



isa

CONEXIONES QUE INSPIRAN

ANNEXES
CORPORATE
GOVERNMENT

CORPORATE GOVERNMENT

ISA's Higher Purpose reinforces our commitment as a company, by implementing the best practices of Good Corporate Governance.

Without a doubt, the trust we have gained over the past 52 years to connect countries and improve the quality of life for millions of people has also been built on the grounds of our good governance and integrity.

It is not only a big responsibility to make that Good Governance Practices that have been included are a part of ISA's organizational culture and continue to be experienced as one of the ethical guidelines established in our Code of Ethics and Conduct, but also ISA's Higher Purpose requires that, through these practices, the commitments with the different stakeholders are honored, which will allow us to ensure corporate life.

For this reason, this Annual Corporate Governance Report goes beyond demonstrating compliance with provisions of the Corporate Bylaws and of the Code of Good Corporate Governance. It is prepared by ISA's Board of Directors as a way to explain the reality of how the Company's corporate governance works, as well as relevant changes during 2019.

It is important to highlight that this report details the actions listed in the report on the implementation of best corporate practices, timely submitted before the Financial Superintendence of Colombia [-Country Code Survey -](#)

ISA reviews its regulations periodically in order to incorporate the best corporate governance practices according to good governance recommendations and trends, both national and international.

In 2019, ISA took several actions to strengthen corporate governance, as shown below:

- Approval of the Company's statutory reform at the General Shareholders' Meeting held on March 29, 2019, which consists of updating the Board of Directors' functions related to the approval of investments in controlled companies and commercial transactions between related parties within the terms of the Code of Good Corporate Governance.
- Design of the Working Model for the ISA Company Group, which establishes governance interactions and mechanisms between the parent company and the affiliates, in order to achieve the ISA2030 Strategy.
- Modification of the Code of Good Corporate Governance for making explicit, in a chapter, the main reports that are submitted before the General Shareholders' Meeting and the parties responsible for them. At the same time, with the modification, a section of annexes was incorporated to easily observe the main policies referred to in the Code, and to continue to place the Code within the framework of corporate competence. Also, the amendment included the declaration of the Board of Directors as party responsible for the adoption of the policy for commercial transactions between related parties as part of the development of its statutory function, that is, adopting guidelines for the business group and the statutory reform of 2019.
- Disclosing the measurement instrument created by the parent company for the self-assessment of the Board of Directors to the affiliates.

- Survey on sustainability management by members of the ISA Board of Directors with the support of GRI, in order to design a training program on this subject.
- Survey on “Transparency Monitoring” and “Good Practices Decalogue Monitoring” by the Directorate General for Government Holdings of the Ministry of Finance and Public Credit of the Republic of Colombia, and 100% compliance with the measures established therein.

ISA’s good governance practices help protect the interests of the Company and its shareholders.

1. OWNERSHIP STRUCTURE

ISA is a Mixed Utility Company with state and private shareholders. The Nation, through the Ministry of Finance and Public Credit, is ISA’s majority or controlling shareholder, since it owns 51,41% of the capital stock.

SHAREHOLDING STRUCTURE

SHAREHOLDER	NUMBER OF SHARES DECEMBER 31-19	%
Variation state investors	667.196.974	60,23%
Colombian government	569.472.561	51,41%
Empresas públicas de medellín	97.724.413	8,82%
Private investors	440.480.920	39,77%
Local institutional investors	284.518.638	25,69%
Foreign investment funds	117.175.715	10,58%
Natural persons	38.543.817	3,48%
ADR’S program	242.750	0,02%
OUTSTANDING SUBSCRIBED AND PAID-IN CAPITAL	1.107.677.894	100,00%

The list with the 25 main shareholders of ISA is published on the [company’s website](#).

CAPITAL STOCK

Authorized capital	COP 45.000.000.000 divided into 1.371.951.219 shares.
Subscribed Capital	COP 36.916.334.931 divided into 1.125.498.016 shares
Paid-in Capital	COP 36.916.334.931 divided into 1.125.498.016 shares.
Reacquired Shares	COP 584.500.002 divided into 17.820.122 shares.

All outstanding shares are common, registered, and dematerialized shares.

Ownership structure of the company group

ISA is the parent company of the ISA Company Group, which is composed of affiliates and subsidiaries in Colombia and abroad, mainly engaged in the Energy Transmission, Road Concessions, Telecommunications, and ICT business units.

Details of each of the companies in which ISA holds stakes are published on the [corporate website](#).

Information on shares owned by members of the Board of Directors and the voting rights they represent

The company YANOVICH Y CIA. S.C.S owns 8000 ordinary shares with voting rights.

Family, commercial, contractual or corporate relations between holders of the significant stakes and the company, or relations between holders of significant stakes.

During 2019, work has been done on the commitments acquired for the settlement of the Inter-administrative Contract GSA 57 of 2009 - ISA 4000763, between the Nation (Ministry of Mines and Energy) and ISA, which provides technical assistance for the comprehensive management and execution of the resources of the Financial Support Fund for the energization of Non-Interconnected Zones (FAZNI) for the construction of the Cauca-Nariño 115 kV Interconnection and associated substations, signed on October 13, 2009 and extended until June 30, 2018 through addendum eighteen (18) for a total amount of 305.622 million.

Negotiations made by the members of the Board of Directors, Senior Management and other Administrators with the shares and other securities issued by the company.

The Company's Administrators may not neither by themselves nor by an intermediary, speculate with the Company's shares, and in any case they require the authorization of the Board of Directors, granted upon the favorable vote of two-thirds of its members, excluding the vote of the requester, or the vote of the General Shareholder's Meeting, with the affirmative vote of the ordinary majority provided for in the Bylaws, excluding the requester, as enshrined in

the Code of Good Corporate Governance and in Resolution 60 of 2006 of the Board of Directors.

None of the administrators requested authorization to negotiate ISA shares during the period.

Summary of known agreements between shareholders

The Company has not been notified of the existence of agreements between shareholders.

Treