4 Other liabilities from taxes, rates, and contributions

		2019			2018		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Contributions payable	(1)	4.027	963.722	967.749	51.576	986.905	1.038.481
Other taxes	(2)	160.210	-	160.210	119.936	-	119.936
Income tax provision	(3)	103.960	-	103.960	80.144	-	80.144
TOTAL		268.197	963.722	1.231.919	251.656	986.905	1.238.561

- (1) Current liabilities contain contributions of several companies located in Peru, Colombia, Bolivia, and Brazil, and non-current liabilities contain the contribution payable by PIS, CONFIS of CTEEP, and controlled entities.
- (2) Other taxes payable, including withholding tax, territorial taxes, and VAT.
- (3) The increase is mainly explained because ISA passed from a credit balance in 2018 to balance payable in 2019.



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19. EMPLOYEE BENEFITS

The Group grants its active and retired employees benefits subject to actuarial calculation.

The composition of benefits as of December 31, 2019 and 2018 is as follows:

BENEFIT	NOTE	2019	2018
POST-EMPLOYMENT BENEFITS			
Retirement pensions	<u>19.1.1</u>	227.846	222.473
Prepaid medical assistance plans	<u>19.1.2</u>	234.630	221.714
Education assistance	<u>19.1.3</u>	27.474	25.428
Energy assistance	<u>19.1.4</u>	5.852	5.516
Pension contribution and social security assistance	<u>19.1.5</u>	5.340	5.330
Plan assets	<u>19.1.6</u>	(45.910)	(99.158)
NON-CURRENT BENEFITS			
Seniority and quinquennium bonus	<u>19.2</u>	16.922	17.062
Severance	<u>19.2</u>	5.264	5.168
TERMINATION BENEFITS			
Termination benefits	<u>19.3</u>	3.871	2.412
TOTAL ACTUARIAL CALCULATION		481.289	405.945
TOTAL EMPLOYEE BENEFITS - NON-CURRENT		465.417	390.147
TOTAL EMPLOYEE BENEFITS - CURRENT (1)		15.872	15.798

⁽¹⁾ In addition to these benefits, the current portion incorporates labor liabilities such as severance, severance interests, vacations, extra-legal payments, bonuses, among others, for a total of COP 101.658.



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19.1 Post-employment benefits

19.1.1 RETIREMENT PENSIONS

ISA, TRANSELCA, and XM, according to the collective and individual labor agreements, must pay retirement pensions to those employees who meet certain requirements of age and length of service. The Social Security Institute (Instituto de Seguros Sociales -ISS-), today called Colpensiones, and the pension management companies assume the major portion of this obligation, according to the compliance with legal requirements.

The present value of the pension obligation as of December 31, 2019 and 2018 was calculated based on actuarial studies in accordance with IAS 19, using the actuarial valuation method. The projected credit unit was used to obtain the present value of the defined benefit obligation and, if applicable, current service costs and past service costs.

Under this method, the benefits are attributed to periods in which the obligation to provide benefits is created by directly applying the formula of the benefit of the service-based plan on the valuation date. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits in previous years, benefits are linearly attributed from the date when service by the employee entitles to benefits under the plan, until such date when subsequent services lead to no additional material amount of benefits under the plan.

The primary actuarial assumptions used in the valuation were:

DECEMBER 2019

VARIABLES	INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.	TRANSELCA S.A. E.S.P.	XM S.A. E.S.P.
Discount rate	7,10%	7,00%	7,10%
Future salary increase	4,00%	4,00%	4,00%
Future pension increase	3,50%	3,50%	3,50%
Inflation rate	3,50%	4,00%	3,50%
Minimum salary increase	4,00%	3,50%	4,00%
Rate of return on assets	0,00%	0,00%	0,00%
Mortality chart	2008 valid rentiers	2008 valid rentiers	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 100%
Number of people covered by pension plan	405	191	19
Number of people covered by contributions plan	-	191	-



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19.1.2 PREPAID MEDICAL ASSISTANCE PLANS

ISA, ISA INTERCOLOMBIA, ISA TRANSELCA, and XM S.A. E.S.P., will pay the following percentages on premiums related to health plans corresponding to prepaid medical assistance and hospitalization policy:

For salaries and pensions up to four point three (4.3) current minimum legal monthly salaries (SMLMV) in force, 90% of the premium value.

For salaries and pensions above four point three (4.3) and up to five point five (5.5) legal monthly minimum salaries (SMLMV), eighty percent (80%) of the premium value.

For salaries and pensions above five point five (5.5) legal monthly minimum salaries (SMLMV), seventy percent (70%) of the value of the premium.

On the other hand, ISA and ISA INTERCOLOMBIA recognize a health assistance benefit of 1,70 SMLMV and 1,54 SMLMV. This benefit is granted to the employee and its beneficiaries.

The obligation for health plans, current service cost, and past service cost, were established through the projected unit credit methodology, as of December 31, 2019 and 2018.

The primary actuarial assumptions used in the valuation were:

DECEMBER 2019

VARIABLES	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	XM S.A. E.S.P.		
Discount rate	7,20%	7,50%	7,00%	7,30%		
Salary increase	4,00%	4,00%	4,00%	4,00%		
Initial increase rate for benefit cost	5,34%	5,34%	4,50%	5,34%		
Final increase rate for benefit cost	4,50%	4,50%	4,50%	4,50%		
Rate of return on assets	0,00%	0,00%	0,00%	0,00%		
Mortality chart	2008 valid rentiers	2008 valid rentiers	2008 valid rentiers	2008 valid rentiers		
Turnover chart	"2003 SOA Pension Plan Turnover Study"	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Tur- nover Study" with an adjust- ment factor at 50%			
Number of people covered by medical plan	1026	484	418	216		



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19.1.3 EDUCATION ASSISTANCE

Employees of ISA, ISA INTERCOLOMBIA, ISA TRANSELCA, and XM are entitled to a recognition for education assistance, for each child of active employees and pensioned personnel, up to 25 years old, provided that they are single and are not working.

The assistance will be paid per year or early school semester and must be made in education centers duly approved by the competent entity.

Values to be recognized will be provided in the collective agreements in force:

ISA and ISA INTERCOLOMBIA

	AMOUNT TO BE RECOGNIZED FOR EACH PERIOD			
EDUCATIONAL LEVEL	BENEFICIARIES OF THE COLLECTIVE LABOR CONVENTION	BENEFICIARIES OF THE LABOR COLLECTIVE PACT		
Daycare, kindergarten, primary and secondary, for each child	2,7 SMLMV (annual)	4,5 SMLMV (annual)		
Technology, technical, professional and specialization in technology, for each child	1,5 SMLMV (per semester)	2,25 SMLMV (per semester)		
Children with learning disabilities, of any age	3,0 SMLMV (annual)	4,5 SMLMV (annual)		

ISA TRANSELCA

EDUCATIONAL LEVEL	AMOUNT TO BE RECOGNIZED FOR EACH PERIOD
EDUCATIONAL LEVEL	BENEFICIARIES OF THE COLLECTIVE LABOR CONVENTION
Maternity aid, kindergarten and/or primary	COP 284.804 (annual)
Financial aid for secondary studies and/or technical courses	COP 403.459 (annual)
University and/or intermediate degrees aid	COP 570.663 (per semester)
Physical and mental rehabilitation	COP 570.663 (annual)



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EDUCATIONAL LEVEL	AMOUNT TO BE RECOGNIZED FOR EACH PERIOD		
EDUCATIONAL LEVEL	BENEFICIARIES OF THE LABOR COLLECTIVE PACT		
Employee	3,5 SMLMV (per semester)		
Daycare / Preschool Primary / Secondary (children)	5 SMLMV (annual)		
Technology / Professional Technician / Specialization studies (children)	5 SMLMV (annual, payable per semester)		
Specially	3,5 SMLMV (annual)		

The obligation for the education assistance benefit, current service cost and past service cost, was calculated through the projected unit credit methodology, as of December 31, 2019 and 2018.

The primary actuarial assumptions used in the valuation were:

DECEMBER 2019					
VARIABLES	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	XM S.A. E.S.P.	
Discount rate	7,50%	7,40%	7,10%	7,40%	
Minimum salary increase	4,00%	4,00%	3,50%	4,00%	
Rate of return on assets	N/A	N/A	N/A	N/A	
Mortality chart	2008 valid rentiers	2008 valid rentiers	2008 valid rentiers	2008 valid rentiers	
Turnover chart	"2003 SOA Pension Plan Turnover Study"	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Tur- nover Study" with an adjust- ment factor at 50%	"2003 SOA Pension Plan Tur- nover Study" with an adjust- ment factor at 100%	
Number of people covered by education plan	195	392	49	156	



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19.1.4 ENERGY ASSISTANCE

In ISA TRANSELCA, the energy assistance is a contribution of up to 80% of the residential consumption of the employee's permanent housing.

The obligation for the energy assistance benefit, current service cost and past service cost, was calculated through the projected unit credit methodology, as of December 31, 2019 and 2018.

The primary actuarial assumptions used in the valuation were:

VADIADI EC	DECEMBER
VARIABLES	2019
Discount rate	7,10%
Inflation rate	3,50%
Rate of return on assets	0,00%
Mortality chart	2008 valid rentiers
Turnover chart	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by education plan	157

19.1.5 PENSION CONTRIBUTION AND SOCIAL SECURITY ASSISTANCE

It consists of the payment of contributions for pension and social security to the provisional system and on behalf of the employee by ISA TRANSELCA, from the time the employee leaves the company and until the employee is retired and included in the Colombian Social Security system.

The obligation for pension contribution and social security assistance, current service cost and past service cost, was established through the projected unit credit methodology, as of December 31, 2019 and 2018.

The primary actuarial assumptions used in the valuation were:

VADIADIEC	DECEMBER
VARIABLES	2019
Discount rate	7,10%
Future salary increase	4,00%
Future pension increase	3,50%
Inflation rate	4,00%
Minimum salary increase	4,00%
Rate of return on assets	N/A



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Below is the reconciliation of movements in post-employment benefits carried out during 2019 and 2018:

	PENSION	MEDICAL ASSISTANCE PLAN	EDUCATION ASSISTANCE	ENERGY ASSISTANCE	CONTRIBUTIONS TO SOCIAL SECURITY	TOTAL
BALANCE AS OF DECEMBER 31, 2017	225.042	214.905	23.168	5.763	5.618	474.495
Current period service costs	-	3.002	1.053	-	-	4.055
Interest expense	15.399	15.135	1.663	397	373	32.967
Actuarial losses from experience	3.267	2.674	616	(185)	179	6.551
Actuarial gain/(loss) from financial assumptions	(4.702)	(4.589)	(664)	(116)	(111)	(10.182)
Benefits directly paid by the company	(16.085)	(9.145)	(372)	(343)	(729)	(26.674)
Other changes	(448)	(268)	(36)	-	-	(751)
BALANCE AS OF DECEMBER 31, 2018	222.473	221.714	25.428	5.516	5.330	480.461
Current period service costs	-	2.955	1.055	-	-	4.010
Interest expense	15.668	15.953	1.871	389	366	34.247
Previous services costs	-	-	119	-	-	119
Actuarial (gains)/losses from experience	18	621	75	134	103	951
Actuarial (gains)/losses from change in demographic assumptions	-	(951)	(587)	-	-	(1.538)
Actuarial gains/(losses) from financial assumptions	5.677	4.264	(18)	178	163	10.265
Benefits directly paid by the company	(15.990)	(9.926)	(469)	(365)	(622)	(27.372)
BALANCE AS OF DECEMBER 31, 2019	227.846	234.630	27.474	5.852	5.340	501.143

On the other hand, a quantitative sensitivity analysis was conducted in relation to changes in different key assumptions. The effect on benefit obligation to retired employees is as follows:



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ASSUMPTIONS	PENSION	MEDICAL ASSISTANCE PLAN	EDUCATION ASSISTANCE	ENERGY ASSISTANCE	CONTRIBUTIONS TO SOCIAL SECURITY
CHANGE IN DISCOUNT RATE					
Increase in discount rate by +1%	(21.684)	(29.249)	(3.559)	(559)	(513)
Decrease in discount rate by -1%	25.891	29.821	4.468	666	616
CHANGE IN BENEFIT INCREASE					
Increase in benefit increase by +1%	-	-	4.739	684	_
Decrease in benefit increase by -1%	-	-	(3.810)	(582)	
CHANGE IN MEDICAL TREND					
Increase in medical trend by +1%	-	30.080	-	-	-
Decrease in medical trend by -1%	-	(24.648)	-	-	-
OBLIGATION BASIS	227.846	234.630	27.474	5.852	5.340
AVERAGE DURATION OF THE PLAN	11,7	14,56	14,06	11,6	11,4

19.1.6 PLAN ASSETS

	2019	2018
XM S.A. E.S.P. PLAN ASSETS (1)	(10.930)	(10.724)
COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉ- TRICA PAULISTA (CTEEP) PLAN ASSETS (2)	(34.980)	(88.434)
TOTAL PLAN ASSETS	(45.910)	(99.158)

- (1) XM: The affiliate has restricted cash and cash equivalents to support pension liability and long-term employee benefits, which are placed in the Autonomous Equity managed by Protección S.A. The value of the assets is present in the statement of financial position, offset by the statement of liabilities previously described. (See Note 4.1).
- **(2) ISA CTEEP:** The company sponsors a retirement benefit plan and pension benefits due to death for employees, former employees, and respective beneficiaries, administered by FUNCESP, which purpose is to provide benefits guaranteed by the Social Security.

Payments to retirement plan of defined contribution are recognized as expenses when services granting the right to such payments are rendered.

This evaluation is carried out every year, and the effects of restructuring plan commitments, which include actuarial gains and losses, caused by changes in the asset ceiling (if applicable) and the return on plan assets (excluding interests), are immediately reflected in the balance sheet as a charge or credit recognized in other comprehensive income in the period of their occurrence. As of December 31, 2019 and 2018, ISA CTEEP did not hold actuarial assets or liabilities recognized in accordance to accounting.

As of December 31, 2019, ISA CTEEP had an actuarial surplus of COP 45.099 (2018: COP 421.462).

The equity surplus represents a future economic benefit for the company (in compliance with regulations on decisions CVM N° 695 of 2012, the asset recognition is only allowed when the equity surplus represents a future economic benefit for the company) and was recognized in accordance to accounting in 2019: COP 36.567 and 2018: COP 90.041, which corresponds to the economic benefit from the partial reduction in the plan contributions.



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Movements of the benefit are as follows:

	2019	2018
BALANCE		
Defined benefit obligation	3.413.727	2.782.489
Fair value of the plan asset	(3.458.827)	(3.203.952)
(SURPLUS) / DEFICIT	(45.100)	(421.463)
Irrecoverable surplus (effect of limit on assets)	8.533	331.420
NET LIABILITY / ASSET	(36.567)	(90.043)
MOVEMENT IN IRRECOVERABLE SURPLUS		
Irrecoverable surplus at the end of the previous year	331.420	532.939
Interest on irrecoverable surplus	31.999	40.944
Change in the irrecoverable surplus during the period	(351.811)	(126.142)
Exchange rate effect	(3.076)	(116.321)
IRRECOVERABLE SURPLUS AT THE END OF THE YEAR	8.532	331.420
RECONCILIATION OF THE DEFINED BENEFIT OBLIGATION		
Defined benefit obligation at the end of the previous year	2.782.489	2.654.790
Current service cost	10.361	8.962
Interest costs	259.915	232.768
Benefits paid by the plan	(185.965)	(164.979)
Participant's contribution	851	554
Actuarial gain/(loss)	647.318	225.494
Exchange rate effect	(101.242)	(175.100)
DEFINED BENEFIT OBLIGATION AT THE END OF THE PREVIOUS	3.413.727	2.782.489
RECONCILIATION OF FAIR VALUE OF THE PLAN ASSET		
Fair value of the plan asset at the end of the previous year	(3.203.950)	(3.187.728)
Expected return on investments	(300.653)	(339.622)
Contribution paid by the company	(763)	(520)
Participant's contribution	(851)	(754)
Benefits paid by the plan	185.965	164.979
(Gain)/loss over return on investments	(244.500)	(113.788)
Exchange rate effect	105.925	273.483
FAIR VALUE OF THE PLAN ASSET AT THE END OF THE YEAR	(3.458.827)	(3.203.950)



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The movement in the other comprehensive income is as follows:

	2019	2018
COSTS RECOGNIZED IN THE INCOME		
Current service cost	10.361	8.962
Interests on defined benefit obligation	259.915	232.768
Interests/return on the fair value of the plan asset	(300.653)	(281.125)
Interests on irrecoverable surplus	31.999	40.944
	(36)	59
COST OF THE DEFINED BENEFIT OBLIGATION INCLUDED IN THE COMPANY'S INCOME	1.586	1.608
MOVEMENT IN OTHER COMPREHENSIVE INCOME		
Actuarial (gain)/loss	647.318	225.494
(Gain)/loss on return on investments	(244.501)	(113.788)
Change in the irrecoverable surplus during the period	(351.811)	(126.142)
Exchange rate effect	(1.126)	(544)
BALANCE AT THE END OF THE YEAR	49.880	(14.980)
COST ESTIMATE FOR THE FOLLOWING PERIOD		
Cost of the defined benefit obligation	13.976	1.577
VALUE ESTIMATE FOR THE FOLLOWING PERIOD	13.976	1.577

On the other hand, a quantitative sensitivity analysis was conducted in relation to changes in different key assumptions, revealing the following results:

	2019	2018
SENSITIVITY ANALYSIS		
Decrease in discount rate by -1%	3.880.674	3.117.996
Increase in discount rate by +1%	3.033.088	2.504.296



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19.2 Non-current benefits

ISA, ISA INTERCOLOMBIA, and XM grant their employees benefits associated to the length of service within the company, such as severance, seniority premium, and five-year period payments.

19.2.1 QUINQUENNIUM

The benefit consists of the five-year period payment of a fixed sum when the employee reaches five years of service in the company, and subsequently, every five years of service.

19.2.2 SENIORITY PREMIUM

The benefit consists of the annual payment of one day's salary per each year of service with the company, in the month of completion of each year of service. The benefit begins when participant completes five years of service with the company.

19.2.3 SEVERANCE

In ISA INTERCOLOMBIA, this benefit is granted by any cause for termination of the employment contract, including: retirement, disability, death, etc. It consists of the following fact: when employees retire from the company, they are paid a retroactive amount by severance after discounting advance payments. Severance retroactivity is settled to employees of an employment regime preceding Law 50 of 1990, who did not adopt changes in the defined contribution plan. This social benefit is settled for the entire working time based on the monthly salary average for each participant.

The main actuarial assumptions used in the valuation of the non-current benefits are:

DECEMBER 2019					
VARIABLES	ISA	ISA INTERCOLOMBIA	XM S.A. E.S.P.		
Seniority premium discount rate	6,70%	6,50%	6,50%		
Severance discount rate	-	5,8%	-		
Minimum salary increase	4,50%	4,50%	4,00%		
Rate of return on assets	N/A	N/A	N/A		
Mortality chart	2008 valid rentiers	2008 valid rentiers	2008 valid rentiers		
Turnover chart	"2003 SOA Pension Plan Turnover Study"	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	with an adjustment factor at 100%		
Number of people covered by seniority premium and quinquennium	111	504	152		
Number of people covered by severance	-	23	-		



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These benefits are valued annually. The reconciliation of the movements presented is shown below:

	SEVERANCE	SENIORITY AND QUINQUENNIUM PREMIUM	TOTAL
BALANCE AS OF DECEMBER 31, 2017	5.128	15.897	21.025
Current period service costs	156	1.300	1.456
Interest expense/revenue	336	987	1.323
Actuarial (gains)/losses from experience	(382)	1.069	687
Actuarial (gains)/losses from financial assumptions	171	505	676
Benefits directly paid by the company	(241)	(2.696)	(2.937)
BALANCE AS OF DECEMBER 31, 2018	5.168	17.062	22.230
Current period service costs	132	1.439	1.571
Interest expense/revenue	297	1.065	1.362
Actuarial (gains)/losses from experience	83	512	595
Actuarial (gains)/losses from change in demographic assumptions	-	(676)	(676)
Actuarial (gains)/losses from financial assumptions	19	405	424
Benefits directly paid by the company	(435)	(2.885)	(3.320)
BALANCE AS OF DECEMBER 31, 2019	5.264	16.922	22.186

The quantitative analysis of sensitivity regarding a change in a key assumption will generate the following effect on the net obligation due to non-current benefits:

ASSUMPTIONS	SEVERANCE	SENIORITY/ QUINQUENNIUM
CHANGE IN DISCOUNT RATE		
Increase in discount rate by +1%	(94)	(977)
Decrease in discount rate by -1%	101	1.103
CHANGE IN SALARY INCREASE		
Increase in salary increase by +1%	139	1.155
Decrease in salary increase by -1%	(131)	(1.040)
OBLIGATION BASIS	5.264	16.922
AVERAGE TERM OF THE PLAN (YEARS)	2,46	6,84



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19.3 Termination benefits

Termination bonuses of employment relations in ISA TRANSELCA amount to COP 3.871 million.

The primary actuarial assumptions used in the valuation are:

VARIABLES	2019
Discount rate	6,00%
Inflation rate	3,50%
Mortality chart	2008 valid rentiers
Turnover chart	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered	140

The following chart includes the reconciliation of movements made during 2019 and 2018:

	RETIREMENT BONUS
BALANCE AS OF DECEMBER 31, 2017	2.167
Current period service costs	95
Interest expense/revenue	147
Actuarial (gains)/losses from experience	17
Actuarial (gains)/losses from financial assumptions	(14)
BALANCE AS OF DECEMBER 31, 2018	2.412
Current period service costs	94
Interest expense/revenue	166
Previous services costs	1.268
Actuarial (gains)/losses from experience	(168)
Actuarial (gains)/losses from financial assumptions	99
BALANCE AS OF DECEMBER 31, 2019	3.871



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The quantitative analysis of sensitivity regarding a change in a key assumption will generate the following effect on the net obligation due to defined benefits:

ASSUMPTIONS	RETIREMENT BONUS
CHANGE IN DISCOUNT RATE	
Increase in discount rate by +1%	(193)
Decrease in discount rate by -1%	219
CHANGE IN SALARY INCREASE	
Increase in benefit increase by +1%	242
Decrease in benefit increase by -1%	(217)
OBLIGATION BASIS	3.871
TERM OF THE PLAN	6,2

20. OTHER NON-FINANCIAL LIABILITIES

		2019		2018			
OTHER LIABILITIES		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Deferred revenues and credits	(1)	13.612	406.568	420.180	19.721	399.698	419.419
Collections in favor of third parties		40.088	33.527	73.615	35.623	29.775	65.398
Revenues received in advance from sales	(2)	28.857	58.942	87.799	34.451	70.161	104.612
TOTAL OTHER LIABILITIES		82.557	499.037	581.594	89.795	499.634	589.429

(1) Deferred revenues and credits mainly correspond to:

In ISA, they are related to deferred revenues from the National Transmission System (STN): COP 158.331 (2018: COP 173.232) by bidding assets UPME and infrastructure use rights in INTERNEXA PERÚ, COP 125.651 (2018: COP 136.044), associated with the advances received from usufruct contracts signed with Telefónica.

(2) It mainly includes revenues received in advance in INTERNEXA S.A., for COP 72.353 (2018: COP 92.004), in contracts for the right of use and network from the following customers: Comunicación Celular S.A., Colombia Móvil, TV Azteca, Colombia Móvil S.A. E.S.P. Tigo, Colombia Telecomunicaciones, Ufinet Colombia S.A., Turbo Distrito Portuario, among others.



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21. EQUITY

21.1 Subscribed and paid-in capital and number of shares

ISA's subscribed and paid-in capital, as of December 31, 2019 and 2018, is COP 36.916, represented in 1.125.498.016 shares, distributed as follows:

	2019		
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% INTEREST (1)
STATE INVESTORS			
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114
Empresas Públicas de Medellín E.S.P. (EPM)	97.724.413	3.205	8,8225
SUBTOTAL	667.196.974	21.884	60,2339
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	96.053.920	3.151	8,6716
Fondo de Pensiones Obligatorias Protección Moderado	64.582.211	2.118	5,8304
Fondo Bursátil Ishares Colcap	26.750.652	877	2,415
Fondo de Pensiones Obligatorias Colfondos Moderado	25.875.087	849	2,336
Norges Bank-Cb New York	12.780.813	419	1,1538
Old Mutual Fondo de Pensiones Obligatorias Moderado	11.634.376	382	1,0503
Fondo Bursátil Horizons Colombia Select De S&P	7.415.790	243	0,6695
Vanguard Total International Stock Index Fund	6.784.091	223	0,6125





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	2019		
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% INTEREST (1)
Vanguard Emerging Markets Stock Index Fund	6.303.702	207	0,5691
Abu Dhabi Investment Authority J.P. Morgan	5.575.123	183	0,5033
Vol-Eqcol Fondo de Pensiones Protección	4.785.692	157	0,432
Fondo Pensiones Obligatorias Porvenir Mayor Riesgo	4.397.058	144	0,397
Ishares Core Msci Emerging Markets Etf	4.002.096	131	0,3613
Fondo de Pensiones Obligatorias Protección Mayor Riesgo	3.563.108	117	0,3217
Fondo de Pensiones Obligatorias Protección Retiro	3.488.118	114	0,3149
Fondo de Cesantías Porvenir	2.777.859	91	0,2508
Emerging Markets Core Equity Portfolio of Dfa Inve	2.473.088	81	0,2233
The Bank of Nova Scotia	2.433.716	80	0,2197
Other shareholders	148.804.420	4.880	13,4339
SUBTOTAL	440.480.920	14.447	39,7661
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	1.107.677.894	36.331	100
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	1.125.498.016	36.916	



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2018				
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	INTEREST (1) %	
STATE INVESTORS				
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114	
Empresas Públicas de Medellín E.S.P. (EPM)	112.605.547	3.693	10,1659	
SUBTOTAL	682.078.108	22.372	61,5773	
PRIVATE CAPITAL INVESTORS				
Fondo de Pensiones Obligatorias Porvenir Moderado	98.326.440	3.225	8,8768	
Fondo de Pensiones Obligatorias Protección Moderado	67.955.404	2.229	6,1349	
Fondo de Pensiones Obligatorias Colfondos Moderado	26.990.789	885	2,4367	
Fondo Bursátil Ishares Colcap	21.002.149	689	1,8961	
Old Mutual Fondo de Pensiones Obligatorias Moderado	10.904.210	358	0,9844	
Norges Bank-Cb New York	10.844.779	356	0,9791	
Vanguard Emerging Markets Stock Index Fund	6.638.937	218	0,5994	
Abu Dhabi Investment Authority J.P. Morgan	6.147.953	202	0,555	
Vanguard Total International Stock Index Fund	5.999.852	197	0,5417	
Fondo Bursátil Horizons Colombia Select De S&P	5.616.811	184	0,5071	
Ishares Edge Msci Min Vol Emerging Markets Etf	5.553.153	182	0,5013	
Ishares Core Msci Emerging Markets Etf	3.792.111	124	0,3423	
Fondo de Cesantías Porvenir	3.062.234	100	0,2765	



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	2018		
Msci Equity Index Fund B - Colombia	2.701.764	89	0,2439
Emerging Markets Core Equity Portfolio of Dfa Inve	2.504.033	82	0,2261
Ishares Msci Emerging Markets Etf	2.490.129	82	0,2248
Monetary Authority of Singapore State Street	2.402.546	79	0,2169
The Bank of Nova Scotia	2.131.154	70	0,1924
Other shareholders	140.535.338	4.608	12,6873
SUBTOTAL	425.599.786	13.959	38,4227
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	1.107.677.894	36.331	100
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	1.125.498 .016	36.916	

- (1) Percentage of interest on outstanding shares, which are common, registered and dematerialized.
- (2) Shares belonged to CORELCA, and were reacquired by ISA in August 1998. To this date, all rights inherent to these shares have been suspended, and consequently, they do neither participate in the distribution of dividends nor are part of the quorum to deliberate and decide.

The Colombian Centralized Deposit of Securities (Depósito Centralizado de Valores de Colombia, Deceval) is an entity that receives securities in deposit, for their administration and custody, thereby contributing to facilitate and speed up market agents' operations.

21.2 Authorized shares and nominal value

As of December 31, 2019 and 2018, the authorized capital stock included 1.371.951.219 common shares, with a nominal value of COP 32,800000005352. All shares issued are totally paid.

21.3 Rights and restrictions of shareholders

Shareholders holding common shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at the company Shareholders' Meetings. ISA is listed on the Colombia Stock Exchange.

21.4 Premium for placement of shares

This item amounts to COP 1.428.128 in 2019 and 2018. (See Note 3.22).



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21.5 Dividends

Dividends decreed in 2019 and 2018, on income from the previous year, are detailed below:

	2019	2018
Net income of previous period	1.529.155	1.442.708
Outstanding shares:	1.107.677.894	1.107.677.894
Ordinary dividend per share (in COP)	552	266
Extraordinary dividend per share (in COP)	-	276
Total decreed dividends per share	552	542
Decreed dividends	611.438	600.361
Payment method	Ordinary and extraordinary dividends payable in two installments, July and December 2019.	Ordinary and extraordinary dividends payable in two installments, July and December 2018.

The detail of paid dividend in recent years is as follows:

ATTRIBUTED TO THE PERIOD	TYPE OF DIVIDEND	DATE OF PAYMENT	COP PER SHARE
2016	Ordinary	25-Jul-17	124
2016	Extraordinary	25-Jul-17	72
2016	Ordinary	12-Dec-17	124
2016	Extraordinary	12-Dec-17	72
2017	Ordinary	12-Jul-18	133
2017	Extraordinary	12-Jul-18	138
2017	Ordinary	04-Dec-18	133
2017	Extraordinary	04-Dec-18	138
2018	Ordinary	24-Jul-19	276
2018	Ordinary	11-Dec-19	276



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21.6 Reserves

		2019	2018
Legal	(1)	18.458	18.458
Legal under tax provisions		898.802	898.802
For equity strengthening	(2)	4.391.329	3.473.612
For rehabilitation and repair of STN assets	(3)	37.434	37.434
TOTAL		5.346.023	4.428.306

- (1) In accordance with the Law, the parent company is required to set aside 10% of its net annual profits as legal reserve until the balance of this reserve equals 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the parent company but may be used to absorb or reduce net annual losses. Reserve balances are freely available to shareholders, as to the amount exceeding 50% of the subscribed capital.
- (2) In compliance with Article 47 of the Statutes, the General Shareholders' Meeting has created this reserve, which is occasional, so that the company maintains its financial strength, maintains the level of financial indicators required by credit rating agencies to provide the investment grade, and fulfills the contractual commitments acquired with financial entities. On March 29, 2019, the General Shareholders' Meeting decided to create an occasional reserve for equity strengthening for COP 917.717 million, to cover investment commitments already acquired and to maintain financial strength.
- (3) On March 30, 2000, the General Shareholders' Meeting approved an appropriation for COP 24.933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18, 2002 an addition to this reserve was approved for COP 12.501, for a total of COP 37.434.

22. REVENUES FROM CONTRACTS WITH CUSTOMERS

They are revenues from services provided by ISA and its companies, for: energy transmission (use of the National Transmission System -STN-), connection to the STN; services related to energy transmission services, management, operation and maintenance; specialized technical services, design, construction, maintenance, exploitation and operation of road concessions, financial returns from concessions, special studies, availability of infrastructure and project management, organization, administration, marketing and provision of telecommunication services, performing all kinds of activities with the construction of transmission lines, energy projects of all kinds, and intelligent management of real-time systems.

CONCEPT OF REVENUES		2019	2018
Energy transmission services	(1)	4.783.487	4.402.746
Roads	(2)	1.089.079	1.015.860
Constructions for sale	(3)	1.441.269	991.013
Information and Telecommunication Technologies	(4)	359.040	324.722
Connection to the STN	(5)	243.755	232.888
CND-MEM Dispatch and coordination		141.238	126.622
Other operating revenues		78.535	70.278
Management, operation, and maintenance		2.489	4.535
Technology transfer		116	5.148
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS		8.139.008	7.173.812



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Accumulated as of December, the operating revenues reached COP 8.139.008, 12,5% more than 2018, explained by:

(1) Energy transmission services correspond to services provided by ISA, ISA INTERCOLOMBIA, and ISA TRANSELCA, which are regulated by the Energy and Gas Regulation Commission (CREG) and the provision of services covered by concession contracts in Brazil, Peru, and Bolivia paid under the fee regime of each country and with annual adjustments during the term of the concession, according to the fee agreed in each concession contract.

The increase of energy revenues compared with the previous year is explained by:

- » The entry into operation of new projects in Colombia, Brazil, Peru, and Chile between 2018 and 2019:
- » In Colombia COP 142.197, associated, among others, with the entry into service of the Ituango and Medellin 500 kV Substation and related lines; Cerromatoso – Chinú – Copey 500 kV Line; Chinú – Montería – Urabá 230 kV Interconnection, which added to the system around 200 km of circuit; San Antonio 230 kV Substation, the double circuit of 30,5 km, the Sogamoso (Santander) Substation third transformer, and the Ternium Connection and Copey Substation expansion.
- » In Chile, COP 97.041 mainly arising from the Cardones-Polpaico project, which last tranche, the Pan de Azúcar-Polpaico Transmission Line, entered into operation in May 2019.
- » In Brazil, improvements and reinforcements, as well as the Itapura concession contract 042/2017, entered into operation.
- » And in Peru, the projects FRIMO, TRUCHI reinforcement, CARAPONGO, and Expansions 18 and 19 entered into operation.
- The variation also includes higher returns from concessions that are under construction in Brazil: Itaúnas, Tibagi, Aguapeí, Itapurá, and Itaqueré, generated from the increase in construction by COP 29.786. This increase results from a base effect because when existing higher construction revenues, these increase the account receivable compared with the fact of applying a general rate with higher financial returns.
- » The adjusted revenues received in 2018 by ISA INTERCHILE, from the Maitencillo Nueva

- Maitencillo and Pan de Azúcar Nueva Pan de Azúcar connection works, which entered into commercial operation earlier, bringing higher revenues for COP 25.678 million.
- » Exchange effect for COP 191.229.
- » These positive events allowed offsetting lower revenues related to:
 - » Lower revenues from RBSE for COP 58.955, due to the decrease of the account receivable for greater collection, for COP 1.162.704.
 - » And the extraordinary event that increased revenues in 2018: the six additional months for the inflation update of revenues of ISA CTEEP and its companies, for COP 178.856.
- For ISA and ISA INTERCOLOMBIA, rates to use the STN for the existing network are regulated and subject to adjustment by the Producer Price Index (PPI). Revenues from UPME calls for bids related to new projects in the STN are determined in US dollars and adjusted by the Producer Price Index (PPI), United States. In 2019, higher revenues resulted from these macroeconomic variables, higher PPI, and TRM, slightly offset by changes in annuities, according to the defined income profile of each UPME. The favorable behavior for the year of PPI and TRM, variables on which revenues in Colombia are indexed, allowed greater revenues for COP 70.090.
- (2) In the Road Concessions Business Unit in Chile, there were higher revenues for COP 56.121 related to higher revenues from maintenance (COP 30.760), and the implementation of the free flow system in Ruta del Maipo, added to higher management services (COP 37.586).
- (3) Construction revenues increased by 45,4% compared with 2018 due to higher construction dynamics in energy transmission in the Brazil and Peru concessions, and the net income in construction, increasing from COP 292.860 in 2018 to COP 423.588 in 2019, a variation related to the optimization of capex and the anticipation of programs in Brazil.
 Net income in construction arises as of 2018 with the entry into force of IFRS 9 and IFRS 15, whereby ISA CTEEP and its subsidiaries changed the accounting model for the financial assets of their concessions, and implemented the "Contractual Asset" methodology. This income comes from positive or negative variations from the entry into operation of projects, comparing the costs incurred in infrastructure construction against future flow



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of cash reception discounted by the rate represented by the financial component of the business, established at the beginning of each contract/project.

(4) Services of the Information and Telecommunication Technology business unit have a positive variation mainly due to the increase of the customer in connectivity services in Colombia, Chile, and Peru.

As 74,9% of 2019 consolidated revenues are generated by concession contracts, the following note regarding concessions is submitted in greater detail.

23. CONCESSIONS

ISA, through its companies, promotes development in Brazil, Peru, and Bolivia by means of concessions acquired to provide energy transmission utility services, Real-Time Systems Management services in Colombia, and road transportation services through concessionaires in Chile.

23.1 Concessions in Peru

Due to the terms and conditions contained in the concession agreements in Peru for the provision of the energy transmission utility, similar in legal terms and rights and obligations with the State, the model that applies to concession agreements to provide the energy transmission utility at ISA REP, ISA PERÚ, and CONSORCIO TRANSMANTARO is the intangible asset model, which applies when the services provided by the operator are paid by users or when the grantor does not unconditionally warrant the collection of accounts receivable.

The intangible asset represents the right granted by the Peruvian State to charge users for the energy transmission service.

The company applies the intangible asset model to record its concession agreements, given that this intangible asset represents the right granted by the Peruvian State to charge users for the energy transmission service. This right is not an unconditional right to receive cash.

23.2 Concessions in Bolivia

Similar to the type of agreements in Peru, in concession agreements for the provision of energy utilities in Bolivia, unconditional cash receipt is not guaranteed for the operator, thus the latter must assume the credit risk associated with the collection of amounts billed, which could mean that the company cannot recover all the investment. Additionally, the Bolivian State is not required to guarantee the lacking amounts either by the absence of demand or lack of payment of any of the market players; therefore, the grantor has no obligation to pay for the construction services received; in this sense, the model that is consistent with the agreement terms, covered by IFRIC 12, is the intangible asset model.

23.3 Concessions in Colombia

Currently, SISTEMAS INTELIGENTES EN RED, by means of Business Cooperation Agreement signed with UNE EPM Telecomunicaciones S.A. and Consorcio ITS, is in charge of executing the Inter-Administrative Agreement No. 5400000C003 of 2006 with the Municipality of Medellín "under concession, and therefore at its account, by contributing with the technological infrastructure required to provide modernization and optimization for the management of the administrative services of the Department of Transport and Traffic of Medellin, through a comprehensive solution for technology, information, communications and operation of ICTs"; in consideration of the above, it is entitled to receive revenues from fines captured by the photo-detection system.

This agreement is within the scope of IFRIC 12 under the intangible model due to the following reasons:

• The grantor, in this case the Municipality of Medellín, controls which services should be provided by the operator with the infrastructure, who should be charged, and at what price.



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• The grantor controls, through ownership of the right of use, any significant residual stake in the infrastructure at the end of its useful life, as set out in Addendum No. 5 of the agreement: upon termination of this agreement, all goods, equipment, technology, software licenses shall be reversed in favor of the Municipality.

23.4 Concessions in Brazil

In concession contracts in Brazil for the provision of the energy transmission utility, the operator is entitled to the contract asset, as far as the concessionaire complies with the obligation to build and implement the transmission infrastructure, recognizing the revenues over the term of the project. At the end of the concession, the reversion of assets linked to the concession will be established by determination and calculation of the compensation to be recognized by the operator.

All concession agreements of ISA CTEEP and TAESA were analyzed and classified in accordance with IFRS 15 - Revenues from Contracts with Customers (in Brazil, CPC 47 - Receita de Contrato com Cliente-), within the contract asset model, as from January 1, 2018.

The value of the contract asset of energy transmission concessionaires is determined by the present value of their future cash flows, which are determined at the beginning of the concession or at its extension, and are revalued in the Periodic Fee Review (Revisión Tarifaria Periódica -RTP-).

Cash flows are defined based on the remuneration that concessionaires receive for the provision of the transmission utility to users, Receita Anual Permitida (RAP). These collections amortize investments made in the transmission infrastructure. Any eventual investments that are not amortized (reversed assets) generate the right to compensation by the Grantor's Power, which is equivalent to the additional compensation of the entire transmission infrastructure at the end of the concession agreement. This flow of future

collections is adjusted by inflation (Extended Consumer Price Index (IPCA)/General Market Price Index -IGPM-) and remunerated by a discount rate that represents the financial component of the business defined at the beginning of each project.

During the execution stage of the construction of the work, the concessionaire is entitled to consideration according to the completion of the work and performance obligations, and not only over time; and the recognition of revenues from construction is related to the formation of this asset through the incurred expenses.

Construction revenues and remuneration revenues from concession assets are subject to the deferral of the Social Integration Program (PIS) and the cumulative Social Security Financing Contribution (COFINS), recorded in Deferred taxes, in non-current liabilities.

23.5 Concessions in Chile

Contracts of the Chilean concessionaires for the provision of the road transport utility include guaranteed revenues according to the Revenue Distribution Mechanism (Mecanismo de Distribución de Ingresos (MDI)), which sets total revenues at the present value, also providing the concept of Guaranteed Minimum Revenue (Ingreso Mínimo Garantizado, -IMG-) and subsidies in some concessionaires.

These agreements also include revenue guarantees representing an unconditional contractual right to receive cash or other financial assets from construction services provided. The contractually guaranteed payment is a specific and determinable amount.

Based on the above, the model that applies to concessions in Chile is the financial asset model. This asset is extinguished by the payments received from road users through tolls or directly by payments from the Ministry of Public Works (Ministerio de Obras Públicas -MOP-).



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Some of these concession agreements include the construction of the infrastructure required to provide these services.

BUSINESS CONCESSIONAIRE	CONCESSIONAIDE	COUNTRY ASSET CLASSIFICATION	CONCESSION ASSET VALUE		OPERATING REVENUES		
	CONCESSIONAIRE		CLASSIFICATION	DECEMBER 2019	DECEMBER 2018	DECEMBER 2019	DECEMBER 2018
INTANGIBLE ASSE	ET:						
	CONSORCIO TRANSMANTARO S.A.	Peru	Intangible	4.184.216	4.160.539	770.705	691.231
Energy Transmission	RED DE ENERGÍA DEL PERÚ (REP)	Peru	Intangible	1.395.534	1.397.129	536.848	494.845
	ISA PERÚ S.A.	Peru	Intangible	155.819	159.752	59.827	50.104
SUBTOTAL CONCE	SSIONS IN PERU:			5.735.569	5.717.420	1.367.380	1.236.180
Energy Transmission	ISA BOLIVIA S.A.	Bolivia	Intangible	51.785	66.615	81.823	73.586
Management of Real- Time Systems	Sistemas Inteligentes en Red S.A.S.	Colombia	Intangible	4.069	4.752	19.697	17.504
TOTAL CONCES	SIONS RECOGNIZED AS INTANGIBLE	ASSETS:		5.791.423	5.788.787	1.468.900	1.327.270
CONTRACT ASSET:							
Energy Transmission	CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA	Brazil	Contract	2.718.406	2.280.428	798.662	717.132
	INTERLIGAÇÃO ELÉTRICA PINHEIROS S.A. -IEPINHEIROS-	Brazil	Contract	497.277	495.255	60.966	48.130
	Interligação Elétrica Aguapeí S.A.	Brazil	Contract	78.236	10.887	69.209	9.648
	Interligação Elétrica Tibagi S.A.	Brazil	Contract	98.542	12.055	88.816	10.668
	Interligação Elétrica Itapura S.A.	Brazil	Contract	90.323	23.143	72.255	22.236
	Interligação Elétrica Itaquerê S.A.	Brazil	Contract	201.777	108.750	98.526	96.962
	Interligação Elétrica Itaúnas	Brazil	Contract	106.873	40.736	68.904	34.407
	INTERLIGAÇÃO ELÉTRICA SERRA DO JAPI	Brazil	Contract	407.277	425.227	40.550	43.244
	INTERLIGACAO ELÉTRICA DE MINAS GERAIS S.A. –IEMG–	Brazil	Contract	88.218	99.057	5.676	16.284
	EVRECY	Brazil	Contract	40.373	43.975	4.357	(4.198)
	INTERLIGACAO ELETRICA NORTE E NORDESTE S.AIENNE-	Brazil	Contract	364.788	370.708	42.659	59.927



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	INTERLIGAÇÃO ELETRICA SUL S.A IESUL	Brasil	Contractual	182.889	209.358	27.342	9.363
	IE Biguaçu	Brasil	Contractual	8.301	967	7.530	931
TOTAL CONCESS	SIONS RECOGNIZED AS CONTRACT AS:	SETS:		4.883.280	4.120.546	1.385.452	1.064.734
FINANCIAL ASSET	T:						
Energy Transmission	CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA	Brazil	Financial -RBSE-	6.921.163	7.500.475	841.349	1.025.753
SUBTOTAL CONCE	SSIONS IN BRAZIL (RBSE):			6.921.163	7.500.475	841.349	1.025.753
Energy Transmission	CTEEP - COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA	Brazil	Financial asset Operations and maintenance services	100.998	255.084	902.915	821.212
	INTERLIGAÇÃO ELÉTRICA PINHEIROS S.A. -IEPINHEIROS-	Brazil	Financial asset Operations and maintenance services	3.542	1.934	7.320	7.842
	Interligação Elétrica Itapura S.A.	Brazil	Financial asset Operations and maintenance services	1.042	-	1.289	-
	INTERLIGAÇÃO ELÉTRICA SERRA DO JAPI	Brazil	Financial asset Operations and maintenance services	3.826	3.277	5.490	6.304
	INTERLIGACAO ELÉTRICA DE MINAS GERAIS S.A. –IEMG–	Brazil	Financial asset Operations and maintenance services	1.309	935	2.770	2.379
	EVRECY	Brazil	Financial asset Operations and maintenance services	(35)	(821)	2.133	1.956
	INTERLIGACAO ELETRICA NORTE E NORDESTE S.AIENNE-	Brazil	Financial asset Operations and maintenance services	3.672	4.025	(1.869)	2.346
	INTERLIGAÇÃO ELETRICA SUL S.A IESUL	Brazil	Financial asset Operations and maintenance services	1.280	-	1.568	585
TOTAL CONCESSION	ONS IN BRAZIL RECOGNIZED AS FINANCIAL A	SSET:	115.634	264.434	921.616	842.624	842.624
Road Concessions	Ruta del Maipo Sociedad Concesionaria S.A.	Chile	Financial	5.083.809	5.203.468	862.947	732.614
	Ruta del Maule Sociedad Concesionaria S.A.	Chile	Financial	13.385	25.881	181.499	132.868
	Ruta de la Araucanía Sociedad Concesionaria S.A.	Chile	Financial	724.385	871.841	149.397	129.405
	Ruta del Bosque Sociedad Concesionaria S.A.	Chile	Financial	136.895	291.624	106.839	96.121
	Ruta de los Ríos Sociedad Concesionaria S.A.	Chile	Financial	261.158	324.005	114.674	84.214
	Rutas del LOA Sociedad Concesionaria S.A.	Chile	Financial	86.553	33.160	59.476	32.699
SUBTOTAL CONCE	SSIONS IN CHILE:			6.306.185	6.749.979	1.474.832	1.207.921
TOTAL CONCES	SIONS RECOGNIZED AS FINANCIAL AS	SSETS:		13.342.982	14.514.888	3.237.797	3.076.298



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24. OPERATING COSTS AND EXPENSES

24.1 Operating costs

Operating costs as of the years ended December 31 are detailed below:

		2019	2018
Construction costs of concession contracts	(1)	955.624	657.251
Personnel costs	(2)	515.457	453.742
Materials and maintenance	(3)	313.795	280.538
Services	(4)	180.701	160.822
Contributions and taxes	(5)	109.449	81.892
Miscellaneous	(6)	75.864	90.495
Leases		13.959	40.152
Insurances		38.626	36.640
Fees		29.586	26.917
Communications		23.738	22.829
Environmental		14.627	11.656
Maintenance of intangibles		4.517	5.263
Studies and projects		4.494	4.902
Advertising, printed material, and publications		4.088	3.078
TOTAL OPERATING COSTS BEFORE DEPRECIATION AND AMORTIZATION		2.284.525	1.876.177
Depreciations	(7)	348.884	276.124
Amortizations	(8)	277.120	311.556
TOTAL DEPRECIATION AND AMORTIZATION		626.004	587.680
TOTAL OPERATING COSTS		2.910.529	2.463.857



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Operating costs increased by 18,13% in 2019 as a result of:

(1) The increase in construction costs of concession contracts, which revenues are associated, represents 12,11% of the total variation in operating costs. Construction costs correspond to contracts for the construction, management, administration, and supervision of the construction and commissioning of transmission lines and roads under concession in Brazil, COP 455.707 (2018: COP 291.322), Chile, COP 339.741 (2018: COP 168.251), and Peru, COP 160.175 (2018: COP 197.679). The increase is mainly due to higher construction dynamics in Brazil for Itaúnas, Tibagui, Itaqueré, Aguapeí, Biguaçu and Itapura projects, and for road concessions in Chile.

Excluding the increase of these costs, operating costs grew by 6,02% as a result of:

- (2) The growth in personnel costs by COP 61.715 million (13,60%) is mainly explained by the higher costs for salaries, payroll contributions and taxes related to the salary increase, in Colombia for COP 18.724 and in Chile for COP 7.752. Brazil also includes these items, plus trade union adjustments and indemnities to employees, with an increase by COP 34.378.
- (3) It includes costs related to the maintenance of the road network, including those incurred in the recovery of infrastructure.

- (4) These costs include transport, public utility, process outsourcing, installation, surveillance, and audit services. The variation is explained by ISA CTEEP, for COP 14.199, and Chile, for COP 5.453.
- (5) Contributions and taxes increased by COP 27.557. Colombia explains COP 15.631 mainly due to: UPME contribution, tax on financial transactions, contribution to the Superintendence of Household Utilities, property tax, and industry and commerce tax. Brazil contributed COP 6.476, due to higher contributions paid to ANEEL, and Peru, COP 5.044.
- (6) This item includes concepts such as: communications, studies, general production costs, subscriptions and affiliations, among others.
- (7) Higher depreciations are explained by the entry into operation of ISA and ISA INTERCHILE projects.
- (8) Decrease in amortization of concessions of CONSORCIO TRANSMANTARO, ISA REP, and ISA Perú due to the adjustment in the residual value of expansions which resulted in a decrease of the amortization costs by COP 75.974.



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24.2 Administrative expenses

Administrative expenses for the years ended December 31 are detailed below:

		2019	2018
Personnel expenses	(1)	292.950	284.498
Fees	(2)	116.249	92.489
Contributions and taxes	(3)	27.323	51.471
Environmental - Social		26.458	27.066
Services		27.158	25.893
Materials and maintenance		26.827	20.000
Leases		6.085	16.522
Insurances		13.059	10.541
Advertising, printed material, and publications		11.872	8.890
Miscellaneous		10.902	7.510
Studies and projects		11.750	3.872
Maintenance of intangibles		5.092	3.553
Communications		412	381
TOTAL ADMINISTRATIVE EXPENSES BEFORE DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		576.137	552.686
Amortizations		44.476	29.248
Provisions	(4)	100.867	127.029
Depreciations		46.698	30.760
TOTAL DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		192.041	187.037
TOTAL ADMINISTRATIVE EXPENSES		768.178	739.723



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- (1) Personnel expenses include all current, non-current, and post-employment benefits.
- (2) It includes fees for legal, technical, administrative and financial consultancy, as well as fees paid by each affiliate to the statutory auditors and external auditors.
- (3) This item includes contributions to various control entities, electric energy tax, tax on financial transactions, property tax, industry and commerce tax, tax on notices and billboards, and tax on street lighting, environmental surtax, and stamps. The decrease is mainly explained by other taxes and contributions of the energy sector of ISA CAPITAL DO BRASIL as it received Juros from ISA CTEEP, which in 2019 are presented as lower financial revenue.
- (4) For 2019, there was a lower goodwill impairment expense in INTERNEXA Brasil and from the customer list originated in the purchase of the companies NQT and IPNET by COP 42.414 million, which was adjusted to the present value of future operating flows. In 2018, the asset impairment of Internexa Brasil was COP 69.190.

25. OTHER EXTRAORDINARY REVENUES

On January 22, 2018, the National Tax and Customs Department issued 8 resolutions numbered from 497 to 504, ordering to repay to ISA equity tax paid in excess/not owed for 2011, for the portion corresponding to the equity of the Energy Transmission activity.

This tax repayment is due to the application of the legal stability agreement signed with the Nation for the Energy Transmission activity, which stabilized, among others, the equity tax regulations in force in 2008.

	2019	2018
Other extraordinary revenues	-	60.901



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26. OTHER REVENUES AND EXPENSES AND EQUITY METHOD

Other revenues and expenses and equity method for the years ended December 31, are detailed below:

		2019	2018
REVENUES			
Indemnities		9.182	1.701
Leases		1.248	1.158
Recoveries	(1)	19.545	28.509
Income from sale of property, plant, and equipment		14.657	588
Others	(2)	55.261	26.844
TOTAL OTHER REVENUES		99.893	58.800
Losses from events of loss		1.399	204
Losses from derecognition of assets		20.739	43.591
Others		7.943	12.779
TOTAL OTHER EXPENSES		30.081	56.574
OTHER REVENUE /(EXPENSE), NET		69.812	2.226
REVENUES FROM EQUITY METHOD		274.067	289.351
EXPENSES FROM EQUITY METHOD		60.339	50.977
NET EQUITY METHOD REVENUES/(EXPENSES)	(3)	213.728	238.374

- (1) The increase mainly reflects the sale, in 2019, of ISA's assets that were installed in the Betania substation, located in the department of Huila, for a sale value of COP 23.658 and at a cost of COP 9.610.
- (2) Other extraordinary revenues increased especially due to the reversal of the provision of NQT in INTERNEXA BRASIL COP 19.556 million.
- (3) The variation in the equity method is explained by lower results in IEMADEIRA and IEGARANHUNS by the six additional months of the update by revenues inflation for the Jun/18-May/19 tariff cycle recognized in 2018 (COP 15.219 million). There were also lower results in TAESA due to the decrease in General Market Price Index (IGPM) (COP 10.442 million).



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27. NET FINANCIAL RESULT

The detail of financial revenues and expenses as of December 31, 2019 and 2018, is as follows:

		2019	2018
FINANCIAL REVENUES			
Valuation of investments	(1)	286.060	291.643
On financial assets		46.560	45.861
Return on other assets		60.964	44.139
Commercial discounts, conditioned, and agreements		26.891	27.667
Monetary variation		10.360	11.288
Others	(2)	(19.323)	2.556
Returns from monetary readjustment		5.051	2.115
Return on other assets		-	844
TOTAL FINANCIAL REVENUES		416.563	426.113
Interest on bonds	(3)	640.531	571.689
On public credit financial obligations		307.241	290.091
Other interest		254.706	217.119
Loss in valuation and sale of investments	(4)	262.379	235.114
Commissions and other bank expenses		19.946	18.620
Miscellaneous		3.017	3.455
Management of issuance of securities		1.550	1.423
TOTAL FINANCIAL EXPENSES		1.489.370	1.337.511



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	2019	2018
EXCHANGE DIFFERENCE		
Cash	174.127	229.669
Debtors	5.474	(1.044)
Investments abroad	(10.091)	(16.269)
Other assets	227	783
Accounts payable	(83.781)	(138.726)
Loans	(848)	11.654
Financial liabilities	(224.965)	(262.281)
TOTAL NET EXCHANGE DIFFERENCE REVENUES / (EXPENSES) (5)	(139.857)	(176.214)
NET FINANCIAL REVENUES/(EXPENSES)	(1.212.664)	(1.087.612)

- (1) It corresponds to the income from the negotiation and sale of fixed and variable income investments, which presented higher revenues in ISA CTEEP, for COP 28.284 (2018: COP 14.340); additionally, there was a higher income in the valuation of derivatives in ISA CTEEP, due to the contracting of three cross currency swap hedge operations to hedge the exchange risk, with an effect in 2019 of COP 219.597 (2018: COP 212.183). The operations are documented by hedge accounting, demonstrating their effectiveness in hedge the exchange rate risk on a debt recognized in the accounts; given the above, market valuation variations do not impact the company's income statement.
- (2) It mainly corresponds to the PIS_COFINS tax associated with the interest on own equity (Juros de Capital Propio) delivered by ISA Capital and ISA Investimentos to their shareholders

- in 2018, for COP 22.466; in addition, to revenues from dividends delivered by EMPRESA PROPIETARIA DE LA RED (EPR) to ISA, for COP 2.890, and CÁMARA DE RIESGO DE CONTRAPARTE, delivered to XM, for COP 252.
- (3) The increase in financial expenses is the result of the debt incurred and the issuance of bonds to support the investments during the period.
- **(4)** The main variation is presented in ISA CTEEP due to loss in the valuation of derivatives for COP 257.523 (2018: COP 79.169).
- (5) Lower expenses from exchange rate differences, mainly due to hiring suppliers of goods and services at Interchile and loans in US dollars granted by ISA to ISA Inversiones Maule.



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28. NET INCOME PER SHARE

Net income per share has been calculated on the basis of the annual weighted average of outstanding shares on the date of the statement of financial position.

As of December 31, 2019 and 2018, the number of outstanding shares was 1.107.677.894. Below is the breakdown of income per share:

	2019	2018
Net income for the period	1.638.732	1.524.382
Average of outstanding shares for the period	1.107.677.894	1.107.677.894
Net income per share (expressed in COP)	1.479,43	1.376,20

29. RELATED-PARTY INFORMATION

Subsidiaries, associates, and joint ventures, including subsidiaries of associates and joint ventures are considered ISA's related parties.

Balances and transactions between Group companies have been eliminated in the consolidation process and are not disclosed in this note.

During 2019, business transactions with companies where there is joint control did not take place.

Board of Directors and Senior Management key staff

The company group is managed by a Board of Directors composed of nine (9) main members. During Ordinary General Shareholders' Meeting held on March 29,

2019 the Board of Directors for the April 2019 - March 2020 period was elected. The Board of Directors' report contains the information in regards to the election and creation of this body.

The Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

There are no receivables and payables outstanding between the company and members of Board of Directors.

a) Accounts receivable from Senior Management key staff

	2019	2018
Corporate directors	1.108	1.144
Chief officers	660	463
Chief Executive Officer	520	599
General Secretary	57	69
TOTAL	2.345	2.275

There are no transactions other than remuneration transactions between the Group and members the Board of Directors and the Senior Management of ISA.

As of December 31, 2019, the Group has not recognized value impairment and value impairment expense of accounts receivable from related-parties.



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b) Remuneration to Senior Management key staff

The remuneration received by the key staff of the Senior Management is the following:

		2019	2018
Remuneration		10.602	9.616
Short-term benefits		6.350	4.954
Board of Director's fees	(1)	799	1.968
TOTAL		17.751	16.538

(1) Fees for participation in Board of Directors, Directorates, or Councils of ISA and its companies.

As of December 31, 2019 and 2018, there are no labor relations between the members of the Board and the company group, nor business relations between the Group and close relatives of members of the Board of Directors.

30. INFORMATION BY BUSINESS UNITS

An analysis of revenues, costs and expenses from the different business units of the company group is reported as follows:

30.1 Revenues from contracts with customers

Accumulated as of December, operating revenues reached COP 8,1 trillion, 13,5% more than at the end of 2018. This variation is mainly due to the entry into operation of energy transmission projects, higher construction-related revenues, and revenues from the start of reinforcement projects and improvements in ISA CTEEP and its affiliates (Brazil).

		2019	2018
REVENUES FROM CONTRACTS	WITH	CUSTOME	RS
Energy transmission	(1)	6.306.022	5.644.422
Road concessions	(2)	1.474.833	1.208.234
Information and Telecommunication Technologies	(3)	358.153	321.156
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS		8.139.008	7.173.812

By business unit, the variation is explained by the following main factors:

(1) In the Energy business unit, an increase by 11,7% (COP 661.602), as a result of the increase in the construction dynamics of road concessions and energy transmission (COP 116.308), and greater revenues by the optimization of capex and the anticipation of programs in Brazil for COP 140.254.

The variation includes higher operating revenues for COP 405.040, 8,4% more than compared with 2018, for the entry into operation of projects between 2018 and 2019, in Colombia, Chile and Peru (COP 266.812), added to the effect of macroeconomic variables (TRM and PPI) for revenues in Colombia (COP 70.090), the reliquidation of revenues received in ISA INTERCHILE in the 2019 third quarter (COP 25.678), the consolidation of 100% of IESUL's revenues as of September 2018 (COP 19.042), and the increase of operations traded in the energy market operated by XM (COP 14.972). It also includes higher revenues from the account receivable in ISA CTEEP and its affiliates, arising from the increase of the construction activity (COP 29.786).

On the other hand, there was a lower financial return from the RBSE (COP 58.955), as a result of the installments already received, and a lower inflation adjustment of revenues in Brazil (COP 178.756), due to the change in the updating methodology that recognized six additional months in 2018.



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- (2) In the Roads business unit, an increase by 22,1% (COP 266.599), due to construction dynamics of the regulatory safety works in concessions and Third Lanes in Ruta del Maipo (COP 193.694). It includes higher revenues from major maintenance services (COP 30.760), the implementation of the free flow system in Ruta del Maipo, added to the higher management services given traffic increase and service standards (COP 37.586). The conversion effect also increased revenues by COP 16.784 million.
- (3) In the Information and Telecommunication Technologies business unit, an increase by 11,5% (COP 36.995), mainly due to new customers and the expansion of connectivity services in Colombia. Chile. and Peru.

30.2 Costs and expenses

As of December 2019, operating costs and expenses amounted to COP 3,7 trillion, 14,8% more than in the same period of 2018.

		2019	2018
OPERATING COSTS AND EXPENSE	S		
Energy transmission	(1)	2.553.903	2.303.706
Road concessions	(2)	736.815	511.230
Information and Telecommunication Technologies	(3)	387.989	388.644
TOTAL COSTS AND EXPENSES		3.678.707	3.203.580

By business unit, the variation in costs and expenses is mainly explained by:

- (1) In the Energy business unit, an increase by 10,9% (COP 250.197), given the progress of works in Brazil (COP 126.883). It includes higher operating costs (COP 123.314) by the entry into operation of new projects. The studies related to the company growth and the recovery of the Urban Land & Property Tax (IPTU) in ISA CTEEP for COP 7.281 million in 2018.
- (2) In the Roads business unit, an increase of 44,1% (COP 225.585) compared with 2018, due to the increase in construction dynamics of the regulatory safety works in all concessions and Third Lanes in Ruta del Maipo (COP 171.490), implementation of the free flow system, and higher costs for toll management services (COP 24.080) for increased traffic. The variation also includes an increase in conservation and maintenance costs for COP 24.074, which have their corresponding revenue, and the expenses in 2019 due to infrastructure damage caused by demonstrations in Chile.
- (3) In the Information and Telecommunication Technologies business unit, costs and expenses remain constant compared with the previous year.

31. DISPUTES AND CLAIMS

ISA and its companies are currently 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 Group. Also, on its own behalf, it has instituted legal actions required for the defense of its interests.

Below is the information related to the main legal proceedings in which the Group is involved:



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Proceedings as defendant

SOCIETY	PLAINTIFF	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
ISA	Empresas Públicas de Medellín E.S.P. (EPM)	Plaintiff seeks to declare Interconexión Eléctrica S.A. E.S.P., ISA liable for unjust enrichment.	1.791	Probable
ISA	Jorge Eliécer Reyes Plata	Plaintiff seeks a declaration stating that between him and Interconexión Eléctrica S.A. E.S.P., ISA, there was a labor relation, ended without justifiable reason.	756	Probable
ISA	Gómez Cajiao y Asociados S.A.	Plaintiff seeks the absolute nullity of administrative act and auditing and consulting contract, on the grounds that such contract was awarded to an entity other than the one the plaintiff represents, and to reestablish the rights of Gómez Cajiao y Asociados Cía. Ltda. (today called Gómez Cajiao y Asociados S.A.) for having submitted the best bid in public call for bid C-002 of 96.	636	Probable
ISA	José Bladimir Ballesteros Rojas	Reestablishment of the constitutional right for his employer to cover old age, disability, and death risks.	26.550	Eventual
ISA	Héctor Miguel Altuve Santos Javier Emilio Franco Roldan Libardo Antonio López Loaiza Luis Alberto Bastidas Uribe Néstor José Chica Castaño Orlando de Jesús Hernández Toro Óscar Grajales Sarria	Recognize retirement pension agreed upon the collective labor agreement entered into between ISA and SINTRAISA in favor of the plaintiffs.	7.488	Eventual
ISA	Alonso de Jesús Buriticá Álvaro Fabra Celis Henry Betancur Ríos Jaime Ospitia Obregón José Aníbal Albarracín Ardila	Declare ISA to recognize extralegal retirement pension subscribed with SINTRAISA.	6.563	Eventual





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SOCIETY	PLAINTIFF	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
		Labor proceeding severance payments, interest on severance, premium for services for the entire term of employment, taking into account the real salary accrued by the plaintiff.		
TELE ITX -ISA	Payment of vacations, service premium, seniority premium, extralegal premium in June and extralegal premium in December for the entire term of services, as well as extralegal benefits the defendant ISA pays to its employees, under collective agreement with SINTRAISA union.			
	ITX -ISA	Late-performance penalty of Article 65 of the Labor Code (Código Sustantivo del Trabajo, CST).	280	Possible
		Late-performance penalty of Article 99 of the Labor Code (Código Sustantivo del Trabajo, CST).		
		Indemnification adjustment for unfair dismissal, in accordance with the provisions of the collective agreement subscribed with SINTRAISA and in force at the time of termination of the plaintiff, taking into account the real salary accrued by the plaintiff.		
TELE	Impleader to InterNexa S.A. and Azteca. The main defendant is EBSA	Claim payment of easement - declaratory oral proceeding for a larger amount.	144 for the total remedies sought.	Remote
TELB	Jurandir da Silva LTDA ME	The contractor disagreed with the termination fines and made deposits in court to clear his arrears.	N/D	Probable
TELB	Conecta Telecom	Action disputing fines related to the contract for the provision of services, which the plaintiff claims are unlawful.	N/D	Possible

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SOCIETY	PLAINTIFF	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
TELB	Paulo Rodolfo Araujo Albuquerque Mello	(i) Recognition of occupational diseases; (ii) Recognition of the nullity of the resignation; (iii) Recognition of the stability of the accident and, consequently, reinstatement into employment; (iv) Payment of salaries and other consular fees for the period between dismissal and effective reinstatement (v) As alternative, in case of non-recognition of the reinstatement, the payment of salaries and other benefits obtained by the category is required for the period between the dismissal and the effective payment of the rights resulting from the stability; (vi) As alternative, if the court does not believe that the salaries and other consular benefits are owed due to the stability between the dismissal until the effective payment, the payment of the salaries of other consular fees between the dismissal and the final date of stability is required; (viii) Rectification of Labor and Social Security ID Card (CTPS) with calculation of the stability period and prior notification; (viii) reimbursement of amounts spent on private health insurance, until the end of the stabilization period; (ix) Release of Government Severance Indemnity Fund (FGTS) withdrawal vouchers and, successively, in case of failure to recognize the stability, release of Government Severance Indemnity Fund (FGTS) withdrawal certificates by the Defendant, under penalty of direct execution and payment of a fine provided for in Article 477, 8 of CLT; (x) Indemnity for pain and suffering, as the plaintiff was dismissed while allegedly unable to work; (xi) attorney's fees; and (xii) award of Free Justice benefits.	731	Possible
TELB	Secretaria de Fazenda do Estado de Santa Catarina	Failure to provide communication services imposed on ICMS incidence.	930	Possible
ITXAR	Ivonne Calvo C /TTSA	Dismissal	35	Possible
ITXAR	Andres Michelazzo C /TTSA	Dismissal	488	Possible
ITXAR	Leonardo Gladsztain C /TTSA	Dismissal	411	Possibl
XM	GÓMEZ PALACIO JUANA MARÍA	Labor TO DECLARE THE REINSTATEMENT OF THE PLAINTIFF INTO THE SAME POSITION SHE HELD	326	Probable
TRAN	NELSY MARÍA DEL CARMEN PÉREZ	Direct remedy action	1.265	Minima



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TRAN	ALCIDES GUERRERO-PEDRO CORDERO	Recognition of pension	1.000	Remote
TRAN	BELLA NOGALES CONSUEGRA ESTRADA Y OTROS	Direct remedy action	1.257	Remote
TRAN	ALFREDO GUTIÉRREZ LÓPEZ Y OTROS	Direct remedy action	1.289	Remote
TRAN	LIGIA BERMEJO JARAMILLO Y OTROS	Class action lawsuit	30.437	Remote
TRAN	FLOR ÁVILA MARTÍNEZ Y OTROS	Class action lawsuit	20.000	Minimal
CTEP	Trabalhista	The company is liable for certain claims in different courts, related to labor claims for equal pay, overtime, danger premiums, among others.	44.416	Probable
		Regulatory contributions to OSIPTEL		
TELP	OSIPTEL	Resolution on tax determination No. 026-2015-GFS/OSIPTEL and on fine No. 011-2015-GFS/OSIPTEL for the 2010 period.	398	Possible
		Regulatory contributions to OSIPTEL		
TELP	OSIPTEL	Resolutions on tax determination No. 00004-2016-GFS/RD/OSIPTEL and on fine No. 00003-2016-GFS/RM/OSIPTEL for the 2011 period Resolution on fine No. 00026-2016-GFS/RM/OSIPTEL.	855	Possible
		Contributions to FITEL	Amount established:	
TELP	TELP	Resolutions on Tax Determination and Fine for payment of contributions to Fitel for the May-June period and 2010 annual period.	S/ 1.875 Fine: S/. 541	Possible



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ISAB	National Tax Services	Rectification of VAT	1.623	Possible
TELE	Ministry of Communications	FLYCOM filed a lawsuit against the Ministry of Communications, seeking the declaration of nullity of the document by which the Ministry of Communications denied the request to revise the conditions of the national concession for the provision of telecommunications services with FLYCOM's LMDS technology. The lawsuit also seeks to be declared that the concession was affected by the unforeseen events not attributable to the parties, as well as by different administrative acts issued by the Ministry of Communications that altered the economic equation of the concession Consequently, the NATION (Ministry of Communications) will be liable to pay FLYCOM the amount demonstrated in the proceeding, in order to restore the balance of the economic equation of the concession.	58.064, amounts as of December 2006	Possible
		Contractual Restoration of the contractual balance within the Local Multipoint Distribution Service (LMDS) license		
TELE	Mintic-Fontic	Nullity of Resolution No. 972 of 2017, which imposes a penalty on InterNexa for untimely submission of Format 1 - Revenues, is requested	61	Possible
TELE	Mintic	Nullity of Resolution No. 3187 of 2015, in which InterNexa is declared a debtor due to differences in the payment of the consideration, imposing a penalty and charging interest, is requested	921	Probability of winning 50% of the remedy sought
ISA	Hernán Humberto Moreno Montoya Luz María Vasco de Zuluaga Víctor Julio Zapata Marulanda	Declare that the value of the retirement pension recognized by ISA in favor of the defendant under the collective agreement shall be reliquidated from the time the defendant started enjoying the pension, with seventy five percent (75%) of average salaries earned during the last year working for ISA	147	Probable



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SOCIETY	DEFENDANT	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
ISA	Guillermo Alberto Yepes Sánchez	Declare that the value of the retirement pension recognized by ISA in favor of the defendant under the conciliation of September 23, 2002 and the collective agreement shall be reliquidated from the time the defendant started enjoying the pension, with seventy five percent (75%) of average salaries earned during the last year working for ISA	104	Probable
XM	DIAN	Official settlement of income tax 2009	14.119	Possible
XM	Municipality of Guachené	Requirement of administrative acts of the coercive process resulting from the sanction for failure to submit information	617	Probable
XM	SSPD	The settlement of the special contribution for 2018 is requested; the return of the highest value paid is requested	449	Possible
XM	Municipality of Guachené	The penalty imposed by the municipality is disputed	497	Probable
XM	ENERGEN	Default in payment of ASIC and LAC settlements by the company	509	Probable
XM	ENERGIA CONFIABLE SA ESP	Default in payment of ASIC and LAC settlements by the company	1.378	Probable
TRAN	SUPERSERVICIOS	Comercializar S.A. E.S.P.	420	N/D
TRAN	MUNICIPALITY OF DIBULLA	Nullity of the collection and return of the money paid	260	N/D
TRAN	BARRANQUILLA DISTRICT	Nullity of the collection and return of the money paid	534	N/D
TRAN	Municipality of Pivijay	Nullity of the collection and return of the money paid	483	N/D



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TRAN	MUNICIPALITY OF SANTA CATALINA	Nullity of the collection and return of the money paid	298	N/D
TRAN	MUNICIPALITY OF BARRANCAS	Nullity of the collection and return of the money paid	841	N/D
TELB	Webwise Telecomunicações Ltda EPP	Execution of the contractual guarantee	401	Posible
TELB	Vegas Telecom Informática LTDA	Collection of amounts due from accident service contract	1.110	Remote
TELB	Cardoso e Cardoso LTDA ME	Collection of amounts due from accident service contract	593	Remote
TELB	Elig Serviços de Telecomunicações Ltda - ME	Monitoring action aimed at enforcing the invoices issued by the plaintiff to the defendant for services provided resulting from the obligations incurred through the contract signed by the litigants	1.363	Remote
TELB	Cris Maria Bezerra Da Silva	Monitoring action aimed at enforcing the invoices issued by the plaintiff to the defendant for services provided resulting from the obligations incurred through the contract signed by the litigants	590	Remote
TELB	M.L. Carius - ME	Monitoring action aimed at enforcing the invoices issued by the plaintiff to the defendant for services provided resulting from the obligations incurred through the contract signed by the litigants	656	Remote
TELB	Acem Telecom Ltda - ME	Collection proceeding for service provided and not paid	399	Remote
TELB	Britis Telecom Ltda - ME	This is a collection proceeding for the failure of the debtor to pay invoices resulting from the contract for the provision of the service	370	Remote
TELP	WORLD'S TV S.A.C.	Arbitration at law for obligation to give money	1.095	Probable

The Group management and its legal advisors believe that the possibility of material losses as result of such claims is remote.



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32. GUARANTEES

The following guarantees, corresponding to assets pledged as security for liabilities or contingent liabilities, are provided by the following companies:

ISA

For the 2019 term, in addition to the existing guarantees, other guarantees were granted to comply with obligations acquired in new operations.

In addition, the following counterguarantees approved by ISA to support loan agreements entered into by Empresa Propietaria de la Red (EPR) and Interchile remained in effect, as detailed below:

TYPE OF GUARANTEE	BENEFICIARY	OBJECTIVE	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
JOINT AND SEVERAL GUARANTEE	BCIE	Guarantee compliance with payment obligations to the lenders of the companie "EMPRESA PROPIETARIA DE LA RED- EPR-". Bond indenture between EPR and BCIE of up to USD 44.500.000, backed by Joint and Several Guarantee to finance the SIEPAC Project.	USD 23.053.629	75.550	29-06-27
PLEDGE OF SHARES	Creditors Senior Loan	Guarantee compliance with payment obligations to the lenders of the companie INTERCHILE.	USD 684.273.449	2.242.460	31-03-31
	Creditors VAT Loan	Loans backed by the pledge of 100% of ISA	CLP 613.586.109	2.686	31-03-20

On February 15, 2019, ISA Bolivia finished paying financial obligations related to two (2) external bond indentures, both entered into with the Inter-American Development Bank (IDB) and the Andean Development Corporation (CAF), in May 2005 and August 2008.

Consequently, the cancellation of the pledge of shares granted by ISA in favor of the financing banks and the end of the commitments acquired by ISA and TRANSELCA as shareholders of this affiliate were processed.



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ISA CTEEP

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
		Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA DE MINAS GERAIS. Bond Indenture with BNDES	BRL 17.609.844	14.318	15-04-23
Stock hladge	BNDES - Banco Nacional de	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA SERRA DO JAPI. Bond Indenture with BNDES	BRL 46.121.364	37.499	15-05-26
	Desarrollo Económico y Social	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA PINHEIROS. Bond Indenture with BNDES	BRL 34.214.523	27.818	15-05-26
		Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA PINHEIROS. Bond Indenture with BNDES	BRL 10.518.662	8.552	15-02-28
Corporate Security/Pledge of Shares	Banco do Nordeste	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA NORTE E NORDESTE. Bond Indenture with BNDES	BRL 160.307.482	130.337	19-05-30
Pledge of Shares	BNDES - Banco Nacional de	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA SUL. Bond Indenture with BNDES	BRL 5.348.973	4.349	15-05-25
	Desarrollo Económico y Social	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA SUL. Bond Indenture with BNDES	BRL 10.744.520	8.736	15-02-28



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TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Pledge of Shares	Banco da Amazônia	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA DO MADEIRA. Bond Indenture with Banco da Amazônia	BRL 141.497.813	115.044	10-07-32
Pledge of Shares	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA DO MADEIRA. Bond Indenture with BNDES	BRL 571.982.821	465.048	15-02-30
Pledge of Shares	Itaú/BES	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA DO MADEIRA. Infrastructure Securities	BRL 238.971.201	194.294	18-03-25
Pledge of Shares	BNDES - Banco Nacional de Desarrollo Económico y Social	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA GARANHUNS. Infrastructure Securities	BRL 112.169.716	91.199	15-12-28
Pledge of Shares	Itaú Corpbanca	Guarantee compliance with payment obligations of INTERLIGAÇÃO ELÉTRICA IVAI. Infrastructure Securities	BRL 783.256.737	636.823	15-12-43



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ISA INTERCHILE

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
First-ranking mortgage on real estate	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan			
First-Degree Non-Possessory Pledge on Assets	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan	ers of the ent of the		
First-Degree Non-Possessory Pledge on the rights of some relevant contracts with suppliers	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan		2 242 100	12-02-31
First-Degree Non-Possessory Pledge on energy concessions	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan	USD 684.193.427	2.242.198	
First-Degree Non-Possessory Pledge on ISA Inversiones' shares	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan			
First-Degree Non-Possessory Pledge on Shares Money and Investments Allowed	BBVA in Chile, security agent	Guarantee compliance with payment obligations acquired with funders of the syndicated senior loan			





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TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Second-ranking mortgage on real estate	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile			
Second-Degree Non-Possessory Pledge on Assets	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile			
Second-Degree Non-Possessory Pledge on the rights of some relevant contracts with suppliers	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile	01.0.612.500.507	2.685	31-03-20
Second-Degree Non-Possessory Pledge on Energy Concession Rights	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile	CLP 613.528.507		
Second-Degree Non-Possessory Pledge on ISA Inversiones Chile' shares	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile			
Second-Degree Non-Possessory Pledge on Money and Investments Allowed	BBVA in Chile, security agent	Guarantee compliance with payment obligations regarding the VAT Loan to lenders of Interchile			



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ISA INTERVIAL

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
	Banco de Chile, representative	Guarantee compliance with	USD 106.163.282	347.912	15-06-22
Pledge on Shares	of bondholders in UF; MBIA Insurance Corporation; Banco del Estado de Chile and Wilmington Trust National Association	payment obligations of Bond Financing in USD, Series A and B Bonds in UF, and Bank Loan. (Ruta del Maipo)	UF 20.885.315,00	2.587.879	15-12-30
Pledge on Shares	Syncora Guarantee Inc.	Guarantee compliance with payment obligations of Series A and B Bonds financing and the current liquidity line. (Ruta del Bosque)	UF 2.639.397	327.045	31-07-22
		Guarantee compliance with	UF 3.049.332	377.840	15-03-22
Pledge on Shares	Banco de Chile, Banco Estado and Itaú Corpbanca Chile	payment obligations of the 2010 Financing, 2013 Refinancing and Financing and Modification Opening for the 2018 Loan (Ruta de la Araucanía)	CLP 5.933.874.081	25.972	03-03-25
Pledge on Shares	BICE, Security and BCI Banks	Guarantee compliance with obligations of the bond indenture. (Ruta de los Ríos)	UF 1.493.404,00	185.046	15-08-22
Diadra an Chairea	Banco Santander, Securities	Guarantee compliance with	UF 800.000	99.127	15-06-21
Pledge on Shares	Agent	obligations of the financing contract. (Rutas del Loa)		11.836	15-12-22



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Ruta de la Araucanía

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Banco de Chile, Commercial Pledge Itaú Corpbanca, Scotiabank		Guarantee compliance with the prohibition to tax and dispose of money	CLP 12.493.776.572	54.683,7	15-03-25
	Itaú Corpbanca, and	and investments allowed, to guarantee compliance with financial obligations (Fixed Term Deposit - Restricted Investment)	CLP 10.908.154.924	47.743,6	15-03-25
	Scotiabank		CLP 2.526.076.590	11.056,3	15-03-25
Special Pledge of Public Work Concession	Banco de Chile, Banco	Guarantee compliance with obligations of the syndicated loan agreement with Banco Chile, Banco Estado and Banco Itau Corpbanca	UF 3.049.332,31	377.839,8	15-03-22
	Estado and Banco Itau Corpbanca		CLP 5.933.874.081	25.971,8	15-03-25

Ruta del Maipo

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Commercial Pledge	Banco de Chile		CLP 47.350.413.736	207.247	15-12-30
Commercial Pledge	Itaú Corpbanca	Guarantee compliance with financial obligations (Fixed Term Deposit -	CLP 63.856.722.656	279.493	10-06-20
Commercial Pledge	Banco BCI	Restricted Investment)	CLP 35.045.467.667	153.390	15-12-30
Special Pledge of Public Work Concession	MBIA Insurance Corporation, USD Bondholders and Wilmington Trust National Association	Guarantee compliance with obligations of bonds in USD.	USD 106.163.282	347.912	15-06-22
	Banco de Chile, Representative of bondholders	Guarantee compliance with obligations of bonds in UF, Series C, D, E	UF 20.885.315	2.587.879	15-12-30



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Ruta de los Ríos

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Commercial Pledge	Banco de Chile	Guarantee compliance with financial obligations (Fixed Term Deposit -	CLP 796.091.235	3.484	31-03-25
	Banco Itau Corpbanca	Restricted Investment)	CLP 5.105.473.571	22.346	31-03-25
Special Pledge on Public Work Concession	Banco BICE - Banco Security - Banco BCI	Guarantee compliance with obligations of the Syndicated Loan of Banco BICE, Banco Security and Banco BCI	UF 1.493.404	185.046	31-03-25

Ruta del Bosque

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
		Comply with the prohibition to tax and dispose of money and investments allowed, to guarantee compliance with financial obligations (Fixed Term Deposit - Restricted Investment)	CLP 5.241.235.694	22.940	31-07-22
	Banco de Chile, Scotiabank, Itaú Corpbanca, Banco de Crédito e Inversiones-BCI		CLP 15.854.904.891	69.395	31-07-22
Commercial Pledge			CLP 29.161.755.177	127.637	31-07-22
			CLP 9.634.214.485	42.168	31-07-22
Special Pledge of Public Work Concession	Bondholders (Syncora)	Guarantee compliance with financing obligations with bond holders	UF 2.639.397	327.045	31-07-22



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Ruta del LOA

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT IN ORIGINAL CURRENCY	BALANCE IN COP MM	END DATE
Special Pledge of Public	Banco Santander and	Cuarantee normant abligations to landers	UF 740.000	91.693	15-06-50
Work Concession	insurance companies; Euroamérica, and Confuturo	Guarantee payment obligations to lenders	UF 2.597.614.547	11.369	14-11-25

33. COMMITMENTS

As of December 2019, the group companies did not report any commitments in effect acquired with third parties that would entail obligations payable by ISA.

34. SUBSEQUENT EVENTS

At the cutoff date and the elaboration of financial statements, no events or additional transactions have been or are pending, nor there is information about any data or event that modify figures or information included in the financial statements.



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TABLE OF REFERENCE FOR ACRONYMS

ANEEL	Brazil-National Electric Power Agency
ASIC	Administración del Sistema de Intercambios Comerciales (Management of Trade Exchange System)
BCI	Banco de Crédito e Inversiones
BCIE	Banco Centroamericano de Integración Económica (Central American Bank of Economic Integration)
BID	Inter-American Development Bank
BRL	Brazilian Real
BNDES	National Bank for Economic and Social Development
CADE	Conselho Administrativo de Defesa Econômica
CAF	Banco de Desarrollo de América Latina (Latin American Development Bank) or Corporación Andina de Fomento (Andean Development Corporation)
CAN	Comunidad Andina de Naciones (Andean Community of Nations)
CESP	Compañía Energética de São Paulo (Brazil)
CGN	General Accounting Office
СНС	Colombian Holding Companies
CINIIF	Comité de Interpretaciones de Normas Internacionales de Información Financiera (International Financial Reporting Interpretations Committee)
CLP	Chilean Peso
CMF	Financial Market Commission
CND	Centro Nacional de Despacho (National Dispatch Center)
CONFIS	Consejo Superior de Política Fiscal (Senior Council for Fiscal Policy)
COP	Colombian Peso

CREE	Contribución Empresarial para la Equidad (Business Contribution for Equity) or Impuesto sobre la renta para la equidad (Income Tax for equity)
CREG	Comisión de Regulación de Energía y Gas (Commission for the Regulation of Energy and Gas)
DECEVAL	Depósito Centralizado de Valores de Colombia (Central Securities Depository of Colombia)
DL600	Decree-Law 600
ECE	Empresas Controladas del Exterior (Companies Controlled Abroad)
EPM	Empresas Públicas de Medellín E.S.P.
EPR	Empresa Propietaria de la Red
FAER	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Energizing Rural Zones)
FAZNI	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non- Interconnected Zones)
FOES	Fondo de Energía Social (Social Energy Fund)
FUNCESP	Fundación CESP (CESP Foundation)
GMF	Gravamen a los movimientos financieros (Financial Transaction Tax)
IASB	International Accounting Standards Board
ICO	Instituto de Crédito Oficial (Chile) (Official Credit Institute)
IDPC	Impuesto de primera categoría (First-Category Tax)
IGV	Impuesto General a las Ventas (General Sales Tax)
IMG	Minimum Revenues Guaranteed



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IRPJ	Impuesto de Renta de las Personas Jurídicas (income tax for legal persons)
IT	Tax on Transactions
IUE	Impuesto a las Utilidades de Empresas (Bolivia) (Corporate Income Tax)
MDI	Mecanismo de Distribución de Ingresos (Revenues Distribution Mechanism)
МОР	Ministerio de Obras Públicas (Chile) (Ministry of Public Works)
NCIF	Accounting and Financial Reporting Standards accepted in Colombia
NIC	International Accounting Standards (IAS)
NIIF	Normas Internacionales de Información Financiera (International Financial Reporting Standards)
OECD	Organization for Economic Cooperation and Development
OSINERGMIN	Organismo Supervisor de la Inversión en Energía and Minería (Peru) (Supervisory Body for Investment in Energy and Mining)
PDI	Pérdida dado Incumplimiento (Loss Given Default -LGD-)
PIB	Producto Interno Bruto (Gross Domestic Product -GDP-)
PIS	Programa de Integração Social
PROINVERSIÓN	Promoción de la Inversión Privada del Peru (Private Investment Promotion of Peru)
PRONE	Programa de Normalización de Redes Eléctricas (Standardization Plan for Grids)
PSAP	Plan de aposentaduría y pensión (Pension plan)
RAP	Receita Anual Permitida
RBSE	Red Básica del Sistema Existente (Basic Network of the Existing System)
REP	Red de Energía del Perú
RGR	Reserva Global de Reversión (Global Reversion Reserve)

SIEPAC	Sistema de Transmisión Eléctrica para América Central (Energy Transmission System for Central America)
SSPD	Superintendence of Household Utilities
STN	Sistema de Transmisión Nacional (National Transmission System)
SUNAT	Superintendencia Nacional de Administración Tributaria (Peru) (National Superintendence of Tax Administration)
UGEs	Unidades Generadoras de Efectivo (Cash Generating Units -CGUs-)
UNE	Une Telecommunications S.A. E.S.P.
UPME	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD	US Dollar
UVR	Unidad de Valor Real (Real Value Unit)
VQ	Voltage Quality



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Statutory Auditor's Report

To the shareholders: Interconexión Eléctrica S.A. E.S.P. and its subsidiaries

I have audited the attached consolidated financial statements of Interconexión Eléctrica S.A. E.S.P. and its subsidiaries (hereinafter, the Group), which include the consolidated statement of financial position as of December 31, 2019, and the corresponding consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying consolidated financial statements, taken from the accounting records, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019, the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by Contaduría General de la Nación.

Emphasis Paragraph

As described in Note 5 of the consolidated financial statements, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, recorded a net balance of accounts receivable from the Sao Paulo State of approximately \$1.281.629 million, related to the impacts of Law 4.819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities to collect these accounts receivable. The accompanying financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified by this matter.

Basis for Opinion

I have carried out my audit in accordance with International Standards of Auditing accepted in Colombia. My responsibilities in complying with these standards are described in the Auditor's Responsibilities in the Audit of the Consolidated Financial Statements section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the relevant ethical requirements for my audit of financial statements in Colombia, and have fulfilled other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to support my opinion.

Adoption of a New Accounting Standard

During 2019 the Company modified its lease accounting policy due to the adoption of the International Financial Reporting Standard - IFRS 16. Therefore, as a result of the application of the modified retrospective approach and its impact on the comparability of the accompanying consolidated financial statements, Note 12 details the effects of the application of this new standard. My opinion is not modified in relation to this matter.

Ernst & Young Audit S.A.S. Bogotá D.C.

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Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of major importance in my audit of the accompanying consolidated financial statements. These matters were addressed in the context of my audit of the consolidated financial statements, at the time of substantiating the corresponding opinion, but not to provide a separate opinion on these matters. Based on the foregoing, I detail below how the key matter was addressed during my audit.

I have fulfilled the responsibilities described in the Auditor's Responsibilities in the Audit of the Consolidated Financial Statements section of my report, including in relation to this matter. Consequently, my audit included performing the procedures designed to respond to the risks of material misstatement assessed in the consolidated financial statements. The results of my audit procedures, including the procedures performed to address the matter mentioned below, form the basis of my audit opinion on the accompanying consolidated financial statements.

Key Audit Matter Estimation of the Useful Lives of Property, Plant, and Equipment

Property plant and equipment in the Consolidated Financial Statement of ISA amounts determining the useful lives of property, plant to \$ 11,095,458 million; the determination of useful lives for depreciation is carried out in accordance with the internal methodologies of the Company, and due to the specialty of its property, plant and equipment, this methodology implies judgments and significant estimates by management.

I consider it a key audit matter due to the magnitude of the balances, as well as the uncertainties and judgments used by management in determining the useful lives of property, plant and equipment.

The description of the methodology and the main assumptions used to estimate the useful lives of property, plant and equipment is presented in Note 3.2 to the accompanying consolidated financial statements.

 Understanding the process of estimating and and equipment.

Audit Response

- ► Evaluation of the methodology and the reasonableness of the assumptions used by Management in the estimation of useful lives of property, plant and equipment.
- Evaluation of the quality and integrity of the information used in the estimation.
- Evaluation of the assumptions used by the company, comparing them with other entities of the energy sector to evaluate consistency with the market.
- ► Analysis of quantitative and qualitative variables in determining the percentage of service life, maintenance costs, among others.
- ▶ Verification of the consistency of the assumptions used historically, and the actual depletion of the assets.
- * With our tax specialists we evaluated and formed our own views on Management's key judgments regarding the identification and treatment of uncertain tax positions.

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Concession Asset Measurement CTEEP Brazil

As disclosed in note 23, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, has contractual assets recognized in relation to this matter. CTEEP estimates that even after the completion of the infrastructure construction phase of the transmission infrastructure, there is still a contractual asset corresponding to the construction revenues, since it is necessary to comply with obligations to operate and maintain the infrastructure to support the Company has an unconditional right to receive cash. As of December 31, 2019, the consolidated balance of contractual assets amounts to R \$ 6,006 million (COP \$ 4,883,280 million).

The recognition of contractual assets and revenues in accordance with CPC 47 - Revenue from contracts with clients (IFRS15 - Revenue from contracts with clients) requires the exercise of significant judgment at the time the client obtains control over the asset. In addition, measuring the progress of the Company and its compliance with performance obligations that are met over time also requires the use of significant estimates and judgments by management, to estimate the efforts or contributions necessary to comply with the performance obligations, such as materials and labor, expected profit margins in each identified performance obligation and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component incorporated in future flows also require the use of judgment by management. Due to the relevance of the amounts and the significant judgment involved, we consider that measuring the revenue from contracts with clients is an important matter for our audit.

Our audit procedures included, among others:

- the evaluation of the design of key internal controls related to the costs incurred for the execution of the contracts;
- II. analysis of the margins determined for the projects under construction, whether related to new concession contracts or reinforcement projects and improvements to the existing electrical transmission facilities, verifying the methodology and assumptions adopted by the Company in the determination of the total estimated cost of construction, the present value of future cash flows and the discount rate that represents the financial component incorporated in the future flow of receipts;
- III. analysis of the concession contract and its modifications to identify the performance obligations in the contract, in addition to the aspects related to the variable components applicable to the contract price;
- IV. analysis of the infrastructure framework already built under the concept of contractual assets or financial assets, including accounts receivable from the compensation provided for in Law 12,783 / 2013, for R \$ 8,513 million (COP \$ 6,921,163 million), disclosed in note 23:
- V. with the support of experts specializing in business valuations, review the projected cash flows, the relevant assumptions used in cost projections and determination of the discount rate used in the model; and
- VI. the evaluation of the disclosures made by the Company and its subsidiaries in the individual and consolidated financial statements.



Management's Responsibilities and of Those Responsible for the Governance of the Company in Relation to the Consolidated Financial Statements

Management is responsible for the preparation and correct presentation of the consolidated financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the Contaduría General de la Nación; to design, implement and maintain the relevant internal control for the preparation and correct presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; to select and apply the appropriate accounting policies; and to establish reasonable accounting estimates in the circumstances

In preparing the consolidated financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to this matter and using the going concern basis of accounting, unless Management intends to liquidate the Company or cease its operations, or have no other realistic alternative to doing so.

Those in charge of governance are responsible for the supervision of the Group's financial information process.

Auditor's Responsibilities in the Audit of the Consolidated Financial Statements

Mi responsibility is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with the International Standards of Auditing accepted in Colombia will always detect material misstatements when they exist. Misstatements may arise due to fraud or error and are considered material if, individually or combined, they could be reasonably expected to influence the economic decisions that users make based on the consolidated financial statements.

As part of an audit in accordance with the International Standards of Auditing accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the consolidated financial statements,
 whether due to fraud or error, design and execute audit procedures that respond to those risks and
 obtain audit evidence that is sufficient and appropriate to substantiate my opinion. The risk of not
 detecting material misstatements due to fraud is greater than that resulting from an error, since
 fraud may involve collusion, forgery, intentional omissions, false statements or override of the
 internal control system.
- Obtain an understanding of internal controls relevant to the audit, and to design audit procedures that are appropriate in the circumstances.
- Evaluate the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by the Management.

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STATUTORY AUDITOR'S REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- Conclude whether it is appropriate for Management to use the going concern basis of accounting
 and, based on the audit evidence obtained, if there is any material uncertainty related to events or
 conditions that may generate significant doubts about the Group's ability to continue as a going
 concern. If I conclude that a significant uncertainty exists, I should call attention to this on the
 auditor's report on the related disclosures included in the consolidated financial statements or, if
 such disclosures are inadequate, modify my opinion. The auditor's conclusions are based on the
 audit evidence obtained up to the date of its report, however, subsequent events or conditions may
 indicate that an entity cannot continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements fairly represent the underlying transactions and events so that a reasonable presentation is achieved.
- Obtain enough and adequate audit evidence in relation to the financial information of the entities
 or business activities that are part of the Group, to express my opinion on the consolidated
 financial statements. I am responsible for the direction, supervision and execution of the group
 audit and, therefore, the audit opinion.

I communicated to those responsible for the governance of the Company, among other matters, the planned scope and timing of the audit, the significant findings thereof, as well as any significant deficiencies in the internal control identified during the audit.

I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated with them about all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

Among the matters that have been the subject of communications with those responsible for the governance of the Company, I determined those that have been of greatest significance in the audit of the consolidated financial statements of the current period and that are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit publicly disclosing the matter or, in extremely rare circumstances, it is determined that a matter should not be disclosed in my report because it is reasonably expected that the adverse consequences of doing so would exceed the public interest benefits thereof.



Other Issues

The consolidated financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia, adopted by the Contaduría General de la Nación, of Interconexión Eléctrica S.A. E.S.P. and its subsidiaries as of December 31, 2018, that are part of the comparative information of the accompanying consolidated financial statements, were audited by me, in accordance with international standards of auditing accepted in Colombia, over which I expressed an unqualified opinion on March 04, 2019.

The partner in charge of the audit that relates to this report is Mr. Cesar Colodete Lucas.

Patricia Mendoza Sierra Statutory Auditor Professional Card 78856-T Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia February 28, 2020



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CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS AND OTHER RELEVANT REPORTS

Medellín, March 5, 2020

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

We, the undersigned Legal Representative and the Chief Accounting Officer for Interconexión Eléctrica S.A. E.S.P., in compliance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF) enforced by the National General Accounting Office, and provisions of Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005, certify that:

- 1. The consolidated financial statements of the company as of December 31, 2019 and 2018 have been faithfully taken from the books and before making them available to you and to third parties, we have verified the following statements contained therein:
- a. The events, transactions and operations have been recognized and realized during the years ended on those dates.
- b. The economic events are disclosed pursuant to the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), enforced by the National General Accounting Office of Colombia.

- c. The total value of assets, liabilities, equity, revenues, expenses, and costs, has been disclosed by the company in the basic accounting statements up to the cut-off date.
- d. Assets represent potential future economic services or benefits, while liabilities represent past events that imply an outflow of resources, during the development of their activities, at each cut-off date.
- 2. The consolidated financial statements and other reports relevant to the public for the periods ended December 31, 2019 and 2018 do not have inaccuracies, errors or omissions that prevent knowing the true financial condition or operations of ISA and its companies.

Bernardo Vargas Gibsone Legal Representative John Bayron Arango Vargas Chief Accounting Officer Professional I.D. Card 34420-T



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As of December 31, 2019, and 2018 | Amounts expressed in millions of Colombian pesos

	NOTE	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	<u>4</u>	541.371	433.807
Financial assets	<u>5</u>	121.792	50.199
Loans receivable from related parties	8.1	181	407
Current tax	<u>18.2</u>	41.135	37.166
Non-financial assets	<u>6</u>	7.798	15.188
TOTAL CURRENT ASSETS		712.277	536.767
NON-CURRENT ASSETS			
Restricted cash	<u>7</u>	11.029	10.461
Financial assets	<u>5</u>	17.475	15.621
Loans receivable from related parties	8.1	96.102	147.825
Non-financial assets	<u>6</u>	1.000	1.100
Investments in subsidiaries, associates, and joint ventures	<u>9</u>	11.224.367	11.013.197
Investments in financial instruments	<u>9</u>	12.524	12.524
Property, plant, and equipment - Net	<u>10</u>	6.667.921	6.211.045
Investment property – Net	<u>11</u>	7.848	7.936
Intangible assets – Net	<u>12</u>	157.983	122.692
Non-current tax	<u>18.2</u>	1.405	24.955
TOTAL NON-CURRENT ASSETS		18.197.654	17.567.356
TOTAL ASSETS		18.909.931	18.104.123

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	NOTE	2019	2018
SHAREHOLDERS' LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial liabilities	<u>13</u>	214.786	137.339
Current tax	<u>18.5</u>	38.109	12.548
Accounts payable	<u>14</u>	110.314	90.486
Provisions	<u>17</u>	1.715	437
Employee benefits		11.689	8.405
Non-financial liabilities	<u>20</u>	3.798	4.025
TOTAL CURRENT LIABILITIES		380.411	253.240
NON-CURRENT LIABILITIES			
Financial liabilities	<u>13</u>	4.461.883	4.382.795
Deferred tax liability	18.4	860.525	848.216
Loans payable to related parties	<u>8.1</u>	321.299	310.675
Employee benefits	<u>19</u>	234.046	226.206
Non-financial liabilities	<u>20</u>	158.331	173.232
Accounts payable	<u>14</u>	12.490	5.465
Provisions	<u>17</u>	10.131	11.054
TOTAL NON-CURRENT LIABILITIES		6.058.705	5.957.643
TOTAL LIABILITIES		6.439.116	6.210.883





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	NOTE	2019	2018
SHAREHOLDERS' EQUITY			
Subscribed and paid-in capital	<u>21.1</u>	36.916	36.916
Premium for placement of shares	<u>21.4</u>	1.428.128	1.428.128
Reserves	21.6	5.346.023	4.428.306
Income for the year		1.643.505	1.529.155
Accumulated income		3.236.320	3.236.320
Other comprehensive income		779.923	1.234.415
TOTAL SHAREHOLDERS' EQUITY		12.470.815	11.893.240
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		18.909.931	18.104.123

See accompanying notes to the financial statements.

Bernardo Vargas Gibsone

CEO (See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.º 34420-T (See certification attached) Xumpunz.

Patricia Mendoza Sierra
Statutory Auditor P.C. N.º 78856-T
(See my report attached of February 28, 2020)
Designated by Ernst & Young Audit S.A.S. TR-530



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SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos, except net income per share expressed in Colombian pesos

	NOTE	2019	2018
Income from joint account agreement		894.155	826.231
Energy transmission services		247.481	118.012
Connection charges		2.313	2.228
Infrastructure projects		6.717	6.988
Telecommunications		1.618	4.463
Other revenues		7.484	6.398
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	<u>22</u>	1.159.768	964.320
Operating costs	<u>23.1</u>	233.377	219.641
GROSS INCOME		926.391	744.679
Administrative expenses	<u>23.2</u>	95.082	76.983
Other extraordinary revenues	<u>24</u>	-	60.901
Revenues from net equity method	<u>25</u>	1.287.435	1.072.787
Other net revenues/(expenses)	<u>25</u>	16.167	(719)
NET INCOME FROM OPERATING ACTIVITIES		2.134.911	1.800.665
Net financial revenues/(expenses)	<u>26</u>	(326.176)	(254.748)
INCOME BEFORE TAXES		1.808.735	1.545.917
Income tax provision	<u>18.3</u>	165.230	16.762
INCOME FOR THE YEAR		1.643.505	1.529.155
NET INCOME PER SHARE	<u>27</u>	1.483,74	1.380,51

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Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos, except net income per share expressed in Colombian pesos

NC	OTE 2019	2018
OTHER COMPREHENSIVE INCOME		
Actuarial gains (losses) from defined benefit plans, net of taxes	(58.422)	2.720
Gains (losses) from cash hedging, net of taxes	(103.804)	8.123
Gains (losses) from exchange rate differences, net of taxes	(292.266)	(16.392)
OTHER COMPREHENSIVE INCOME	(454.492)	(5.549)
COMPREHENSIVE INCOME FOR THE YEAR	1.189.013	1.523.606

See accompanying notes to the financial statements.

Bernardo Vargas Gibsone

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.º 34420-T (See certification attached) Zum June Z.

Patricia Mendoza Sierra
Statutory Auditor P.C. N.º 78856-T
(See my report attached of February 28, 2020)
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SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos

					RE	SERVES						
	Subscribed and paid-in capital	Premium for placement of shares	Legal	Tax regulation	Reserve for reacquisition of own shares	For equity strengthening	For rehabilitation and replacement of STN assets	Total reserves	Income for the year	Accumulated income	Other comprehensive income	Total
NOTE	21.1	<u>21.4</u>				21.6						
BALANCE AS OF DECEMBER 31, 2017	36.916	1.428.128	18.458	898.802	_	2.631.265	37.434	3.585.959	1.442.708	3.242.453	1.239.964	10.976.128
Transfers approved by the General Shareholders' Meeting	-	-	-	-	-	842.347	-	842.347	(842.347)	-	-	-
Decrease from changes in policies	-	-	-	-	-	-	-	-	-	(6.133)	-	(6.133)
Ordinary dividends at COP 266 per share and extraordinary dividend at COP 276 per share, settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	-	(600.361)	-	-	(600.361)
Net income as of December 31, 2018	-	-	-	-	-	-	-	-	1.529.155	-	(5.549)	1.523.606
BALANCE AS OF DECEMBER 31, 2018	36.916	1.428.128	18.458	898.802	-	3.473.612	37.434	4.428.306	1.529.155	3.236.320	1.234.415	11.893.240
Transfers approved by the General Shareholders' Meeting	-	-	-	-	-	917.717	-	917.717	(917.717)	-	-	-
Ordinary dividends at COP 552 per share, settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	-	(611.438)	-	-	(611.438)
Net income as of December 31, 2019	-	-	-	-	-	-	-	-	1.643.505	-	(454.492)	1.189.013
BALANCE AS OF DECEMBER 31, 2019	36.916	1.428.128	18.458	898.802	-	4.391.329	37.434	5.346.023	1.643.505	3.236.320	779.923	12.470.815

See accompanying notes to the financial statements.

Bernardo Vargas Gibsone

CEO

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.° 34420-T

(See certification attached)

Xum June Z.

Patricia Mendoza Sierra

Statutory Auditor P.C. N.º 78856-T

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SEPARATE CASH FLOW STATEMENTS

Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from sales of goods and services	243.152	98.621
Collections from contracts held for intermediation or to trade	889.864	839.099
Other collections from operating activities	4.721	61.477
Payments to suppliers for the provision of goods and services	82.124	61.813
Payments on behalf of employees	82.573	78.426
Other payments for operating activities	530	3.407
Interest paid	1.664	267
Interest received	19.293	27.142
Income tax paid	105.009	91.349
Other cash inflows	-	266
NET CASH FLOWS FROM OPERATING ACTIVITIES	885.130	791.343
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash flows used to gain control of subsidiaries or other businesses	90.943	49.722
Other collections from the sale of equity or debt instruments of other entities	-	3
Amounts from the sale of property, plant, and equipment	14.302	718
Purchases of property, plant, and equipment	562.102	740.952
Purchases of intangible assets	27.751	24.115
Collections from the reimbursement of advances and loans granted to third parties	50.875	59.456
Payments from futures contracts, term contracts, option contracts, and financial swap contracts	-	645
Dividends received	615.946	316.581
Interest received	6.100	6.713
Other cash inflows (outflows)	3.501	(3.009)
NET CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES	9.928	(434.972)

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Years ended as of December 31, 2019 and 2018 | Amounts expressed in millions of Colombian pesos

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts from loans	455.071	664.485
Reimbursement of loans	317.486	70.157
Payment of finance lease liabilities	н.	5.401
Dividends paid	608.320	600.361
Interest paid	319.257	278.170
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(789.992)	(289.604)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE VARIATION	105.066	66.767
Effects of exchange rate variation on cash and cash equivalents	2.498	5.852
NET CASH AND CASH EQUIVALENTS	107.564	72.619
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	433.807	361.188
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	541.371	433.807

See accompanying notes to the financial statements.

Bernardo Vargas Gibsone CEO

(See certification attached)

John Bayron Arango Vargas Chief Accounting Officer P.C. N.° 34420-T

(See certification attached)

Jam June Z.

Patricia Mendoza Sierra
Statutory Auditor P.C. N.º 78856-T
(See my report attached of February 28, 2020)
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019, AND 2018

(Amounts expressed in millions of Colombian pesos, except nominal value of the share and net income per share; foreign currency expressed in original amounts).

I. GENERAL NOTES

1. GENERAL INFORMATION

ISA, parent company, with headquarters in Medellin, was incorporated as joint stock company by public deed No. 3057 issued by the 8th Notary of the Notarial Circuit of Bogota, on September 14, 1967.

On November 22, 1996, by public deed No. 746 issued by the Sole Notary of Sabaneta, ISA changed its legal nature to Mixed Utility Company, incorporated as a joint stock company of commercial and national nature, linked to the Ministry of Mines and Energy, with indefinite term, and subject to the legal regime provided by Law 142 of 1994, a situation that materialized on January 15, 1997 with the entry of private contributions.

In accordance with the considerations of the Constitutional Court in its ruling C-736 dated September 19, 2007, ISA has a special legal nature by being defined as a Mixed Utility Company, decentralized by services, which is part of the executive branch of the public power with special and legal regime of private law.

Headquarters are in Medellin, Calle 12, Sur # 18-168.

ISA's purpose is:

- The provision of the Energy Transmission utility, pursuant to Laws 142 and 143 of 1994 and the rules extending, amending or replacing them, as well as the rendering of similar and complementary services related to such activities, according to the legal and regulatory framework in force.
- The development of information and telecommunication technology systems, activities, and services.
- The direct or indirect participation in activities and services related to the transport of other energies.
- The provision of technical and non-technical services in activities related to its purpose.
- The development of infrastructure projects and their commercial operation, as well as the execution of activities related to the exercise of engineering according to Law 842 of 2003 and the regulations that extend, modify, or replace it.
- The investment in national or foreign companies whose purpose is the use of any legal economic activity; the investment in movable and immovable assets, and the investment in shares, quotas or stakes, bonds, commercial papers, or fixed or variable rate instruments listed on the stock exchange market, or any other modality provided by Law, allowing the investment of resources.



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• The management of the group's companies is exercised through the definition of strategic, organizational, technical, and financial guidelines, among others

2. BASIS OF PRESENTATION

The following are the main policies and practices adopted by ISA:

2.1 Accounting principles

The company prepares its separate financial statements in accordance with the Colombian Standards for Financial Information (NCIF in Spanish), established in Law 1314 of 2009, regulated by Decree 2420 of 2015, which was compiled and updated by Decree 2270 of 2019, with all the legal provisions in force adopted by the General Accounting Office of Colombia.

In addition, the organization, in compliance with laws, decrees and other regulations in force, applies the following exceptions established by the regulation body:

- Decree 2496 of 2015. This decree establishes the application of Article 35 of Law 222 of 1995, which dictates that investments in subsidiaries must be recognized in the separate financial statements by the equity method, in accordance with the provisions of IAS 28.
- Decree 2131 of 2016. This decree requires to disclose the calculation of pension liabilities according to parameters established in Decree 1625 of 2016 and, in the case of partial pension commutations, according to provisions of Decree 1833 of 2016, reporting the variables used and the differences with respect to the calculation made under the technical framework terms of NCIF. (See Note 19.4).

The financial statements have been prepared based on the historical cost, except for derivative financial instruments and some financial assets, which were measured at fair value.

The separate financial statements as of December 31, 2019, were authorized for disclosure by the Board of Directors at meeting held on February 28, 2020.

2.2 Application of standards implemented in Colombia as of January 1, 2019

The company implemented these standards and amendments for the first time in 2019:

2.2.1 IFRS 16 - LEASES

IFRS 16 was issued in January 2016 and replaced IAS 17, which stipulates accounting policies to account for and disclose information related to leases; IFRIC 4, which determines whether an arrangement contains a lease; SIC-15, which determines the treatment of incentives derived from an operating lease; and SIC-27, which evaluates the substance of transactions that involve the legal form of a lease agreement.

IFRS 16 establishes principles to recognize, measure, present and disclose leases and requires lessees to recognize their contracts under a model like the financial leases model under IAS 17. This standard contemplates two exceptions for this recognition: leases of low-value assets and short-term leases (that is, leases with a term of less than twelve months). On the starting date of a lease, the lessee will recognize: an asset that represents the right to use the underlying asset during the term of the contract, and a liability from periodic payments that must be made, as well as an interest expense generated from the lease liability, and a depreciation expense that arises from the asset by the right of use.

This new standard also requires lessees to re-measure the lease liability when certain events occur (for example, a change in the term of the lease, a variation in future fees resulting from a change in an index, or a rate used to determine them). The lessee will generally recognize the amount of the new measurement of the lease liability as an adjustment to the asset by the right of use.



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IFRS 16 does not contain significant modifications in recognition requirements for lessors with respect to IAS 17. Its implementation is effective for periods after January 1, 2019.

Transition effects of IFRS 16

ISA implemented IFRS 16 in 2019 and, for transition purposes, the company opted for determining retrospectively the cumulative effect on the initial application of the standard, instead of restating the comparative information. The company also applied the exceptions proposed by the standard for leases of low-value underlying assets, and those which term will end in twelve months.

In its initial recognition, ISA determined a lease liability equivalent to the present value of the remaining minimum payments discounted at the lessee's incremental borrowing rate on the transition date, and an asset equivalent to the lease liability adjusted according to any prepaid expenses recognized in the statement of financial position.

ISA experienced no changes in its debt level or in its ebitda and ROA indicators due to the implementation of this standard at a quantitative level. Neither there were changes in the presentation of its cash flows, as the operating leases held to date were short-term and the underlying assets were low value.

2.2.2 AMENDMENTS TO IAS 40

These amendments make some clarifications for cases in which a company must transfer properties, including properties under construction or investment property. These amendments establish that a change in use occurs when the property begins to meet or fails to meet the definition of investment property and there is evidence of such change. A simple change in the intention of use for the property by the management does not constitute evidence of a change in use. The company must reevaluate the classification

of its properties at that time and, if applicable, must reclassify it to reflect the existing conditions at that time.

The company has suffered no impact after the implementation of this amendment.

2.2.3 ANNUAL IMPROVEMENTS TO IFRS 2014 - 2016 CYCLE

2.2.3.1 IAS 28 - CLARIFICATIONS: THE MEASUREMENT OF ASSOCIATES AT FAIR VALUE WITH CHANGES IN PROFIT OR LOSS

These amendments clarify the following:

• If an entity that is not itself an investment entity, holds an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, choose to retain the fair value measurement applied by such investment entity to the investment entity associate's or joint venture's interests in subsidiaries. This choice is made separately for each investment at the later of the date in which the investment entity is initially recognized, the date in which the associate or joint venture becomes an investment entity, and the date in which the investment entity associated or joint venture first becomes a parent company. The company does not expect any impact after the implementation of this amendment.

2.2.4 ANNUAL IMPROVEMENTS OF IFRS 2015 - 2017 CYCLE

2.2.4.1 IFRS 3 – BUSINESS COMBINATIONS

The amendments clarify that when an entity acquires the control of a business that is a joint operation, the entity will apply the requirement for a business combination achieved in stages, including the prior remeasurement of the interest held on the assets and liabilities of the joint operation at fair value. By doing so, the acquirer will fully remeasure them prior to holding the interest in the joint operation.



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2.2.4.2 IFRS 11 - JOINT ARRANGEMENTS

A party that holds a stake in but does not exert joint control of a joint operation, may acquire the joint control of the joint operation in which the activity constitutes a business as defined in IFRS 3. Amendments clarify that the interest previously held in the joint operation should not be re-measured.

2.2.4.3 IAS 12 – INCOME TAX

Through this amendment, it is clarified that an entity will recognize the income tax consequences of dividends, as defined in IFRS 9, when it recognizes a liability to pay a dividend. The income tax consequences of dividends are more directly related to past transactions or events that generated distributable income than to distributions made to owners. Therefore, an entity will recognize the income tax consequences of dividends in results for the period, other comprehensive income, or equity, depending on where the entity originally recognized those past transactions or events.

2.2.4.4 IAS 23 – BORROWING COSTS

This amendment to IFRS 23 clarifies that insofar as the funds of an entity come from generic borrowings and the entity uses them to obtain a qualifying asset, the value of costs eligible for capitalization will be determined by applying a capitalization rate to disbursements made in such asset. Additionally, it clarifies that the capitalization rate will be the weighted average of the borrowing costs applicable to all outstanding borrowings received by the entity during the period. However, the entity must exclude from this calculation borrowing costs applicable to borrowings specifically agreed to finance a qualifying asset, until all activities necessary to prepare that asset for its intended use or sale are materially completed. The value of borrowing costs capitalized during the period must not exceed total borrowing costs incurred during the same period.

2.2.5 AMENDMENTS TO IFRS 9

This amendment defines requirements of IFRS 9 regarding termination rights of a contract, to allow its measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income), even in the case of negative compensation payments.

In addition, they include a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability.

2.2.6 IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

This interpretation addresses the way to determine the date of the transaction, for the purpose of determining the exchange rate to use on the initial recognition of the related asset, expense, or revenue (or the portion of them that applies), in the derecognition of a non-monetary asset or liability arising from the payment or collection of an advance consideration in foreign currency.

2.2.7 AMENDMENT TO IAS 28 - LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES

This amendment clarifies that an entity will apply IFRS 9, instead of IAS 28, when accounting for long-term interests. Therefore, when applying IFRS 9, no associate or joint venture loss is considered, nor any impairment loss on the net investment, recognized as adjustments to the net investment in the associate or joint venture using IAS 28.

2.3 Standards issued by the IASB not yet in force in Colombia

By means of Decree 2270 of 2019, from January 1, 2020, the following standards will



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come into force within the technical regulatory framework that contains some amendments issued by the IASB in 2018, allowing their early implementation:

2.3.1 IFRIC 23 - UNCERTAINTY OVER INCOME TAX TREATMENTS

This interpretation clarifies how to apply the requirements for the recognition and measurement of IAS 12 when there is uncertainty over income tax treatments. In this circumstance, an entity will recognize and measure its deferred or current tax asset or liability by applying IAS 12 requirements based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this interpretation.

The company made an analysis of the practical application of IFRIC 23 and concluded that an impact on the financial statements from the application of this IFRIC should only arise when an item with uncertain treatment is estimated differently, due to the application of the interpretation with the highest tax acceptance.

2.3.2 IAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

The amendments align the definition of "Material" between IAS 1 - Presentation of financial statements and IAS 8 - Accounting policies, changes in accounting estimates, and errors, and clarify certain aspects of the definition. The new definition establishes that "Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements."

2.3.3 IAS 19 - EMPLOYEE BENEFITS

Amendments to IAS 19 define the accounting treatment of any amendment, curtailing, or settlement of a plan that occurs during a financial year. Said amendments specify that when a plan is amended, curtailed, or settled during the reporting year, the entity is required to:

- Determine the current service cost for the remaining period after the plan is amended, curtailed or settled, using actuarial assumptions that are used to recalculate the net liability (asset) for defined provisions, reflecting the benefits offered under the plan and the plan assets after that event.
- Determine the net interest for the remaining period after the plan is amended, curtailed, or settled by using: the net liability (asset) of the defined benefit that reflects the benefits offered under the plan and plan assets after that event, and the discount rate used to recalculate that net liability (asset) of the defined benefit.

The amendments also clarify that the entity first shall determine any past service cost, or settlement gain or loss, regardless of the effect of the asset ceiling. This amount is recognized as a profit or loss. The effect of the asset ceiling after the plan amendment, curtailment, or settlement is then determined and any changes in such effect, excluding amounts included in net interest, are recorded in other comprehensive income.

2.3.4 IFRS 3 – BUSINESS COMBINATIONS

This interpretation clarifies that, to be considered a business, a set of activities and assets acquired must include, at least, an input and a substantive process where these contribute significantly to the capacity to create outputs. It restricts the definitions of a business and outputs by focusing on goods and services provided to customers and by eliminating the reference to the capacity to reduce costs. It provides guidance and graphic examples to help entities assess whether a substantive process has been acquired. It eliminates the assessment on market participants' capacity to replace any missing inputs or processes and continue the production of outputs, and adds an optional concentration test, which allows for a simplified assessment about a set of activities and assets acquired not being a business.



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2.3.5 CONCEPTUAL FRAMEWORK

It contains definitions of concepts related to:

- Measurement: including factors considered when selecting measurement bases.
- Presentation and disclosure: including when to classify revenues or expenses in other comprehensive income.
- Non-recognition: including guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates definitions of assets and liabilities as well as criteria to include them in the financial statements. Likewise, it clarifies the meaning of some concepts.

The company foresees that the adoption of the standards and interpretations issued by the IASB, not yet in force in Colombia and previously mentioned, would not have a material impact on the financial statements.

2.4 Main judgements and estimates

The preparation of the financial statements based on IFRS demands from the management the use of judgements, estimates, and assumptions to determine the asset and liability figures reported, the exposure of contingent assets and liabilities on the date of the financial statements, the revenue and expense figures reported, and the application of accounting policies as of December 31, 2019.

Nonetheless, results could differ from estimates included in the financial statements. The management expects that variations, if any, would have no significant effect on the financial statements.

If the information is material, <u>it is a matter of judgment and depends on the factors in-</u> volved and the circumstances of the company. These estimates are based on the best experience of the management, the best expectations regarding present and future events, and the best use of the information available on the date of disclosure of these separate financial statements; current results could differ from these estimates but are adjusted once they are known.

The management has determined that the most significant judgements and estimates correspond to:

• Identification of Cash Generating Units (CGU): They are defined as the identifiable group of assets that generate cash inflows and, at the same time, are independent of cash inflows from the sale or provision of services, arising from other assets or groups of assets. The identification of CGUs involves significant judgment, mainly about how the company must add its assets.

CGU for ISA under the energy transmission service are the following:

- a. Assets for connection to the STN: These are the assets owned by ISA to allow the connection of different types of users –generators, large consumers, and grid operators— to the STN. Remuneration of these assets is governed by connection contracts, which are signed under a scheme of bilateral negotiation, and through which connection charges are paid by users of this service. Thus, it is considered that the CGU at the level of assets for connection to the STN, correspond to the group of assets involved in each connection contract.
- b. **Non-bidding STN energy transmission assets (existing grid):** The remuneration of the energy transmission service for STN energy transmission assets is made based on a regulated scheme through which the Energy and Gas Regulation Commission (CREG) defines a single methodology for all assets that are part



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of the existing grid –not built under the free competition scheme defined by the Energy Mining Planning Unit (UPME)–. By applying the aforementioned methodology, which is defined in Resolution CREG 011 of 2009, the total value of assets at market prices of the existing grid for each energy transmission company is determined and, from such value, the regulating entity establishes an individual resolution with the corresponding annual revenues, according to the remuneration methodology indicated. In this case, values (annual revenues from the existing grid and the existing grid value), on behalf of INTERCOLOMBIA, a company that represents ISA, are covered by CREG Resolution 177 of 2013, and those that modified or complement it.

c. **Bidding STN energy transmission assets:** The remuneration of assets built under the scheme of free competition or bidding established by the Energy Mining Planning Unit (UPME) is made based on the bid submitted by the bidder awarded with the execution of the project, which comprises a profile of 25 flows of expected annual revenues corresponding to the first 25 years of operation of the project, with the particularities of the project, the risk perception of the bidder, the expected rate of return, and the costs and risks inherent to the time of submission of the bid, among others.

Projects are awarded independently and separately, so that the regulator issues an official resolution to recognize the corresponding revenue profile of the transmission company awarded each project. This way, it is considered that each of the bidding projects is itself a CGU. It is worth noting that once 25 years of operation have been completed for a project awarded under the bidding mechanism, the project begins being remunerated under the methodology applicable to existing STN energy transmission assets, and therefore at that time, it would become part of the CGU corresponding to the existing grid or non-bidding assets.

- Definition of hierarchy levels of financial instruments: (see Note 3.9).
- Lease agreements: Leases may be financial or operating, and their classification is based on the degree to which the risks and benefits inherent to owning the asset affect the lessor or the lessee. A lease is classified as financial when all the risks and benefits inherent to owning the asset leased are substantially transferred to the lessee; otherwise, it is classified as an operating lease. These risks include the possibility of idle capacity or technological obsolescence losses, as well as variations in performance due to changes in economic conditions. Benefits may imply the expectation of profitable exploitation throughout the economic life of the asset, and the gain from revaluation or realization of its residual value.

This classification is made at the beginning of the agreement and is not changed during its term, unless lessee and lessor agree to change the terms of the lease. Nevertheless, changes in estimates -economic life or residual value of the asset-, would not generate a new classification of said lease. (See Note 3.7 Leases).

- Value impairment of accounts receivable: To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses are recognized. Instead, an entity shall always account for credit losses expected, as well as changes in them. The amount of such losses is updated on each reporting date to reflect changes in the credit risk from the time of the initial recognition and, therefore, more timely information can be provided on these losses.
- Estimated recoverable amount of a non-financial asset: The carrying value of non-financial assets, excluding deferred taxes, is reviewed on each balance sheet date to determine whether there exist impairment indications. If there is evidence of impairment, the recoverable amount of the asset is estimated and charged to income for the period.



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- Estimated value in use of operating assets: Future cash inflows and outflows,
 derived either from the continuous use of the asset or from their disposal through
 other methods at the end of its useful life, are estimated. Then, the proper discount
 rate is applied to these future cash flows.
- Useful life and residual values of property, plant, and equipment: The determination of useful lives and residual values of the property, plant and equipment components involves judgments and assumptions that could be affected if circumstances change. The company's management reviews these assumptions annually and adjusts them prospectively if any change is identified.
- Provision for legal and administrative proceedings: When estimating the loss
 contingency for legal proceedings pending against ISA, legal advisors analyze,
 among other things, the merits of the claims, the jurisprudence of the courts
 involved, and the current status of proceedings. This provision is linked to the
 probability of occurrence, as well as the professional judgement and opinion of
 the legal advisors.
- Recovery of deferred tax assets: The use of professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. To recognize deferred tax assets, the management is required to evaluate the probability of the company to generate taxable revenues in future periods. The estimates of future taxable income are based on financial projections and the application of tax laws. Depending on how much future cash flows and taxable income significantly differ from estimates, there could be an impact on the organization's capacity to realize the net deferred taxable assets recorded on the reporting date.

Additionally, future changes in tax laws could limit the ability of the company to obtain tax deductions in future periods. Any difference between estimates and subsequent real disbursements is recorded in the year in which it occurs.

• Employee benefits: The ccurrent value of defined benefit pension plans and other post-employment medical benefits and long-term benefits are determined by actuarial valuations. These valuations include formulating several hypotheses that could differ from future real events, such as the determination of the discount rate, future salary and pension increases, and mortality rates. Due to the complexity of the valuation, its long-term nature, and underlying hypotheses, the calculation of the defined benefit obligation is highly sensitive to changes in these hypotheses. All of them are reviewed on each closing date.

The mortality rate is based on the country's public mortality rates. The future salary and pension increase are based on expected future inflation rates. (See Note 19).

2.5 Foreign currency transactions and balances

The financial statements are expressed in Colombian pesos as it is the currency used in the primary economic environment of operation of the company and, consequently, it is the functional and presentation currency.

Foreign currency transactions are translated into the functional currency by using exchange rates prevailing at the dates of the transactions. At the end of the year, monetary assets and liabilities in foreign currency are restated, and exchange gains and losses resulting from exchange rate differences, as well as gains and losses generated by the settlement of non-monetary liabilities or collection of monetary assets, are recognized in the comprehensive income statement.



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Exchange gains from the restatement of monetary items are presented in the comprehensive income statement, in Financial net income/expense.

Rates used

Foreign currency transactions and balances are converted at the current exchange rates certified by the Central Bank of Colombia (Banco de la República) or official banks of the main countries with whom the company makes transactions.

The exchange rates used for the preparation of the financial statements as of December 31, 2019 and 2018, expressed in Colombian pesos, were the following:

		2019	2018
CURRENCY	CODE	DECEMBER	DECEMBER
US Dollar	USD	3.277,14	3.249,75
Euro	EUR	3.678,92	3.715,44
Peruvian Nuevo Sol	PEN	987,39	964,32
Bolivian Peso	ВОВ	470,85	466,92
Brazilian Real	BRL	813,04	838,69
Chilean Peso	CLP	4,38	4,68

2.6 Classification of balances as current and non-current

In the statement of financial position, balances are classified according to their maturities, i.e., current balances are those with maturities equal to or below twelve months, except provisions for post-employment obligations and other similar, and as non-current for maturities exceeding such period.

3. MAIN ACCOUNTING POLICIES

The main accounting policies and practices applied for the preparation of the attached separate financial statements, have been the following:

3.1 Investments in subsidiaries, associates, and joint ventures

The company restates investments in subsidiaries, joint ventures, and associates in its separate financial statements by the equity method.

Subsidiaries are entities (including structured entities), over which the parent company exerts direct or indirect control.

A structured entity is an organization created with a defined purpose and limited duration. ISA holds a stake in an autonomous equity that meets this definition.

An investor controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and could affect those returns through its power over the same.

A joint venture is an agreement whereby the parties exerting joint control have rights to the net assets of the entity. Joint control only occurs when the decisions on relevant activities require the unanimous consent of the parties sharing control.

Accounting policies of subsidiaries, associates, and joint ventures of the Group are applied on a basis that is uniform with ISA's, in order to ensure comparability in the financial information of ISA and its companies, and a proper application of the equity method.

The equity method is an accounting method whereby the investment is initially recorded at cost and is then adjusted for changes in the net assets of subsidiaries, joint ventures, and associates, according to the stake held by the company. The result for the period



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and the other comprehensive income of ISA include results of entities in which the company holds stakes.

Dividends received from companies over which ISA exerts control, joint control or significant influence are recorded as a lower investment value.

Transactions that imply a significant loss of control or influence over an investee are accounted for, by recognizing any retained interest by its fair value and the gain or loss resulting from the transaction is recognized in the income for the period, including the corresponding items of other comprehensive income.

For transactions not implying a significant loss of control or influence over the investee, the equity method remains being applied, and the portion of the gain or loss recognized in other comprehensive income related to the reduction in ownership interest, is reclassified in income.

3.2 Property, plant, and equipment

Property, plant, and equipment are valued at their acquisition cost –historical cost– or construction cost, less depreciation and accumulated impairment losses, if any. In addition to the price paid to acquire each element, the cost also includes the following concepts:

- Import tariffs and non-recoverable indirect taxes imposed on the acquisition, after deducting trade discounts and rebates.
- All costs directly related to placing the asset, in the conditions necessary for its operation in the manner intended by the management.
- Loan costs attributable to the purchase of a suitable asset, which is the asset that requires a substantial period of time before being ready for use or sale, and from which it is expected to obtain future benefits.

• The initial estimate of element dismantling or withdrawing costs, as well as the rehabilitation of the place on which it is based, when they are obligations incurred by the company, as a result of using such item during a certain period

Expenses for maintenance, preservation and repair of these assets are recorded directly in income as a cost for the period in which they are incurred.

Additions and expansion, upgrading or improvement costs are capitalized as higher value of the respective assets, if they extend their useful life, production capacity and operational efficiency, and improve the quality of services, or bring a significant reduction of costs.

A property, plant and equipment item are derecognized upon sale or when no future economic benefits are expected. When an asset is sold, the derecognition gain or loss is calculated as the difference between the revenues from the net sale and the carrying value of the asset. This effect is recognized in income for the period.

• Safety and environment assets

Certain property, plant, and equipment items may be acquired for safety or environmental purposes. Although their acquisition does not increase the economic benefits provided by the existing property, plant and equipment items, it may be necessary for the company to obtain the economic benefits derived from the rest of assets. Security assets are depreciated on a linear basis over their estimated useful life.

Assets under construction and assembly

Assets used during the construction for management, production, supply, or non-defined purposes are recorded at cost, less any recognized impairment loss. Such construction and assembly assets are classified in the appropriate categories of property, plant, and equipment when they are ready for their intended use, and the depreciation



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of these assets begins on that day i.e., when they are at the location and in the conditions required for operating as intended.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction, or production of qualifying assets that require a substantial period for use are added to the cost of those assets until they are ready for said use. In general, for ISA, a substantial period will be considered, and it would be appropriate to capitalize the interest costs if the construction of an asset lasts for six (6) months or more. However, if the period for the construction of a qualifying asset is shorter than expected, the company's management will financially support the generation of future profits.

Specific borrowings are those taken with the specific purpose of obtaining a suitable asset; therefore, costs of real borrowings that have been incurred could be directly capitalized, deducting financial yields obtained from the temporary investment of the funds, as long as the activities to prepare the asset for its use are being conducted. The determination of whether borrowings are specific or not requires an assessment of the circumstances and evidence or internal documentation supporting this purpose.

The capitalization rate is based on generic borrowing costs, divided by the weighted average of the borrowings received by the company that have been outstanding during the accounting period, excluding borrowings considered specific.

All other borrowing costs are recognized in income for the period in which they are generated.

• Estimation of the remaining useful life

Every year, the company reviews the residual value, the depreciation method, and

the remaining life of the assets and its components. For this purpose, the company established a methodology based on the rate of impairment of each asset associated with a rate of instant failure, which at the same time is related to its effective age. The rate of impairment is calculated based on this age, and then the life expectancy and remaining life are estimated based on international survival curves. This methodology has allowed obtaining more reliable values when estimating the remaining life of the assets, which is a useful input for the asset renewal plan and basis of valuation thereof.

Lands are not depreciated as they have an indefinite useful life. The depreciation of the remaining property, plant and equipment elements is calculated by using the straight-line method on the cost, based on the estimated useful lives of the assets.

Residual value

It is the estimated amount that would be obtained from the disposal of the asset after deducting costs estimated for such disposal, if such asset would have already reached its disposal age and other expected conditions at the end of its useful life.

Components of assets

A component of a fixed asset is an item that can be seen as part of other asset, but due to its own characteristics, the role it plays, and the type of strategies or activities followed during its technical or service life, it may be classified as a separate asset.

Each property, plant and equipment component shall be identified and separated from other assets in order to depreciate them during their useful lives and make their treatment and accounting control easier. Important spare parts and permanent maintenance equipment that the company expects to use for more than one period normally comply with specifications to be classified as property, plant, and equipment.



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Similarly, if spare parts and auxiliary equipment of a fixed asset could only be used for such asset, they will be classified as part of the property, plant and equipment.

The following are the estimated useful lives of the assets or components of assets for the periods ended December 31, 2019 and 2018:

TYPE OF ASSET / ASSET COMPONENT	USEFUL LIFE
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transportation, traction and lifting equipment	10
Supervision and Maneuvers Center (CSM) Equipment	6
Computer equipment and accessories	5
COMPONENTS OF SUBSTATIONS	
Battery bank	15
Charger	15
SAS Components	15
Condensers	25
SVC Condensers	25
Compensation control - series	15

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TYPE OF ASSET / ASSET COMPONENT	USEFUL LIFE
SVC control	15
Converter	15
CT (Current Transformer)	39
Switch	40
Current inverter	15
Lines –Grounding Grid S/E's	63
Lightning arresters	30
Diesel station	30
Telephone station	15
Power Line Carrier (PLC)	15
PT (Power Transformer)	39
Reactor	32
SVC Reactors	30
Fault Recorder	15
Protection relays	15
RTU (Remote Terminal Unit)	15
Fire Protection System (FPS)	20
Isolator	40
Sensors (Discharge Information System)	15
Mobile Sub	25
Teleprotection	15
Power transformer	40
SVC thyristors valve	18
Voltage Quality (VQ)	15



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The company may perform individual technical analyses of the useful lives of the assets, thus determining a useful life longer or shorter than previously established, in order to reflect the time in which the future economic benefits from the asset are expected to be received.

3.3 Investment property

Investment property is land or buildings -considered in whole or in part, or both- used by the company to obtain yields, surplus value, or both, instead of using them for rendering services or administrative work. Investment property generates cash flows which, to a large extent, are independent of cash flows generated by other assets owned by the company.

Land or buildings held for a non-determined future use are also classified as investment property.

It is initially measured at cost, including the purchase price and any directly attributable disbursement –professional fees for legal services, taxes for property transfers, among others—. Subsequently, it is measured at cost less accumulated depreciation and impairment.

Investment property is depreciated linearly over its estimated useful life, regardless of its residual value. Useful lives in years are the following:

TYPE OF ASSET	USEFUL LIFE
Lands for investments	Not depreciated
Buildings for investments	100

Transfers are made to or from the investment property, only when there is a change in its use.

Transfers that could be generated are:

- The company occupies an asset classified as investment property; in these cases, the asset is reclassified to property, plant, and equipment. The cost considered for its subsequent accounting is the carrying value on the date of change in use.
- Conducting an operating lease to a third party or to be used by the company. In these
 cases, the asset is reclassified as investment property and will be also accounted for,
 based on its carrying value.

Investment property is derecognized at the time of sale or when no future economic benefits are expected. The gain or loss from derecognition of the investment property is calculated as the difference between the net revenues from sale, if any, and the carrying value of the asset. This effect is recognized in income for the period in which it was derecognized.

3.4 Other non-financial assets

They are prepaid expenses, telecommunication services, and other assets that are amortized by the straight-line method during the periods in which economic benefits are expected. Prepaid expenses mainly include monetary items such as insurance premiums, among others, and they could be also amortized according to the validity of the corresponding policies.

3.5 Intangible assets

An intangible asset is recognized when the conditions of being identifiable and separable are met, when the item generates future economic benefits, and when the company can control such benefits.



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Intangible assets are initially recognized at their production or acquisition cost, and then are valued at their cost net of their corresponding accumulated amortization and net of impairment losses experienced by the assets, if any.

An intangible asset is derecognized upon its disposal, or when no future economic benefits are expected. The gain or loss arising from the derecognition of an intangible asset, which is calculated as the difference between net revenues from the sale and the carrying amount of the asset, is recognized in income when the asset is derecognized.

Residual values, useful lives, and amortization methods are reviewed at each year-end and are applied prospectively if necessary.

Easements

Easements are rights obtained for the use of a strip of land for the installation of a transmission line. This involves restrictions by the owner on land use and authorizations to the line owner for construction, operation and maintenance operations.

Such intangible assets are the permanent rights, which term for use is indefinite; although transmission lines to which these easements are related do have a limited life. ISA has the possibility to either replace transmission lines when their useful lives end or use the right of easements acquired for any other service related to the transmission of energy and telecommunications, according to what the purposes of creation of the easements stipulate. These assets have indefinite useful lives and are not amortized; therefore, they are tested for impairment on an annual basis.

Software and licenses

Software is amortized by the straight-line method over a maximum period of three years.

Licenses are amortized by the straight-line method during periods in which it is expected to receive benefits, according to feasibility studies for their recovery.

Project studies and research charges are treated as expenses when incurred.

3.6 Impairment of assets

Non-financial assets

ISA's activities in the Colombian energy sector are essentially two: the energy transmission service in the National Transmission System (Sistema de Transmisión Nacional, STN), commonly known as the STN service use, and access service for different users to such system, known as the connection service to the STN.

For its part, the STN use service is provided through two different schemes: the first one, known as scheme of existing usage, refers to assets that were in service in 1999, including assets in pre-construction stage on that date, and assets built under the regulatory expansion scheme; and the second one, known as scheme of use for public calls for bids, refers to assets that are or have been built under the scheme of free competition defined by CREG in 1998, for the implementation of projects that are part of the transmission expansion plan.

The value of an asset is impaired when its carrying amount exceeds its recoverable amount; therefore, at the end of each period reported, or before, if there is any indication of impairment, the company estimates the recoverable amount and compares it with the carrying amounts of its assets, including intangible assets with undefined useful lives, to determine whether there is an indication that these assets have suffered any impairment loss.

The recoverable amount of an asset or a cash generating unit is the higher amount between its fair value, less costs of disposal and its value in use. Under these conditions,



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provided that the recoverable value is lower than the carrying value of the assets, ISA must record the impairment.

To determine the value in use, the company estimates the future cash flows by using revenues and expenses projections for a long term horizon, which includes a relevant period of 30 years plus a continuity period, being aligned with CREG current regulations for use and connection activities, aiming at changing the remuneration framework for bidding assets which, as of the 26th year of operation, must be remunerated as existing

The impairment loss is recognized as a lower cost of the asset or asset component that generated it, and as an expense for the period where it was determined.

The recovery of impairment losses on assets cannot exceed the carrying value that would have been obtained, net of depreciation, if the impairment loss for the same asset had not been recognized in previous periods.

Financial assets

To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses are recognized. Instead, an entity shall always account for expected credit losses, as well as changes in them. The amount of such losses is updated on each reporting date to reflect changes in the credit risk since initial recognition and, therefore, more timely information can be provided on these losses.

The amount of the expected loss must maintain the analysis of the following variables, which are based on information available of each of the counterparties about the historic performance of payment of their obligations, the geographic location of the counterparty, as well as guarantees offered by said counterparty to cover any eventual noncompliance with its obligations.

Generally, the expected loss can be expressed as follows:



Where:

- **Exposed balance:** The exposed balance of the asset is the current balance of capital, interest and other accounts receivable of the obligations or the portfolio analyzed.
- **Probability of default:** Probability that, in a period of twelve (12) months, debtors of a certain obligation or portfolio cause a default.
- Loss given default (LGD): It is the entity's downturn if any of the default situations materializes. LGD for debtors within the default category will increase gradually according to the number of days passed after being classified in said category.

To determine investment and goodwill impairment, ISA, at the end of each year, assesses whether there is an impairment of its investments in subsidiaries, associates and joint ventures, with the purpose of not recognizing them at an amount higher than the amount expected to be obtained from their sale or use.

Thus, the company analyzes the presence of impairment evidence and if there is an indication that an asset may be impaired, the company conducts impairment tests, estimating the recoverable amount, which is the highest amount between the value in use and the fair value, less sale costs.

The value in use is determined by discounting cash flows expected from and generated by operations in the long term, at the weighted cost of debt and equity capital resources, reflecting the value of the money over time and the risk associated with the business.



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The fair value is determined by using the valuation technique that is most appropriate and consistent with market conditions of the company.

When the carrying value of investments exceeds the recoverable value, ISA first verifies the value impairment of the investee's assets in order to obtain value impairment losses through the equity method. If this is not applicable, the company reduces the carrying amount of the investment by the amount of the value impairment losses and recognizes an expense in the income statement for the period.

Value impairment losses recognized previously in investments will be reversed when their service potential increases due to sale or use. The reversal will be limited in such a way that its carrying value does not exceed its recoverable amount, nor is higher than the carrying value that would have been determined if no value impairment loss had been recognized in previous years. Such reversal will be recognized in the income statement.

3.7 Leases

A lease is the agreement that grants the right to use an asset, capacity, or another portion of the asset for a period, in exchange for receiving fees or payments commonly known as lease payments.

3.7.1 LEASES WHEN ISA IS THE LESSEE

ISA initially recognizes lease payments for underlying assets with low value, and shortterm as a linear expense over the term of the agreement. Other lease agreements are recognized as an asset by right of use and a lease liability

The asset by right of use is measured at cost, which comprises:

- The amount of the initial measurement of the lease liability.
- Lease payments made before or as from the starting date, less lease incentives received.

- Initial direct costs incurred by the lessee.
- An estimate of the costs to be incurred by the lessee when dismantling and removing the asset, restoring the site where it is located, or restoring the asset to the condition required under the terms of the lease.

After the commencement date, ISA measures its assets by the right of use by applying the cost model, which is amortized according to the term of the contract and expectations of use of the asset.

For its part, the lease liability is initially measured at the present value of the lease payments pending payment by that date. Lease payments are discounted using the interest rate implicit in the lease if that rate could be easily determined; otherwise, ISA uses the lessee's incremental borrowing rate, which is equivalent to the rate that would have to be paid for a loan with a similar term and security, in a similar economic environment.

In subsequent periods, lease liabilities are measured:

- By increasing the carrying amount to reflect the interest on the lease liability
- By reducing the carrying amount to reflect the lease payments made.
- By re-measuring the carrying amount to reflect new measurements or modifications made to the lease, and to reflect fixed lease payments that have been revised.

3.7.2 LEASES WHEN ISA IS THE LESSOR

ISA classifies each of its agreements as either an operating lease or a financial lease, depending on the nature of the transaction rather than the form of the contract. A lease is classified as financial when all the risks and benefits inherent to owning the asset are substantially transferred and classified as an operating lease when risks and benefits are not substantially transferred to the ownership of the asset.



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ISA initially recognizes payments from operating leases as linear revenues. Also, the initial direct costs incurred when negotiating and agreeing an operating lease are added to the carrying amount of the asset leased and recognized on a linear basis over the term of the agreement. In subsequent periods, lease assets are depreciated and/or impaired based on company policies.

However, ISA recognizes, in its financial statements, financial lease payments as a receivable item for an amount equal to the net investment in the lease. The net investment in the lease is the sum of the lease payments to be received by the lessor and any unsecured residual value that corresponds to the lessor, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and they reduce the revenue amount recognized over the term of the lease.

In subsequent measurements, ISA recognizes the financial revenues over the term of the lease applying a constant rate of return on the net financial investment made in the lease. It also applies lease payments related to the period to the gross investment made in the lease, in order to reduce both principal and unearned financial revenues; also, it implements the derecognition and impairment requirements of IFRS 9 to the net investment in said lease.

3.8 Financial instruments

Financial assets and liabilities are recognized when the company becomes a part of the contractual provisions of the instrument.

3.8.1 FINANCIAL ASSETS

The classification as financial asset depends on the business model used to manage the financial assets and the characteristics of contractual cash flows of the financial asset; this classification is determined at the time of initial recognition.

• Financial assets at fair value with value changes recognized in income

Their particularity is that they are incurred mainly for managing liquidity with frequent instrument sales. These instruments are measured at fair value and value changes are registered in income when generated.

Accounts receivable and others

Financial assets valued at amortized cost correspond to non-derivative financial assets, with known payments and fixed maturities, from which the management has the intent and ability to collect the contractual cash flows of the instrument.

The amortized cost is calculated by adding or deducting any premium or discount over the remaining life of the instrument and using the effective interest method. Gains and losses are recognized in the income statement if there is objective evidence of impairment or when assets are recognized by the amortization process.

Borrowings and accounts receivable are financial assets issued or acquired by ISA in exchange for cash, goods or services delivered to a debtor. Sale accounts receivable are recognized at the original invoice value, net of accumulated impairment losses, and when all risks and benefits are transferred to the third party.

• Financial assets at fair value with value changes in other comprehensive income

They correspond to investments with variable income that are not held for trading nor correspond to a contingent consideration of an acquirer in a business combination. For these investments, ISA may choose at initial recognition and irrevocably, to disclose gains or losses from the subsequent measurement at fair value with value changes in other comprehensive income.

These instruments are measured at fair value. Gains and losses arising from the new measurement at fair value are recognized in other comprehensive income until the



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derecognition of the asset. In these cases, gains and losses that were previously recognized in equity are reclassified to accumulated income.

Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position of the company include all cash balances and held in banks. For purposes of preparing the cash flow statement and due to their liquidity, temporary investments with original maturity of less than 90 days are considered cash equivalents. These accounts are not subject to a significant risk of changes in their value.

Bank overdrafts payable on demand and that are an integral part of ISA's cash management are included as a component of cash and cash equivalents for purposes of its cash flow statement. And for the statement of financial position, the accounts that have the overdrafts are classified as financial obligations.

Restricted cash

Restricted cash is a monetary resource that is classified independently in order to use it for specific, previously established purposes, such as: debt payment or acquisition of capital equipment, or to be used during emergencies and/or unforeseen losses. Therefore, there are certain limitations regarding its availability, which could be legal or contractual, and it cannot be freely used to cover current financial commitments generated from the company's normal activities.

• Derecognition of financial assets

A financial asset or a portion thereof is derecognized when sold, transferred, or expired, or when the control over the contractual rights or over the cash flows of the instrument is lost. When substantially all the risks and benefits of the property are retained by ISA, the financial asset is still recognized in the statement of financial position for its total value.

3.8.2 FINANCIAL LIABILITIES

All financial liabilities are initially recognized at fair value plus directly attributable transaction costs except in the case of loans, in which they are initially recognized at fair value of the cash received, less costs directly attributable to the transaction.

ISA establishes the classification of its financial liabilities at the initial recognition, which includes financial liabilities at fair value with value changes in income or at amortized cost.

• Financial liabilities at fair value with value changes in income

They include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value with value changes in income.

Financial liabilities at amortized cost

They include loans received and bonds issued, which are initially recognized at the amount of cash received, net of transaction costs. Subsequently, they are measured at amortized cost by using the effective interest rate, recognizing interest expenses based on effective profitability.

• Derecognition of a financial liability

The company will derecognize a financial liability if, and only if, it expires, is canceled, or the obligations originating it have been met. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in income.

3.8.3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OPERATIONS

Derivative financial instruments are initially recorded at fair value on the date of the transaction and on subsequent measurements. The recognition of gains or losses arising from variations in their fair values depends on the designation made of the derivative financial instruments.



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ISA designates certain financial instruments, which include derivatives, embedded derivatives, and non-derivatives with respect to foreign currency risk, as a fair value hedge or cash flow hedge.

At the inception of the hedge, the company documents the hedge ratio and the objective and risk management strategy for undertaking the hedge; such documentation will include how the company will measure the effectiveness of the hedge instrument to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

• Fair value hedge

Changes in the fair value of derivatives, designated and qualified as fair value hedge, are recognized immediately in income, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the hedged item attributable to the hedged risk is recognized in gains or losses in the item related to the hedged item.

The company interrupts the hedge accounting when: the hedge relation is revoked, the hedge instrument expires or is sold, finalized or exercised, or when the criteria for hedge accounting are no longer met.

Any adjustment to the carrying amount of a hedged financial instrument is amortized against the income for the period.

• Cash flow hedges

The portion of the changes in the fair value of derivates that is determined to be an effective cash flow hedge will be recognized in other comprehensive income and will be accumulated under the title of cash flow hedge reserve. The ineffective portion of gains

or losses of the hedge instrument will be immediately recognized in the income for the period, in Other gains or losses.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified in the income for the period in which the hedged item is recognized, in the same line of the comprehensive income statement where the recognized hedged item is located. However, if the hedge of a planned transaction subsequently generated the recognition of a non-financial asset or a non-financial liability, losses or gains previously accumulated in equity are transferred and directly included in the initial cost or other amount of the non-financial asset or liability.

The hedge accounting will be interrupted when the company revokes the hedge relation, when the hedge instrument expires or is sold, resolved, or exercised; or when the hedge no longer meets the requirements established for hedge accounting. The gain or loss that had been recognized in other comprehensive income and accumulated in equity will remain in equity and will be recorded when the planned transaction is charged to income. When it is no longer expected that the planned transaction occurs, any gain or loss accumulated in equity is immediately recognized in gains or losses.

3.8.4 OFFSETTING ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and reported net in the financial statements if, and only if, there is a legally enforceable right at the closing date, requiring to receive or pay the amounts recognized at their net value, and when there is an intention to offset, on a net basis, to realize assets and settle liabilities simultaneously.

3.9 Fair value measurement

The fair value of an asset or liability is defined as the price that would be received when



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selling an asset or the price that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date.

The fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the primary market, i.e., the market with higher volume and level of activity for the asset or liability. In the absence of a primary market, it is assumed that the transaction takes place in the most advantageous market the company has access to, that is, the market that maximizes the amount to be received when selling the asset or the market that minimizes the amount that would be paid to transfer the liability.

To determine the fair value, the company uses valuation techniques that are appropriate to the circumstances and on which there are enough data for measuring, maximizing the use of relevant observable input data and minimizing the use of unobservable input data.

Considering the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value are classified at the following levels:

- Level I: quoting prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of fair value recorded are observable, either directly or indirectly.
- Level III: internal valuation techniques, using variables estimated by the company, not observable for the asset or liability (there is no market information observable).

When measuring the fair value, the company considers the characteristics of the asset or liability, in particular:

• For non-financial assets, an estimation of the fair value considers the capacity of a market participant to generate economic benefits by making the highest

- and best use of the asset, or by selling it to other market participant that would make the highest and best use of the same.
- For liabilities and own equity instruments, the fair value entails that the liability will not be settled, and the equity instrument will not be canceled, nor otherwise will be extinguished on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e. the risk that a company does not meet an obligation, which includes but is not limited to the company's own credit risk.
- In the case of financial assets and liabilities with offset positions at market risk or counterparty credit risk, the fair value is measured on a net basis that is consistent with the way market participants would price the net exposure to risk on the measurement date.

3.10 Provisions

Provisions are recognized when the company has a present obligation —legal or implicit— as the result of a past event, it is probable that a resource outflow is needed to settle such obligation, and a reliable estimate regarding the amount of the obligation can be made.

The amount recognized as provision should be the best estimate of the disbursement required to settle the present obligation at the end of the period that is reported, considering the corresponding risks and uncertainties. When a provision is measured using the cash flows estimated to settle said obligation, its carrying amount reflects the present value of that cash flow –when the effect of the value of money over time is material—.

Certain contingent conditions may exist on the date of issuance of the statement of financial position. These may result in a loss for the company and will only be resolved in the future, when one or more events occur or may occur. Such contingencies are esti-



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mated by the management and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of judgement and is a matter of opinion.

When estimating the loss contingency for legal proceedings pending against the company, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved, and the current status of proceedings. The value is determined by using the methodology established by the National Agency for Legal Defense of the State in External Circular No. 00023 of December 11, 2015. This methodology consists of three steps: determining the value of claims, adjusting the value of claims, and calculating the risk of a decision adverse for the company.

If the estimation of the contingency indicates that it is probable that a material loss will occur and the amount of the liability can be estimated, then it is recorded in the statement of financial position. In addition, if the estimation indicates that a potential loss is not probable and its amount is known, or is probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the statement of financial position, with an estimate of the potential range of loss. Loss contingencies estimated as remote are not disclosed.

3.11 Income tax

The income tax expense for the period comprises current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to tax authorities. The income tax expense is recognized in income, except when it is related to items recognized directly in equity, in which case it is recognized in equity.

3.11.1 CURRENT TAX

The current tax payable is based on taxable gains recorded during the year. Tax gains differ from gains reported in the income statement due to revenue or expense items that

are taxable or deductible in other years, and items that are never taxable or deductible. The current tax liability is calculated by using tax rates in force at the end of the period.

The management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation. The company, when appropriate, creates provisions for the amounts it expects to pay to tax authorities.

3.11.2 DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the statement of financial position and the corresponding tax bases used for determining the tax basis. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax assets and liabilities and are related to income taxes imposed by the same tax authority on the same taxable company.

Deferred tax assets are recognized by all the deductible temporary differences, including tax losses, to the extent that it is likely that there is taxable income against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recovered.

The carrying amount of deferred tax assets is reviewed on each closing date and reduced to the extent that it is no longer likely that there will be enough taxable income available to allow the use of all or part of the deferred tax asset. The deferred tax related to items recorded directly in equity is recognized in equity instead of in the income statement.

3.12 Employee benefits

Employee benefits include all compensation to employees and former employees relat-



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ed to the provision of services to the company. These are salaries, short and long-term benefits, termination benefits, and post-employment benefits.

3.12.1 POST-EMPLOYMENT BENEFITS

Defined contribution plans

The defined contribution plan is a post-employment benefit by which the company pays fixed contributions to a pension fund, and by which it has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as employment benefit expense in income for the periods in which employees provide the services.

Defined benefit plans

In the case of defined benefit plans, the obligation and the cost of such benefits is determined by using the projected unit credit method, with independent actuarial valuations, and annual periodicity.

The liability recognized in the statement of financial position regarding defined benefit pension plans is the present value of the obligation on the date of the statement of financial position, less the fair value of the plan assets. The present value of the defined benefit obligation is determined by discounting the estimated cash outflow, using interest rates calculated from the yield curve of the Colombian Government bonds –TES B curve–, expressed in Actual Value Units (Unidades de Valor Real, UVR), which have terms that are close to the terms of the pension obligation until maturity.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are charged or credited in other comprehensive income for the period in which they arise.

Past service costs are recognized immediately in income, unless changes in the pension plan are conditioned to the fact that the employee continues providing services for a specific period –the period granting the right–. In this case, the past service costs are amortized by the straight-line method during the period that grants the right.

Other post-employment obligations

ISA grants its retired employees benefits such as complementary health plan, health assistance, education assistance, and calamity loan after the employment relation. The right to access these benefits depends on the conditions defined in individual and collective agreements.

The obligation and the cost of such benefit plans are determined by the projected unit credit methodology. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited in the statement of comprehensive income for the period in which they arise. Qualified independent actuaries annually value these obligations.

3.12.2 LONG-TERM BENEFITS

ISA grants its employees benefits associated with their length of service, such as seniority premium and five-year period payments (quinquennium).

The fair value of the plan assets is deducted from the present value of the obligation by benefits defined when determining the deficit or surplus. The calculation is performed annually by certified independent actuaries, who use the projected credit unit method to make a reliable estimation of the final cost for the company. Any actuarial gain or loss is recognized in income for the corresponding period.

3.12.3 SHORT-TERM BENEFITS

Obligations regarding employee short-term benefits are recognized as expenses as the



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related service is provided. Labor liabilities are adjusted at the end of each period, based on laws and labor agreements in force.

This benefit is recognized when there is a current legal or implicit obligation to make a payment as a result of a service provided by the employee in the past, and when the obligation can be estimated reliably. The obligation is recognized by the amount expected to be paid within the next year after the cut-off.

3.13 Onerous contracts

Present obligations arising from an onerous contract are recognized as a provision when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received from it. To date of the statement of financial position, the company has no provisions for onerous contracts.

3.14 Recognition of revenues, costs, and expenses

Revenues, costs, and expenses are recorded based on the principle of accrual.

3.14.1 INCOME

The company recognizes revenues from ordinary activities to describe the transfer of goods or services promised to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled when exchanging for those goods or services.

Revenues are recognized only when all the following criteria are met:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the price of the transaction

Step 4: Allocate the price of the transaction to the performance obligations in the contract.

Step 5: Recognize ordinary revenues when (or as) the entity satisfies a performance obligation.

The following criteria apply for the recognition of revenues:

Revenues from joint account agreement income

Revenues from joint account contract are recognized in accordance with the monthly settlement thereof, which is performed by ISA INTERCOLOMBIA, considering the distribution percentages contractually agreed.

• Revenues from energy transmission and other associated services

ISA, as provider of energy transmission and other related services, is regulated by the Gas and Energy Regulatory Commission (Comisión de Regulación de Energía y Gas, CREG). Revenues from operating costs are recorded when performance obligations are met.

Revenues from construction contracts

When the outcome of a construction contract can be estimated reliably, revenues from ordinary activities and their associated costs are recognized based on the progress of the work at the end of the period being reported. The measurement is made based on the ratio that contract costs incurred during the work performed to that date represent with respect to the total contract costs estimated, except when this ratio does not represent the status of completion. Variations in contract works, claims, and incentive payments are included to the extent that their amount can be measured reliably and receiving them is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenues from ordinary activities are recognized only to the extent that it is probable to recover costs incurred by virtue of the contract. These costs shall be recognized as expenses for



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the period in which they are incurred. If there is a possibility that the total contract costs will exceed total revenues, the expected loss is recognized as an expense immediately.

Regarding contracts where billings based on work progress exceed the contract costs incurred to date, plus recognized gains, less recognized losses, the surplus is shown as amounts owed to customers for the work contract. Amounts received before the corresponding work is performed are included in the statement of financial position in liabilities, as an advance payment received. Amounts billed for work performed but pending for payment by the customer are included in the statement of financial position in trade accounts receivable and other accounts receivable.

Revenues from dividends and interest

Revenues from dividends are recognized once shareholders' rights to receive the payment have been established –provided that the economic benefits will flow to the company and ordinary revenues can be measured reliably—. Dividends received from companies where ISA exerts control, joint control or significant influence are recorded as a lower investment value.

Revenues from interest are recognized when it is probable that ISA will receive economic benefits associated with the transaction. Interest revenues are recorded on a time basis, based on the outstanding principal and the effective interest rate applicable, which is the discount rate that exactly matches the cash flows receivable or payable estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

3.14.2 OPERATING COSTS AND EXPENSES

To record operating or production costs –type 7– and sales costs –type 6–, during 2019 and 2018, ISA used costing and procedure methods established in appendix 2

of Resolution N° 20051300033635 of 2005 from the Superintendence of Household Utilities, which is still valid through Resolution 20161300013475 of May 19, 2016, an all its amendments and/or latter additions also issued by the Superintendence of Household Utilities.

The costing system is called "activity-based costing" (ABC), by which the products offered by each service or business are the result of a series of operational processes that interact sequentially, so in its structure or cost map, it is necessary to observe how operations or tasks gradually flow to include activities, the first ones to shape these processes and the last ones to provide a public service.

This system considers that the expenses incurred in each of the areas of administrative responsibility must be assigned to business units or services, according to the activities (support processes) developed by such areas.

3.15 Income per basic and diluted share

Income per basic share is calculated by dividing the income attributable to shareholders of the company, by the weighted average of common shares outstanding in the year, excluding common shares acquired by the company and held as treasury shares.

Income per diluted share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all common shares potentially dilutable. The company owns no potentially dilutable common shares.

3.16 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the statement of financial position of the company for the period in which the Shareholders' Meeting approves dividends, or when the corresponding obligation is in



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place according to the applicable legal provisions or policies established by the Shareholders' Meeting.

3.17 Capital stock

Common shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of taxes.

The repurchase of own equity instruments of the company is recognized and deducted directly in equity at the acquisition cost, and the difference with the nominal value is recognized as a higher or lower value of the premium for placement of shares. Rights are suspended for own shares reacquired and, therefore, they do not take part in the distribution of dividends.

The company is listed on the Colombia Stock Exchange (Bolsa de Valores de Colombia).

3.18 Premium for placement of shares

The issuance premium corresponds to the overpricing in the placement of shares generated in capital increase operations.

3.19 Related parties

Among others, the following are parties related to the parent company:

- i. Shareholders who, directly or indirectly, hold a stake equal to or exceeding twenty percent (20%) of ISA's capital stock.
- ii. Members of the Board of Directors and members of the Senior Management¹,

as well as their close relatives² and/or companies where any of the members of the Board of Directors and the members of the Senior Management exert control or joint control.

iii. Companies over which ISA exerts direct or indirect control or joint control, as well as joint ventures or companies over which ISA holds (directly or indirectly) a stake equal or higher than twenty percent (20%), or companies where ISA and its companies have power to make financial and operating policy decisions.

Commercial transactions between ISA and the members of the Board of Directors, the Senior Management and other administrators and/or their permanent relatives, spouses or partners and legal entities where they hold stakes or hold directing positions pursuant to the law, are subject to the legal regime of inabilities or incompatibilities applicable to ISA's contracting as mixed utility company, which forbid them to be contracted with the Company. The corporate website includes the informative list of such inabilities and incompatibilities provided by Colombian legislation.

The legally valid commercial transactions between related parties are carried out under market conditions and prices, i.e., conditions equivalent to those existing for arm's-length transactions.

¹ The Senior Management is composed of the CEO and the employees of the first management level reporting directly to the CEO, who hold the positions of Chief Officers and Corporate Directors.

² According to the definition of IAS 24, "close members of the family" are: "those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include: (a) the children of that person and his/her spouse or domestic partner; (b) the children of his/her spouse or domestic partner; and (c) the dependants of that person, or the spouse or the domestic partner of that person".



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3.20 Reclassifications

3.20.1 STATEMENT OF FINANCIAL POSITION

a) Financial assets

Loans receivable from related parties are detailed in the statement of financial position:

	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
Financial assets – Current	50.606	(407)	50.199
Loans receivable from related parties – Current	-	407	407
Financial assets - Non-current	163.446	(147.825)	15.621
Loans receivable from related parties - Non-current	-	147.825	147.825

b) Provisions and accounts payable

Reclassification of cost and expense provisions to accounts payable, and recognition of the current and non-current portion of the provisions for litigations:

	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
Current provisions	9.306	(8.869)	437
Accounts payable	86.081	4.405	90.486
Non- current provisions	6.590	4.464	11.054

c) Taxes payable and non-financial liabilities

Withholdings in favor of third parties are reclassified from taxes payable to non-financial liabilities:

	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
Current tax	12.590	(42)	12.548
Non-financial liabilities	3.983	42	4.025

3.20.2 CASH FLOW

In order to specify and separate the movements corresponding to the joint account agreement with ISA INTERCOLOMBIA, the following items for 2018 were reclassified:

	PREVIOUSLY REPORTED VALUE	RECLASSIFICATION	RECLASSIFIED VALUE
Collections from sales of goods and services	937.720	(839.099)	98.621
Collections from contracts held for intermediation or to trade	-	839.099	839.099



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II. NOTES TO FINANCIAL INFORMATION

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2019 and 2018, as shown in the statement of cash flows, can be reconciled against the related items in the statement of financial position, as follows:

		2019	2018
Cash and banks	(1)	519.793	295.516
TOTAL CASH		519.793	295.516
TDs, bonds, and securities	(2)	21.425	137.556
Trusts		153	735
TOTAL CASH EQUIVALENTS		21.578	138.291
TOTAL CASH AND CASH EQUIVALENTS		541.371	433.807

- (1) They include resources from current and savings accounts.
- (2) They include several Term Deposit Certificates for COP 5.028 (2018: COP 111.516), which mature in less than three months from their date of acquisition and bear market interest for this type of investment. Likewise, they include investments in time deposits (in US dollars) which balance at the end of 2019 was COP 16.397 (2018: COP 26.040).

5. FINANCIAL ASSETS

The balance of this item as of December 31, 2019 and 2018 is composed of the following:

	NOTE	20)19	20	18
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Accounts receivable	<u>5.1</u>	116.284	17.475	50.199	15.621
Other financial assets	<u>5.2</u>	5.508	-	-	-
TOTAL		121.792	17.475	50.199	15.621



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5.1 Accounts receivable

		2019		2018	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Dividends and shares receivable	(1)	58.683	-	-	-
Customers and related parties	(2)	43.087	-	37.398	21
Joint accounts (related parties)	(3)	14.796	7.906	10.505	7.364
Loans to employees	(4)	2.015	9.569	2.039	8.236
Other debtors		6.738	-	9.342	-
Interest receivable		26	-	16	-
TOTAL ACCOUNTS RECEIVABLE		125.345	17.475	59.300	15.621
Less - Impairment of accounts receivable	(5)	(9.061)	-	(9.101)	-
TOTAL ACCOUNTS RECEIVABLE – NET		116.284	17.475	50.199	15.621

- (1) This item includes the account receivable from ISA Bolivia for capital reduction for COP 34.292 (BOB 72.829.530) decreed at the Extraordinary General Shareholders' Meeting held on October 28, 2019, and the account receivable from ISA Capital do Brasil for COP 24.391 (BRL 30.000.000) for interest on equity capital decreed by the Governing Board on December 13, 2019.
- (2018: COP 35.233), infrastructure projects related to engineering and project management services provided to affiliates ISA INTERCHILE and PROYECTOS DE INFRAESTRUCTURA DEL PERÚ (PDI) for COP 854 (2018: COP 1.938), and telecommunications and fiber optics services for COP 251 (2018: COP 248).



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As of December 31, 2019, and 2018, the analysis of trade receivables, overdue and unpaid, is as follows:

	2019	2018
CURRENT	27.618	30.434
OVERDUE		
Overdue > 1 and <= 90 days	8.448	63
Overdue > 91 and <=180 days	_	170
Overdue > 181 and <= 360 days	34	-
Overdue > 360 days	6.987	6.752
TOTAL OVERDUE	15.469	6.985
TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS	43.087	37.419

For more information about accounts receivable from economic related parties, see Note 8.1.

- (3) Account receivable from affiliate ISA INTERCOLOMBIA for income generated in the monthly settlement of the joint account agreement.
- (4) Accounts receivable from employees for housing loans, purchase of vehicles and other general-purpose loans, granted at interest rates of 4% to 6% and terms of up to five years for vehicles and up to fifteen years for housing.
- (5) The movement of credit losses expected during the life of the loan that has been recognized for trade accounts receivable and others, in accordance with IFRS 9, is as follows:



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		EXPECTED CRE	DIT LOSSES	
	CUSTOMERS	QUOTA SHARES	OTHERS	TOTAL
BALANCE AS OF DECEMBER 31, 2017 UNDER IAS 39	7.054	589	590	8.233
Adjustments by application of IFRS 9 at the beginning of the period	231	-	345	576
Change in the provision for expected losses	433	(54)	(87)	292
TOTAL IMPAIRMENT UNDER IFRS 9 AS OF DECEMBER 31, 2018	7.718	535	848	9.101
Balances recovered	(1.031)	(19)	-	(1.050)
Change in the provision for expected losses	916	36	58	1.010
TOTAL IMPAIRMENT UNDER IFRS 9 AS OF DECEMBER 31, 2019	7.603	552	906	9.061

- Accounts receivable from employees did not have a material impact after applying IFRS 9.
- As the company's credit loss historic experience does not show loss patterns significantly different for the various customer segments, the impairment from expected losses based on the maturity of the instruments is described below:

2019	0 TO 30	61 TO 90	121 TO 360	MORE THAN 360	TOTAL
Expected average credit loss rate	0,40%	0,00%	57,60%	85,00%	22,40%
Value at risk	27.910	-	66	9.807	37.783
Credit losses expected during credit life	101	-	38	8.332	8.471



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2018	0 TO 30	61 TO 90	121 TO 360	MORE THAN 360	TOTAL
Expected average credit loss rate	1,00%	74,00%	100,00%	84,00%	31,00%
Value at risk	17.578	43	157	9.586	27.364
Credit losses expected during credit life	236	32	157	8.085	8.510

• In addition to the provision for expected loss, ISA recognizes a provision for other accounts receivable of COP 590 (2018: COP 591).

There are no relevant restrictions to the disposal of accounts receivable.

5.2 Other financial assets

Other financial assets as of December 31, 2019 include a TD with maturity of more than 90 days:

	2019		2	018
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Investments over 90 days	5.508	-		-
TOTAL OTHER FINANCIAL ASSETS	5.508	-		-



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6. NON-FINANCIAL ASSETS

These assets include prepaid expenses, advance travel payments, travel or service acquisition expenses, and deposits made.

		201	9	2018		
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	
Prepaid expenses	(1)	7.180	-	14.463	-	
Deposits delivered	(2)	618	1.000	725	1.100	
TOTAL NON-FINANCIAL ASSETS		7.798	1.000	15.188	1.100	

- (1) Mainly includes insurance policies for: material damages, employee healthcare, civil liability, among others.
- (2) The non-current portion corresponds to deferred revenues generated from the telecommunication service contract with Internexa for COP 1.000 (2018: COP 1.100).

7. RESTRICTED CASH

	2019	2018
Restricted cash	11.029	10.461

Restricted cash includes trusts for the execution of FAER and FAZNI delegated management projects, and management trusts and payments created for projects of the Energy Mining Planning Unit (Unidad de Planeación Minero Energética – UPME–), as well as resources to develop the Conexión Jaguar project.

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The transactions between related parties are carried out under market conditions and prices, i.e., in conditions equivalent to those existing for arm's-length transactions.

As of the date of these financial statements, there are no granted guarantees associated with balances between related parties, nor impairment on accounts receivable, except for the balance with Transnexa S.A. E.M.A., which is 100% impaired.



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8.1 Balances and transactions with related parties

The following are the company's main balances and transactions with related parties during 2019 and 2018:

		2019	2018
ACCOUNTS RECEIVABLE		91.124	28.309
ISA Capital do Brasil		24.391	-
ISA BOLIVIA		36.156	1.744
ISA INTERCOLOMBIA S.A. E.S.P.		22.697	18.654
Red de Energía del Perú		5.585	5.661
Interchile		1.060	1.450
Proyectos de Infraestructura del Perú		527	488
Internexa S.A.		413	46
Transnexa S.A.		269	266
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM)		26	-
LOANS RECEIVABLE FROM RELATED PARTIES		96.283	148.232
ISA Inversiones Maule Ltda.	(1)	96.283	148.232
OTHER ASSETS		1.000	1.100
Internexa S.A.		1.000	1.100
ACCOUNTS PAYABLE		11.308	17.408
Internexa S.A.		5.001	7.175
ISA INTERCOLOMBIA S.A. E.S.P.		4.213	9.251
Proyectos de Infraestructura del Perú		1.178	14
Interchile		513	-
Sistemas Inteligentes de Red S.A.S.		98	-
ISA Inversiones Chile Ltda.		260	30

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Transeloa S.A. E.S.P. 7 639 Red de Energía del Perú 1 1 ISA Peru - 1 297 MA Compañía de Expertos en Mercados S.A. E.S.P. 1 297 LOANS PAYABLE TO RELATED PARTIES 321.299 310.675 ITORIS PAYABLE TO RELATED PARTIES 321.299 310.675 INCOME-RELATED TRANSACTIONS 321.299 366.612 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 867.015 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 87.015 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 87.015 ISA INTERCOLOMBIA S.A. E.S.P. 952.00 366.612 ISA INTERCOLOMBIA S.A. E.S.P. 349.30 15.441 Proyectos de Infraestructura del Perú 5.874 6.911 Red de Energía del Perú 5.874 6.911 Red de Energía del Perú 1.866 1.643 Isterbille 985 4.846 Isterbille 985 4.846 Isterbille 1.866 1.643 Isterbille 985 4.846			2019	2018
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AM Compañía de Expertos en Mercados S.A. E.S.P. 1 297 LOANS PAYABLE TO RELATED PARTIES 321.299 310.675 Transelca S.A. E.S.P. (2) 321.299 310.675 INCOME-RELATED TRANSACTIONS REVENUES 952.700 866.612 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 827.015 EMPRESAS PÜBLICAS DE MEDELLIN E.S.P. (EPM) 34.930 15.441 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energia del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 SAB BOLIVIA 1.866 1.643 Internexa S.A. 651 434 Transnexa S.A. 651 434 COSTA AND EXPENSES 20.30 19.558 Liranselca S.A. E. S. P. 11.403 11.225 Internexa S.A. 5.162 5.019 Liranselca S.A. E. S. P. 5.162 5.019 Internexa S.A. 1.226 5.019	Red de Energía del Perú		1	1
LOANS PAYABLE TO RELATED PARTIES 321.299 310.675 Transeica S.A. E.S.P. (2) 321.299 310.675 INCOME-RELATED TRANSACTIONS REVENUES 952.700 866.612 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 827.015 EMPRESAS PÜBLICAS DE MEDELLÍN E.S.P. (EPM) 34.930 15.441 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltds. 5.874 6.911 Red de Energia del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Internexa S.A. 651 434 Irranselca S.A. 651 793 COSTS AND EXPENSES 20.300 19.558 ITRANSELAS A.E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.726 5.019 Internexa S.A. 1.975 7.92 Internexa S.A. 1.977 7.92 Internex	ISA Peru		-	1
Transelca S.A. E.S.P. (2) 321.299 310.675 INCOME-RELATED TRANSACTIONS PSE.700 866.612 REVENUES 952.700 866.612 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 827.015 EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM) 34.930 15.441 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energia del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Interchille 985 4.866 Interchille 985 4.866 Internexa S.A. 651 434 COSTS AND EXPENSES 20.300 19.558 Transleza S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 5.162 5.019 Internexa S.A. 1.725 5.162 5.019 INCALLIA INTERCOLOMBIA S.A. E.S.P. <th< td=""><td>XM Compañía de Expertos en Mercados S.A. E.S.P.</td><td></td><td>1</td><td>297</td></th<>	XM Compañía de Expertos en Mercados S.A. E.S.P.		1	297
REVENUES 952.700 866.612 ISA INTERCOLOMBIA S.A. E.S.P. 894.155 827.015 EMPRESAS PÜBLICAS DE MEDELLÍN E.S.P. (EPM) 34.930 15.441 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energia del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Internexa S.A. 651 34 Transnexa S.A. 651 34 Toransnexa S.A. 651 34 COSTS AND EXPENSES 20.300 19.558 Transleca S.A. E.S.P. 11.403 11.22 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 5.162 5.019 Internexa S.A. 11.403 11.22 ISA INTERCOLOMBIA S.A. E.S.P. 11.403 11.22 INCALDE AL Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 3 4.29	LOANS PAYABLE TO RELATED PARTIES		321.299	310.675
REVENUES 952,700 866,612 ISA INTERCOLOMBIA S.A. E.S.P. 894,155 827,015 EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM) 34,930 15,441 Proyectos de Infraestructura del Perú 5,732 2,132 ISA Inversiones Maule Ltda. 5,874 6,911 Red de Energía del Perú 5,617 5,022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2,890 2,365 ISA BOLIVIA 1,866 1,643 Internexa S.A. 5,51 3,35 Transnexa S.A. 5,51 3,35 COSTS AND EXPENSES 20,30 1,558 Transelca S.A. E.S.P. 11,403 11,222 ISA INTERCOLOMBIA S.A. E.S.P. 1,502 5,019 Internexa S.A. 1,725 5,019 MC Compañía de Expertos en Mercados S.A. E.S.P. 1,927 7,92 Proyectos de Infraestructura del Perú 3,82 4,92 ISA Inversiones Chile Ltda. 6,60 6,60	Transelca S.A. E.S.P.	(2)	321.299	310.675
ISA INTERCOLOMBIA S.A. E.S.P. 894.155 827.015 EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM) 34.930 15.441 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energía del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Internexa S.A. 651 434 Transnexa S.A. 651 434 Transnexa S.A. 551 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660 660	INCOME-RELATED TRANSACTIONS			
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM) 34.930 15.41 Proyectos de Infraestructura del Perú 5.732 2.132 ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energía del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Interchile 985 4.856 Internexa S.A. 651 434 COSTS AND EXPENSES 20.300 19.558 ITRA INTERCOLOMBIA S.A. E.S.P. 11.403 11.222 Internexa S.A. 1.725 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660 660	REVENUES		952.700	866.612
Proyectos de Infraestructura del Perú 5,732 2,132 ISA Inversiones Maule Ltda. 5,874 6,911 Red de Energía del Perú 5,617 5,022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2,890 2,365 ISA BOLIVIA 1,866 1,643 Interchile 985 4,856 Internexa S.A. 651 434 Transnexa S.A. 20,300 19,558 Transleca S.A. E.S.P. 11,403 11,222 INTERCOLOMBIA S.A. E.S.P. 5,162 5,019 Internexa S.A. 1,725 1,246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1,977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660 660	ISA INTERCOLOMBIA S.A. E.S.P.		894.155	827.015
ISA Inversiones Maule Ltda. 5.874 6.911 Red de Energía del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Interchile 985 4.856 Internexa S.A. 651 434 Transnexa S.A. 793 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660	EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM)		34.930	15.441
Red de Energía del Perú 5.617 5.022 EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Interchile 985 4.856 Internexa S.A. 651 434 Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. - 660	Proyectos de Infraestructura del Perú		5.732	2.132
EMPRESA PROPIETARIA DE LA RED S.A. (EPR) 2.890 2.365 ISA BOLIVIA 1.866 1.643 Interchile 985 4.856 Internexa S.A. 651 434 Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660	ISA Inversiones Maule Ltda.		5.874	6.911
ISA BOLIVIA 1.866 1.643 Interchile 985 4.856 Internexa S.A. 651 434 Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. - 660	Red de Energía del Perú		5.617	5.022
Interchile 985 4.856 Internexa S.A. 651 434 Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660	EMPRESA PROPIETARIA DE LA RED S.A. (EPR)		2.890	2.365
Internexa S.A. 651 434 Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660	ISA BOLIVIA		1.866	1.643
Transnexa S.A. - 793 COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 VM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. - 660	Interchile		985	4.856
COSTS AND EXPENSES 20.300 19.558 Transelca S.A. E.S.P. 11.403 11.222 ISA INTERCOLOMBIA S.A. E.S.P. 5.162 5.019 Internexa S.A. 1.725 1.246 XM Compañía de Expertos en Mercados S.A. E.S.P. 1.977 792 Proyectos de Infraestructura del Perú 33 429 ISA Inversiones Chile Ltda. 660	Internexa S.A.		651	434
Transelca S.A. E.S.P. ISA INTERCOLOMBIA S.A. E.S.P. Internexa S.A. Internexa S.A. XM Compañía de Expertos en Mercados S.A. E.S.P. Proyectos de Infraestructura del Perú ISA Inversiones Chile Ltda. 11.403 11.403 11.222 15.019 15.162 1.725 1.246 1.977 792 1.977 660	Transnexa S.A.		-	793
ISA INTERCOLOMBIA S.A. E.S.P. Internexa S.A. Internexa S.A. XM Compañía de Expertos en Mercados S.A. E.S.P. Proyectos de Infraestructura del Perú ISA Inversiones Chile Ltda. 5.019 5.019 5.019 7.02 7.02 7.03 7.0	COSTS AND EXPENSES		20.300	19.558
Internexa S.A. XM Compañía de Expertos en Mercados S.A. E.S.P. Proyectos de Infraestructura del Perú ISA Inversiones Chile Ltda. 1.725 1.246 1.977 792 429	Transelca S.A. E.S.P.		11.403	11.222
XM Compañía de Expertos en Mercados S.A. E.S.P. Proyectos de Infraestructura del Perú ISA Inversiones Chile Ltda. 1.977 33 429 660	ISA INTERCOLOMBIA S.A. E.S.P.		5.162	5.019
Proyectos de Infraestructura del Perú ISA Inversiones Chile Ltda. 429 660	Internexa S.A.		1.725	1.246
ISA Inversiones Chile Ltda.	XM Compañía de Expertos en Mercados S.A. E.S.P.		1.977	792
	Proyectos de Infraestructura del Perú		33	429
Intervial Chile S.A.	ISA Inversiones Chile Ltda.		-	660
	Intervial Chile S.A.		-	190



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- (1) Loans with an agreed 5,51% nominal rate for prior month, maturing on December 16, 2021.
- (2) At December 31, 2019 and 2018, ISA owed Transelca S.A. E.S.P. COP 321.299 (2018: COP 310.675). This balance comprises the following credits:

		2019		
FECHA VENCIMIENTO	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
12-Oct-22	60.798	80.932	60.798	78.134
12-Oct-24	72.642	95.934	72.642	92.757
12-Oct-24	12.537	16.557	12.537	16.008
12-Oct-25	28.500	37.498	28.500	36.281
12-Oct-25	12.500	16.446	12.500	15.912
26-Dec-26	31.908	40.037	31.908	38.748
31-Oct-27	26.000	33.895	26.000	32.835
	244.885	321.299	244.885	310.675

The above loans bear a DTF (Colombian benchmark 90-dat time deposit rate) E.A. (annual effective rate) interest as of December 31 of the previous year. In 2019, interest of COP 11.403 (2018: COP 11.222) was recognized.

8.2 Board of Directors and Senior Management key staff

ISA is managed by a Board of Directors composed of nine (9) main members. During Ordinary General Shareholders' Meeting held on March 29, 2019, the Board of Directors for the April 2019 - March 2020 period was elected. The Board of Directors' report contains the information regarding the election and creation of this body.

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to him.

At the end of 2019, there are no transactions other than remuneration transactions between the company and members of its Board of Directors.



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a) Accounts receivable from Senior Management key staff

	2019	2018
Corporate directors	1.108	1.144
Chief officers	660	463
Chief Executive Officer	520	599
General Secretary	57	69
TOTAL	2.345	2.275

There are no transactions other than remuneration transactions between the company and members of the Senior Management of ISA.

b) Remuneration of the Board of Directors

For attending Board meetings and committees, the members received fees established by the General Shareholders' Meeting equivalent to 141 UVT per meeting (2019 UVT value: COP 34.270).

The total remuneration to the Board of Directors for 2019 was COP 1.476 (2018: COP 1.139).

As of December 31, 2019, and 2018, there are no labor relations between the members of the Board and the company, nor business relations between the company and close relatives of members of the Board of Directors. (See Note 3.19).

c) Remuneration to Senior Management key staff

The remuneration received by the key staff of the Senior Management is the following:

	2019	2018
Remuneration	10.602	9.616
Short-term benefits	6.350	4.954
TOTAL	16.952	14.570

There are no guarantees granted in favor of Senior Management key staff.



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9. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES, AND FINANCIAL INSTRUMENTS

	MAIN ACTIVITY	PLACE AND CREATION OF	SHAREHO (%)		BALA	ANCE
		OPERATIONS	2019	2018	2019	2018
INVESTMENTS IN SUBSIDIARIES AND JOINT VE	ENTURES					
TRANSELCA S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,999	99,998	953.580	922.741
INTERNEXA S.A.	Telecommunications and ICT Business Unit	Colombia	99,420	99,420	72.011	71.835
ISA INTERCOLOMBIA S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,997	99,997	92.335	84.207
XM Compañía de Expertos en Mercados S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,730	99,730	22.783	18.155
INTERVIAL COLOMBIA S.A.S.	Roads Business Unit	Colombia	100,000	100,000	583	1.267
Sistemas Inteligentes en Red S.A.S.	Telecommunications and ICT Business Unit	Colombia	15,000	15,000	1.253	822
CONSORCIO TRANSMANTARO S.A.	Energy Transmission Business Unit	Peru	60,000	60,000	1.012.146	1.019.199
RED DE ENERGÍA DEL PERÚ (REP)	Energy Transmission Business Unit	Peru	30,000	30,000	190.047	182.174
ISA PERÚ S.A.	Energy Transmission Business Unit	Peru	45,146	45,146	62.301	57.942
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C.	Energy Transmission Business Unit	Peru	99,967	99,967	16.104	19.764
ISA CAPITAL DO BRASIL S.A. (1)	Energy Transmission Business Unit	Brazil	100,000	99,990	3.444.827	3.362.906
ISA Investimentos e Participações S.A.	Energy Transmission Business Unit	Brazil	99,899	99,899	750.702	693.141
ISA INVERSIONES CHILE LTDA.	Roads Business Unit	Chile	100,000	100,000	2.009.199	1.981.113
ISA INVERSIONES MAULE LTDA.	Roads Business Unit	Chile	100,000	100,000	1.128.871	1.099.652
INTERCHILE S.A. (2)	Energy Transmission Business Unit	Chile	78,410	83,078	935.570	949.969
ISA BOLIVIA S.A.	Energy Transmission Business Unit	Bolivia	51,000	51,000	46.507	69.992
Linear Systems RE LTD	Reinsurance	Bermuda	100,000	100,000	15.105	11.566
Betania	Autonomous Equity	Colombia	100,000	100,000	82	10.246
TOTAL INVESTMENTS IN SUBSIDIARIES	(3)				10.754.006	10.556.691
INVESTMENTS IN JOINTLY CONTROLLED ENTIT	IES					
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ S.A.	Energy Transmission Business Unit	Panama	50,000	50,000	4.996	8.395
INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.	Energy Transmission Business Unit	Colombia	1,172	1,172	3	3





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	MAIN ACTIVITY	PLACE AND CREATION OF	SHAREHOLDING (%)		BALA	BALANCE	
		OPERATIONS	2019	2018	2019	2018	
TOTAL INVESTMENTS IN JOINTLY CONT			4.999	8.398			
INVESTMENTS IN ASSOCIATES							
ATP Tower Holdings LLC	Telecommunications and ICT Business Unit	USA	24,695	24,887	465.362	448.108	
TOTAL INVESTMENTS IN ASSOCIATES					465.362	448.108	
FINANCIAL INSTRUMENTS							
Electricaribe S.A. E.S.P.	Energy Transmission Business Unit	Colombia	0,481	0,481	-	-	
EMPRESA PROPIETARIA DE LA RED S.A. (EPR)	Energy Transmission Business Unit	Costa Rica	11,110	11,110	12.524	12.524	
TOTAL FINANCIAL INSTRUMENTS (5)					12.524	12.524	
TOTAL INVESTMENTS					11.236.891	11.025.721	

- (1) In December 2018, ISA repurchased the remaining balance of preference shares. The investment in ISA CAPITAL DO BRASIL is affected by the account receivable recognized by the Government of the State of São Paulo on behalf of ISA CTEEP, associated with the provisions of Law 4819/58 for BRL 1.576 million (COP 1.281.629) (2018: BRL 1.426 million, COP 1.196.040).
- (2) On February 7, 2020, the Ministry of Energy of Chile issued Exempt Resolution No. 01, by which it partially accepts the force majeure request for delayed compliance with Milestone 5 "Start-up" of the last tranche of the Cardones Polpaico Project, recognizing 105 days as force majeure out of a total of 499 days of delay, which implied to ISA INTERCHILE the collection of the guarantee ticket for this milestone for USD 5,6 million and a payment of USD 72,8 million for days not recognized. This effect was recorded in the financial statements of affiliate ISA INTERCHILE as an increase in operating assets (Property, plant, and equipment), based on accounting and financial regulations that determine that there are plant and equipment costs which, although they do not increase future economic benefits, are unavoidable for obtaining such benefits.
- (3) Companies over which ISA exerts control.
- (4) ISA controls these companies jointly, and it is expressly defined at the statutory level.
- (5) ISA holds these investments to develop the strategic business mobilization plan in different countries. Electrificadora del Caribe S.A. E.S.P. is completely impaired. The amount of the investment is COP 12.113.

Except for the investment in Electrificadora del Caribe S.A. E.S.P, as of December 31, 2019 and 2018, there were no operational and/or economic evidences indicating that the recorded net value of the investments could not be recovered.



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10. PROPERTY, PLANT, AND EQUIPMENT - NET

The net balance of property, plant, and equipment as of December 31, 2019 and 2018 comprises:

		2019	2018
PROPERTY, PLANT, AND EQUIPMENT IN OPERATION			
Grids, lines, and cables		9.161.041	8.919.701
Plants and ducts	(1)	4.527.652	4.410.481
Buildings	(1)	348.349	337.180
Lands	(1)	189.490	185.488
Machinery and equipment		51.624	53.976
Communication and computer equipment	(1)	25.657	28.052
Furniture, chattels and office equipment		24.479	30.113
Transportation, traction, and lifting equipment		6.000	6.000
SUBTOTAL PROPERTY, PLANT, AND EQUIPMENT		14.334.292	13.970.991
Less accumulated depreciation		(9.506.644)	(9.413.782)
TOTAL PROPERTY, PLANT, AND EQUIPMENT		4.827.648	4.557.209
Construction in progress		1.791.650	1.621.159
Machinery, plant, and equipment under assembly		48.153	32.245
Assets in transit		470	432
TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET		6.667.921	6.211.045



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(1) These types of assets comprise assets acquired under a lease:

	2019	2018
Substation equipment	7.786	-
Computer and communication equipment	5.647	3.630
Buildings	4.867	4.867
Lands	390	390
TOTAL	18.690	8.887

During 2019, interest for COP 17.344 (2018: COP 24.992) was capitalized, attributable to the acquisition and construction of suitable assets.

ISA currently has combined material damage, terrorism, and consequential loss insurance policies to insure against losses and damage to its fixed assets, except for transmission towers and lines.

There are no restrictions, pledges or guarantee deliveries regarding obligations on property, plant, and equipment. As of December 31, 2019, and 2018, there were no operational and/or economic evidences indicating that the net recorded value of property, plant, and equipment could not be recovered.



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• Movements of property, plant, and equipment

	2017 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOG- NITIONS	2018 DEPRECIATION EXPENSES	2018 BALANCE	ADDITIONS AND/OR TRANSFERS (1)	SALES AND/OR DERECOG- NITIONS	2019 DE- PRECIATION EXPENSES	2019 BALANCE
Grids, lines, and cables	2.444.615	108.067	(1.593)	(60.949)	2.490.140	242.017	-	(63.264)	2.668.893
Plants and ducts	1.608.026	46.796	(719)	(92.047)	1.562.056	172.917	(939)	(94.322)	1.639.712
Buildings	283.862	4.482	(1.612)	(4.087)	282.645	11.473	(245)	(3.622)	290.251
Lands	183.919	1.569	-	-	185.488	4.002	-	-	189.490
Machinery and equipment	15.473	6.521	-	(2.123)	19.871	1.096	-	(2.179)	18.788
Communication and computer equipment	3.920	1.294	-	(2.186)	3.028	7.042	-	(1.990)	8.080
Furniture, chattels and office equipment	10.945	1.903	-	(1.839)	11.009	798	-	(2.024)	9.783
Transportation, traction, and lifting equipment	3.293	-	-	(321)	2.972	-	-	(321)	2.651
Construction in progress (2)	1.090.516	530.643	-	-	1.621.159	170.491	-	-	1.791.650
Machinery, plant, and equipment under assembly	21.052	11.193	-	-	32.245	16.162	(254)	-	48.153
Assets in transit (3)	18.343	(17.911)	-	-	432	38	-	-	470
TOTAL	5.683.964	694.557	(3.924)	(163.552)	6.211.045	626.036	(1.438)	(167.722)	6.667.921

(1) In 2019, the following projects were activated:

- » UPME 07-2013 Chinú Montería Urabá, 230kV Interconnection for COP 244.377.
- » UPME 03-2016 San Antonio 230 kV Substation and associated transmission lines for COP 104.245.
- » UPME 08-2017 Sogamoso 500, 230 kV third Transformer for COP 32.788.
- » Ternium 220/34.5 kV Connection in Sabanalarga Substation for COP 28.422.

- » Implementation of solar photovoltaic generation system to interconnect to ISA's internal grid for COP 1.701.
- (2) The balance of construction in progress as of December 31, 2019 mainly includes:
 - » UPME 03-2014 230/500 kV Northwestern Interconnection Project for COP 1.240.271 (2018: COP 973.309), which scope comprises the design, supply, civil works, assembly and commissioning of the Antioquia and Medellín Substations, and the ex-



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pansion of substations and associated 500 kV – 547 km transmission lines. Expected date for entry into service: October 2020.

- » Caribbean Coast 500 KV Interconnection Project for COP 298.179 (2018: COP 233.309), which scope includes the design, supply, civil works, assembly, and commissioning of the Cerromatoso Chinú Copey 500 kV 352 km Transmission Lines and substation expansions. Expected date for entry into service: March 2021.
- » UPME 09-2016 Copey Cuestecitas 500 kV and Copey Fundación 220 kV
- for COP 122.908 (2018: COP 52.777), which comprises the design, acquisition of supplies, construction, testing, commissioning, operation and maintenance of the works related to the Copey Cuestecitas 500 kV and Copey Fundación 220 kV Transmission Lines project. Expected date for entry into service: March 2022.
- (3) The assets in transit as of 2019 correspond to the supply of the asset "OPGW cable with fittings and accessories" for the Caribbean Coast 500 kV Interconnection Project, for USD 142.701.

11. INVESTMENT PROPERTY - NET

	2019	2018
INVESTMENT PROPERTY		
Buildings	9.603	9.603
Lands	1.839	1.839
SUBTOTAL INVESTMENT PROPERTY	11.442	11.442
Less accumulated depreciation	(3.594)	(3.506)
TOTAL INVESTMENT PROPERTY	7.848	7.936

Investment property corresponds to blocks II and V of ISA's headquarters, leased to its subsidiaries XM and INTERNEXA, respectively. Revenues, costs and expenses associated with the investment property are executed by ISA INTERCOLOMBIA, through the joint account agreement.

Investment property also includes the Manizales site.



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• Movement of investment property

	2017 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOGNI- TIONS	2018 DEPRECIATION EXPENSES	2018 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOGNI- TIONS	2019 DEPRECIATION EXPENSES	2019 BALANCE
Buildings	5.881	1.310	(999)	(95)	6.097	-	-	(88)	6.009
Lands	1.839	-	-	-	1.839	-	-	-	1.839
TOTAL	7.720	1.310	(999)	(95)	7.936	-	-	(88)	7.848

As of December 31, 2019, and 2018, there are no contractual obligations for repairs, improvements, maintenance, acquisition, construction or development of investment properties that represent future obligations for the company.

12. INTANGIBLE ASSETS - NET

		2019	2018
Easements	(1)	151.200	115.882
Software		20.247	18.721
Rights		11.635	11.635
Licenses		11.195	12.408
SUBTOTAL INTANGIBLES		194.277	158.646
Less intangible amortization		(36.294)	(35.954)
TOTAL INTANGIBLES		157.983	122.692



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• Movement of intangible assets

	2017 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/ OR DERECOG- NITIONS	2018 AMORTIZATION EXPENSE	2018 BALANCE	ADDITIONS AND/OR TRANSFERS (1)	SALES AND/ OR DERECOG- NITIONS	2019 AMORTIZATION EXPENSE	2019 BALANCE
Easements	100.409	15.474	-	-	115.883	35.317	-	-	151.200
Software	1.618	5.759	-	(717)	6.660	1.924	-	(3.245)	5.339
Licenses	106	49	-	(102)	53	1.817	-	(488)	1.382
Rights	130	-	-	(34)	96	-	-	(34)	62
TOTAL	102.263	21.282	-	(853)	122.692	39.058	-	(3.767)	157.983

(1) Regarding additions and transfers made in 2019, the ones derived from the entry into operation of the following projects stand out: UPME 07-2013 Chinú - Montería – Urabá, 230kV Interconnection for COP 17.727; UPME 03-2016 San Antonio 230 kV Substation and associated transmission lines for COP 10.777, and easements imposition on UPME 06-2013 Sabanalarga – Caracolí – Flores 220 kV Interconnection for COP 6.734.

As of December, 2019 and 2018, the management of the company considered that there was no operating and/or economic evidence suggesting that the registered net value of intangible assets with indefinite useful lives could not be recovered.

13. FINANCIAL LIABILITIES

The balance of this item as of December 31, 2019 and 2018 is composed of bonds and financial obligations, as shown below:

		20	19	2018		
	'	CURRENT	CURRENT NON-CURRENT		NON-CURRENT	
FINANCIAL LIABILITIES						
Outstanding bonds	<u>13.1</u>	31.431	3.117.440	31.903	3.334.092	
Financial liabilities	<u>13.2</u>	183.355	1.344.443	105.436	1.048.703	
TOTAL		214.786	4.461.883	137.339	4.382.795	

The financing obtained by the company has no guarantees granted nor restrictions on financial covenants. During the accounting period, the company has complied with the payment of principal and interest on its loans.



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13.1 Outstanding bonds

						20)19	20	18
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM (YEARS)	INTEREST RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Tranche 4 Lot 1 Program	COP	7/4/2006	7/4/2026	20	CPI + 4,58%	-	-	118.500	120.812
Tranche 4 Lot 2 Program	COP	7/4/2006	7/4/2026	20	CPI + 4,58%	-	-	104.500	99.354
Tranche 7 Series A Program	COP	1/12/2011	1/12/2023	12	CPI + 4,47%	180.000	181.185	180.000	181.389
Tranche 7 Series B Program	COP	1/12/2011	1/12/2041	30	CPI + 4,84%	120.000	120.777	120.000	120.888
Tranche 8 Series C9 Program	COP	22/5/2013	22/5/2022	9	CPI + 2,84%	120.000	120.838	120.000	120.727
Tranche 8 Series C15 Program	COP	22/5/2013	22/5/2028	15	CPI + 3,25%	100.000	100.775	100.000	100.696
Tranche 9 Series C10 Program	COP	7/5/2015	7/5/2025	10	CPI + 3,80%	100.000	100.929	100.000	100.822
Tranche 9 Series C15 Program	COP	7/5/2015	7/5/2030	15	CPI + 4,14%	120.000	121.136	120.000	121.024
Tranche 9 Series C20 Program	COP	7/5/2015	7/5/2035	20	CPI + 4,34%	280.000	282.696	280.000	282.456
Tranche 10 Series C8 Program	COP	16/2/2016	16/2/2024	8	CPI + 4,73%	115.000	115.797	115.000	115.625
Tranche 10 Series C12 Program	COP	16/2/2016	16/2/2028	12	CPI + 5,05%	152.000	152.981	152.000	152.805
Tranche 10 Series C25 Program	COP	16/2/2016	16/2/2041	25	CPI + 5,38%	133.000	133.631	133.000	133.514
Tranche 11 Series A7 Program	COP	18/4/2017	18/4/2024	7	Fixed 6,75% rate	260.780	264.003	260.780	263.980
Tranche 11 Series C15 Program	COP	18/4/2017	18/4/2032	15	CPI + 3,81%	196.300	198.820	196.300	198.412

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						20	19	20	18
FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM (YEARS)	INTEREST RATE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Tranche 11 Series C25 Program	COP	18/4/2017	18/4/2042	25	CPI + 4,00%	242.920	246.084	242.920	245.590
Tranche 12 Series A8 Program	COP	28/11/2017	28/11/2025	8	Fixed 6,99% rate	150.080	150.836	150.080	150.818
Tranche 12 Series C14 Program	СОР	28/11/2017	28/11/2031	14	CPI + 3,75%	120.100	120.690	120.100	120.581
Tranche 12 Series C30 Program	COP	28/11/2017	28/11/2047	30	CPI + 3,98%	229.820	230.955	229.820	230.766
Tranche 13 Series C9 Program	COP	25/7/2018	25/7/2027	9	CPI + 3,49%	156.500	158.523	156.500	158.201
Tranche 13 Series C15 Program	COP	25/7/2018	25/7/2033	15	CPI + 3,89%	142.063	143.991	142.063	143.708
Tranche 13 Series C25 Program	COP	25/7/2018	25/7/2043	25	CPI + 4,07%	201.437	204.224	201.437	203.827
TOTAL						3.120.000	3.148.871	3.343.000	3.365.995

In April 2019, the prepayment option for Lots 1 and 2 of the Fourth Tranche of ISA's Program for Issuance and Placement of Internal Public Debt Securities was exercised for COP 223.000, with an exercise price equivalent to 103,5% of the amortized value, i.e. COP 230.805.

Maturity of outstanding bonds:

Below is the maturity of outstanding bonds as of December 31, 2019:

MATURITIES		
Short-term		31.431
Long-term		3.117.440
2021	-	
2022	120.000	
2023	180.000	
2024 and after	2.817.440	
TOTAL		3.148.871



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13.2 Financial obligations

							20)19	20	018
FINANCING SOURCE	ORIGINAL CURRENCY	STARTING DATE	DATE OF MATURITY	TERM (YEARS)	INTERE RATE		NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Banco de Bogotá	COP	26/02/2015	26/02/2022	7	CPI +	3,60%	111.216	114.128	155.703	159.169
BBVA	COP	23/02/2016	23/02/2023	7	CPI +	2,99%	175.000	178.607	225.000	228.393
BBVA	COP	09/10/2017	09/10/2027	10	CPI +	4,80%	50.000	50.996	50.000	50.877
Banco Davivienda	COP	09/10/2017	09/10/2027	10	CPI +	4,80%	50.000	50.996	50.000	50.877
BBVA	COP	07/11/2017	07/11/2027	10	CPI +	4,80%	90.000	91.111	90.000	90.938
Banco Davivienda	COP	07/11/2017	07/11/2027	10	CPI +	4,80%	90.000	91.111	90.000	90.938
BBVA	COP	14/12/2017	14/12/2027	10	CPI +	4,80%	60.000	60.194	60.000	60.073
Banco Davivienda	COP	14/12/2017	14/12/2027	10	CPI +	4,80%	260.000	260.841	260.000	260.315
Bancolombia	COP	19/11/2019	19/11/2029	10	IBR (6M) +	2,56%	150.000	151.151	-	-
Banco Davivienda	COP	19/11/2019	19/11/2031	12	CPI +	4,65%	150.000	151.442	-	-
TOTAL DOMESTIC I	FINANCIAL OB	LIGATIONS					1.186.216	1.200.577	980.703	991.580
Scotiabank	USD	27/12/2018	27/12/2023	5	LIBOR (6M) +	1,20%	163.857	163.532	162.488	162.559
Scotiabank	USD	26/02/2019	27/12/2023	5	LIBOR (6M) +	1,20%	163.857	163.689	-	-
TOTAL FOREIGN FI	NANCIAL OBL	IGATIONS					327.714	327.221	162.488	162.559
TOTALES							1.513.930	1.527.798	1.143.191	1.154.139

The following operations took place in 2019, which explain the debt change:

- In February, payments were made for COP 22.243 corresponding to the loan with Banco de Bogotá, and for COP 25.000 corresponding to the loan with BBVA. Likewise, a disbursement for USD 50 million was received from Scotiabank to cover needs of the 2019 investment plan.
- In August, payments were made for COP 22.243 corresponding to the loan with Banco de Bogotá, and for COP 25.000 corresponding to the loan with BBVA.
- In November, disbursements were received for COP 150.000 from Bancolombia and for COP 150.000 from Davivienda to cover needs of the 2019 investment plan.



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Maturity of financial obligations

Below is the maturity of financial obligations as of December 31, 2019:

M	ATURITIES
Short-term	183.355
Long-term	1.344.443
2021	169.486
2022	147.243
2023	449.143
2024 and after	578.571
TOTAL	1.527.798

14. ACCOUNTS PAYABLE

The breakdown of this item as of December 31, 2019 and 2018 is as follows:

		2019		2018	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Suppliers and contractors	(1)	98.629	-	74.556	-
Creditors	(2)	10.151	-	15.570	-
Leases	(3)	1.534	10.697	360	3.450
Deposits received		-	-	-	70
Sales paid in advance		-	1.793	-	1.945
TOTAL		110.314	12.490	90.486	5.465

- (1) Accounts payable to suppliers and contractors originate from the purchase of goods and services for the development of operations of the company. These liabilities are expressed in national and in foreign currency, do not bear interest, and are normally paid according to the schedule of payments in 15, 30 or 45 days.
- (2) Creditors include balances payable for: management of the affiliate ISA INTERCOLOMBIA, insurances, and accounts payable for social security contributions.
- (3) Lease liabilities are associated with substation, computer and communication equipment, buildings, and lands. Below is the movement of lease liabilities:



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	2019	2018
INITIAL BALANCE	3.810	4.711
Additions	9.841	543
Interest	617	468
Exchange difference	46	(284)
Lease payments	(2.083)	(1.628)
FINAL BALANCE	12.231	3.810

Below is the analysis of maturities of lease liabilities:

	2019	2018
Less than one year	1.534	360
Between one and five years	5.517	203
More than five years	5.180	3.247
FINAL BALANCE	12.231	3.810

15. RISK MANAGEMENT POLICY

Given the nature of its activities, ISA is exposed to financial risks mainly related to investments in foreign subsidiaries, entering financial obligations, revenues indexed to macroeconomic variables, and the acquisition of goods and services abroad.

Therefore, a risk management methodology has been implemented, which together with ongoing monitoring of financial markets, seeks to minimize potential adverse effects on the financial information. ISA identifies, evaluates, and performs a comprehensive management of the financial risks the company could be exposed to, to minimize their impact on the financial results.

At ISA, the Strategy Chief Officer is the one responsible for the implementation and management of this system, who discloses such management to the Board of Directors of the organization. Below are the financial risks to which the company is exposed.

15.1 Market risk

The market risk corresponds to unfavorable variations with respect to what is expected from the fair value or future cash flows of a financial instrument, caused by adverse changes in variables such as exchange rates, domestic and international interest rates, price of indices (macroeconomic variables), raw materials (commodities), among others.

Sensitivity analyses listed below are made based on the balances of financial instruments with cut-off date as of December 31, 2019.

a) Interest rate risk and macroeconomic variables

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations, and is caused by the variation (volatility) of domestic and international interest rates and macroeconomic variables to which these flows are indexed, thus affecting their value. The purpose of the interest rate risk management is to find a balance in the revenues and debt structure which allows stabilizing the cost of the latter and minimizing the volatility in the income statement.



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Financial obligations

ISA's debt structure is mostly indexed to interest rates and macroeconomic variables, as well as a portion of the debt is maintained at a fixed rate, as described below:

TYPE OF INTEREST RATE	2019
CPI	76,80%
Fixed interest rate	8,40%
Libor + 6 months	6,70%
DTF	5,00%
IBR 6 months	3,10%

As of December 31, 2019, obligations indexed to the DTF mainly correspond to loans with local economic related parties. On the other hand, fixed rate obligations such as the ones indexed to the CPI and to Libor correspond to bank loans and issuance of corporate bonds.

Below are the effects before taxes on the statement of comprehensive income for 2019, compared with a reasonable variation in interest rates (to date, it has not been necessary to hedge financial obligations indexed to interest rates):

INCREASE / DECREASE OF BASIC POINTS	EFFECT ON INCOME STATEMENT BEFORE INCOME TAX
(+) 100	(48.788)
(-) 100	48.788

ISA currently maintains a natural hedge on debt financial instruments that are indexed to the CPI, as most of ISA's revenues come from its affiliate ISA INTERCOLOMBIA, which in turn are associated to a greater extent with the behavior of the Colombian producer price index (PPI) and to a lesser extent with the behavior of the American producer price index (PPI³). These variables are related, which allows minimizing the impacts of the interest rate risk linked to macroeconomic variables.

Financial instruments - surplus liquidity

As of December 31, 2019, ISA does not maintain financial instruments –surplus liquidity– indexed to interest rates.

Since the financial instruments that may compose the surplus liquidity portfolio are acquired with the intention to maintain them until their maturity, these investments are not exposed to the interest rate risk (investments measured at amortized cost).

b) Exchange rate risk

ISA is exposed to the exchange rate risk (US Dollar), given the translation effect of dividends received from companies abroad; revenues from projects awarded in UPME's public biddings, calculated in US dollars and paid in Colombian pesos; expenses related to service of debts incurred in US dollars; purchases of equipment; and/or execution of new projects, capitalizations to affiliates, and loans granted to related parties.

³ According to the revenue remuneration scheme established by the Energy and Gas Regulatory Commission (Comisión de Regulación de Energía y Gas, CREG).



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As of December 31, 2019, ISA maintained the following financial assets and liabilities (in thousands of US Dollars):

	2019
ASSETS	
Cash and cash equivalents	7
Economic related parties	32
Other financial assets	18
TOTAL ASSETS	57
LIABILITIES	
Financial obligations	100
Accounts payable	9
TOTAL LIABILITIES	109
NET MONETARY POSITION	(52)

The effects on the income statement before taxes for 2019, compared to a reasonable variation in the foreign currency (US Dollar) exchange rate, keeping all other variables constant, are shown below:

DEVALUATION / REVALUATION	EFFECT ON INCOME STATEMENT BEFORE INCOME TAX
(+) 10%	(17.166)
(-) 10%	17.166

c) Mitigation measures

Market risk mitigation tools are the hedge operations carried out for financial risks, which aim to stabilize, over a time horizon, the financial statements and the cash flow against fluctuations in the risk factors.

Thus, once the existence of exposure to a risk market is identified with certainty, the use of natural or synthetic hedges is chosen. The closing is carried out through ISA's treasury department, following corporate guidelines that establish a hedging, non-speculation criterion.

As part of the market risk hedges –exchange rate, interest rate, price– ISA can carry out standard derivative operations –e.g. futures contracts for commodities– and non-standard derivative operations, such as forwards, swaps, and options in installments, in line with the best conditions of each market, which qualify as financial hedging instruments to be registered in the financial statements.

As of December 31, 2019, ISA does not maintain any hedge operation for foreign exchange risk.

15.2 Credit and counterparty risk

The credit and counterparty risk are defined as the contractual default, arrears, or doubtful collection with respect to obligations incurred by the company' customers, as well as by counterparties of financial instruments acquired or used, which would result in financial losses.

a) Credit risk (customers):

For ISA, this risk refers to arrears or doubtful recovery of the portfolio by agents who pay usage fees for the STN (National Transmission System), customers connected to the STN, economic related parties, dark fiber customers, and other related services.



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The main measures taken to manage this risk are:

- Mechanisms and instruments defined in the regulation to cover payments made by agents in the Wholesale Energy Market –guarantees, notes, and prepayments, as well as the supply limitation scheme–, which include those corresponding to usage fees for the STN service, settled and managed by XM, under the contract of mandate defined in the regulation for this effect.
- Withdrawal fee clauses included in STN connection agreements.
- Management of collections.
- Analysis of financial statements of new customers connecting to the STN.

b) Credit risk (surplus liquidity):

In bank deposits and financial investments, including the procurement of derivative instruments, credit and counterparty risk is mitigated by choosing institutions widely recognized in the market, with risk ratings performed by locally or internationally approved agencies; additionally, a counterparty quota is assessed for these transactions through an allocation model that keeps both quantitative (financial indicators) and qualitative (risk ratings) variables, which is reviewed quarterly.

Furthermore, issuer concentration policies are maintained both at individual and economic group levels, which allow decreasing the exposure to credit risk. Such policies are monitored regularly to ensure their effective implementation.

As of December 2019, ISA received the following risk rating due to its surplus liquidity:

SURPLUS LIQUIDITY BY LOCAL RISK RATING						
Rate	Balance in COP millions	Share (%)				
AAA	537.264	100				
TOTAL	537.264	100				

	SURPLUS LIQUIDITY BY (INTERNATIONAL RATING)						
Rate	Balance in COP millions	Share (%)					
A+	5.018	100					
A-	16.386						
TOTAL	21.404	100					

15.3 Liquidity risk

The liquidity risk is defined as the incapacity to obtain enough funds for the fulfillment of obligations when overdue, without incurring in unacceptably high costs.



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ISA carries out constant monitoring of the short-term cash flow, which allows identifying liquidity needs during the periods analyzed. Furthermore, liquidity indicators are used, such as the monthly and accumulated liquidity coverage ratio, which is calculated periodically. These ratios aim to verify whether the company's current and non-current cash flow revenues cover its outflows.

Likewise, ISA maintains tools to achieve additional liquidity, such as the issuing of commercial papers and credit facilities with local and foreign entities that enable the fulfillment of temporary requirements for funds when so required.

Below is a description of the future maturity profile expected for the company's financial liabilities:

AS OF DECEMBER 31, 20)19	0 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial obligations and bonds		84.007	130.779	1.905.575	2.556.308	4.676.669
Principal		47.243	122.244	1.905.575	2.556.308	4.631.370
Interest	(1)	36.764	8.535	-	-	45.299
Accounts payable to related parties	(2)	-	-	247.367	73.932	321.299
Accounts payable		110.314	-	-	12.490	122.804
TOTAL		194.321	130.779	2.152.942	2.642.730	5.120.772

- (1) Payment of interest projected over time.
- (2) Accounts payable to economic related parties in loans taken from Group companies.

16. FINANCIAL INSTRUMENTS

16.1 Classification of financial assets by nature and category

Fair value of financial assets

The carrying value of financial assets measured at amortized cost is the approximation to its fair value. The fair value is shown in the following table, based on the categories of financial assets, compared with their current and non-current carrying value included in the financial statements:



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The detail of financial assets, classified by nature and category as of December 31, 2019 and 2018 is as follows:

	NOTE 2019		201	.8	
FINANCIAL LIABILITIES		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Cash	<u>4</u>	-	519.793	-	295.516
TDs, bonds, and securities	<u>4</u>	21.425	-	137.556	-
Trusts	<u>4</u>	-	153	-	735
Accounts receivable	5.1	116.284	-	50.199	-
Investments over 90 days	<u>5.2</u>	5.508	-	-	-
Loans receivable from related parties	8.1	181	-	407	-
TOTAL CURRENT		143.398	519.946	188.162	296.251
Restricted cash	<u>7</u>	-	11.029	-	10.461
Accounts receivable	<u>5.1</u>	17.475	-	15.621	-
Loans receivable from related parties	8.1	96.102	-	147.825	-
Investments in financial instruments	9	-	12.524	-	12.524
TOTAL NON-CURRENT		113.577	23.553	163.446	22.985
TOTAL		256.975	543.499	351.608	319.236

16.2 Classification of financial liabilities by nature and category

Fair value of financial liabilities

The carrying value of financial liabilities measured at amortized cost is the approximation to its fair value. The fair value is presented in the following table, based on the categories of liabilities, compared with the current and non-current carrying value included in the financial statements.



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The detail of financial liabilities, classified by nature and category, as of December 31, 2019 and 2018 is as follows:

	NOTE	2019		201	8
FINANCIAL LIABILITIES		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Financial liabilities	<u>13</u>	214.786	-	137.339	-
Accounts payable	<u>14</u>	110.314	-	90.486	-
TOTAL CURRENT		325.100	-	227.825	-
Financial liabilities	<u>13</u>	4.461.883	-	4.382.795	-
Accounts payable to related parties	<u>8.1</u>	321.299	-	310.675	-
Accounts payable	<u>14</u>	12.490	-	5.465	-
TOTAL NON-CURRENT		4.795.672	-	4.698.935	-
TOTAL		5.120.772	-	4.926.760	-

a) Fair value hierarchies

The financial instruments recognized at fair value in the statement of financial position are classified hierarchically according to the criteria described in <u>Note 3.9.</u> Fair value measurement.

The following table shows the financial assets measured at fair value as of December 31, 2019 and 2018:

		2019	FAIR VALUE MEASURED AT THE END OF PERIOD		
FINANCIAL INSTRUMENTS AT FAIR VALUE	CURRENT	NON-CURRENT	LEVEL I	LEVEL II (1)	LEVEL III
FINANCIAL ASSETS					
Cash	519.793	-	519.793	-	-
Trusts	153	-	153	-	-
Restricted cash	-	11.029	11.029	-	-
Investments in financial instruments	-	12.524	-	12.524	-
TOTAL	519.946	23.553	530.975	12.524	-



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	4	2018	FAIR VALUE MEASURED AT THE END OF PERIOD		
FINANCIAL INSTRUMENTS AT FAIR VALUE	CURRENT	NON-CURRENT	LEVEL I	LEVEL II (1)	LEVEL III
FINANCIAL ASSETS					
Cash	295.516	-	295.516	-	-
Trusts	735	-	735	-	-
Restricted cash	-	10.461	10.461	-	-
Investments in financial instruments	-	12.524	-	12.524	-
TOTAL	296.251	22.985	306.712	12.524	-

(1) Fair values have been classified at Level II, based on input data of valuation techniques used. (See Note 3.9 Fair value measurement).

17. PROVISIONS

Provisions as of December 31 are the following:

		201	.9	2018		
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	
Other estimated liabilities and provisions	(1)	-	6.548	-	6.590	
Disputes and claims	(2)	1.715	3.583	437	4.464	
TOTAL PROVISIONS		1.715	10.131	437	11.054	

- (1) Commitments required for obtaining environmental licenses with various regional autonomous corporations.
- (2) Liabilities estimated for legal proceedings against the company that are classified as probable. The breakdown of the provision for disputes and claims is as follows:

TYPE OF PROCEEDING	2	019		2018		
	#	BALANCE	#	BALANCE		
Administrative	3	4.142	3	4.074		
Labor	3	1.156	6	827		
TOTAL	6	5.298	9	4.901		



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The provision estimate for litigations and claims complies with the methodology of valuation established in Resolution No. 353, issued in November 2016, by the National Agency for Legal Defense of the State. This methodology consists of determining the value of claims, adjusting the real value of claims and calculating the registration value by applying what is established in the Resolution.

The movement of provisions is as follows:

	CONTINGENCIES	OTHER PROVISIONS
FINAL BALANCE AS OF DECEMBER 31, 2018	4.901	6.590
Provisions in the period	1.486	-
Usage in the period	(1.089)	(42)
FINAL BALANCE AS OF DECEMBER 31, 2019	5.298	6.548

17.1 Disputes and claims

ISA is currently 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. Likewise, on its own behalf, it has instituted legal actions required for the defense of its interests.

The following information shows the probable and eventual processes against and in favor of the company:

PROBABILITY OF WINNING OR LOSING		#	BALANCE
Likely against		6	5.298
Likely in favor		8	413
Eventual against		59	46.960
Eventual in favor		29	30.604
Likely against - Civil	(1)	700	51.042

(1) In compliance with the concept issued by the General Accounting Office in 2018, the provisions related to imposed easement processes are recognized only at the time of payment.



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The main legal proceedings the company is currently carrying out are:

Proceedings as defendant

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
Administrative. First Instance. Case number 05001233100020060325200	Empresas Públicas de Medellín E.S.P. (EPM)	Plaintiff seeks to declare Interconexión Eléctrica S.A. E.S.P., liable for unjust enrichment.	1.791	Probable
Labor. Second instance. Case number 68001310500220120032300	Jorge Eliécer Reyes Plata	Plaintiff seeks a declaration stating that between him and Interconexión Eléctrica S.A. E.S.P. there was a labor relation, ended without justifiable reason.	756	Probable
Administrative. First Instance. Case number 05001233100019980397100	Gómez Cajiao y Asociados S.A.	Plaintiff seeks the absolute nullity of administrative act and auditing and consulting contract, on the grounds that such contract was awarded to an entity other than the one the plaintiff represents, and to reestablish the rights of Gómez Cajiao y Asociados Cía. Ltda. (today called Gómez Cajiao y Aso-ciados S.A.) for having submitted the best bid in public call for bid C-002 of 96.	636	Probable
Labor. First instance. Case number 11001310501420150053500	José Bladimir Ballesteros Rojas	Reestablishment of the constitutional right for his employer to cover old age, disability, and death risks.	26.550	Eventual
	Héctor Miguel Altu-ve Santos			
	Javier Emilio Fran-co Roldán			
	Libardo Antonio López Loaiza	Recognizing retirement pension agreed upon the collective		
Labor. Reversal. Case number 05001310501220140113800	Luis Alberto Basti-das Uribe	labor agreement entered between ISA and SINTRAISA in	7.488	Eventual
	Néstor José Chica Castaño	favor of the plaintiffs.		
	Orlando De Jesús Hernández Toro			
	Óscar Grajales Sarria			
	Alonso de Jesús Buriticá			
	Álvaro Fabra Celis			
Labor. Reversal. Case number 05001310500620140113500	Henry Betancur Ríos	Declaring ISA to recognize extralegal retirement pension subscribed with SINTRAISA.	6.563	Eventual
	Jaime Ospitia Obregón			
	José Aníbal Albarracín Ardila			



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Proceedings in favor

TYPE AND INSTANCE	DEFENDANT	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY	
	Hernán Humberto Moreno Montoya	To declare that the value of the retirement pension			
Labor. Reversal. Case number 05001310500120070043700	Luz María Vasco De Zuluaga	recognized by ISA in favor of the defendant un- der the collective agreement shall be reliquidated from the time the defendant started enjoying the	147	Probable	
	Victor Julio Zapata Marulanda	pension, with seventy five percent (75%) of average salaries earned during the last year working for ISA.			
Labor. Second instance. Case number 05001310501120070043100	Guillermo Alberto Yepes Sánchez	To declare that the value of the retirement pension recognized by ISA in favor of the defendant un-der the conciliation of September 23, 2002 and the collective agreement shall be reliquidated from the time the defendant started enjoying the pension, with seventy five percent (75%) of average salaries earned during the last year working for ISA.	104	Probable	

18. TAXES

18.1 General aspects of the income tax

The current tax legislation applicable to the company establishes that:

- The nominal income tax rate is 33%.
- Law 1819 of 2016 created a surtax on income tax equivalent to 4% for the tax year 2018. This surtax does not apply for 2019.
- The basis for determining the income tax for the year may not be less than 1,5% (3,5% for 2018) of the net worth on the last day of the taxable period immediately preceding, clearing the items duly authorized by the tax legislation.
- Law 1819 of 2016 established, as of the tax year 2017, the use of international accounting standards applicable for Colombia as the basis for the calculation of taxable income for the income tax, and the different tax treatments were made explicit.

 As of the tax year 2017, an anti-deferral regime for passive income obtained abroad by Colombian residents started being enforced. It is called Empresas Controladas del Exterior (Foreign Controlled Corporations), ECE, through which passive income obtained by corporations or other foreign corporations controlled by Colombian residents, must be immediately declared in Colombia once ECE is enforceable.

To determine the income tax, it is necessary to consider the following situations:

a) On June 27, 2008, ISA and the Nation (Ministry of Mines and Energy) signed a legal stability agreement for the energy transmission activity for a twenty-year period. This agreement basically provided for stabilization of income tax regulations, including the income tax rate, deduction of the inflationary element of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount



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by VAT paid on import of machinery for energy transmission and presumptive income as 3% of net assets, as well as the time limit of the equity tax.

This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

b) Decision No. 578 of the Andean Community of Nations (Comunidad Andina de Naciones, CAN), seeks the elimination of double taxation for income earned in any country that is a member (Ecuador, Peru, Bolivia and Colombia) through the exoneration mechanism.

In determining the net income in the income tax for 2018 and 2017, the value of income obtained in countries members of the Andean Community of Nations (Peru, Ecuador and Bolivia) is included as exempt income. This value results from subtracting the corresponding costs and deductions from the revenues generated by the exempted activity.

c) Occasional gains are cleared separately from ordinary income. Occasional gains are obtained from the disposal of fixed assets held for two or more years, the income generated from the liquidation of companies, and income from inheritances, bequests, and donations.

Financing Law and Economic Growth Law

In December 2018, Law 1943, known as the Financing Law, was approved. It came into force in 2019. In October 2019, the Constitutional Court decided to declare this law unconstitutional, with the exception that the ruling would take effect from January 1, 2020, so this law continued to have full effect during the tax year 2019.

Having into account the declaration of unconstitutionality, a bill was submitted before the Congress, which contained substantially all the changes and additions that were introduced in the Financing Law. In December 2019, the Economic Growth Law (Law 2010) was approved, through which most of the measures of the Financing Law were reincorporated into the current tax system.

Some of the aspects most relevant for ISA resulting from these laws are:

A gradual reduction of the income tax general rate for companies.

YEAR	2020	2021	2022 AND AFTER
Rate	32%	31%	30%

- The rate by which the presumptive income is calculated is reduced until disappearing: 1,5% for 2019, 0,5% for 2020, and 0% for the following years.
- For payers of sale taxes, the VAT paid for the acquisition, construction or formation and importation of capital assets of any industry may be deducted from the income tax. With respect to formed assets, the discount may only be considered from the moment the asset is activated and depreciation begins.
- It is established that 50% of industry and commerce tax and tax on notices and bill-boards that is settled and paid by taxpayers, may be taken as a tax deduction in the income tax. As from the tax year 2022, said discount will be transferred to 100% of the value paid for these taxes.
- In the regime of entities controlled from abroad, it is established as a presumption that when 80% or more of the affiliate's revenues are active (operating) income, it will be understood that the total income is active and, consequently,



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it will not be necessary to attribute any portion of passive income of the entity controlled abroad.

- A regime of Colombian Holding Companies (CHC) was created for companies which main activities include securities holding, investment in shares or stakes abroad, and investment management. Some of its aspects are:
 - » Decentralized entities, like ISA, are understood to be included in the CHC regime.
 - » To belong to the CHC regime, entities must hold direct or indirect stakes on at least 10% of the capital of two or more Colombian and/or foreign companies or entities, for a minimum period of twelve months.
 - » They must have a real structure, composed of human and material resources that allow them to fulfill their business purpose completely.
 - » CHC dividends received from abroad are considered exempt income.
 - » Income from the sale or transfer of the stake of a CHC in entities not domiciled in Colombia are considered exempt income.
 - » Dividends paid by the CHC to residents in Colombia and that come from dividends abroad are taxed at the general rate for income and dividends.
 - » Dividends paid by the CHC to non-residents of Colombia and that come from dividends abroad, are considered foreign income.
 - » CHCs and their shareholders will be subject to the income tax general regime with respect to taxed activities carried out in the national territory.
 - » CHCs will pay industry and commerce tax only for Colombian income.
- A 7,5% withholding is established for dividends distributed to companies domiciled in Colombia. This withholding is calculated and paid for the distribution of dividends to the first company and is credited until reaching the final beneficiary. Companies that belong to the Colombian Holding Companies regime will not be subject to this withholding for dividends received from national companies.

- The dividend tax rate, when paid to non-residents of Colombia, is now 10% (7,5% in 2019).
- The dividend tax rate, when paid to natural persons in Colombia, is 10% (15% in 2019) for dividends exceeding COP 10 million, and tax withheld at source of 7,5% will be deducted from this 10%. This rate, before the Financing Law, was 5% for dividends exceeding COP 19,8 million and 10% for dividends exceeding COP 33 million.
- A Mega-investment Regime was created for those who make new investments of at least COP 1,1 trillion in any industrial, commercial and/or service activity that generates at least 400 direct jobs, with the following considerations:
 - » The investment must be made in property, plant, and equipment, and must be executed in a maximum period of five years.
 - » Investments that qualify as mega-investments will apply a 27% rate on income tax.
 - » The depreciation of fixed assets would be made in two years, regardless of their useful lives.
 - » Presumptive income would not be applied.
 - » It will be possible to enter a legal stability contract, for which a premium must be paid, equivalent to 0,75% of the investment to be executed each year during the maximum period of five years within which the investment must be executed.
 - » Mega-investments in the high-tech, emerging and exponential technology, and e-commerce sectors will be required to generate at least two hundred and fifty (250) direct jobs.



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18.2 Tax assets

Tax assets as of December are:

		2019		2018	
CURRENT		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Estimated income tax receivable	(1)	-	-	36.974	-
Other assets from taxes and contributions	(2)	41.135	1.405	192	24.955
TOTAL		41.135	1.405	37.166	24.955

(1) The current income tax provision is determined by the estimated income tax for the year (for 2018, the surtax is included), reduced by the application of tax discounts such as the discount for tax paid abroad referred to in Article 254 of the Tax Statute, the discount for investments in technological development and innovation, and the discount for VAT on acquisition of fixed assets referred to in Articles 258-1 and 258-2 of the Tax Statute, among others, and the application of withholding taxes paid during the year and advances paid in tax returns for the previous year.

	20	019	2018	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Current income tax	(111.172)	-	(85.748)	-
Discounts, withholdings, and advances	90.665		122.722	-
TOTAL CURRENT INCOME TAX PROVISION	(20.507)	-	36.974	-

(2) This item includes advances on deferred withholding tax that will be offset in subsequent periods, the industry and commerce positive balance resulting in some of the municipalities in which the company is a taxpayer, the amount of VAT discounted on fixed assets referred to in Articles 258-1 and 258-2 of the Tax Statute that will be discounted in subsequent periods, and the amount of other tax discounts applicable in future periods.



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18.3 Reconciliation of income tax expense

The reconciliation between the income tax expense and the product of the accounting income, multiplied by the local tax rate of the company, is as follows:

	2019	2018
Net gains before income tax	1.808.735	1.545.917
Statutory income tax rate in Colombia	33%	37%
Income tax expense at local rate	596.883	571.989
INCREASE (DECREASE) IN THE TAX PROVISION RESULTING FROM:		
Application of the fixed asset benefit	(62.057)	(85.913)
Non-deductible expenses	2.004	7.606
Taxable dividends, CAN dividends, and ECE income	169.396	88.142
Equity method	(424.854)	(396.917)
Exempted income	(154.797)	(92.078)
Tax in other jurisdictions	40.531	7.353
Current and deferred rates difference	(1.876)	(83.420)
INCOME TAX EXPENSE	165.230	16.762
INCOME TAX EFFECTIVE RATE	9,14%	1,08%



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The reconciliation between the income tax expense and the product of the accounting income, clearing the impact of the equity method, multiplied by the local tax rate of the company, is as follows:

	2019	2018
Net gains before income tax	1.808.735	1.545.917
Equity method	(1.287.435)	(1.072.787)
Net gains before income tax excluding equity method	521.300	473.130
Income tax rate in Colombia	33%	37%
Income tax expense at local rate	172.029	175.058
INCREASE (DECREASE) IN THE TAX PROVISION RESULTING FROM:		
Application of fixed asset benefit	(62.057)	(85.953)
Non-deductible expenses	2.004	7.606
Taxable dividends, CAN dividends, ECE income	169.396	88.142
Exempted income	(154.797)	(92.078)
Lower tax paid in other jurisdictions	40.531	7.353
Current and deferred rates difference	(1.876)	(83.366)
INCOME TAX EXPENSE	165.230	16.762
INCOME TAX EFFECTIVE RATE	31,70%	3,54%

The amount of income tax in the income statement for the period corresponds to the recognition of the current tax on the income for the year in Colombia, the national tax amount withheld abroad that cannot be accredited, tax adjustments of the previous year, and the change in deferred tax, as follows:

	2019	2018
THE INCOME TAX EXPENSE CONSISTS OF:		
Current income tax expense	109.178	85.748
Expenses for taxes paid in other jurisdictions	40.531	7.353
Deferred income tax expense	13.936	(60.995)
Income tax adjustment for previous years	1.585	(15.344)
INCOME TAX EXPENSE	165.230	16.762



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Income tax effective rate vs. nominal rate

Income tax effective rate

	2019	2018
Income tax provision	165.230 _{= 9,14%}	16.762 _{= 1,08%}
Income before taxes	1.808.735	1.545.917

Income tax effective rate, deducting the impact of the equity method

The equity method found in income is no basis for determining the income tax. To determine this tax, dividends received in the year that are taxable under current tax regulations are considered. This makes the effective rate of the company to be distorted. The following is the calculation of the effective tax rate, excluding the impact of the equity method included in the income statement.

	2019			201	8
Income tax provision	165.230	- ₌ 31,70%	16.	762	= 3,54%
Income before tax excluding the equity method	521.300	= 51,7070	473	.130	- = 5,5470

The effective rate, excluding the impact of the equity method for 2019 was 31,70% compared with a nominal rate of 33%, while for 2018, the effective rate was 3,54% compared with a nominal rate of 37% (income tax 33% and surtax 4%), mainly explained by:

- The application of the deduction for investment in productive actual fixed assets reduces the payment of income tax. For 2019, this means is a reduction of 12% of the effective rate compared with the nominal rate. For 2018, this item reduced the rate by 18%.
- The non-deductibility of expenses, and other differences in accounting and tax treatments, generates a rate increase of 0,5%. For 2018, the effect on the rate was 2%.
- The impact of the application of the regime for companies controlled abroad (ECE), combined with the application of the exempted income by executing operations in the Andean Community of Nations (CAN) and the exempted income by applying the regime for Colombian Holding Companies, caused a tax rate increase by 3%, in 2019. For 2018, it represented a decrease by 1% in the effective rate.
- The amount of taxes paid abroad that cannot be held as tax credit in income tax, generated an increase by 8% in the effective rate for 2019, and by 2% in 2018.
- Considering the decrease in the income tax rate originated from the Financing
 Law (Law 1943) in 2018, the company adjusted deferred taxes at the future rates
 at which the temporary differences originating them are expected to be reversed,
 which means the recognition of a lower deferred tax provision of COP 82.741 in
 2018. Accordingly, the calculation of deferred taxes at rates under current rates
 represented a decrease of the effective rate by 18%, in said year.



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18.4 Deferred tax

The company's deferred tax is related to the following:

- In property, plant, and equipment, by differences in the recognition of the deemed cost, inflation adjustments for tax purposes, recognition of finance leases, and the use of different useful lives for tax and accounting purposes.
- In liabilities, by differences for determining financial obligations, the recognition of finance leases, non-deductible provisions, and the difference between the amortization of the actuarial calculation.

Below is the detailed balance of the company's net deferred tax:

	20:	19	20:	18
	BEGINNING OF THE PERIOD	END OF THE PERIOD	BEGINNING OF THE PERIOD	END OF THE PERIOD
DEFERRED TAX ASSETS				
Labor liabilities	30.923	33.226	32.999	30.923
Intangibles and other assets	6.998	5.601	9.437	6.998
Accounts payable	1.186	3.659	1.282	1.186
Estimated liabilities and provisions	2.486	3.272	2.943	2.486
Accounts receivable	-	-	2.280	-
TOTAL DEFERRED TAX ASSETS	41.593	45.758	48.941	41.593
DEFERRED TAX LIABILITY				
Property, plant, and equipment	(880.031)	(903.114)	(952.543)	(880.031)
Accounts receivable	(4.040)	(2.926)	-	(4.040)
Financial liabilities	(5.738)	(243)	(5.393)	(5.738)
TOTAL DEFERRED TAX LIABILITIES	(889.809)	(906.283)	(957.936)	(889.809)
NET DEFERRED TAX	(848.216)	(860.525)	(908.995)	(848.216)



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Annual variations in the deferred tax balance were recognized as shown below:

	2019	2018
DEFERRED TAX VARIATION		
Beginning of the period (net)	(848.216)	(908.995)
End of the period (net)	(860.525)	(848.216)
VARIATION FOR THE PERIOD	12.309	(60.779)
DETAIL OF THE DEFERRED TAX VARIATION		
Variation recognized in income	13.936	21.747
Variation recognized in income for change of rate	-	(82.742)
Variation recognized in other comprehensive income	(1.627)	43
Variation recognized in retained earnings	-	173
TOTAL DEFERRED TAX VARIATIONS	12.309	(60.779)

The company has permanent investments that contain accounting and tax differences resulting from the application of the equity method for accounting purposes and their fiscal cost. No deferred taxes have been calculated on these differences, as there is no expectation of realization. The non-recognized deferred tax would be determined by applying the rate at which capital gains would be taxed depending on the country where the investment is located, to the differences between the carrying cost and the tax cost of the investment.

The company does not have any tax losses nor presumptive income surplus outstanding

for future tax calculations, and therefore it has not recognized any deferred tax amount for this item.

18.5 Tax liabilities

Tax liabilities comprise the following balances: income tax provision, withholdings and self-withholdings at source payable, sales tax for the last two months of the year, withholdings at source for industry and commerce tax, withholding for Universidad Nacional's stamp, and the contributions pending payment. These amounts are paid in the next year.

	2019		201	8
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Other tax liabilities	38.109	-	12.548	-
TOTAL OTHER TAX LIABILITIES	38.109	-	12.548	-



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18.6 Total taxes 2019

ISA contributed during 2019 with COP 197.149 million in total taxes, of which COP 8.405 million are recognized by the regulator. The following table shows the amounts the company disclosed in its 2019 financial statements as costs/expenses for the year.

2019 TAXES	NATIONAL GOVERNMENT	DEPARTMENTAL AND MUNICIPAL GOVERNMENTS	SECTOR CONTRIBUTIONS	REGULATION, SURVEILLANCE AND CONTROL ENTITIES	TOTAL TAXES, FEES AND CONTRIBUTIONS
Income tax	165.230	-	-	-	165.230
Industry and commerce tax	-	3.983	-	-	3.983
Financial transaction tax	8.284	-	-	-	8.284
Street lighting tax	-	1.415	-	-	1.415
Real estate tax	-	3.339	-	-	3.339
Other municipal taxes (1)	-	1.612	-	-	1.612
SUBTOTAL TAXES	173.514	10.349	-	-	183.863
SSPD and CREG contributions	-	-	3.501	-	3.501
Fiscalization fee - Comptroller's Office of the Republic	-	-	-	1.380	1.380
SUBTOTAL CONTRIBUTIONS	-	-	3.501	1.380	4.881
Energy Mining Planning Unit (UPME)	-	-	-	8.405	8.405
SUBTOTAL RECOGNIZED CONTRIBUTIONS	-	-	-	8.405	8.405
TOTAL TAXES	173.514	10.349	3.501	9.785	197.149

⁽¹⁾ Other municipal taxes include tax on notices and billboards, Fire Department surtax, vehicle tax, stamps, surtax on disaster prevention, and environmental surtax.



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19. EMPLOYEE BENEFITS

ISA grants its retired employees post-employment contributions for pensions, medical plan benefits, education assistance, and seniority benefits.

The structure of non-current employee benefits as of 31 December 2019 and 2018 is the following:

	NOTE	2019	2018
POST-EMPLOYMENT BENEFITS			
Retirement pensions	<u>19.1</u>	138.249	136.076
Health plans, prepaid medical assistance	19.3	83.420	78.202
Education assistance	<u>19.4</u>	9.991	9.673
LONG-TERM BENEFITS			
Quinquennium and seniority premium	<u>19.5</u>	2.386	2.255
TOTAL NON-CURRENT EMPLOYEE BENEFITS		234.046	226.206

19.1 Retirement pensions

ISA, according to collective and individual labor agreements, must pay retirement pensions to employees who meet certain requirements of age and length of service. The Social Security Institute (ISS), today Colpensiones, and pension management companies assume the major portion of this obligation, complying with legal requirements.

The present value of the pension obligation as of December 31, 2019 and 2018 was determined based on actuarial studies in accordance with IAS 19, using the actuarial valuation method. The projected credit unit is used to determine the present value of the defined benefit obligation and, when appropriate, the cost of services and the cost of past services.

According to this method, benefits are attributed to periods in which the obligation to provide them is created by directly applying the formula of the plan benefit, based on the service at the time of the valuation. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits with respect to previous years, benefits are linearly attributed from the date on which the service provided by the employee entitles him to such benefit, until the date on which subsequent services entitle him to additional amounts that are not significant for the benefit, according to the plan.



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The primary actuarial assumptions used in the valuation are:

VARIABLES	2019	2018
Discount rate	7,10%	7,30%
Future salary increase	4,00%	4,00%
Future pension increase	3,50%	3,50%
Inflation rate	3,50%	3,50%
Minimum wage increase	N/A	4,00%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Number of people covered by the pension plan	405	407
Number of people covered by the contribution plan	-	-

19.2 Local pension liability

The results of the calculation of the mathematical reserve for retirement pensions payable by ISA as of December 31, 2019, considering local regulations, are shown below:

	2019		2018	
GROUP	NUMBER OF PEOPLE	VALUE OF MATHEMATICAL RESERVE	NUMBER OF PEOPLE	VALUE OF MATHEMATICAL RESERVE
Pension liability increase	4	2.091	3	1.718
Retired employees with shared pension	319	92.466	324	93.732
Beneficiary employees in charge of the Company	7	3.217	6	1.132
Employees retired by the company and waiting for the ISS (Colpensiones)	2	351	2	355
Beneficiary employees shared with the ISS (Colpensiones)	67	20.090	62	19.525
Active employees with requirements met with the Company and ISS (Colpensiones)	1	1.666	3	4.348
Employees voluntarily retired, affiliated to the ISS (Colpensiones)	2	951	2	864
Employees with temporary rents, shared with the ISS (Colpensiones)	2	525	4	572
Disability pension (replacement) shared with the ISS (Colpensiones)	1	258	1	254
PENSION LIABILITY	405	121.615	407	122.500



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	2019	2018
Local pension liability	121.615	122.500
NCIF pension liability	138.249	136.076
DIFFERENCE	(16.634)	(13.576)

The main actuarial assumptions used in the valuation are:

VARIABLES	2019
Technical interest real rate	4,80%
Salary increase rate	3,91%
Pension increase rate	3,91%
Inflation rate	3,91%
Mortality rate	2008 valid rentiers
Number of people covered by the pension plan	405

19.3 Health, prepaid medicine, and medical assistance plans

ISA will pay the following percentages on premiums for health plans corresponding to prepaid medical assistance and hospitalization policy:

• For wages and pensions up to four point three (4.3) current minimum legal monthly wages (SMLMV) in force, 90% of the premium value.

- For wages and pensions above four point three (4,3) and up to five point five (5,5) current minimum legal monthly wages (SMLMV), eighty percent (80%) of the premium value.
- For wages and pensions above five point five (5.5) current minimum legal monthly wages (SMLMV), seventy percent (70%) of the premium value.

ISA recognizes 1,70 SMLMV as medical assistance benefit. This benefit is granted to the employee and his beneficiaries.

The main actuarial assumptions used in the valuation are:

	2019	2018
Discount rate	7,20%	7,30%
Minimum wage increase	4,00%	4,00%
Initial increase rate for benefit cost	5,34%	6,17%
Final increase rate for benefit cost	4,50%	4,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by the medical assistance plan	1.026	1.043



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19.4 Education assistance

Employees are entitled to the recognition of the education assistance, as well as children of active employees and pensioned employees, who are younger than 18 years old, and who are between 18 and 25 years old, provided they are single and are not working.

The values to recognize will be stipulated in the collective agreements in effect:

EDUCATIONAL LEVEL	AMOUNT TO BE RECOGNIZED FOR EACH PERIOD FOR BENEFICIARIES OF THE COLLEC-TIVE LABOR AGREEMENT
Preschool, kindergarten, primary and secondary school for each child	4,5 SMLMV (annual)
Technology, professional technician, and specialization in technology for each child	2,25 SMLMV (per semes-ter)
Children with learning disabilities, of any age	4,5 SMLMV (annual)

The main actuarial assumptions considered for the valuation are:

VARIABLES	2019	2018
Discount rate	7,50%	7,40%
Minimum wage increase	4,00%	4,00%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turn-over Study" with an adjust-ment factor at 50%	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by educa-tion plan	195	213



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These benefits are valued annually. The reconciliation of the movements presented is shown below:

	PENSION	MEDICAL ASSISTANCE PLAN	EDUCATION ASSISTANCE	TOTAL
BALANCE AS OF DECEMBER 31, 2018	136.076	78.202	9.673	223.951
Cost of services for the current period	-	609	327	936
Interest expense/revenue	9.584	5.541	705	15.830
Actuarial (gains)/losses from experience	(535)	(28)	(269)	(832)
Actuarial (gains)/losses from financial assumptions	2.711	3.687	(141)	6.257
Benefits directly paid by the company	(9.587)	(4.591)	(304)	(14.482)
BALANCE AS OF DECEMBER 31, 2019	138.249	83.420	9.991	231.660

The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from defined benefits:

ASSUMPTIONS	PENSION	MEDICAL	EDUCATION
CHANGE IN DISCOUNT RATE			
Discount rate increase by +1%	(12.690)	(11.025)	(1.246)
Discount rate decrease by -1%	15.057	7.200	1.564
CHANGE IN BENEFIT INCREASE			
Increase in benefit increase by +1%	-	-	1.661
Decrease in benefit increase by -1%	-	-	(1.337)
CHANGE IN MEDICAL TREND			
Increase in medical trend by +1%	-	9.352	-
Decrease in medical trend by -1%	-	(7.745)	-
OBLIGATION BASE	138.249	83.420	9.991
DURATION OF THE PLAN	10,7	11,9	15,0

The analysis of sensitivity estimates the effect on the post-employment benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

In 2019, COP 3.798 was recorded in other comprehensive income for defined benefit plans, net of taxes.



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19.5 Quinquennium and seniority premium

The following are the long-term benefits:

- Quinquennium: The benefit is provided for every five years of service in the company. It consists of paying a fixed amount when the employee reaches a five-year length of service.
- Seniority premium: The benefit consists of the annual payment of one day's salary per each year of service with the company, in the month in which each year of service is reached. The benefit begins to be paid when the employee reaches five years working for the company.

The main actuarial assumptions used in the valuation of these benefits are:

VARIABLES	2019	2018
Discount rate	6,70%	6,90%
Minimum wage increase	4,50%	4,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	
Number of people covered by seniority premium and quinquennium	111	110

These benefits are valued annually. The reconciliation of the movements presented is shown below:

BALANCE AS OF DECEMBER 31, 2018 Cost of services for the current period Cost of services for the current period Actuarial (gains)/losses from experience Actuarial (gains)/losses from financial assumptions Benefits directly paid by the company BALANCE AS OF DECEMBER 31, 2019 SENIORITY PREMIUM AND QUINQUENNIUM 2.255 2.37 Interest expense/revenue 141 Actuarial (gains)/losses from experience 149 Actuarial (gains)/losses from financial assumptions 33 Benefits directly paid by the company 2.386



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The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from long-term benefits:

ASSUMPTIONS	SENIORITY PREMIUM AND QUINQUENNIUM
CHANGE IN DISCOUNT RATE	
Discount rate increase by +1%	(157)
Discount rate decrease by -1%	179
CHANGE IN SALARY INCREASE	
Increase in salary increase by +1%	186
Decrease in salary increase by -1%	(166)
OBLIGATION BASE	2.386
DURATION OF THE PLAN	7,5

The sensitivity analysis estimates the effect on the long-term benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

20. NON-FINANCIAL LIABILITIES

		20)19	2018	
		CORRIENTE	NO CORRIENTE	CORRIENTE	NO CORRIENTE
Deferred revenues and credits	(1)	-	158.331	-	173.232
Revenues received in advance from sales		3.287	-	3.495	-
Collections in favor of third parties		511	-	530	-
TOTAL NON-FINANCIAL LIABILITIES		3.798	158.331	4.025	173.232

(1) Deferred revenues from the National Transmission System (STN) for COP 155.799 (2018: COP 170.958), from UPME bidding assets; deferred revenues from construction services for infrastructure projects, COP 1.568 (2018: COP 0), and from infrastructure use rights, for COP 964 (2018: COP 2.274).



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21. EQUITY

21.1 Subscribed and paid-in capital and number of shares

ISA's subscribed and paid-in capital, as of December 31, 2019 and 2018, is COP 36.916, represented in 1.125.498.016 shares, distributed as follows:

	2019		
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% STAKE (1)
STATE INVESTORS			
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114
Empresas Públicas de Medellín E.S.P. (EPM)	97.724.413	3.205	8,8225
SUBTOTAL	667.196.974	21.884	60,2339
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	96.053.920	3.151	8,6716
Fondo de Pensiones Obligatorias Protección Moderado	64.582.211	2.118	5,8304
Fondo Bursátil Ishares Colcap	26.750.652	877	2,4150
Fondo de Pensiones Obligatorias Colfondos Moderado	25.875.087	849	2,3360
Norges Bank-Cb New York	12.780.813	419	1,1538
Old Mutual Fondo de Pensiones Obligatorias Moderado	11.634.376	382	1,0503
Fondo Bursátil Horizons Colombia Select De S&P	7.415.790	243	0,6695
Vanguard Total International Stock Index Fund	6.784.091	223	0,6125
Vanguard Emerging Markets Stock Index Fund	6.303.702	207	0,5691





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	2019		
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% STAKE (1)
Abu Dhabi Investment Authority J.P. Morgan	5.575.123	183	0,5033
Vol-Eqcol Fondo de Pensiones Protección	4.785.692	157	0,4320
Fondo Pensiones Obligatorias Porvenir Mayor Riesgo	4.397.058	144	0,3970
Ishares Core Msci Emerging Markets Etf	4.002.096	131	0,3613
Fondo de Pensiones Obligatorias Protección Mayor Riesgo	3.563.108	117	0,3217
Fondo de Pensiones Obligatorias Protección Retiro	3.488.118	114	0,3149
Fondo de Cesantías Porvenir	2.777.859	91	0,2508
Emerging Markets Core Equity Portfolio of Dfa Inve	2.473.088	81	0,2233
The Bank of Nova Scotia	2.433.716	80	0,2197
Other shareholders	148.804.420	4.880	13,4339
SUBTOTAL	440.480.920	14.447	39,7661
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	1.107.677.894	36.331	100
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	1.125.498.016	36.916	



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	2018		
SHAREHOLDER	NUMBER OF SHARES	COP MILLIONS	% STAKE (1)
STATE INVESTORS			
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114
Empresas Públicas de Medellín E.S.P. (EPM)	112.605.547	3.693	10,1659
SUBTOTAL	682.078.108	22.372	61,5773
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	98.326.440	3.225	8,8768
Fondo de Pensiones Obligatorias Protección Moderado	67.955.404	2.229	6,1349
Fondo de Pensiones Obligatorias Colfondos Moderado	26.990.789	885	2,4367
Fondo Bursátil Ishares Colcap	21.002.149	689	1,8961
Old Mutual Fondo de Pensiones Obligatorias Moderado	10.904.210	358	0,9844
Norges Bank-Cb New York	10.844.779	356	0,9791
Vanguard Emerging Markets Stock Index Fund	6.638.937	218	0,5994
Abu Dhabi Investment Authority J.P. Morgan	6.147.953	202	0,5550
Vanguard Total International Stock Index Fund	5.999.852	197	0,5417
Fondo Bursátil Horizons Colombia Select De S&P	5.616.811	184	0,5071
Ishares Edge MSCI Min Vol Emerging Markets Etf	5.553.153	182	0,5013
Ishares Core Msci Emerging Markets Etf	3.792.111	124	0,3423
Fondo de Cesantías Porvenir	3.062.234	100	0,2765

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	2018		
SHAREHOLDER	NUMBER OF SHARES	COP MILLIONS	% STAKE (1)
Msci Equity Index Fund B - Colombia	2.701.764	89	0,2439
Emerging Markets Core Equity Portfolio of Dfa Inve	2.504.033	82	0,2261
Ishares Msci Emerging Markets Etf	2.490.129	82	0,2248
Monetary Authority of Singapore State Street	2.402.546	79	0,2169
The Bank of Nova Scotia	2.131.154	70	0,1924
Other shareholders	140.535.338	4.608	12,6873
SUBTOTAL	425.599.786	13.959	38,4227
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	1.107.677.894	36.331	100
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	1.125.498.016	36.916	

- (1) Percentage of stake on outstanding shares, which are common, registered, and dematerialized.
- (2) Shares belonged to Corelca and were reacquired by ISA in August 1998. To this date, all rights inherent to these shares have been suspended, and consequently, they do neither participate in the distribution of dividends nor are part of the quorum to deliberate and decide.

The Colombian Centralized Deposit of Securities (Deceval) is an entity that receives securities in deposit for their administration and custody, thereby contributing to facilitate and speed up market agents' operations.

21.2 Authorized shares and nominal value

As of December 31, 2019, and 2018, the authorized capital stock included 1.371.951.219

common shares, with a nominal value of COP 32,800000005352. All shares issued are fully paid.

21.3 Rights and restrictions of shareholders

Shareholders holding common shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at the company Shareholders' Meetings. ISA is listed on the Colombian Stock Exchange (BVC).

21.4 Premium for placement of shares

This item amounts to COP 1.428.128 in 2019 and 2018. (See Note 3.18).



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21.5 Dividends

Dividends declared in 2019 and 2018, on income of the previous year, are detailed below:

	2019	2018
Net income of the previous period	1.529.155	1.442.708
Outstanding shares	1.107.677.894	1.107.677.894
Ordinary dividend per share (in COP)	552	266
Extraordinary dividend per share (in COP)	-	276
Total decreed dividends per share	552	542
Dividends decreed	611.438	600.361
Payment method	Ordinary and extraordinary dividends payable in two installments, July and December 2019	Ordinary and extraordinary dividends payable in two installments, July and December 2018

The detail of dividends paid in recent years is as follows:

ATTRIBUTED TO THE PERIOD	TYPE OF DIVIDEND	DATE OF PAYMENT	COP PER SHARE
2016	Ordinary	25-Jul-17	124
2016	Extraordinary	25-Jul-17	72
2016	Ordinary	12-Dec-17	124
2016	Extraordinary	12-Dec-17	72
2017	Ordinary	12-Jul-18	133
2017	Extraordinary	12-Jul-18	138
2017	Ordinary	4-Dec-18	133
2017	Extraordinary	4-Dec-18	138
2018	Ordinary	24-Jul-19	276
2018	Ordinary	11-Dec-19	276



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21.6 Reserves

		2019	2018
Equity strengthening	(1)	4.391.329	3.473.612
Legal under tax provisions		898.802	898.802
Rehabilitation and repair of STN assets	(2)	37.434	37.434
Legal	(3)	18.458	18.458
TOTAL		5.346.023	4.428.306

- (1) In compliance with Article 47 of the Statutes, the General Shareholders' Meeting has created this reserve, which is occasional, so that the company maintains its financial strength, maintains the level of financial indicators required by credit rating agencies to provide the investment grade, and fulfills the contractual commitments acquired with financial entities. On March 29, 2019, the General Shareholders' Meeting decided to create an occasional reserve for equity strengthening for COP 917.717 million, to cover investment commitments already acquired and maintaining financial strength.
- (2) On March 30, 2000, the General Shareholders' Meeting approved an appropriation of COP 24.933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18, 2002 an addition to this reserve was approved for COP 12.501, for a total of COP 37.434.
- (3) According to the Law, the company is required to set aside 10% of its net annual profits as legal reserve until the balance of this reserve equals 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the company but may be used to absorb or reduce net annual losses. Reserve balances are freely available to shareholders, as soon as they exceed 50% of the subscribed capital.

22. REVENUES FROM CONTRACTS WITH CUSTOMERS

		2019	2018
Joint account	(1)	894.155	826.231
Energy transmission services	(2)	247.481	118.012
Technology transfer		7.484	6.311
Construction services for infrastructure projects		6.717	6.988
Connection to the STN		2.313	2.228
Telecommunications and ICT		1.618	4.463
Management, operation and maintenance		-	87
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS		1.159.768	964.320

- (1) Since 2014, ISA INTERCOLOMBIA, ISA's affiliate, is responsible for the representation of energy assets and therefore it receives most of the revenues from the Existing Grid, UPME, and connection to the STN. Periodically and with the settlement of the joint account agreement, ISA, as inactive partner, receives 95% of the income, as revenue from the joint account agreement.
- (2) They correspond to the remuneration from services provided by the company for energy transmission (use of the STN). The increase in these revenues compared to 2018 is due to more months of remuneration.



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UPME	BEGINNING OF REMUNERATION	2019	2018
UPME 03-14 Ituango and Medellín 500 kV Substation and associated lines	1/9/2018	139.674	57.677
UPME 05-14 Cerromatoso - Chinú - Copey 500 kV Line	1/10/2018	46.422	5.438
UPME-03-16 Design, construction, operation and maintenance of the San Antonio 230 kV Substation and associated lines	1/7/2018	31.144	12.947
UPME-07-13 Montería 230 kV and associated transmission lines	1/12/2016	14.507	23.271
STN revenues deferred from UPME bidding assets	N/A	15.159	12.093
UPME-08-17 Design, supply procurement, construction, operation and maintenance of the 500/230 kV 450 MVA transformer, in Sogamoso Substation	1/12/2019	295	-
UPME 01-17 Design, supply procurement, construction, operation and maintenance of a 220 kV transformation bay at El Bosque Substation, in the department of Bolivar	1/1/2019	280	-
UPME06-13 Design, construction, operation, and maintenance of the Caracolí 230 kV Substation and associated lines	1/12/2016	-	6.586
TOTAL		247.481	118.012

Assets associated to previous UPME calls for bids are transferred to ISA INTERCOLOMBIA after their entry into service. Once this happens, they become part of the revenues settled via joint account agreement.

The company does not have any customers with whom it records sales representing 10% or more of its revenues for the periods ended December 31, 2019 and 2018.



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23. OPERATING COSTS AND EXPENSES

23.1 Operating costs

Operating costs as of the years ended December 31 are detailed below:

		2019	2018
Contributions and taxes	(1)	27.400	20.223
Personnel costs	(2)	24.988	21.597
Insurances		6.268	6.844
Studies		4.272	4.164
Maintenance of intangibles		2.091	2.213
Fees		2.666	1.726
Environmental - Social		1.716	1.791
Others		1.253	2.362
TOTAL OPERATING COSTS BEFORE DEPRECIATION AND AMORTIZATION		70.654	60.920
Depreciations	(3)	162.160	158.278
Amortizations		563	443
TOTAL DEPRECIATION AND AMORTIZATION		162.723	158.721
TOTAL OPERATING COSTS		233.377	219.641

- (1) Contributions and taxes consist mainly of: UPME contribution COP 8.405 (2018: COP 7.274); tax on financial transactions COP 8.284 (2018: COP 7.075); contribution to the Superintendence of Household Utilities COP 3.106 (2018: COP 204); property tax COP 1.721 (2018: COP 1.789), and industry and commerce tax COP 2.528 (2018: COP 1.443).
- (2) Personnel expenses include all short-term, long-term, and post-employment benefits.
- (3) The depreciation expense in December 2019 compared to December 2018 increased mainly due to the entry into operation of the UPME 03-2016 Project, carried out on 09/16/2019.



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23.2 Administrative expenses

Administrative expenses for the years ended December 31 are detailed below:

		2019	2018
Personnel expenses	(1)	45.112	39.467
Fees	(2)	13.935	11.745
Studies and projects	(3)	8.699	2.635
Contributions and taxes		4.518	4.825
Advertising, printed material, and publications		4.230	3.118
Maintenance of intangibles		3.051	1.935
Environmental - Social		2.433	2.033
Others		3.894	3.502
TOTAL ADMINISTRATIVE EXPENSES BEFORE DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		85.872	69.260
Depreciations		5.650	5.369
Provisions		356	1.944
Amortizations		3.204	410
TOTAL DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		9.210	7.723
TOTAL ADMINISTRATIVE EXPENSES		95.082	76.983

- (1) Personnel expenses include all short-term, long-term, and post-employment benefits.
- (2) It includes fees regarding legal, technical, administrative, and financial consultancy, as well as Statutory Auditor and Board of Directors' fees.
- (3) The increase in this expense in 2019 is mainly due to studies for projects of the Roads Business Unit.

24. OTHER EXTRAORDINARY REVENUES

On January 22, 2018, the National Tax and Customs Department issued 8 resolutions numbered from 497 to 504, ordering to repay to ISA equity tax paid in excess/not owed for 2011, for the portion corresponding to the equity of the energy transmission activity.

This tax repayment is due to the application of the legal stability agreement signed with the Nation for the Energy Transmission activity, which stabilized, among others, the equity tax regulations in force in 2008.

	2019	2018
Extraordinary revenues - recovery of equity tax	-	60.901
TOTAL OTHER EXTRAORDINARY REVENUES	-	60.901



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25. OTHER REVENUES AND EXPENSES AND EQUITY METHOD

Other revenues and expenses and equity method for the years ended December 31, are detailed below:

	2019	2018
(1)	14.048	80
	2.777	1.685
	847	2.038
	208	228
	17.880	4.031
(2)	1.183	4.305
	530	445
	1.713	4.750
	16.167	(719)
		(1) 14.048 2.777 847 208 17.880 (2) 1.183 530 1.713

REVENUES FROM EQUITY METHOD		1.324.688	1.175.495
EXPENSE FROM EQUITY METHOD		37.253	102.708
NET EQUITY METHOD REVENUES/(EXPENSES)	(3)	1.287.435	1.072.787

- (1) In 2019, assets installed in the Betania substation, located in the department of Huila, were sold for COP 23.658 and a cost of COP 9.610.
- (2) This mainly corresponds to equipment damaged in an electrical incident suffered by 34.5 kV cells at the Cerromatoso Substation, amounting to COP 939.
- (3) The net effect of the equity method resulted in higher income, explained by the following events:
 - » Higher income from the entry into operation of transmission projects in Colombia, Peru and Chile.
 - » CONSORCIO TRANSMANTARO, ISA PERÚ and ISA REP adjusted the residual value

- of expansions in Peru, which implied lower amortization costs for COP 75.974.
- » Higher income from the re-settlement of revenues received in 2018 in ISA INTER-CHILE for COP 25.678.
- » Higher efficiencies in the construction of projects of ISA CTEEP and its companies.
- » Higher income in INTERNEXA BRASIL from the recovery of the purchase provision for Nelson Quintas Telecomunicações, COP 19.556, due to a ruling in favor.
- » Higher revenues from the implementation of the Free Flow at RUTA DEL MAIPO.



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26. NET FINANCIAL

The detail of financial revenues and expenses as of December 31, 2019 and 2018 is as follows:

		2019	2018
Return on other assets	(1)	9.546	12.099
On financial assets	(2)	6.606	12.215
Returns from monetary readjustment		4.941	2.059
Valuation of investments		4.521	7.951
Dividends	(3)	2.890	2.365
Commercial discounts, conditioned, and agreements		1.904	1.681
TOTAL FINANCIAL REVENUES		30.408	38.370
On bonds	(4)	225.739	200.391
On public credit financial obligations	(5)	84.969	77.115
Actuarial calculation		15.970	15.427
Loans		11.403	11.222
Commissions and other bank expenses		8.870	1.067
Loss in valuation and sale of investments		-	2.629
Other interest		2.414	849
Miscellaneous		1.343	3.323
Management of issuance of securities		1.550	1.423
TOTAL FINANCIAL EXPENSES		352.258	313.446
Accounts payable		3.170	1.278
Cash		2.498	5.852
Debtors		1.009	(453)
Loans		(848)	11.653
Financial liabilities	(6)	(10.155)	1.998
TOTAL NET EXCHANGE DIFFERENCE REVENUE / (EXPENSE)		(4.326)	20.328
TOTAL NET FINANCIAL REVENUE / (EXPENSE)		(326.176)	(254.748)



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- (1) Interest income recognized on bank deposits and trust returns.
- (2) This item mainly includes interest generated on the ISA Inversiones Maule loan for COP 5.874 (2018: COP 6.911), which balance as of December 31, 2019 was USD 29.324.950 (2018: USD 45.488.000).
- (3) Dividends decreed by EMPRESA PROPIETARIA DE LA RED (EPR), on April 25, 2019, at the Ordinary General Shareholders' Meeting, where the distribution of income generated during 2018 was approved.
- (4) Interest on financial obligations at the rates and for the periods described in Note 13.1.
- (5) Increase in interest expenses is due to the new obligations incurred in 2019, which can be seen in detail in Note 13.2.
- (6) Exchange rate effect of financial obligations in US dollars, which as of December 31, 2019 amounted to USD 50.022.121 (2018: USD 99.850.010).

27. NET INCOME PER SHARE

Net income per share has been calculated based on the annual weighted average of outstanding shares on the date of the statement of financial position.

As of December 31, 2019, and 2018, the number of outstanding shares was 1.107.677.894. The determination of the net income per share is as follows:

	2019	2018
Net income for the period	1.643.505	1.529.155
Average of outstanding shares for the period	1.107.677.894	1.107.677.894
Net income per share (expressed in COP)	1.483,74	1.380,51



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28. GUARANTEES AND COMMITMENTS IN EFFECT

ISA has not provided guarantees in which the third party is authorized to sell or pledge if there is no breach by the company.

Upon authorization from the Ministry of Finance and Public Credit, ISA provided guarantees to the following companies:

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY		ORIGINAL CURRENCY	BALANCE IN ORIGINAL CURRENCY	BALANCE IN COP	END DATE
JOINT AND SEVERAL GUARANTEE	BCIE	EMPRESA PROPIETARIA DE LA RED- EPR. Bond indenture between EPR and BCIE of up to USD 44.500.000, backed by Joint and Several Guarantee to finance the SIEPAC Project.	USD	23.053.629	75.550	29/06/2027
	Acreedores		USD	684.273.449	2.242.460	31/03/2031
PLEDGE OF SHARES	Crédito Senior	Crédito Senior INTERCHILE. Contrato de empréstito celebrado entre la EPR y el BCIE hasta por USD				
. III G. G. G. M. CO	Acreedores Crédito IVA	44.500.000, amparado con Fianza Solidaria, destinado a la financiación del Proyecto SIEPAC.	CLP	613.586.109	2.686	31/03/2020

29. SUBSEQUENT EVENTS

At the cutoff date and the elaboration of financial statements, no events or additional transactions have been or are pending, nor there is information about any data or event that modify figures or information included in the financial statements.



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TABLE OF REFERENCE FOR ACRONYMS

\$:	Colombian Peso
BCIE:	Banco Centroamericano de Integración Económica (Central American Bank of Economic Integration)
BOB:	Bolivian Peso
BRL:	Brazilian Real
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CDT:	Certificado de Depósito a Término (Term Deposit Certificate)
CHC:	Colombian Holding Companies
CINIIF (IFRIC):	Comité de Interpretaciones de Normas Internacionales de Información Financiera (International Financial Reporting Interpretations Committee)
CLP:	Chilean Peso
COP:	Colombian Peso
CREG:	Comisión de Regulación de Energía y Gas (Commission for the Regulation of Energy and Gas)
CSM:	Centro de Supervisión y Maniobras (Supervision and Maneuvers Center)
DECEVAL:	Depósito Central de Valores (Central Securities Depository)
DTF:	Depósito a Término Fijo (Fixed-Term Deposit)
E.A.	Effective Annual Rate
E.S.P:	Depósito Central de Valores (Central Securities Depository)
ECE:	Empresas Controladas del Exterior (Companies Controlled Abroad)
EUR:	Euro
FAER:	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Energizing Rural Zones)
FAZNI:	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non-Interconnected Zones)
IASB:	International Accounting Standards Board

IPC (CPI):	Índice de Precios al Consumidor (Consumer Price Index)
ISS:	Instituto de Seguros Sociales (Social Security Institute)
IVA (VAT):	Impuesto al Valor Agregado (Value Added Tax)
NCIF:	Accounting and Financial Reporting Standards accepted in Colombia
NIIF (IFRS):	Normas Internacionales de Información Financiera (International Financial Reporting Standards)
PPI:	Precios al Productor Colombiano (Colombian Producer Price Index)
ROA:	Return on Assets
S.A.:	Sociedad Anónima (Limited Liability Company)
S.A.C.:	Sociedad Anónima Cerrada (Close Stock-held Company)
S.A.S:	Sistema Automatización de Subestaciones (Substation Automatization System)
SIC:	Interpretations Committee
SIEPAC:	Sistema de Interconexión Eléctrica de los Países de América Central (Electric Interconnection System for Central American Countries)
SMLMV:	Salarios Mínimos Legales Mensuales Vigentes (Legal Minimum Monthly Wage in Force)
SSPD:	Superintendence of Household Utilities
STN:	Sistema de Transmisión Nacional (National Transmission System)
SVC:	Static Varistor Compensator
UGE (CGU):	Unidades Generadoras de Efectivo (Cash Generating Units)
UPME:	Unidad de Planeación Minero Energética (Energy Mining Planning Unit
USD:	US Dollar
UVR:	Unidad de Valor Real (Real Value Unit)
UVT:	Unidad de Valor Tributario (Tax Value Unit)



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Statutory Auditor's Report

To the shareholders: Interconexión Eléctrica S.A. E.S.P.

Opinion

I have audited the attached separate financial statements of Interconexión Eléctrica S.A. E.S.P., which include the separate statement of financial position as of December 31, 2019, and the corresponding separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying separate financial statements, taken from the accounting records, present fairly, in all material respects, the financial position of the Company as of December 31, 2019, the results of its operations and the cash flows for the year then ended in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by Contaduría General de la Nación.

Emphasis Paragraph

As described in Note 9 of the separate financial statements, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, recorded a net balance of accounts receivable from the Sao Paulo State of approximately \$1.281.629 million, related to the impacts of Law 4.819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities to collect these accounts receivable. The accompanying separate financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified by this matter.

Basis for Opinion

I have carried out my audit in accordance with International Standards of Auditing accepted in Colombia. My responsibilities in complying with these standards are described in the *Auditor's Responsibilities in the Audit of the Financial Statements* section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the relevant ethical requirements for my audit of financial statements in Colombia, and have fulfilled other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to support my opinion.

Adoption of a New Accounting Standard

During 2019 the Company modified its lease accounting policy due to the adoption of the International Financial Reporting Standard - IFRS 16. Therefore, as a result of the application of the modified retrospective approach and its impact on the comparability of the accompanying separate financial statements, Note 2.2.1 details the effects of the application of this new standard. My opinion is not modified in relation to this matter.

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Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of major importance in my audit of the accompanying separate financial statements. These matters were addressed in the context of my audit of the financial statements, at the time of substantiating the corresponding opinion, but not to provide a separate opinion on these matters. Based on the foregoing, I detail below how the key matter was addressed during my audit.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities in the Audit of the Financial Statements* section of my report, including in relation to this matter. Consequently, my audit included performing the procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including the procedures performed to address the matter mentioned below, form the basis of my audit opinion on the accompanying financial statements.

Key Audit Matter Estimation of the useful life of property, plant, and equipment

Property plant and equipment in ISA amounts to \$ 6,667,921 million; the determination of useful lives for depreciation is carried out in accordance with the internal methodologies of the Company, and due to the specialty of its property, plant and equipment, this methodology implies judgments and significant estimates by management. I consider it a key audit matter due to the magnitude of the balances, as well as the uncertainties and judgments used by management in determining the useful lives of property, plant and equipment.

• Understanding determining the and equipment.

• Evaluation of information use information use of company, component, plant and equipment.

The description of the methodology and the main assumptions used to estimate the useful lives of property, plant and equipment is presented in Note 3.2 to the accompanying financial statements.

• Understanding the process of estimating and determining the useful lives of property, plant

Audit response

- Evaluation of the methodology and the reasonableness of the assumptions used by Management in the estimation of useful lives of property, plant and equipment.
- Evaluation of the quality and integrity of the information used in the estimation.
- ► Evaluation of the assumptions used by the company, comparing them with other entities of the energy sector to evaluate consistency with the market.
- Analysis of quantitative and qualitative variables in determining the percentage of service life, maintenance costs, among others.
- Verification of the consistency of the assumptions used historically, and the actual depletion of the assets.
- * With our tax specialists we evaluated and formed our own views on Management's key judgments regarding the identification and treatment of uncertain tax positions.



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Concession Asset Measurement CTEEP Brazil

As disclosed in note 9, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, has contractual assets recognized in relation to this matter. CTEEP estimates that even after the completion of the infrastructure construction phase of the transmission infrastructure, there is still a contractual asset corresponding to the construction revenues, since it is necessary to comply with obligations to operate and maintain the infrastructure to support the Company has an unconditional right to receive cash. As of December 31, 2019, the balance of contractual assets amounts to R \$ 6,006 million (COP \$ 4,883,280 million).

The recognition of contractual assets and revenues in accordance with CPC 47 - Revenue from contracts with clients (IFRS15 - Revenue from contracts with clients) requires the exercise of significant judgment at the time the client obtains control over the asset. In addition, measuring the progress of the Company and its compliance with performance obligations that are met over time also requires the use of significant estimates and judgments by management, to estimate the efforts or contributions necessary to comply with the performance obligations, such as materials and labor, expected profit margins in each identified performance obligation and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component incorporated in future flows also require the use of judgment by management. Due to the relevance of the amounts and the significant judgment involved, we consider that measuring the revenue from contracts with clients is an important matter for our audit.

Our audit procedures included, among others:

- the evaluation of the design of key internal controls related to the costs incurred for the execution of the contracts:
- II. analysis of the margins determined for the projects under construction, whether related to new concession contracts or reinforcement projects and improvements to the existing electrical transmission facilities, verifying the methodology and assumptions adopted by the Company in the determination of the total estimated cost of construction, the present value of future cash flows and the discount rate that represents the financial component incorporated in the future flow of receipts;
- III. analysis of the concession contract and its modifications to identify the performance obligations in the contract, in addition to the aspects related to the variable components applicable to the contract price;
- IV. analysis of the infrastructure framework already built under the concept of contractual assets or financial assets, including accounts receivable from the compensation provided for in Law 12,783 / 2013, for R \$ 8,513 million (COP \$ 6,921,163 million), disclosed in note 9:
- V. with the support of experts specializing in business valuations, review the projected cash flows, the relevant assumptions used in cost projections and determination of the discount rate used in the model; and
- (I. the evaluation of the disclosures made by the Company and its subsidiaries in the individual and consolidated financial statements



Management´s Responsibilities and of Those Responsible for the Governance of the Company in Relation to the Financial Statements

Management is responsible for the preparation and correct presentation of the separate financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the Contaduría General de la Nación; to design, implement and maintain the relevant internal control for the preparation and correct presentation of financial statements that are free from material misstatements, whether due to fraud or error; to select and apply the appropriate accounting policies; and to establish reasonable accounting estimates in the circumstances.

In preparing the separate financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to this matter and using the going concern basis of accounting, unless Management intends to liquidate the Company or cease its operations, or have no other realistic alternative to doing so.

Those in charge of governance are responsible for the supervision of its financial information process.

Auditor's Responsibilities in the Audit of the Financial Statements

Mi responsibility is to obtain reasonable assurance about whether the separate financial statements taken as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with the International Standards of Auditing accepted in Colombia will always detect material misstatements when they exist. Misstatements may arise due to fraud or error and are considered material if, individually or combined, they could be reasonably expected to influence the economic decisions that users make based on the separate financial statements.

As part of an audit in accordance with the International Standards of Auditing accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the financial statements, whether due to
 fraud or error, design and execute audit procedures that respond to those risks and obtain audit
 evidence that is sufficient and appropriate to substantiate my opinion. The risk of not detecting
 material misstatements due to fraud is greater than that resulting from an error, since fraud may
 involve collusion, forgery, intentional omissions, false statements or override of the internal
 control system.
- Obtain an understanding of internal controls relevant to the audit, and to design audit procedures that are appropriate in the circumstances.
- Evaluate the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by the Management.

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- Conclude whether it is appropriate for Management to use the going concern basis of accounting
 and, based on the audit evidence obtained, if there is any material uncertainty related to events or
 conditions that may generate significant doubts about the Company's ability to continue as a going
 concern. If I conclude that a significant uncertainty exists, I should call attention to this on the
 auditor's report on the related disclosures included in the financial statements or, if such
 disclosures are inadequate, modify my opinion. The auditor's conclusions are based on the audit
 evidence obtained up to the date of its report, however, subsequent events or conditions may
 indicate that an entity cannot continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements fairly represent the underlying transactions and events so that a reasonable presentation is achieved.

I communicated to those responsible for the governance of the Company, among other matters, the planned scope and timing of the audit, the significant findings thereof, as well as any significant deficiencies in the internal control identified during the audit.

I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated with them about all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

Among the matters that have been the subject of communications with those responsible for the governance of the Company, I determined those that have been of greatest significance in the audit of the financial statements of the current period and that are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit publicly disclosing the matter or, in extremely rare circumstances, it is determined that a matter should not be disclosed in my report because it is reasonably expected that the adverse consequences of doing so would exceed the public interest benefits thereof.

Other Issues

The separate financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia, adopted by the Contaduría General de la Nación, of Interconexión Eléctrica S.A. E.S.P. As of December 31, 2018, that are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with international standards of auditing accepted in Colombia, over which I expressed an unqualified opinion on March 04, 2019.



Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) keep the minute books, the shareholders' register and the accounting records according to the legal accounting technique; 2) carry out its operations in accordance with the by-laws and the decisions of the Shareholders' and the Board of Directors' meetings, and the rules related with the integral social security and; 3) retain correspondence and accounting vouchers. Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's management, which includes management's representation on the free circulation of invoices with endorsement issued by vendors or suppliers.

In accordance with the requirements of Article 1.2.1.2 Decree 2420 2015, I issued a separate report on February 28, 2020.

The partner in charge of the audit that relates to this report is Mr. Cesar Colodete Lucas.

Statutory Auditor

Professional Card 78856-T Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia February 28, 2020

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CERTIFICATION OF FINANCIAL STATEMENTS AND OTHER RELEVANT REPORTS

Medellín, March 5, 2020

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

We, the undersigned Legal Representative and the Chief Accounting Officer for Interconexión Eléctrica S.A. E.S.P., in compliance with Accounting and Financial Reporting Standards accepted in Colombia (NCIF) enforced by the National General Accounting Office, and provisions of Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005, certify that:

- 1. The company's separate financial statements as of December 31, 2019 and 2018 have been faithfully taken from the books and before making them available to you and to third parties, we have verified the following statements contained therein:
- a. The events, transactions and operations have been recognized and realized during the years ended on those dates.
- b. The economic events are disclosed pursuant to the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), enforced by the National General Accounting Office of Colombia.
- c. The total value of assets, liabilities, equity, revenues, expenses, and costs, has been disclosed by the company in the basic accounting statements up to the cut-off date.

- d. Assets represent potential future economic services or benefits, while liabilities represent past events that imply an outflow of resources, during the development of their activities, at each cut-off date.
- 2. The financial statements and other reports relevant to the public for the periods ended December 31, 2019 and 2018 do not have inaccuracies, errors or omissions that prevent knowing the true financial condition or operations of ISA and its companies.

Bernardo Vargas Gibsone Legal Representative John Bayron Arango Vargas Chief Accounting Officer Professional I.D. Card 34420-T



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SPECIAL REPORT ON TRANSACTIONS WITH AFFILIATES AND SUBSIDIARIES

(Amounts expressed in millions, both in pesos and in the original foreign currency).

In accordance with provisions of Law 222 of 1995, Article 29, a special report is submitted to the General Shareholders' Meeting about the economic relations between ISA and its affiliates and subsidiaries during 2019, which are managed and coordinated by the group's parent company, ISA.

Commercial transactions between the affiliates and the subsidiaries of ISA during 2019, comply with the provisions of Law 1607 of 2012, Law 1819 of 2016, and Decree 1625 of 2016 on transfer pricing.

The main transactions between ISA and the subsidiaries correspond to:

- Delivery of dividends
- Capitalizations
- Project management
- Provision of operation and maintenance services
- Leasing of facilities and venues for the operation
- Provision of installation services and assembly of information systems
- Money loans

It is worth mentioning that the following situations have not arisen between ISA and its companies for the period:

- Offset free services
- Loans without interest or any consideration by the borrower
- Loans involving an obligation to the borrower that does not correspond to the essence or nature of the loan agreement

- Loans with interest rates different than those normally paid or charged to third parties
- Operations which characteristics differ from those with third parties

ISA makes efforts to ensure that commercial transactions carried out with its affiliates or subsidiaries generate benefits and meet strategic objectives, respecting the rights of all shareholders and creditors of the group's companies.

Commercial transactions take place under market conditions and prices, i.e., under the terms and conditions that would apply to unrelated third parties, honoring the transparency principles of the Code of Good Corporate Governance, and in accordance with the Corporate Bylaws and applicable accounting, tax, and commercial standards.

Regarding the equity in affiliates and subsidiaries, ISA updates its investments in subsidiaries by applying the equity method, upon approval of accounting standards and practices and conversion of its financial statements into Colombian pesos, using the US dollar as primary currency for investments in foreign currency.

The financial information of ISA and its companies is consolidated by the global integration method, by which all significant balances and transactions between ISA and its subsidiaries are eliminated, and the corresponding minority interest corresponding to equity and results for the period is recognized and disclosed in the consolidated financial statements.

Balances with affiliates and subsidiaries are disclosed in the financial statements of ISA according to the regulations in force. <u>See Note 8.1.</u> Balances and transactions with related parties.



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The following decisions made during 2019, regarding capitalizations and distribution of dividends, are highlighted:

ISA TRANSELCA

At the Ordinary General Shareholders' Meeting held on March 26, 2019, the distribution of dividends was decreed for COP 135.784. ISA was allocated the amount of COP 135.781.

ISA PERÚ

At Mandatory Annual Shareholders' Meeting held on March 19, 2019, the distribution of dividends was decreed for USD 7. ISA was allocated the amount of USD 3.

ISA REP

At Mandatory Annual Shareholders' Meeting held on March 19, 2019, the distribution of dividends was decreed for USD 60. ISA was allocated the amount of USD 18.

CONSORCIO TRANSMANTARO

At Mandatory Annual Shareholders' Meeting held on March 19, 2019, the distribution of dividends was decreed for USD 65. ISA was allocated the amount of USD 39.

ISA BOLIVIA

At Mandatory Annual Shareholders' Meeting held on March 14, 2019, the distribution of dividends was decreed for BOB 41. ISA was allocated the amount of BOB 21. At Extraordinary General Shareholders' Meeting held on October 28, 2019, a capital reduction was decreed for BOB 143. ISA was allocated the amount of BOB 73.

ISA INTERCOLOMBIA

On March 20, 2019, the General Shareholders' Meeting approved the distribution of

profits generated during the January 1-December 31, 2018 period for COP 23.830. ISA was allocated the amount of COP 23.829.

ISA INTERCHILE

During 2019, ISA made capital contributions to ISA INTERCHILE for USD 10,1. USD 6,7 were disbursed on March 19 and USD 3,4 on May 28.

ISA CAPITAL DO BRASIL

The General Shareholders' Meeting held on April 5, 2019 approved the distribution of dividends to ISA for BRL 30, based on profits for 2018.

The Extraordinary General Shareholders' Meeting held on August 19, 2019 approved the distribution of interest on equity capital to ISA for BRL 125, based on results for the first half of 2019.

On November 25, 2019, the Governing Board of ISA CAPITAL, *ad referendum* at the Ordinary General Shareholders' Meeting, approved to distribute interest on equity capital to ISA for BRL 73 and dividends for BRL 100, based on the accumulated result as of the third quarter of 2019.

On December 13, 2019, the Governing Board of ISA CAPITAL, *ad referendum* at the Ordinary General Shareholders' Meeting, approved to distribute interest on equity capital to ISA for BRL 35.3, based on the accumulated result at the end of November 2019.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ (PDI)

On March 28, 2019, the Mandatory Annual Meeting approved the distribution of dividends from the balance of the 2017 results, for USD 1,5, 99,97% of which corresponds to ISA.



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ISA INVERSIONES MAULE

In February and July 2019, ISA Inversiones Maule made capital payments to the loan it has with ISA, for USD 12,9 and USD 3,2, respectively. The final balance of the loan is USD 29,3.

XM

At the Ordinary General Shareholders' Meeting held on March 27, 2019, the distribution of dividends was decreed for COP 6.058. ISA was allocated the amount of COP 6.042.

SISTEMAS INTELIGENTES DE RED

At the Ordinary General Shareholders' Meeting held on March 18, 2019, the distribution of dividends was decreed for COP 3.100. ISA was allocated the amount of COP 465.

EMPRESA PROPIETARIA DE LA RED (EPR)

On April 25, 2019, the Ordinary General Shareholders' Meeting approved the distribution of profits generated during the January 1-December 31, 2018 period for USD 7,5. ISA was allocated the amount of USD 0,8.

ANDEAN TELECOM PARTNERS (ATP)

In July 2019, ISA made a capital contribution to ATP of USD 11,1 and, in December 2019, it made an additional capital contribution of USD 6,17.

In 2019, ISA constantly made decisions to serve the interest of or by influence of any of its affiliates or subsidiaries; and none of these ceased to make decisions to serve the interest of or by influence of ISA. Decisions have been made in the best interest of each of the companies that are part of the corporate group and its shareholders.



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REPORT OF THE BOARD OF DIRECTORS

ARTICLE 466 OF THE COMMERCE CODE DECEMBER 31, 2019

(Amounts expressed in millions, both in pesos and in the original foreign currency).

Dear Shareholders:

According to the legal and statutory provisions, we submit for your consideration the report for 2019, which includes, in addition to the financial statements as of December 31, 2019, compared with those of 2018, the reports referred to in Article 446 of the Commerce Code and 29 of Law 222 of 1995.

I. REPORTS

1. Depreciation and amortization:

See the detail of losses and gains as of December 31, 2019 in the *Management Report* presented by the CEO.

Below is the description of depreciations and amortizations:

	2019
Depreciations	167.810
Amortizations	3.767
TOTAL	171.577

2. Dividends:

As approval of the income distribution project for 2019, the Board of Directors of Interconexión Eléctrica S.A. E.S.P. (ISA) proposes to decree a dividend of COP 747.683 million, which corresponds to 45% of net income. The proposal is to distribute an ordinary dividend of COP 675 per share for the 1.107.677.894 ordinary shares outstanding.

3. Economic and financial situation

See the analysis of the economic and financial situation of ISA in the Management Report presented by the CEO.

4. Remuneration to Senior Management

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

The remuneration received by the key staff of the Senior Management is the following:

	2019
Remuneration	10.602
Short-term benefits	6.350
TOTAL	16.952

Payments related to fees, travel expenses, and representation expenses are directly covered by the company, represented by third parties providing goods and services.



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5. Remuneration in favor of advisors or consultants

During 2019, the following payments were made to advisors or consultants, as fees:

	2019
Statutory Auditor	732
External and internal audits	213
Legal, financial, and administrative advisory	11.281
Technical advisory	3.275
TOTAL	15.501

6. Transfers of money and other assets

In 2019, no transfers of money or other goods were made free of charge or under a similar modality in favor of natural or legal persons.

7. Advertising and publicity expenses

Advertising and publicity expenses as of the year ended December 31, 2019, are detailed below:

	2019
Institutional advertising and publicity	2.608
Target advertising and publicity	73
TOTAL ADVERTISING AND PUBLICITY EXPENSES	2.681

8. Net monetary position

As of 31 December 2019, ISA held the following assets and liabilities in foreign currency expressed in millions of equivalent US dollars.

	2019
ASSETS	
Cash and cash equivalents	7
Economic related parties	32
Other financial assets	18
TOTAL ASSETS	57
LIABILITIES	
Financial obligations	100
Accounts payable	9
TOTAL LIABILITIES	109
NET MONETARY POSITION	(52)



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9. Investments

As of 31 December 2019, ISA had investments in the following national and foreign companies:

MAIN ACTIVITY		PLACE AND CREATION OF OPERATIONS	SHAREHOLDING (%)	BALANCES
INVESTMENTS IN SUBSIDIARIES AND JOINT V	ENTURES			
TRANSELCA S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,999	953.580
INTERNEXA S.A.	Telecommunications and ICT Business Unit	Colombia	99,420	72.011
ISA INTERCOLOMBIA S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,997	92.335
XM Compañía de Expertos en Mercados S.A. E.S.P.	Energy Transmission Business Unit	Colombia	99,730	22.783
INTERVIAL COLOMBIA S.A.S.	Roads Business Unit	Colombia	100,000	583
Sistemas Inteligentes en Red S.A.S.	Telecommunications and ICT Business Unit	Colombia	15,000	1.253
CONSORCIO TRANSMANTARO S.A.	Energy Transmission Business Unit	Peru	60,000	1.012.146
RED DE ENERGÍA DEL PERÚ (REP)	Energy Transmission Business Unit	Peru	30,000	190.047
ISA PERÚ S.A.	Energy Transmission Business Unit	Peru	45,146	62.301
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C.	Energy Transmission Business Unit	Peru	99,967	16.104
ISA CAPITAL DO BRASIL S.A.	Energy Transmission Business Unit	Brazil	100,000	3.444.827
ISA Investimentos e Participações S.A.	Energy Transmission Business Unit	Brazil	99,899	750.702
ISA INVERSIONES CHILE LTDA.	Road Business Unit	Chile	100,000	2.009.199
ISA INVERSIONES MAULE LTDA.	Roads Business Unit	Chile	100,000	1.128.871
INTERCHILE S.A.	Energy Transmission Business Unit	Chile	78,410	935.570
ISA BOLIVIA S.A.	Energy Transmission Business Unit	Bolivia	51,000	46.507
Linear Systems RE LTD	Reinsurances	Bermuda	100,000	15.105
Betania	Autonomous Equity	Colombia	100,000	82
TOTAL INVESTMENTS IN SUBSIDIARIES				10.754.006

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MAIN ACTIVITY		PLACE AND CREATION OF OPERATIONS	SHAREHOLDING (%)	BALANCES
INVESTMENTS IN JOINTLY CONTROLLED ENTITI	ES			
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ S.A.	Energy Transmission Business Unit	Panama	50,000	4.996
INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.	Energy Transmission Business Unit	Colombia	1,172	3
TOTAL INVESTMENTS IN JOINTLY CONTRO	DLLED ENTITIES			4.999
INVESTMENTS IN ASSOCIATES				
ATP Tower Holdings LLC	Telecommunications and ICT Business Unit	USA	24,695	465.362
TOTAL INVESTMENTS IN ASSOCIATES				465.362
FINANCIAL INSTRUMENTS				
Electricaribe S.A. E.S.P.	Energy Transmission Business Unit	Colombia	0,481	-
EMPRESA PROPIETARIA DE LA RED S.A. (EPR)	Energy Transmission Business Unit	Costa Rica	11,110	12.524
TOTAL FINANCIAL INSTRUMENTS				12.524
TOTAL INVESTMENTS				11.236.891

10. STATEMENTS

In accordance with Law 1314 of 2009 and Decree 2748 of 2012 and its amendments, it is confirmed that the information and statements related to the financial statements have been duly verified and obtained from the company's accounting books, which also include all internal controls allowing a timely and clear disclosure, which contain no material deficiencies that affect the financial situation of the company.



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INTELLECTUAL PROPERTY AND COPYRIGHT CERTIFICATION

Medellín, 5 marzo 2020

The undersigned Legal Representative and the Chief Technology and Information Officer for Interconexión Eléctrica S.A. E.S.P., pursuant to the established in Article 1st of Law 603 of 2000.

Certify:

- 1. That the Company complies with intellectual property and copyright laws and that the software it uses is legal and has paid for the rights to use it, whether through acquisition, licenses, or assignments. Documents are kept at the Central Archive.
- 2. That the Company's Chief Technology and Information Office holds inventory of the software used, and it takes control of its installation depending on the type of license held.
- 3. Pursuant to the Company's policies and institutional guidelines, employees are obliged to comply with the laws for intellectual property and copyrights.

Bernardo Vargas Gibson

Olga Lucía López Marín

Chief Technology and Information Officer





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N°	INDICADOR	Cubierto en el Reporte Integrado	Cubierto sólo en página web	Página o respuesta	Verificación externa			
		PERI	FIL ORGANIZ	ACIONAL				
102-1	Nombre de la organización	X		<u>15</u>	X			
102-2	Actividades, marcas, productos y servicios	X		<u>15, 18, 24, 25, 26, 27, 28, 29</u>	X			
102-3	Ubicación de sede principal	X		<u>15</u>	X			
102-4	Ubicación de las operaciones	X		<u>15, 18, 24, 25, 26, 27, 28, 29</u>	X			
102-5	Propiedad y forma jurídica	Х		<u>15</u>	X			
102-6	Mercados donde opera	Х		<u>15, 16, 18</u>	X			
102-7	Escala de la organización	Х		<u>15, 16, 17, 18, 19, 23</u>	X			
102-8	Información de empleados y otros trabajadores	X		<u>15, 16, 20, 21, 439, 440</u>	X			
102-9	Cadena de abastecimiento	Х		30, 31, 32	X			
102-10	Cambios significativos en la organización y en su cadena de abastecimiento	Х		No se presentaron cambios significativos.	Х			
102-11	Principio o enfoque de precaución	X		<u>99</u>	X			
102-12	Iniciativas externas	Х		<u>83, 84</u>	X			
		ESTRATEG	IA Y GESTIÓ	N DEL RIESGO				
102-14	Declaración de la Alta Gerencia	Х		<u>45</u>	Х			
102-15	Impactos, riesgos y oportunidades claves	X		<u>51</u>	Х			
A-RI1	Riesgos estratégicos	x		<u>53</u>	Х			
A-RI2	Riesgos emergentes	Х		<u>57</u>	Х			
	GOBERNANZA							
102-18	Estructura de Gobierno	Х		<u>38, 40</u>	Х			
102-20	Responsabilidad a nivel ejecutivo de temas ambientales, sociales y económicos			El Comité de Junta y Gobierno tiene a cargo estos temas.				



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102-21	Consulta a grupos de interés sobre temas ambientales, sociales y económicos	х		<u>119, 120, 121, 122</u>	
102-22	Composición de máximo órgano de gobierno y de sus comités	Х		<u>38</u>	
102-23	Presidente del máximo órgano de gobierno	Х		<u>38</u>	
102-24	Nominación y selección de miembros del máximo órgano de gobierno			La Junta directiva es aprobada en la Asamblea General de Accionistas. Para la postulación de los candidatos a conformar la Junta Directiva se tendrá en cuenta un razonable equilibrio y diversidad en el seno de la misma, en aras de su adecuado desempeño. Para ello, entre los candidatos que se postulen, se tendrán en cuenta que no estén incursos en las inhabilidades e incompatibilidades de carácter legal y que cuenten con las competencias, experiencia, formación académica, independencia de criterio, conocimientos, cualidades, capacidades y disponibilidad suficiente para ser candidato a miembro de Junta.	
102-25	Conflictos de interés			Ver Informe de Código de Buen Gobierno (http://www.isa.co/es/sala-de-prensa/Documents/2020%2003%2003%20Informe%20Anual%20Gobierno%20Corporativo.pdf) Aparte: Composición de la Junta Directiva	
102-26	Rol del máximo órgano de gobierno en la definición del propósito, valores y estrategia			Ver capítulo de estrategia: <u>13</u>	
102-28	Evaluación del desempeño del máximo órgano de gobierno			Ver Informe de Código de Buen Gobierno (http://www.isa.co/es/sala-de-prensa/Documents/2020%2003%2003%20Informe%20Anual%20Gobierno%20Corporativo.pdf) Aparte: Información sobre la realización de los procesos de evaluación de la Junta Directiva y Alta Gerencia, así como síntesis de los resultados	
102-30	Efectividad de los procesos de gestión de riesgos			Ver Informe de Código de Buen Gobierno (http://www.isa.co/es/sala-de-prensa/Documents/2020%2003%2003%20Informe%20Anual%20Gobierno%20Corporativo.pdf) Aparte: Estructura de la Administración (Comité de Junta y Gobierno, Comité de Auditoría). Y el capítulo Sistema de gestión de riesgos.	
102-31	Revisión de temas económicos, sociales y ambientales			Ver Informe de Código de Buen Gobierno (http://www.isa.co/es/sala-de-prensa/Documents/2020%2003%2003%20Informe%20Anual%20Gobierno%20Corporativo.pdf) Aparte: Estructura de la Administración (Comité de Junta y Gobierno)	



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102-32	Rol del máximo órgano de gobierno en la elaboración de informes de sostenibilidad			<u>13</u>			
102-35	Políticas de remuneración	Х		Ver anexo compensación: <u>457</u> , <u>458</u>			
		PARTICIPAC	IÓN DE GRU	POS DE INTERÉS			
102-40	Listado de grupos de interés	X		<u>119, 120</u>	Х		
102-42	Identificación y selección de grupos de interés	X		<u>119, 120</u>	X		
102-43	Enfoque de participación de los grupos de interés	X		<u>60</u>	X		
102-44	Principales temas y preocupaciones abordadas	X		<u>60</u>	Х		
		PRÁCTICA DE	ELABORACI	ÓN DE INFORMES			
102-46	Definición de contenido del informe y los límites del tema	Х		<u>13, 60</u>			
102-47	Listado de temas materiales	X		<u>61, 62</u>	X		
102-48	Reformulación de información			No hubo reformulaciones			
102-49	Cambios en el reporte	X		<u>13, 60</u>	Х		
102-50	Período de reporte	X		<u>13</u>	X		
102-51	Fecha de reporte más reciente	X		<u>13</u>	X		
102-52	Ciclo de reporte	X		<u>13</u>	X		
102-53	Punto de contacto para preguntas sobre el reporte	X		<u>13</u>	X		
102-54	Declaración de reporte de acuerdo con el Estándar GRI	Х		<u>13</u>	Х		
102-55	Índice de contenido GRI	X		<u>13</u>	X		
102-56	Verificación Externa	Х		<u>13</u>	Х		
	BUEN GOBIERNO E INTEGRIDAD						
102-16	Valores, principios, estándares y normas de conducta	Х		<u>45</u>	Х		
102-17	Valores, principios, estándares y normas de conducta	Х		<u>45</u>	Х		



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102-34	Naturaleza y número total de preocupaciones críticas	х		43	Х
205-1	Operaciones evaluadas para riesgos relacionados con la corrupción	Х		441	Х
205-2	Comunicación y formación sobre políticas y procedimientos anticorrupción	х		441	Х
205-3	Casos de corrupción y medidas adoptadas	Х		441	Х
Propio	Manejo de la información (Habeas data)	Х		43, 441	Х
		SOL	IDEZ Y CREC	IMIENTO	
Propio	Ingresos	X		<u>66</u>	
Propio	EBITDA	Х		<u>66</u>	
Propio	Inversiones	Х		<u>66</u>	
Propio	Activos	Х		<u>66</u>	
			EXCELENC	IA	
Propio	Confiabilidad	Х		<u>67, 68, 69, 70</u>	
Propio	Disponibilidad	Х		<u>67, 68, 69, 71</u>	
Propio	Km. de circuito	Х		<u>67, 68, 69, 72</u>	
Propio	MVA de potencia instalada	Х		<u>67, 68, 69, 73</u>	
Propio	Demanda de energía	Х		<u>67, 68, 69, 74</u>	
Propio	Capacidad efectiva neta	Х		<u>67, 68, 69, 75</u>	
Propio	Favorabilidad del servicio al cliente	Х		<u>67, 68, 69, 76</u>	
		ANTICI	IPACIÓN E IN	NOVACIÓN	
Propio	Total R&D Spending	X		73, 74, 443	
Propio	Gestión de la innovación	X		<u>75, 76, 77, 443, 444, 445, 446, 447</u>	
	LIDER	AZGO TRANSFO	RMADOR Y C	APACIDAD DE INFLUENCIA	
102-13	Asociaciones a las que pertenecen ISA y sus empresas	х		<u>83, 84, 85</u>	х



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201-1	Valor económico directo generado y distribuido	Х		442	Х
419-1	Incumplimiento de las leyes y normativas en relación al suministro de productos y servicios	Х		90	X
	CON	TRIBUCIÓN A	DESAFÍOS AI	MBIENTALES GLOBALES	
304-1	Centros de operaciones en propiedad, arrendados o gestionados ubicados dentro de o junto a áreas protegidas o zonas de gran valor para la biodiversidad.	X		<u>461, 462, 463</u>	
304-2	Impactos significativos de las actividades, los productos y los servicios en la biodiversidad	Х		<u>96, 464, 465</u>	
304-3	Hábitats protegidos o restaurados	Х		<u>19</u>	Х
304-4	Especies que aparecen en la Lista Roja de la UICN y en listados nacionales de conservación cuyos hábitats se encuentren en áreas afectadas por las operaciones	X		<u>91</u>	
Propio	Exposición y Evaluación de la Biodiversidad	X		<u>96, 97, 98</u>	
Propio	Acciones implementadas para la protección de la biodiversidad	Х		<u>96, 97, 99</u>	
Propio	Compromiso con la Biodiversidad	X		<u>96, 97, 100</u>	Х
Propio	Días de atraso en las licencias ambientales	X		104	
307-1	Incumplimiento de la legislación y normativa ambiental	Х		<u>105</u>	Х
Propio	Inversión en programas ambientales para el licenciamiento de proyectos		Х	<u>19</u>	Х
305-1	Emisiones directas de GEI (alcance 1)		X	<u>19</u>	X
305-2	Emisiones indirectas de GEI al generar energía (alcance 2)		Х		Х
305-3	Otras emisiones indirectas de GEI (alcance 3)		Х		X
305-7	Óxidos de nitrógeno (NOX), óxidos de azufre (SOX) y otras emisiones significativas al aire		Х		
302-1	Consumo energético dentro de la organización		Х		X



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303-1	Extracción de agua por fuente		Х		Х
306-2	Residuos por tipo y método de eliminación		Х		Х
306-1	Ficha Tanques sépticos y biodigestores		Х		
	СОМ	PROMISO CON	EL DESARRO	DLLO SOCIOECONÓMICO	
Propio	Inversión social, personas y organizaciones beneficiadas	х		112	х
Propio	Inversión socia en municipios críticos	X		<u>114</u>	X
102-21	Consulta a grupos de interés sobre temas económicos, ambientales y sociales	х		<u>118, 119, 120, 121, 122</u>	
102-43	Enfoque de particiación de los grupos de interés	Х		<u>119, 120</u>	
102-44	Temas y preocupaciones clave mencionados	X		<u>121, 122</u>	
401-8	Trabajo infantil	X			
409-1	Trabajo Forzoso u Obligatorio	X			
410-1	Prácticas en materia de seguridad	X			
411-1	Derechos de los Pueblos Indígenas	Χ			
412-1	Evaluación de los Derechos Humanos	X			X
413-2	Operaciones con impactos negativos significativos – reales o potenciales– en las comunidades locales	х			
412-2	Formación de empleados en políticas o procedimientos sobre derechos humanos	х			Х
412-1	Operaciones sometidas a revisiones o evaluaciones de impacto sobre los derechos humanos	х			х
Propio	Número de eventos de vulneración a los Derechos Humanos	Х		<u>43</u>	Х
	D	ESARROLLO Y	CUIDADO DE	L TALENTO HUMANO	
102-8	Información sobre empleados y otros trabajadores	Х		<u>15, 16, 20, 21</u>	
401-1	Empleo: nuevas contrataciones de empleados y rotación de personal	х		123	



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Propio	Resultado de clima organizacional	X		<u>129, 130</u>	X
401-1	Formación y Enseñanza	Χ		<u>124, 125, 126</u>	Х
404-3	Porcentaje de empleados que reciben evaluaciones periódicas del desempeño y desarrollo profesional	х			
Propio	Vacantes internas	X		<u>124</u>	
403-2	Salud y seguridad en el trabajo: Tipos de accidentes y tasas de frecuencia de accidentes, enfermedades profesionales, días perdidos, absentismo y número de muertes por accidente laboral o enfermedad profesional	х		<u>127, 128</u>	Х
405	Diversidad e igualdad de oportunidades	Х			
406-1	Casos de discriminación y acciones correctivas emprendidas	х			



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[GRI 102-7] SCALE OF THE	ORGANI	ZATION										
	ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERNEXA	INTERVIAL	SIER	PDI
Total number of persons working at the company	213	585	201	29	388	59	1377	241	319	370	48	50
Total number of women	96	154	50	6	67	13	188	85	96	129	24	18
Total number of men	117	431	151	23	321	46	1189	156	223	241	24	32
Total number of women in management positions (Level 1 and 2)	8	6	7	1	9	0	14	10	10	15	1	0
Total number of men in management positions (Level 1 and 2)	14	16	9	1	14	7	88	11	25	56	1	1
Number of persons who belong to a trade union or collective agreement	116	425	95	0	133	0	467	155	0	240	0	0
% of employees who belong to a trade union or collective agreement	54,5%	73%	47%	0%	34%	0%	34%	64%	0%	65%	0%	0%

BREAKDOWN BY GENERA	TION											
	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERNEXA	INTERVIAL	SIER	PDI
	%	%	%	%	%	%	%	%	%	%	%	%
Generation Z (1995-today)	0%	0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	ND	0,0%	0,0%	0%
Millennials (1981-1994)	36%	33%	32,0%	62,0%	38,0%	64,0%	45,0%	54,0%	ND	45,1%	81,3%	52%
Generation X (1966-1980)	52%	42%	39,0%	34,0%	36,0%	36,0%	46,0%	37,0%	ND	45,9%	18,8%	42%
Boomers (1951-1965)	12,40%	24,79%	28,36%	3,50%	26,03%	0,0%	8,5%	9,4%	ND	8,6%	0,0%	6%
Silent generation (< 1950)	0%	0%	0,50%	0,0%	0,0%	0,0%	0,0%	0,0%	ND	0,3%	0,0%	0%
	100%	100%	100%	100%	100%	100%	100%	100%	0%	100%	100%	100%



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BREAKDOWN BY DISABIL	ITY											
	ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERNEXA	INTERVIAL	SIER	PDI
Number of women with a disability	0	4	0	0	0	0	21	0	0	1	0	0
Number of men with a disability	0	3	0	0	1	0	29	0	0	3	0	0
% of total plant with a disability	0%	1,2%	0%	0%	0,26%	0%	3,63%	0%	0%	1,1%		

AVERAGE AGE												
	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERNEXA	INTERVIAL	SIER	PDI
Years	43	45,7	45,95	37	43,66	36	40,54	39,96	39,6	42	33	40

AVERAGE SENIORITY IN TH	E COMP	PANY										
	ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERNEXA	INTERVIAL	SIER	PDI
Years	11	15,8	18	7	10	4	13	11,18	5	7	5	5



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GOOD GOVERNANCE AND INTEGRITY

FRAUD AND ANTI-CORRUPTION

[GRI 205-1] OPERATIONS ASSESSED FOR	RISKS I	RELATED TO CORR	UPTION							
	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERNEXA	INTERVIAL
Number of operations: Total	2	5	9	0	1	0	1	1	5	7

[GRI 205-2] COMMUNICATION AND TRAIN	ING ABO	UT ANTI-CORRUP	TION POLICIE	S AND PRO	CEDURES	8				
	ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERNEXA	INTERVIAL
Percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	100	100	100	100	100	100	100	100	100	100
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	100	100	100	100	100	100	100	100	100	100
Percentage of governance body members that have received training on anti-corruption	60	80	12	100	100	100	0	100	100	100
Percentage of employees that have received training on anti-corruption	100	100	100	100	87	100	100	100	100	100

[GRI 205-3] INCIDEN	NTS C	F CO	RRU	PTIO	N AN	ND A	CTIO	NS T	AKEN	1																				
		ISA		INTE	ISA RCOLO	MBIA	TR	ISA ANSEI	_CA	TR	ISA Ansei	_CA	TR	ISA Ansel	_CA	TR	ISA ANSEI	LCA		ISA CTEEP			XM		IN	TERNI	EXA	IN	ITERVI	AL
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total number of confirmed incidents of corruption	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MANAGEMENT OF INFORMATI	ON (HABI	EAS DATA)								
	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERNEXA	INTERVIAL
Number of information mismanagement incidents confirmed	0	0	0	0	0	0	0	0	0	0
Number of cases reported	0	0	0	0	0	0	0	0	0	0



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[GRI 201-1] DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (COP MILLIONS)			ELE	CTRIC ENE	RGY				ROADS
Items	ISA (Transporte de Energía) + ISA INTERCOLOMBIA*	ISA CTEEP	CONSORCIO TRANSMANTARO	ISA REP	ISA INTERCHILE	ISA TRANSELCA	ISA PERÚ	ISA BOLIVIA***	GRUPO INTERVIAL CHILE
Net operating revenues (**)	2.472.271	3.163.986	770.781	577.725	237.040	267.377	60.013	81.823	1.474.981
Revenues from financial investments	35.097	514.489	71.993	162.190	80.053	123.722	3.604	4.285	74.069
"Revenues from sale of assets (property, plant and equipment, and intangible assets)"	14.039	-	-	87	-	-	-	1	399
DIRECT ECONOMIC VALUE GENERATED	2.521.407	3.678.475	842.774	740.002	317.093	391.099	63.617	86.109	1.549.449
"Operating costs (OMA, others)"	112.443	654.538	209.377	49.608	18.429	48.916	6.392	5.501	650.537
"Wages and benefits of employees (OMA, personnel expenses)"	142.747	215.158	415	77.500	12.089	41.931	157	4.953	54.279
"Payments to capital suppliers (Dividends paid to shareholders)"	611.439	762.768	192.104	177.323	-	135.784	21.961	81.380	193.660
"Payments to capital suppliers (Payment of interest)"	368.489	522.089	178.013	186.540	169.837	45.146	6.388	1.032	455.347
Payments to the government	167.776	783.943	12.142	88.186	2.270	48.330	9.220	17.232	29.758
Community investments	32.932	6.730	-	33.664	899	292	-	1.421	1.149
DISTRIBUTED ECONOMIC VALUE	1.435.826	2.945.226	592.051	612.821	203.524	320.399	44.118	111.519	1.384.730
RETAINED ECONOMIC VALUE	1.085.581	733.249	250.723	127.181	113.569	70.700	19.499	(25.410)	164.719
Provisions, Depreciations, and Repayments	163.443	16.597	173.598	78.064	65.784	40.645	6.957	16.728	32.469
Reserves	922.138	16.652	77.125	49.117	47.785	30.055	12.542	(42.138)	132.250

[&]quot;(*) ISA and ISA INTERCOLOMBIA provide energy transmission services in Colombia through a joint account agreement, therefore they are integrated.

^(**) ISA's net operating revenues include the results of energy companies accounted for by the equity method, in accordance with their corporate purpose. (***) At an Extraordinary General Shareholders' Meeting of ISA Bolivia held on October 28, 2019, a capital reduction of Bs 143 was decreed."



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	UNIT	ISA	ISA Intercolombia	ISA Transelca	ISA REP	ISA CTEEP	XM	INTERVIAL
Total investment in innovation	Million USD	3,52	0,71	0,17	1,48	3,33	6,67	0,07
Number of positions (FTEs) for innovation	FTEs	16,8	6,5	66,6	8,0	4,0	6,0	0,5
Percentage of revenues spent on innovation	% of sales	4,59%	0,19%	0,21%	0,91%	0,50%	15,36%	0,04%
REVENUES	MILLION USD							
TOTAL R&D SPENDING CONSOL	LIDATED FOR THE I	SA GROUP						
	Unit	2013	2014	2015	2016	2017	2018	2019
Total investment in innovation	Million USD	7,16	6,43	1,4	4,4	4,85	4,35	15,9
Number of positions (FTEs) for innovation	FTEs	3,3	6,4	6,4	20,4	32,9	66,6	108,3
Percentage of revenues spent on innovation	% of sales	0,80%	0,66%	0,17%	0,57%	0,6%	0,28%	1,05%
MANAGEMENT OF INNOVATION								
		ISΔ	ISA	ISA	ISA	ISA	ΧM	INTERVIAL

	ISA	ISA Intercolombia	ISA Transelca	ISA REP	ISA CTEEP	XM	INTERVIAL
Investment (USD millions)	3,52	0,7	0,2	1,5	3,3	6,7	0,1
Number of innovation committees	1,0	1	1,0	1,0	1,0	2,0	1,0
Number of projects	13,0	14	2,0	16,0	11,0	24,0	5,0
Number of patents approved	0,0	0,0	0,0	1,0	0,0	0,0	0,0
Number of alliances	15,0	5	1,0	20,0	4,0	3,0	4,0
Number of projects recognized by Colciencias or equivalent entity in countries other than Colombia		5	2,0	2,0	11,0	5,0	0,0



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	Indicate the inno- vation approach of the practice	Brief summary of the example	Efficiencies achieved (e.g. efficiencies, reductions) Describe the impact of the project	Indicate the reduction of costs and benefits (economic)	Describe how this approach to innovation leads to improved management	Describe other positive impacts
ISA TRANSEL- CA	 R&D Collaborations with external business partners 	OPTAMOS is a mobile tool (Android) for: Operational Inspections. Electrical testing. Inventory of equipment. Creation of maintenance notifications.	68% reduction in time spent on asset inspections. Ensure 100% quality of the information, by providing it in a direct, structured way, and in real time.	FTE savings in the Inspection and Data Entry process.	It improves the way we conduct our activities, tasks, and inspection processes for energy transmission assets. It allows us to have better information (quality), in a more timely manner (online), and at a better cost, without the need for additional complex equipment.	It improves the way we conduct our activities, tasks, and inspection processes for energy transmission assets. It allows us to have better information (quality), in a more timely manner (online), and at a better cost, without the need for additional complex equipment.
ISA REP	• Spin-offs, start-ups	Start-up: LISA is the first corporate startup of ISA PERÚ. It is a wireless reader of analog and digital signals which provides real-time information, an alert system, and a database in the cloud. It is focused on the electrical, mining, and industrial sectors.	LISA provides information in real time, i.e. zero waiting time.	LISA had 10 clients and reported USD 28,000. Met its billing goals in 2019.	LISA is an adjacent innovation, with a business model type. It allows us to experience and get closer to corporate and open entrepreneurship.	Overall:
ISA REP	R&D Collaborations with external business partners	R&D with externals: AURA is a platform for the traceability of the asset throughout its life cycle, from the physical world to the information systems.	Aura focuses on generating asset traceability efficiencies through an asset master, a single code, and the location of georeferenced assets.	AURA was developed in 2019 and its business case projects benefits for USD 1,377,000 for tax costs that would be avoided, reprocessing, devaluation of inventory, and payment of fines.	AURA is a core innovation, with a process type. Developed with efficient methods and a dedicated team, which solves a problem relevant for the organization. It integrates an internal team who is familiar with the problem and is complemented by external experts who master the technology. It is a good example of impact intrapreneurship.	We enhance the innovation system, allowing us to test and learn. We become digital transformation enablers by bringing it closer to collaborators, thus generating efficiencies. Great Place To Work Peru 2019 rated us with 90% innovation; this percentage was above the average of the top 55 (medium-sized
ISA REP	 Distributed creativity 	Distributed creativity: EXPLORA GYM. Space designed at ISA REP to train people to generate valuable ideas.	Explora Gym: Focused on creating valuable ideas, establishing a focus, and increasing the chances of success when implementing an idea. Strengthens innovation culture.	EXPLORAGYM. 18 people trained, 144 ideas, 15 proposals, 5 prototypes, and a project that went from ideation to exploitation. The project will be implemented in 2020.	Explora GYM: It promotes innovative culture, helps get rid of the paradigm about innovation being only for some people, and boosts productivity since the explorers, when finishing, acquire good practices, which can be applied on a daily basis.	companies).



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	Indicate the innovation approach of the practice	Brief summary of the example	Efficiencies achieved (e.g. efficiencies, reductions) Describe the impact of the project	Indicate the reduction of costs and benefits (economic)	Describe how this approach to innovation leads to improved management	Describe other positive impacts
ISA CTEEP	R&D Collaborations with external business partners	Projeto de Armazenamento de Energia	Desenvolvimento de sistema de armazenamento de energia (ESS) para o fornecimento de serviços à rede com elevada penetração de geração intermitente e propor requisitos regulatórios para a integração desses sistemas ao sistema elétrico.	100.000,00	Desenvolvimento de novos mercados	Ganhos de imagem por implantação de inovação tecnológica dentro do setor elétrico.
ISA CTEEP	R&D Collaborations with external business partners	Gestão Sustentável de Faixas	Algoritmo de previsão de risco de invasão de faixas com metodologias de geoestatística adaptada para o sensoriamento remoto, monitoramento e o mapeamento das condições das faixas e elaborar metodologias de soluções inovadoras que mitiguem riscos e ofereçam novas oportunidades locais e regionais.	1.000.000 reais	Desenvolvimento de projetos de uso sustentável de faixas.	Desenvolvimento de projetos de uso sustentável de faixas.
ISA CTEEP	R&D Collaborations with external business partners	Zap COT	Desenvolvimento de um sistema de comunicação entre agentes baseado em tecnologias de informação e troca de dados, com criptografia ou outras tecnologias disruptivas, que possibilite a melhoria dos processos dos centros de operação com redução do uso de ligação telefônica para a realização de manobras no tempo real.	6.000.000 reais	Redução de número de PV associada às falhas operativas no COT	Geração de novos negócios a partir da tecnologia desenvolvida
ISA CTEEP	R&D Collaborations with external business partners	Projeto Drones	Desenvolvimento de um sistema integrado consolidando processos, metodologia e tecnologia para voo autônomo e tratamento de imagens na operação de Drones em inspeção de torres, equipamentos, linhas de transmissão e faixas de servidão.	50% productivity in the inspection of lines and substations. Optimization of human resources. 70% accuracy in inspection of anomalies. Reduces the risk of height and electrical shock accidents.	Introduzir e difundir o uso da tecnologia associada à drones para atividades de inspeção visando possibilitas a digitalização e automação desse processo.	Processo de digitalização das atividades de inspeção



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	Indicate the innovation approach of the practice	Brief summary of the example	Efficiencies achieved (e.g. efficiencies, reductions) Describe the impact of the project	Indicate the reduction of costs and benefits (economic)	Describe how this approach to innovation leads to improved management	Describe other positive impacts
ISA CTEEP	R&D Collaborations with external business partners	IACOT	Desenvolver sistema especialista com interface única e moderna que apresenta em tempo real uma visão abrangente e inteligente da situação operacional auxiliando o operador a tomar decisões mais eficazes e padronizadas	6.000.000 reais	Parceria com o ONS, o projeto desenvolverá tecnologia para baseada em IA e UX para o apoio à decisão em tempo real dos operadores dos centros de comando, melhorando a consciência situacional, minimizando riscos de erros humanos na operação e permitindo a automatização de processos.	
XM (Innova- tion)	• Spin-offs, start-ups	Ecotregistry: Alliances with startups to develop the business model (technological ally, front end solution) For the development of a CO ₂ certificate registration system. GAPS: model for optimizing power system safety with geometric analysis.		Generation of new revenues for \$478 million	Ecoregistry: value proposal - easy to use, traceability (use of blockchain technology), lower cost in the registration of CO ₂ reduction certificates. Gaps: time saving (from one week to one minute), expansion of the scenarios used (from six to all), interoperability with simulation tools (digsilent and psse)	Ecoregistry: Development of the CO ₂ market Gaps: No specialized and in-depth knowledge of the electrical system analyzed is required
XM (Projects)	Other approach, please specify	The resources come from the regulated scheme	Closing technology gaps, preparing for the future, improving efficiency, and reducing risks.	\$4,200 million		 Incorporation of new organizational capacities for the Integration and Management of renewable energies in the operation Initiatives defined for cyber risk management Incorporation of a new platform for the settlement of commercial transactions in the energy market Progress in the implementation of the application roadmap defined for 2019, adjusted to the sector transformation's new requirements Incorporation of more than 30 robots in the operation, optimizing more than 750 hours/month More than 40 solutions developed with advanced analytic modeling, and more than 60 people trained in data science skills More than 9 billion events monitored at the security operations center (SOC), detecting and scaling possible risk events The Ministry of Mines commissioned the ASIC to centrally manage the energy contracts and securities resulting from the bidding of long-term contracts.



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	Indicate the inno- vation approach of the practice	Brief summary of the example	Efficiencies achieved (e.g. efficiencies, reductions) Describe the impact of the project	Indicate the reduction of costs and benefits (economic)	Describe how this approach to innovation leads to improved management	Describe other positive impacts
ISA INTERCO- LOMBIA	Other approach, please specify	APM: This project is a process innovation as it is related to the transformation of the current operation and maintenance process, incorporating the Asset Performance Management -APM concept and the application of advanced analytical techniques and statistical modeling to process information and achieve the compilation, integration, connection and aggregation of information for decision making with a holistic, assetcentered outlook	Decrease in risk events and system failures that can result in penalties, due to better process assurance and alignment of processes to the assets' needs. Increase in the useful life of the assets with the incorporation of advanced operation and maintenance techniques and cost/risk/performance analysis. The evaluation of asset performance allows the energy transport service offered by the ISA Group to meet reliability, quality and safety levels similar to those of the world's leading companies. Improvement of the company's analytical capabilities through the use of cutting-edge knowledge, where it is evident that the ISA Group is part of the world-class companies that incorporate good analytical practices for Operation and Maintenance.	The development of this project significantly impacts operation and maintenance costs during the life cycle of the asset, which are valued USD 4-5 million in a 7-year scenario.	The process innovation proposed will improve management through the following features: Reduction of unplanned repairs, Increase of asset availability, Minimization of maintenance costs, Optimization of the system operation, and Reduction of critical asset failures	Transfer of knowledge through seminars and publications leading to process improvements, including ICTs in the energy industry. The incorporation of the Asset Performance Management -APM concept in the operation and maintenance processes seeks to capitalize on major operational efficiencies and performance of assets throughout their life cycle, so that it can predict failures or events and therefore reduce environmental risks, especially for energy transformation equipment that uses elements that can damage the environment



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RESPECT AND PROMOTION OF HUMAN RIGHTS AND MANAGEMENT OF SOCIAL IMPACTS

[GRI 409-1] FORCED OR	СОМР	PULSOR	RY LAE	BOR																							
		ISA			ISA	INTERCOLOMBIA	ISA	TRANSI	ELCA	IS	A BOLI	/IA		ISA RE	P	ISA	INTERC	HILE	1	SA CTEE	Р	I	INTERVIA	AL		XM	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Operations and suppliers at significant risk for incidents of forced or compulsory labor in terms of: type of operation. Operations and suppliers at significant risk for incidents		0	0	ND	29 su- ppliers	TATIONS	0	0	0		0	0	0	0	ND	NA	ND	ND	ND	ND	64	ND	ND	ND	0	0	0
	All op	perations	associ	ated wi	th the tr	ansport of energy implement I	HSE co	ntrols ar	nd mor	nitor the	eir respe	ctive ris	k matri	xes, all	owing co	ontrol an	d monito	ring of w	ork situa	tions tha	nt may us	se forced	labor				
	0	0	0	0	0	0	0	0	0		0	0	0	0	ND	NA	ND	ND	ND	ND	0	ND	ND	ND	0	0	0
Measures taken intended to contribute to the elimination of all forms of forced or compulsory labor.	or thos purcha the cou • ISA I Contra	se outsou ases mad untries n INTERCO ctual mi	urced. ⁻ de in th nust co OLOME nutes o	There was e different with the different will be different will be different will be different with the different will be different	as no ris ent cour ith the p INTER(rect emp	NSELCA, ISA REP, and ISA Cosk of forced labor at the compartries include the respect of the provisions of ISA's Code of Ethic COLOMBIA is a signatory of the bloyees comply with Colombiar and the standards declared, a	any or a le law o ics. e Globa n laws a	t the co f countr Il Compa Ind inter	ntractories of act and	ors' hea origin a d has m nal stand	dquarter nd delive easures dards. Al	s, in the ery of th for assu	e consti ne prodi nrance a	ruction uct. It s and cor	and ope specifies trol of la	erational the prob abor righ	processenibition of	s. Contra of child la ull respec	octual minbor and	nutes for forced la man Righ	bor, and				The serv the Com services vulnerab risks of	pany an it hires le to or	d the are not have

[GRI 409-1] CHILD LABOR	R																										
		ISA			ISA	INTERCOLOMBIA	ISA	TRANSE	LCA	IS	A BOLIV	/IA	ı	ISA REI	•	ISA	INTERCI	HILE	I	SA CTEE	P	I	NTERVIA	L		XM	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Operations and suppliers considered to have significant risk for incidents of: child labor	0	0	0				0	0	0	0	0	0	0	0	ND	ND	ND	ND	ND	ND	64	ND	ND	ND	NA	NA	NA
Operations and suppliers considered to have significant risk for incidents of: young workers exposed to hazardous work.	0	0	0	185	29	31 suppliers, (74 contracts) Civil works service	0	0	0	0	0	0	0	0	ND	ND	ND	ND	ND	ND	64	ND	ND	ND	NA	NA	NA
Operations and suppliers at significant risk for incidents of child labor either in terms of type of operation (such as manufacturing plant) and supplier	0	0	0	0	0	Assembly of lines and substations Maintenance of lines, in the construction stage of projects, have potential risk in Colombia.	0	0	0	0	0	0	0	0	ND	ND	ND	ND	ND	ND	64	ND	ND	ND	NA	NA	NA
Operations and suppliers at significant risk for incidents of child labor in terms of countries or geographic locations with operations and suppliers considered at risk.	0	0	0	185	29		0	0	0	0	0	0	0	0	ND	ND	ND	ND	ND	ND	64	ND	ND	ND	NA	NA	NA



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[GRI 410-1] SECURITY P	PRACTI	CES																									
		ISA			ISA	INTERCOLOMBIA	ISA	TRANSE	ELCA	IS	A BOLI	/IA		ISA REI	•	ISA	INTERC	HILE	ı	ISA CTEE	P	ı	NTERVIA	L		XM	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. (OSH - risk of life, labor conditions payment of wages)		100	100	100	100	100	ND	100	100%	0	0	0	1	ND	ND	ND	ND	ND	0	0	100	ND	ND	ND	ND	ND	100
Whether training requirements also apply to third-party organizations providing security personnel.	SI	SI	SI	SI	SI	SI	ND	SI	SI	ND	ND	ND	SI	ND	ND	ND	ND	ND	NO	NO	NO	ND	ND	ND	ND	ND	SI

[GRI 411-1] RIGHTS OF I	NDIGI	ENOU	s con	MUNIT	TES																						
		ISA			ISA	INTERCOLOMBIA	ISA 1	TRANS	ELCA	IS	A BOLI	VIA		ISA REI	P	ISA	INTERC	HILE		ISA CTEE	Р	ı	NTERVIA	.L		XM	
	2017	201	8 2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total number of identified incidents of violations involving rights of indigenous communities.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	ND	ND	ND	0	0	0	ND	ND	ND	NA	NA	NA

[GRI 412-1] HUMAN RIG	HTS A	SSESS	MEN	Г																							
		ISA			ISA	INTERCOLOMBIA	ISA :	TRANSI	ELCA	IS	A BOLI	/IA	ı	ISA REI	•	ISA	INTERC	HILE	ı	SA CTEE	Р	- 1	NTERVIA	.L		XM	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total number and percentage of operations that have been subject to assessments of human rights or assessment of impacts on human rights by country	2	2	2	59	49	41	17	18	18	1	1	1	4	4	ND	ND	ND	ND	6	0	1	ND	ND	ND	0	0	0
% of operations that have been subject to human rights assessments	100	100	100	100	100	84	100	100	100	100	100	100	100	100	ND	ND	ND	ND	100	0	100	ND	ND	ND	0	0	0
Total number of hours in the reporting period devoted to training on human rights policies or procedures that are relevant to operations.	92	182	184	0	115	1,545	6	0	0	0	0	0	175	0	ND	ND	ND	ND	0	0	10	ND	ND	ND	100	228	162
Percentage of employees trained in human rights policies or procedures that are relevant to operations.	7	40	43	0	5,7	0,74	50	0	0	0	0	0	45	0	ND	ND	ND	ND	0	0	0	ND	ND	ND	83	79	66



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[GRI 204-1] PROCUREM	ENT PRACTICE	S / LOCAL CU	RRENCY									
		ISA		ISA	INTERCOLOME	BIA	I	SA TRANSELCA			ISA BOLIVIA	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally)	90%	89%	83.87%	100%	99,89%	100%	99%	72%	81%	62%	93%	66%
Value of local purchases	\$ 715.255.026	\$ 84.980.804	\$ 127.269.969	\$ 28.198.726	\$ 8.758.488	\$ 41.670.236	\$ 32.446.857	\$ 16.197.334	\$ 16.199.492	\$ 1.401.297	\$ 275.286	\$ 1.476.973
Total purchases	\$ 793.945.040	\$ 95.253.227	\$ 151.618.918	\$ 28.200.067	\$ 8.767.975	\$ 41.679.359	\$ 32.671.961	\$ 22.391.919	\$ 19.759.150	\$ 2.263.923	\$ 296.288	\$ 2.253.253
The organization's geographical definition of "local"		Colombia			Colombia			Colombia			Bolivia	
Locations with significant operations: where the Business was developed.		Colombia			Colombia			Colombia			Bolivia	

[GRI 204-1] PROCUREM	IENT PRACT	TICES / LOCA	L CURRENC	Υ											
	IS	A REP/CTMP /I	SAP		ISA INTER	CHILE		ISA CTEEP			INTERVI	AL		XM	
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally)		94%	97%	ND	99,6%	97%	91%	99,53%	99,72%		99,70%	99,85%		49,8%	93,9%
Value of local purchases	\$ 18.488.605	\$ 130.047.981	\$ 541.401.226	S ND	\$ 43.391.967	\$ 10.463.376	\$ 98.207.813	\$ 109.971.454	\$ 81.046.518	8 \$	64.018.251	\$ 83.991.382	2	\$ 3.584.913	\$ 11.874.83
Total purchases	\$ 19.413.036	\$ 121.848.319	\$ 555.598.270	ND	\$ 43.547.759	\$ 10.781.372	\$ 108.158.384	\$ 110.495.884	\$ 81.277.51	1 \$	61.209.615	\$ 84.478.101	1	\$ 7.192.278	\$ 12.640.76
The organization's geographical definition of "local"		Peru			Chile			Brasil			Chile			Colomb	oia
Locations with significant operations: where the Business was developed.		Peru			Chile			Brasil			Chile			Colomb	pia



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[GRI 308-1]	SUPI	PLIER	ENV	IRONN	/IENT	AL AS	SSESS	SMEN	IT																				
		ı	SA		ISA	INTER	COLO	ИВІА	IS	SA TRANSI	LCA		ISA B	OLIVIA	IS	A REF	P/CTN	MP /I	SAP	IS	A INT	ERCHILE		ISA (TEEP)		ХМ	INTERVIAL
	20	18	2	019	20	18	20	19	20)18	2019	20	018	2019		2018		20	19	20)18	2019	2	018	20	019		2019	2019
Percentage of new suppliers that were screened and selected using environmental criteria	78 4	5%	182	5,49%	79 5	6%	185	8%	280	16%	23%	0	0%	83	73 % 23	32	%	79 21	27%	ND ND	ND	88 5%	222	28%	143	23%	0	0% A significant part of XM's purchases correspond to professional services, which do not imply the risk to generate environmental impacts	N/A (*) (*) Intervial does not carry out a prior or subsequent assessment of en- vironmental criteria in its contracts.

[GRI 308-2]																
		ISA		SA OLOMBI	A	ISA TRANSELCA		ISA BOLIVIA	ISA	REP/CTMP /ISAP	IS	A INTERCHILE	IS	SA CTEEP	XM	INTER- VIAL
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2019	2019
Number of suppliers assessed for environmental impacts	44	57	33	159	45	57	9	1	23	21		11	239	267	0	N/A (*)
Number of suppliers identified as having significant actual and potential negative environmental impacts	44	57	33	159	45	57	9	1	23	21		11	239	267	0	N/A (*)
Significant actual and potential negative environmental impacts identified in the supply chain	1	Breach of environ- mental legal require- ments.		Breach of environ- mental legal require- ments.	of	Based on the services requested by TRANSELCA S.A E.S.P to its suppliers, these were identified as potential risks: 1. Spills of chemical and/or dangerous substances during the transport of equipment and use in the organization's headquarters 2. Improper storage, removal and disposal of hazardous waste 3. improper storage and handling of chemicals and their containers		 Alteration of water and soil conditions. Destabilization of soils. Increasing pressure on sanitary landfills. Potential contamination of water and soil. 		 Spills of chemical products. Atmospheric emissions due to traffic. Alterations of the landscape due to the use of non-vehicular access. Hazardous solid waste generation. 		Unauthorized logging of protected species or damage to fauna (impact on flora, fauna, vegetation). Damage to archaeological or patrimonial sites (impact on cultural heritage).		dation; Soil conta- mination; Improper disposal of waste; Deforesta- tion, and Failure to	A significant part of XM's purchases correspond to professional services, which do not imply the risk to generate environmental impacts.	N/A (*)
Number of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon because of assessment	0		3	0	2	2	0	0	1	0	ND	0	0	0	0	N/A (*)



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[GRI 308-2]																
		ISA	I: INTERC	SA OLOMBI <i>l</i>	١	ISA TRANSELCA		ISA BOLIVIA	ISA	REP/CTMP /ISAP	ISA	INTERCHILE	ISA	A CTEEP	XM	INTER- VIAL
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2019	2019
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon because of assessment.	0%		0,09%	0,00%	0%	0%	0%	0%	4%	0%	ND	0	0%	0	0%	N/A (*)
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated because of assessment, and why.	0		0	0	0	0%	0	0	0%	0	ND	0	0	0	0	N/A (*)

[GRI 414-1] SUPPLIER SO	OCIAL AS	SSES	SMENT																											
		ISA		ISA	INTE	RCO	LOMBIA	IS	A TRA	NSE	LCA		ISA	BOL	.IVIA	ISA REP	/CTMI	P /ISAP	IS	A INT	ERC	HILE		ISA C	TEEP			XM	INTE	RVIAL
	2018	:	2019	20)18	2	2019	20	18	20	019	2	018	;	2019	2018	2	019	20	18	2	019	20)18	20	19	2	019	20	019
Percentage of new suppliers that were assessed and selected using social criteria	21%	182	18,68%	79 12	15%	185	24,86%	280	16%	150 34	23%	9	37%	83	%	73 32% 23	79 21	27%	ND ND	ND	6	7%	178 71	40%	143	23%	1	100%	89	100%

[GRI 414-2]																
Number of suppliers assessed for social impacts	100	149	59	126	47	57	9	1	23	21	N.D	13	239	267	1	411
Number of suppliers identified as having actual and potential significant negative social impacts	100	149	59	126	47	57	9	1	23	21	N.D	13	239	267	1	411



[GRI 414-2]

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		ISA		TERCO- MBIA		ISA TRANSELCA	19	SA BOLIVIA	ISA	REP/CTMP /ISAP	ISA II	NTERCHI- LE	IS	A CTEEP	XM	INTER- VIAL
	2018	2019	2018	2019	2018	2019	2018	2019	2018	3 2019	2018	2019	2018	2019	2019	2019
Significant actual and potentia negative social impacts identified in the supply chain	I	Breach of legal require- ments regarding occupa- tional health and sa- fety		Breach of legal require- ments regar- ding occupa- tional health and safety		Based on the services requested by TRANSELCA S.A E.S.P to its suppliers, these were identified as potential risks: 1. Risk of falling from heights Due to the risks of falling from heights in Equipment in Substations and lines. 2. Traffic accidents Due to the displacement in the different locations (mechanical conditions of the vehicle, climatic conditions, state of the roads, driver's competence, among others) 3. Electrical Risk Due to the electrical installations and alternating current/direct current equipment. Step voltage, induction, energized equipment, non-isolated tools and/or faulty isolation, lack of equipment grounding, tower and yard equipment structures, among others. 4. Security condition: Mechanical, Biomechanical and Chemical Trappings with hand and power tools and equipment, gutter covers, cabinet doors, door handles Handling of chemical products for maintenance of equipment in Substations and lines Movements with loads, body positions, and rotation of wrists and hands. 5. Public Due to the geographical location of the headquarters (robberies, criminal groups)		Breach of legal requirements regarding occupational health and safety • Working at heights • Electric contact • Hit by and against • Falling objects		 Failure to respect human rights within their area of influence. Forced or coerced labor. Child labor or hiring minors. Discrimination (ethnicity, gender, religion, among others). Failure to enforce measures against corruption, extortion and bribery. Failure to respect stakeholders 	N.A	Working at heights Electrical risk Failure to comply with labor obliga- tions		-PPE, Collective Protection Equipment - CPE, working conditions, working days, occupational safety, training ""NR-10"", health exams). Risk of trans-	XM's pur- chases are professional services, which do not represent a risk of social impacts rela- ted to occupa	Work on the road and parkway
Percentage of suppliers identi- fied as having significant actual and potential negative social impacts with which impro- vements were agreed upon because of assessment	0%	8,82%	0,07%	2,17%	4%	3,50%	0	0	22%	0	N.D	0%	5,63%	0	0%	0%
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated because of assessment, and why		0%	0	0%	0	0	0	0	0	0	N.D	0	0	0	0	0%



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[GRI 102-8] INFO	RMATION	ON EN	IPLOYEE	S AND	OTHER W	ORKER	RS											
	IS	SA .	IS INTERCO		IS TRANS			SA .IVIA	IS RE		IS INTER			SA EEP	X	M	INTER	RVIAL
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Total number of employees by permanent labor contract	93	114	146	422	46	143	6	22	58	282	11	49	192	1206	79	146	129	237
Total number of employees by fixed-term labor contract	3	3	8	9	4	8	0	1	9	39	3	1	15	23	6	10	2	2

		ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERVIAL	
Total number of new employee hires during the reporting period		30	61	19	2	24	11	101	33	67	
Total rate of new employee hires during the reporting period		14,08%	10,43%	9,45%	6,90%	6,19%	18,64%	7,33%	13,70%	18,11%	
Total number of employee withdrawal during the reporting period		12	35	11	2	14	3	161	20	35	
Total number of voluntary employee withdrawal	Women	3	11	1	0	5	0	15	2	9	
(resignation) during the reporting period	Men	8	20	1	2	8	1	23	9	9	
The total number of non-voluntary withdrawals	Women	0	0	2	0	0	1	19	1	7	
(dismissals and termination of contracts) during the reporting period	Men	1	4	7	0	1	1	104	8	10	
	Women	2%	3%	5%	0%	3%	19%	7%	3%	7%	
Total rate of employee turnover during the	Men	7%	2%	5%	0%	2%	2%	3%	11%	4%	
reporting period	Total turnover	9,20%	8,20%	7,60%	7%	4,90%	12,10%	9,20%	11,70%	13,90%	Group turnover 10,16%
Number of employees who had mobility during	Women	2	6	0	0	8	1	16	3	7	
the reporting period	Men	7	6	0	2	36	0	128	3	1	



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ORGANIZATIONAL CLIMATE RESULT									
	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERVIAL
Organizational climate result	85	85	85	85	85	85	85	85	85
Goal 2019	82	82	82	82	82	82	82	82	82

Capacity to educate highly qualified workers who learn and see themselves linked to the organization in the long term.

Average hours of	of training that		ISA		ISA IN	ITERCOL	OMBA	ISA	TRANSE	LCA	IS	SA BOLIV	IA		ISA REP	1		ISA CTE	ΕP		XM		II	NTERVIA	AL	ISA	INTERC	HILE
the organization have undertaker	's employees n during the	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
reporting period		2408,4	2790,1	5198,5	4881,8	9232,5	14114,3	955,2	2598,5	3553,7	74,5	162,5	237,0	1634,7	6433,0	8067,7	1892,3	27767,5	29659,9	1191,7	1232,7	2424,3	927,0	2151,7	3078,7	673,7	1104,3	1778,0
Hours of training	Total training hours of Level 1 staff: CEOs, managers, chief officers	720	681	1401	0	349	349	107	229	336	92	228	320	0	125	125	8	187	195	196	292	488,0	220	265,5	485,5	0	304	304
that the organization's employees have undertaken during the reporting	Total trai- ning hours of Level 2 staff: directors and chiefs	514	551,5	1065,5	777,5	458,4	1235,9	783	258	1041	76	76,64	152,64	656	1549	2205	409	4699	5108	375	525	900	502	2825,5	3327,5	0	134	134
period, by employee category	Total training hours of Level 3 staff: specialists, analysts, technicians, and assistants	5991,1	7137,8	13128,9) 13867,8	26890,2	40758	1975,5	7308,5	9284	55,5	182,91	238,41	4248	17625	21873	5260	78416,6	83676,6	3004	2881	5885,0	2059	3364	5423	2021	2875	4896



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		I	SA		SA OLOMBIA		SA Selca		SA LIVIA		SA EP		SA CHILE		ISA Teep	X	M	INTE	RVIAL
		Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
	Total number of women with performance assessment	83	86,46%	135	25,14%	47	94,0%	6	100%	67	100,0%	0	0%	175	94.09%%	72	34%	100	83,3%
Percentage of total employees by gender	Total number of men with performance assessment	99	84,62%	386	71,88%	138	91,4%	23	100%	321	99,7%	0	0%	1167	98.15%%	139	66%	206	90,8%
and by emplo- yee category who received a regular performance and career development review during the reporting period	Total number of Level 1 and Le- vel 2 employees with performan- ce assessment: CEOs, managers, chief officers, and directors	15	68,18%	21	3,91%	16	100,0%	2	100%	23	100,0%	0	0%	98	96.08%%	21	10%	66	93,0%
	Total number of Level 3 emplo- yees with perfor- mance assess- ment	167	87,43%	500	93,11%	169	91,4%	14	100%	365	100,0%	0	0%	1244	97.72%%	190	90%	240	87,0%

INTERNAL VACANCIES									
	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERVIAL
% of new positions held by internal candidates	38%	8%	0%	0%	33%	100%	43%	3%	18%



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Management of equity, diversity, and inclusion

[GRI 405] DIVERSITY AND EQ	UAL OPPORTUNITY									
		ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERVIAL
Percentage of individuals within the organization's governance	Total Level 1 women: CEOs, managers, and chief officers	8	0	1	1	9	0	5	2	2
bodies in each of the following categories	Total Level 1 men: CEOs, managers, and chief officers	14	6	6	1	14	5	28	3	8
Ratio of basic salary and	Level 1 (CEO or general manager not included)	118,50%	0	9%	96%	91%	Level 1 No difference	1%	1,17	81%
remuneration of women to men for each employee category, by location with significant	Level 2	79,04%	95%	0%	83%	94%	Level 2 No difference	1.05%	1,06	92%
operations	Level 3	91,63%	105%	22%	127%	105%	Level 3 No difference	1.08%	1,08	93%

COMPENSAT	TION									
		ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERVIAL
	% fixed compensation	56%	79%	71,36%	0	67%	100%	38.04%	68%	59%
CEO/General	% variable long-term compensation	14%	7%	11,46%	0	6%	200%	5.79%	11%	10%
Manager	% variable short-term compensation	28%	10%	14,12%	0	11%	600%	46.40%	17%	30%
	% benefits	3%	4%	3,06%	0	16%	300%	9.77%	4%	1%
	% fixed compensation	65%	80%	70,85%	23%	80%	100%	44.38%	69%	73%
Lovel 1	% variable long-term compensation	10%	3%	5,69%	100%	0%	300%	3.80%	6%	0%
Level 1	% variable short-term compensation	20%	10%	14,02%	37%	15%	0%	39.45%	17%	26%
	% benefits	5%	7%	9,44%	33,33%	5%	50%	11.92%	8%	1%



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COMPENSATION ISA ISA ISA ISA ISA ISA **INTERVIAL** ISA XM **CTEEP INTERCOLOMBIA TRANSELCA BOLIVIA REP** INTERCHILE % fixed compensation 70% 78% 67,80% 53% 84% 100% 74.72% 71% 76% % variable long-term compensation 6% 3% 5,45% 0% 0% 200% 2.59% 4% 0% Level 2 % variable short-term 18% 21% 10% 13,42% 43% 15% 0% 13.45% 17% compensation % benefits 7% 9% 13,34% 33,33% 1% 50% 9.24% 8% 3% % fixed compensation 70,11% 78% 80% 24% 91% 63.23% 80% 82% 100% % variable long-term 0% 0,00% 0% 0% 0% 0% 0.00% 7% 100% compensation Level 3 % variable short-term 8% 3% 4,38% 7% 20% 0% 8.43% 0% 10% compensation 17% % benefits 14% 25,51% 33,33% 2% 50% 28.34% 13% 8%

Note: this information should always be presented in percentage terms, not in currency

[GRI 406-1] INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN												
	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA INTERCHILE	ISA CTEEP	XM	INTERVIAL			
Number of incidents	0	0	0	0	0	0	0	0	0			
Corrective measures and actions	0	0	0	0	0	0	0	0	0			



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[GRI 403-2] OCCUPATIONAL HEALTH AND SAFETY: TYPE OF ACCIDENTS AND RATES OF ACCIDENTS, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES OR CAUSED BY OCCUPATIONAL DISEASES

	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERVIAL
Accident Frequency Rate (TFA in Spanish)	Accumulated TFA 2.20	2,91	"TFA = 1.49 During 2019, the Accident Frequency Rate was: 1.492 ((3 AT / 201 employees) *100); that is, there are approximately 2 accidents in the workplace for every 100 workers in a period of 1 year"	0	"TFA own personnel= 0 (zero) TFA contractor personnel= 0.31 TFA integrated (own and contractor) = 0.24"	"TFA INTERCHILE = 3,77 TFA CONTRACTOR = 1,64"	0,94	0	2,1
Incidence Rate of Occupational Diseases (TIEP in Spanish)	TIEP : 0	0	During 2019, the incidence rate of occupational diseases was zero (0), as there were no new cases of occupational diseases.	37,93%	0	"TFA INTERCHILE = 0 TFA CONTRACTOR = 0"	0,00	0	0
Lost Day Rate (TDP in Spanish)	TDP: 0.47	7,18	"TDP = 0.204 During 2019, the rate of lost days associated with accidents was: 0.204 (113 days / 55176 working days) *100); that is, 0.204 days were lost due to occupational accidents or diseases for every 100 days an employee works Men: TDP = 0.724 Women TDP = 0"	0	"TDP= own personnel= 0 (zero) TDP= contractor personnel= 4.39 TDP= integrated (own and contractor) = 3.33"	"TDP INTERCHILE = 30 TDP CONTRACTOR = 205"	24,93	0	0,2
Absence Rate (TAL in Spanish)	TAL : 1.03		"TAL=2.46 During 2019, the absence rate was: 2.462 ((1310 days / 55176 working days) *100); that is, 2,462 days were lost due to absence in general for every 100 days an employee works Men: TAL = 1.85 Women TAL = 4.03"	0%	0,80%	"TAL INTERCHILE = 109 TAL CONTRACTOR = Not available"	0,00	1,53	0,89



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[GRI 403-2] OCCUPATIONAL HEALTH AND SAFETY: TYPE OF ACCIDENTS AND RATES OF ACCIDENTS, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES OR CAUSED BY OCCUPATIONAL DISEASES

	ISA	ISA Intercolombia	ISA Transelca	ISA Bolivia	ISA REP	ISA Interchile	ISA CTEEP	XM	INTERVIAL
Work-related fatalities or occupational diseases, for all employees, with a breakdown by region	0	0	There were no deaths caused by occupational accidents or diseases in 2019.	0	0	"MA (INTERCHILE) = 0 MA (CONTRACTOR) = 6"	0,00	0	0
Types of accidents, Accident Frequency Rate (TFA), Incidence Rate of Occupational Diseases (TIEP), Lost Day Rate (TDP), Absence Rate (TAL), and work-related fatalities or occupational diseases, for all employees, with a breakdown by sex	TAF Men: 0.55 Women: 1.65 TIEP Men: 0 Women: 0 TDP Men: 1.08 Women: 1.98 TAL Men: 2.9 Women: 5.3 ATEP deaths Men: 0 Women: 0	Type of accidents MEN: 13 Work-related. Type of accidents WOMEN: 4 Work- related. (TFA) MEN: 2.22 (TFA) WOMEN: 0.68 (TDP) MEN: 3.93 (TDP) WOMEN: 3.25 Deaths caused by occupational accidents MEN: 0 Deaths caused by occupational accidents WOMEN: 0	Men: TFA = 1.92 TIEP=0 TDP = 0.724 TAL = 1.8 Women TFA =0 TIEP=0 TDP = 0 TAL =4.05	0	Own employees: Male: 1. Type of accidents: None. 2. TFA own personnel= 0 (zero) 3. TIEP= 0 (zero) 4. TDP= 0 (zero) 5. TAL= 0.90% 6. Deaths caused by accident or disease: 0 (zero) Female: 1. Type of accidents: None. 2. TFA own personnel= 0 (zero) 3. TIEP= 0 (zero) 4. TDP= 0 (zero) 5. TAL= 0.6% 6. Deaths caused by accident or disease: 0 (zero)	Type of accidents: - Physical assault on field Cut with element in the substation. INTERCHILE: TFA and TDP correspond to men; TIEP=0 TAL= Male: 56 Female: 53	TFA= 0,52 TIEP = 0,00 TDP= 5,71 TAL = 0,00	0,546	TFA = 3.43 TIEP=0 TDP=0.14 TAL=0.3 Deaths = 0
Types of accidents, Accident Frequency Rate (TFA), work- related fatalities, or occupational diseases for all staff (excluding employees), whose work or workplace are subject to control by the organization, with a breakdown by sex	N/A	Type of accidents MEN: 13 Work-related. Type of accidents WOMEN: 2 Work- related. (TFA) MEN: 2.22 (TFA) WOMEN: 0.34 (TDP) MEN: 3.93 (TDP) WOMEN: 1.03 Deaths from occupational accidents MEN: 0 Deaths caused by occupational accidents WOMEN: 0	TFA=3.676 During 2019, the Accident Frequency Rate was: 3.676 ((20 AT / 544 employees) *100); that is, there are approximately 4 accidents in the workplace for every 100 workers in a period of 1 year Men TFA: 3.815 Women TFA: 2.173	0	Contractors: Male: 1. Types of accidents: 03 blow accidents, 01 cut accident. 2. TFA contractor personnel= 0.31 3. Deaths by accident or disease: 0 (zero) Female: 1. Type of accidents: None. 2. TFA contractor personnel= 0 (zero) 3. Deaths caused by accident or disease: 0 (zero) *Note: all accidents were suffered by male personnel.	Type of accidents: - Fall from helicopter - Ground level fall - Hit by - Contact with sharp elements. CONTRACTORS: TFA and TDP correspond to men; TIEP Not recorded, TAL= Not available	TFA= 1.37 TIEP = 0,00 TDP = 44,51 TAL = 0,00	0,984	TFA Men =4.8 Women= 11.9 TIEP Men=0 Women= 0 TDP Men= 0.12 Women= 0.09 TAL Men=0.3 Women= 0.2 Deaths = 0



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	I	SA	ISA INTERCOLOMBIA		ISA	REP	ISA INTE	RCHILE	ISA TR	ANSELCA	ISA	CTEEP	ISA	BOLIVIA
For each operating center located within or close to protected areas or areas of high biodiversity value, report:	Data	"Positive / negative aspects Actions implemen- ted for manage- ment"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / ne- gative aspects Actions im- plemented for management"		"Positive / negative aspects Actions implemen- ted for manage- ment"	Data	"Positive / negative aspects Actions implemen- ted for manage- ment"		"Positive / negative aspects Actions in plemente for manag ment"
Geographic location*	NA	NA	Copey Cuestecitas - Copey Fundación Transmission Line: Departments of Cesar and La Guajira, municipalities of Bosconia, El Copey, Valledupar, La Paz, San Diego, Albania, El Molino, San Juan del Cesar, Urumita and Villanueva Balsillas - Noroeste 230 kV Transmission Line: Department of Cundinamarca, municipalities of Funza and Tenjo Bolívar - Sabanalarga 220 kV Transmission Line: Department of Atlántico, municipality of Luruaco Guatiguará - Tasajero 230 kV Transmission Line: Department of Santander, municipality of Piedecuesta Los Palos - Tasajero 230 kV Transmission Line: Departaments of Valle del Cauca and Santander, municipalities of Yotoco and Suratá Noroeste - Purnio 230 kV Transmission Line: Departments of Cundinamarca and Bolívar, municipalities of Funza, Tenjo and Cartagena Jamondino - S. Bernardino 230 kV Transmission Line: Department of Cauca, Municipality of Mercaderes 500/230 kV Interconexión Noroeste- AMA: Department of Antioquia, Municipalities of Ituango, Toledo, Sabanalarga, Liborina, Buriticá, Santa Fé de Antioquia and Ebéjico 500/230 kV Interconexión Noroeste - ANCE: Departments of Antioquia, Córdoba and Santander, municipalities of Briseño, Ituango, Montelibano, San José de Uré, Betulia, Cimitarra, Puerto Parra, Simacota, San Vicente de Chucurí and Barrancabermeja 500/230 kV Interconexión Noroeste - ANPO: Department of Antioquia, municipalities of Briseño, Ituango and Toledo	Below is a list of the negative impacts identified in the environmental impact survey for this type of area: Modification of the vegetation cover Modification of ecosystem connectivity Action in protected areas ACTIONS The design of the project seeks to draw the line across intervened areas. This zoning shall be compatible with construction and operation activities of the project; implementation of construction methods that minimize the impacts on these areas, with helicopter and drone laying, as well as bringing materials by cableway. During the operation stage, specific activities associated with the maintenance of vegetation within the easement strip are carried out in environmentally sensitive areas, applying silvicultural management measures to avoid unnecessary logging."	Coto de Caza El Angolo Reserva Nacional Lomas de Lachay Zona de Reserva Lomas de Ancón Reserva Nacional de Salinas y Agua- da Blanca Reserva Paisajística Nor Yauyos Cochas	Positive aspects: Monitoring and conservation programs for endangered species of flora and fauna were implemented, and an annual increase in populations of approximately 2% was observed when compared with the previous year	Tarapacá Region. Atacama Region. Coquimbo Region. Valparaiso Region Metropolitan Region.	NA	Santa Marta - Termoguajira Line Tower 106 (11°14'26.6"N 73°41'7.3"O) to Tower 131 (11°14'21.8" N 73°33'56.90"O)	Support from the National Parks Agency for easement maintenance activities that involve the removal of trees that do not meet the minimum safety distances required by the RETIE, in order to ensure that logging activities have the minimum impact on the environment.	Brazil	NA	NA	



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[GRI 304-1] OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

		ISA	ISA INTERCOLOMBIA		ISA	REP	ISA INTERCHILE	ISA T	RANSELCA	ISA	CTEEP	ISA	BOLIVIA
For each operating center located within or close to protected areas or areas of high biodiversity value, report:	Data	"Positive / negative aspects Actions implemen- ted for manage- ment"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / negative aspects Actions implemented for management"	gative Acti pleme	rive / ne- aspects ons im- ented for gement"	"Positive / negative aspects Actions implemen- ted for manage- ment"		"Positive / negative aspects Actions implemen- ted for manage- ment"		"Positive / negative aspects Actions im- plemented for manage- ment"
Position related to the protected area (within the area, close to the area, or with plots in the protected area), or area of high biodiversity value outside the protected area	NA		Copey Cuestecitas - Copey Fundación Transmission Line: The transmission line crosses Bosque Seco Tropical IAvH and Reserva de la Biosfera Sierra Nevada de Santa Marta Balsillas - Noroeste 230 kV Transmission Line: The transmission line crosses Humedales de Guali, Tres Esquinas and Lagunas del Funzhe Bolívar - Sabanalarga 220 kV Transmission Line: The transmission line crosses Parque Natural Regional Los Rosales Guatiguará - Tasajero 230 kV Transmission Line: The transmission line crosses Parque Natural Regional Bosques Andinos Humedos El Rasgon Los Palos - Tasajero 230 kV Transmission Line: The transmission line crosses Parque Natural Regional Santurban Noroeste - Purnio 230 kV Transmission Line: The transmission line crosses Humedales de Guali, Tres Esquinas, Lagunas del Funzhe and Manglar del Caribe Jamondino - S. Bernardino 230 kV Transmission Line: The transmission line crosses Bosque Seco del Patía 500/230 kV Interconexión Noroeste - AMA: The interconnection crosses Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca and Bosque Seco Tropical 500/230 kV Interconexión Noroeste - ANCE: The interconnection crosses Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca, AICA Serrania de Yariguies and Humedales del Magdalena Medio Santandereano 500/230 kV Interconexión Noroeste - ANPO: The interconnection crosses Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca 500/230 kV Interconexión Noroeste - ANPO: The interconnection crosses Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca 500/230 kV Interconexión Noroeste - ANPO: The interconnection crosses Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca	Below is a list of the negative impacts identified in the environmental impact survey for this type of area: Modification of the vegetation cover Modification of ecosystem connectivity Action in protected areas ACTIONS The design of the project seeks to draw the line across intervened areas. This zoning shall be compatible with construction and operation activities of the project; implementation of construction methods that minimize the impacts on these areas, with helicopter and drone laying, as well as bringing materials by cableway. During the operation stage,	In all cases within the area	Positive aspects: Monitoring and conservation programs for endangered species of flora and fauna were implemented, and an annual increase in populations of approximately 2% was observed when compared with the previous year	Flowering Desert Zone: within the priority area Punta Teati- no - Caleta de Hornos: within the priority area Cerro Santa Ines and Costa de Pi- chidangui: 600 meters from the priority area Los Molles- Pi- chidangui: wi- thin the priority area Reserva de la Biosfera La Campana-Peñue- la: crosses the transition area. EI Roble: within the priority area.	Within the area (Parque Naciona Natural Sierra Nevada de Santa Marta)		Within protected areas			
Type of operation (office, manufacturing, production, or extraction)	NA		Copey Cuestecitas - Copey Fundación Transmission Line: Licensing phase (EIA) Balsillas - Noroeste 230 kV Transmission Line: Operation stage Bolivar - Sabanalarga 220 kV Transmission Line: Operation stage Guatiguará - Tasajero 230 kV Transmission Line: Operation stage Los Palos - Tasajero 230 kV Transmission Line: Operation stage Los Palos - Tasajero 230 kV Transmission Line: Operation stage Noroeste - Purnio 230 kV Transmission Line: Operation stage Jamondino - S. Bernardino 230 kV Transmission Line: Operation stage 500/230 kV Interconexión Noroeste - AMA: Construction stage 500/230 kV Interconexión Noroeste - ANCE: Construction stage 500/230 kV Interconexión Noroeste - ANPO: Construction stage 500/230 kV Interconexión Noroeste - ANPO: Construction stage	specific activities associated with the maintenance of vegetation within the easement strip are carried out in environmentally sensitive areas, applying silvicultural management measures to avoid unnecessary logging."	Transmission Line		Electric Transmission Line; Electric Substation	Production		Lines and subs- tations	Return		



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[GRI 304-1] OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

	I	SA	ISA INTERCOLOMBIA		ISA	REP	ISA INTER	RCHILE	ISA TR	RANSELCA	ISA	CTEEP	ISA	BOLIVIA
For each operating center located within or close to protected areas or areas of high biodiversity value, report:	Data	"Positive / negative aspects Actions implemen- ted for manage- ment"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / negative aspects Actions implemented for management"	Data	"Positive / negative aspects Actions implemen- ted for manage- ment"		"Positive / negative aspects Actions implemen- ted for manage- ment"	Data	"Positive / negative aspects Actions im- plemented for manage ment"
Superficie de las áreas afectadas	NA		Copey Cuestecitas - Copey Fundación Transmission Line: 615.48 Ha Balsillas - Noroeste 230 kV Transmission Line: 2.83 Ha Bolívar - Sabanalarga 220 kV Transmission Line: 6.39 Ha Guatiguará - Tasajero 230 kV Transmission Line: 10.34 Ha Los Palos - Tasajero 230 kV Transmission Line: 8.47 Ha Northwest - Purnio 230 kV Transmission Line: 3.58 Ha Jamondino - S. Bernardino 230 kV Transmission Line: 73.80 Ha 500/230 kV Interconexión Noroccidental - AMA 95.53 Ha 500/230 kV Interconexión Noroccidental - ANCE 364.14 Ha 500/230 kV Interconexión Noroccidental - ANPO 23.48 Ha 500 kV Refuerzo Costa Caribe: 39.10 Ha	Below is a list of the negative impacts identified in the environmental impact survey for this type of area: Modification of the vegetation cover Modification of ecosystem connectivity Action in protected areas	Coto de Caza El Angolo Reserva Nacional Lomas de Lachay Zona de Reserva Lomas de Ancón Reserva Nacional de Salinas y Agua- da Blanca Reserva Paisajística Nor Yauyos Cochas"	Positive aspects:	"Flowering Desert Zone: 107,65 ha Punta Teatino - Caleta de Hornos: 12,68 ha Los Molles- Pi- chidangui: N/I Reserva de la Biosfera La Campana-Peñue- la: N/I El Roble: 22,13 ha"		0.416 Km2 (41.6 Ha)	Support from the National	1475,91			
Valor de la biodiversidad, caracterizado por aparecer en listas de carácter protegido (como las categorías de gestión de áreas protegidas de la UICN, la Convención de Ramsar y las legislaciones nacionales).	NA		Copey Cuestecitas - Copey Fundación Transmission Line: Reserva de la Biosfera Sierra Nevada de Santa Marta Balsillas - Noroeste 230 kV Transmission Line: Humedales de Guali, Tres Esquinas and Lagunas del Funzhe, Regional Integrated Management Districts Bolívar - Sabanalarga 220 kV Transmission Line: Parque Natural Regional Los Rosales Guatiguará - Tasajero 230 kV Transmission Line: Parque Natural Regional Bosques Andinos Húmedos el Rasgón Los Palos - Tasajero 230 kV Transmission Line: Parque Natural Regional Santurban Noroeste - Purnio 230 kV Transmission Line: Humedales de Guali, Tres Esquinas and Lagunas del Funzhe, Regional Integrated Management Districts and Manglar del Caribe Jamondino - S. Bernardino 230 kV Transmission Line: Bosques secos del Patía, New area 500/230 kV Interconexión Noroccidental - AMA Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca and Bosque Seco Tropical 500/230 kV Interconexión Noroccidental - ANCE Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca, AICA Serrania de Yariguies and Humedales del Magdalena Medio Santandereano 500/230 kV Interconexión Noroccidental - ANPO: Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca, AICA Serrania de Yariguies and Humedales del Magdalena Medio Santandereano 500/230 kV Interconexión Noroccidental - ANPO: Reserva de los Recursos Naturales de la Zona Ribereña del Río Cauca 500 kV Refuerzo Costa Caribe: Reserva de la bioes- fera Sierra Nevada de Santa Marta and Bosque Seco Tropical IAvH	ACTIONS The design of the project seeks to draw the line across intervened areas. This zoning shall be compatible with construction and operation activities of the project; implementation of construction methods that minimize the impacts on these areas, with helicopter and drone laying, as well as bringing materials by cableway. During the operation stage, specific activities associated with the maintenance of vegetation within the easement strip are carried out in environmentally sensitive areas, applying silvicultural management measures to avoid unnecessary logging."	High value in all cases	Monitoring and conservation programs for endangered species of flora and fauna were implemented, and an annual increase in populations of approximately 2% was observed when compared with the previous year	"Priority Conservation Sites; Reserva de la Biósfera; Reserva Forestal"		Category II	Parks Agency for easement maintenance activities that involve the removal of trees that do not meet the minimum safety distances required by the RETIE, in order to ensure that logging activities have the minimum impact on the environment.	All areas of IUCN are considered to be classified			

^{*} Se indica la ubicación geográfica de todo el proyecto. La presencia del proyecto en hábitats protegidos se da sólo en lugares específicos



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[GRI 304-2] SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA INTERCHILE	ISA Bolivia	ISA CTEEP
The nature of significa	nt dire	ct and indirect impacts on biodiversity in relation to one or mo	re of the following aspects				
Reduction of species	NA	"None of the activities that are part of projects under construction or operation causes a reduction of species. Projects execute interventions on specimens of susceptible species with the corresponding authorization of the environmental authority, which impacts the number of individuals, but not the number of species. Offsetting measures are implemented for these individuals to benefit species survival."	NA	Not perceived	"Loss of vegetation in protected areas and/or sites crucial for conservation; Elimination of flora individuals under conservation category; Loss of native vegetation; Loss of Native Forest; Loss of xerophytic individuals or populations "	NA	The operation and maintenance activities carried out do not significantly impact biodiversity; but they are occasional due to the need to clean up the strip and/or selective logging of trees to guarantee and secure the operations.
Habitat transforma- tion	NA	NA	NA	The ecosystem has not been disrupted	No		
Changes in the ecological processes outside the natural variation range (such as salinity or changes in phreatic level)	NA	Interventions due to projects do not generate changes in ecological processes outside the natural variation range.	The removal of 291 trees located in the easement area of the Ternium project, for which, as an offsetting measure, 858 trees will be planted in 2020.	No changes in the ecosystem easements of the intervened habitats have been observed	Irreversible soil degradation		

SIGNIFICANT DIRECT AND INDIRECT POSITIVE AND NEGATIVE IMPACTS IN RELATION TO THE FOLLOWING

		ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA INTERCHILE	ISA BO- LIVIA	ISA CTEEP
Species affected	NA	The main activity causing this impact is cutting down vegetation or logging trees. Variable strips for forestry use are implemented to optimize and reduce the potential impact of the project on vegetation	For the laying of the 34.5 kV transmission line of the TER-NIUM Connection Project, 291 trees of various species were removed, all of which are listed in the Forest Use Permit granted by the CRA environmental authority (Resolution 264 of 2019)	Not affected	32 species (294.227 speci- mens)	NA	"Casearia sylvestris Handroanthus chrysotrichus Psidium guajava Tabebuia spp"
Size of areas that have suffered impacts	NA	"500/230 kV Interconexión Noroeste- AMA: 15.28 ha 500/230 kV Interconexión Noroeste- ANCE: 100,12 ha 500/230 kV Interconexión Noroeste- POSO: 42.30 ha 500/230 kV Interconexión Noroeste- ANPO: 5.44 ha Costa Caribe 500 kV Interconnection Cerromatoso - Chinú - Copey Transmission Line: 4.65 ha Chinú 500 kV Substation Expansion: 2.27 ha Montería - Urabá 230 kV Transmission Line: 6.20 ha Bolívar - Copey - Ocaña - Primavera single circuit 500kV transmission line and associated works - Ocaña expansion: 0.29 ha San Antonio 230 kV substation and associated transmission lines: 4.81 ha 0&M Network Centro de Transmisión Noroccidente: 17.51 ha 0&M Network Centro de Transmisión Centro: 4.01 ha 0&M Network Centro de Transmisión Suroccidente: 1.72 ha 0&M Network Centro de Transmisión Oriente: 1.76 ha TOTAL CONSTRUCTION AND OPERATION: 206.36 HA"	Ternium Project: Sabanalarga - Ponedera 34.5 kV Transmission Line: 11,3 Ha	"Coto de Caza El Angolo (5 Km - 220 kV Line) Reserva Nacional Lomas de Lachay (1.52 Km - 220 kV Line) Zona de Reserva Lomas de Ancón (7.1 Km - 220 kV Line) Reserva Nacional de Salinas y Aguada Blanca (25 Km - 220 kV Line) Reserva Paisajística Nor Yauyos Cochas (26.6 Km - 220 kV Line)"	nes-Maiten- cillo-Pan de	NA	0.005 Ha, related to the removal of 5 isolated native specimens in Xavantes Bandeirantes 345 kV Transmission Line.



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		ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA INTERCHILE	ISA BO- LIVIA	ISA CTEEP
Duration of impacts	NA	All impacts on biodiversity are permanent during the useful life of assets because they are caused by easement maintenance activities or by the construction of substations	During the life of the project (20 years)	Physical, biological and socio-cultural impacts Temporary (construction only) Visual Impact: Perma- nent		NA	NA
The reversibility or irreversibility of impacts	NA	Impacts on biodiversity are irreversible during the useful life of assets	Reversible	Reversible	Loss of xerophyte vegetation: Irreversible Loss of vegetation in protected areas and/or sites crucial for conservation: Irreversible Elimination of flora individuals under conservation category: Irreversible Loss of native vegetation: Irreversible		Not reversible, it is offset

ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA INTERCHILE	ISA Bolivia	ISA CTEEP
ame rai Co Mc So Ba Ce Alf So EI po Bo Ce Pá Co Pri La Us Pu La	duerto Libertador - Montelíbano 110 kV Transmission Line: pastures of tropical ainforest connection of Cartago substation to San Marcos - Virginia 230 kV circuit: La Moravia land ochagota - Guatiguará 230 kV Transmission Line canadía - Samoré line cerromatoso Substation expansion liférez - San Bernardino 230 kV Transmission Line ochagota Substation li Bosque Transmission Line connection: dry forest and mangrove in San Juan Neomuceno and Cartagena de Indias colívar - Copey - Ocaña - Primavera 500 kV Transmission Line: El Paraíso land derromatoso Substation care - San Bernardino 230 kV Transmission Line comuneros - Campo 22 Transmission Line and Cira Infantas Substation care - Ocaña a Reforma Substation suerto Libertador - Montelíbano 110 kV Transmission Line a Enea - San Felipe Transmission Line cacatá - Primavera 500 kV Transmission Line	NA	Coto de Caza El Angolo: Dry forest Reserva Nacional Lomas de Lachay: Coastal Desert Zona de Reserva Lomas de Ancón: Desert and coastal hills Reserva Nacional de Salinas y Aguada Blanca: High Andean Plain Reserva Paisajística Nor Yauyos Cochas: High Andean Mountains	Coto de Caza El Angolo: Dry forest Reserva Nacional Lomas de Lachay: Coastal Desert Zona de Reserva Lomas de Ancón: Desert and coastal hills Reserva Nacional de Salinas y Aguada Blanca: High Andean Plain Reserva Paisajística Nor Yauyos Cochas: High Andean Mountains	NA	Area Bank in Mogi das Cruzes Area Bank in Bertioga: Xavantes - Bandeirantes 345 kV TL Mogi Mirim - Santo Angelo c1 44 kV TL



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[GRI 304-3] HABITATS PROTECTED OR RESTORED

	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA INTERCHILE	ISA Bolivia	ISA CTEEP
Geographical location		Puerto Libertador - Montelíbano 110 kV Transmission Line: Municipalities of Montelíbano and Puerto Libertador Connection of Cartago Substation to San Marcos - Virginia 230 kV circuit: Municipality of Ansermanuevo Sochagota - Guatiguará 230 kV Transmission Line: Municipality of El Jordán Banadía - Samoré Line: Municipality of Saravena Cerromatoso Substation expansion: Municipality of Montelíbano Alférez - San Bernardino 230 kV Transmission Line: Municipality of Santander de Quilichao Sochagota Substation: Municipality of Paipa El Bosque Transmission Line connection: Municipalities of San Juan Nepomucenc and Cartagena de Indias Bolívar - Copey - Ocaña - Primavera 500 kV Transmission Line: Departments of Norte de Santander, Cesar and Bolívar Comuneros Substation: Municipality of Barrancabermeja Páez - San Bernardino 230 kV Transmission Line: Municipality of Morales Bacatá - Primavera 500 kV Transmission Line: Municipality of Yacopí Comuneros - Campo 22 Transmission Line and Cira Infantas Substation: Municipality of Barrancabermeja Primavera - Ocaña: Municipality of Cimitarra La Reforma Substation: Municipality of Villavicencio Use of Cerromatoso Substation: Municipality of Montelíbano Puerto Libertador - Montelíbano 110 kV Transmission Line: Municipalities of Montelíbano and Puerto Libertador Libertador Libertador La Enea - San Felipe Transmission Line: Municipality of Herveo Bacatá - Primavera 500 kV Transmission Line: Municipality of Herveo		Coto de Caza El Angolov- Tumbes Reserva Nacional Lomas de Lachay - Lima Zona de Reserva Lomas de Ancón - Lima -Reserva Nacional de Salinas y Aguada Blanca - Arequipa - Reserva Paisajística Nor Yauyos Cochas - Lima and Junín	Flowering Desert: Atacama Region Belloto del Norte Habitat: Valparaiso Region Lúcumo Habitat: Coquimbo Region		Area Bank in Mogi das Cruzes:Mogi das Cruzes, State of São Paulo, Brazil Area Bank in Bertioga:Biritiba-Mirim, State of São Paulo, Brazil Xavantes - Bandeirantes 345 kV TL:São Paulo, State of São Paulo, Brazil Mogi Mirim - Santo Angelo c1 440 kV cl TL Jardim Conceição, Campinas - SP, Brazil
	NA		NA			NA	
Habi- tat area restored or protected		* Puerto Libertador - Montelíbano 110 kV Transmission Line4,6 Ha * Connection of Cartago Substation to San Marcos - Virginia 230 kV circuit: 0,06 Ha * Sochagota - Guatiguará 230 kV Transmission Line1,02 Ha * Banadía - Samoré Line 2,40 Ha * Cerromatoso Substation expansion:2,37 Ha * Alférez - San Bernardino 230 kV Transmission Line:0,54 Ha * Sochagota Substation:0,26 Ha * El Bosque Transmission Line Connection:36,53 Ha * Bolívar - Copey - Ocaña - Primavera 500 kV Transmission Line:69,60 Ha * Comuneros Substation:0,05 Ha * Páez - San Bernardino 230 kV Transmission Line:0,09 Ha * Bacatá - Primavera 500 kV Transmission Line:158,56 Comuneros - Campo 22 Transmission Line and Cira Infantas Substation:70 Ha * Primavera - Ocaña10 Ha * La Reforma Substation2 Ha * Use of Cerromatoso Substation: 1 Ha * Puerto Libertador - Montelíbano 110 kV Transmission Line:11.32 Ha * La Enea - San Felipe Transmission Line0.06 Ha * Bacatá - Primavera 500 kV Transmission Line:15.39 Ha		Coto de Caza El Angolo (5 Km - 220 kV Line) Reserva Nacional Lomas de Lachay (1.52 Km - 220 kV Line) Zona de Reserva Lomas de Ancón (7.1 Km - 220 kV Line) Reserva Nacional de Salinas y Aguada Blanca (25 Km - 220 kV Line) Reserva Paisajística Nor Yauyos Cochas (26.6 Km - 220 kV Line)	Flowering Desert: 25,87 ha Belloto del Norte Habi- tat: 259,7 ha Lúcumo Habitat: 169,5 ha		"Area Bank in Mogi das Cruzes: 14,27 Ha Area Bank in Bertioga32,16 Ha Xavantes - Bandeirantes 345 kV TL:0,01 Ha Mogi Mirim - Santo Angelo c1 440 kV cl TL 0,00 Ha"



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[GRI 304-3] HABITATS PROTECTED OR RESTORED

	ISA	ISA INTERCOLOMBIA	ISA Transelca	ISA REP	ISA INTERCHILE	ISA Bolivia	ISA CTEEP
Condition of the area at the end of the period (compared to baseline)		"Puerto Libertador - Montelíbano 110 kV Transmission Line: Installation and maintenance of 2.881 individuals with native and fruit species of the region Connection of Cartago substation to San Marcos - Virginia 230 kV circuit: Installation and maintenance of 23 individuals Sochagota - Guatiguará 230 kV Transmission Line: 5 maintenance processes conducted on 1.138 individuals Banadía - Samoré line: Maintenance of 2.667 individuals Cerromatoso Substation expansion: Installation and monitoring of 1950 individuals Alférez - San Bernardino 230 kV Transmission Line: Installation and maintenance of 600 individuals Sochagota Substation: Installation and maintenance of 654 individuals El Bosque Connection Transmission Line: Maintenance of 18.998 individuals Bolívar - Copey - Ocaña - Primavera 500 kV Transmission Line: Maintenance of 64.150 individuals Comuneros Substation: Installation of 50 individuals in an agroforestry area and environmental workshop Páez - San Bernardino 230 kV Transmission Line: Installation and maintenance of 100 individuals Bacatá - Primavera 500 kV Transmission Line: Installation and maintenance of 53.334 individuals Primavera - Ocaña La Reforma Substation Use of Cerromatoso Substation Puerto Libertador - Montelíbano 110 kV Transmission Line Bacatá - Primavera 500 kV Transmission Line		Protected in good condition	NA		Area Bank in Mogi das Cruzes: Term of responsibility for the preservation of r Area Bank in Bertioga:Term of responsibility for the preservation of r Xavantes - Bandeirantes 345 kV TL: Legal reserve record in excess of percentage Mogi Mirim - Santo Angelo c1 440 kV cl TL: Donation of seedlings to the Nursery of the Municipality of
Verification by third parties Verification by third parties		All protected or restored habitats are verified by third parties. In most cases, these are carried out by the corresponding environmental authorities (Regional Autonomous Corporations or National Agency of Environmental Licenses)	\$	SNMPE	Yes (Corporación Nacional Forestal CONAF; Superintendencia del Medio Ambiente SMA)		Area Bank in Mogi das Cruzes:No Area Bank in BertiogaNo Xavantes - Bandeirantes 345 kV TL:No Mogi Mirim - Santo Angelo c1 440 kV cl TL No
Type of action		"Puerto Libertador - Montelíbano 110 kV Transmission Line: Restoration Connection of Cartago Substation to San Marcos - Virginia 230 kV circuit: Restoration and conservation Sochagota - Guatiguará 230 kV Transmission Line: Restoration Banadía - Samoré Line: Restoration Cerromatoso Substation expansion: Restoration Alférez - San Bernardino 230 kV Transmission Line: Restoration Sochagota Substation: Restoration El Bosque Connection Transmission Line: Restoration Bolívar - Copey - Ocaña - Primavera 500 kV Transmission Line: Restoration Comuneros Substation: Restoration Páez - San Bernardino 230 kV Transmission Line: Restoration Bacatá - Primavera 500 kV Transmission Line: Restoration and conservation Comuneros - Campo 22 Transmission Line and Cira Infantas Substation: Restoration Primavera - Ocaña: Restoration La Reforma Substation: Restoration Cerromatoso substation use: Restoration Puerto Libertador - Montelíbano 110 kV Transmission Line: Restoration Bacatá - Primavera 500 kV Transmission Line: Restoration La Enea - San Felipe TL: Restoration Bacatá - Primavera 500 kV Transmission Line: Restoration and conservation"		Protection and conservation	Conservation / Protection		Area Bank in Mogi das Cruzes:Protection and conservation, Area Bank in Bertioga:Protection and conservation Xavantes - Bandeirantes 345 kV TL:Protection and conservation, Mogi Mirim - Santo Angelo c1 440 kV cl TL: Protection and conservation
There is co- llaboration with third parties		"Puerto Libertador - Montelíbano 110 kV Transmission Line: Reforestation in private plots close to the AID (Direct Area of Influence) of Puerto Libertador - Montelíbano 110 kV Connection Line project. Cerromatoso Substation expansion: A part of reforestation is being performed in a private plot	1	NGOs	No		Area Bank in Mogi das Cruzes:No Area Bank in Bertioga:No Xavantes - Bandeirantes 345 kV TL:No Mogi Mirim - Santo Angelo c1 440 kV cl TL: No



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[GRI 304-4] TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY THE OPERATIONS

	ISA	ISA Intercol		ISA Transelca	ISA REP	ISA Interchile	ISA Bolivia	ISA CTEEP
Total number of IUCN Red Lis in areas affected by the Comp	•		•	abitats				
Critically endangered	NA	Flora: 5 Fau	na: 2	2	0	0	2	0
Endangered		Flora: 17 Fau	na: 3	1	1	2	5	0
Vulnerable		Flora: 18 Fau	na: 6	0	3	13	23	0
Near threatened		Flora: 6 Fau	na: 9	0	7	10	19	0
Least concern		Flora: 246 Fau	na: 317	0	2	7	0	0



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Deloitte.

Memorandum of independent review

Independent Review of the Integrated Report 2019 – Interconexión Eléctrica ISA

Responsibilities of the Management of ISA and Deloitte

The preparation of the 2019 Integrated Report of ISA, between January 1st and December 31 of 2019, and its content are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control which information is obtained.

Our responsibility is to issue an independent report based on the procedures applied and previously agreed upon for our review.

This Report has been prepared exclusively in the interest of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the Management of the Company.

We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).

The scope of a limited review is substantially less than an audit. Therefore, we do not provide an audit about the Integrated Report.

Scope of our work

We have carried out the review of the content adaptation of ISA Integrated Report 2019, to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI Standards).

Standards and review processes

We have carried out our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in the formulation of questions to the Administration, as well as to the different areas and operations of ISA that have participated in the elaboration of the Integrated Report 2019, in the application of analytical procedures and tests of revision by sampling that is described below:

- Interviews with ISA employees to know about the principles, management approaches and data consolidation systems applied to prepare the Report.
- Analysis of how the content, structure and indicators were defined based on the materiality exercise according to the GRI Standards.
- Analysis of the processes to collect and validate the data presented in the report.
- Checking, by sample, testing and review of quantitative and qualitative evidence corresponding to the GRI, GCCA contents and ISA internal indicators included in the 2019 Integrated Report, and proper compilation from the data supplied by ISA the sources of information.

Confirmation that the 2019 Integrated Report of ISA has been prepared in accordance with GRI Standards: Core option "in accordance".

General contents:

It was confirmed that the report conforms to the requirements of the core option "in accordance" with the GRI Standards regarding the general basic contents.

Specific contents

We review the management approach, the GRI, DJSI and internal contents of its material issues:

Material	GRI content and / or own indicator of ISA				
Transformative leadership and ability to influence	201-1. Economic value generated and distributed.				
	419-1. Breach of laws and regulations in the social and economic fields.				
Proactive contribution to globa environmental challenges	304-2. Significant impacts of activities, products and services on biodiversity.				
	307-1. Breach of environmental legislation and regulations.				
	Own. Investments in environmental programs for project licensing.				
Socioeconomic development	Own. People benefited.				
	Own. Social investment in critical municipalities.				
	Own. % of critical municipalities with presence of social actions.				
	412-1. Operations subject to human rights reviews or impact assessments.				
Attraction, development and care of the best talent	404-1. Average hours of training per year per employee, broken down by sex and by job category.				
	403-2. Types of accidents and frequency rates of accidents, occupational diseases, days lost, absenteeism and number of deaths due to occupational accident or Illness.				
	Own. Organizational climate assessment.				

Conclusions

Based on the work carried out described in this report, the procedures carried out and the evidence obtained, no subject matter has come to our knowledge that leads us to think that the indicators within the scope of the review and included in the 2019 Integrated Report of ISA for the period between January 1 and December 31, 2019, have not met all the requirements for the preparation of reports, in accordance with the essential option of the Global Reporting Initiative (GRI) Standards. For those indicators of the GRI Standards where ISA did not report quantitatively (figures), only the qualitative information that included procedures, policies, evidence of activities carried out, among others, was reviewed.



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Deloitte.

Alternativas de acción Alternative lines of actions

Deloitte has provided ISA with a report with the most significant alternatives of action for the future preparation of Reports, which do not modify the conclusions expressed in this report, also a few observations that will strengthen the consolidation, management, measurement and communication processes of the organization's sustainability performance.

Declaration of Independence

We confirm our independence from ISA. All of our employees carry out annual updates to the Ethics Policy where we promptly declare that we have no conflicts of interest with ISA, its subsidiaries and its stakeholders.



Deloitte asesores y consultores Jorge Enrique Múnera D. Partner

Bogotá, march 2020

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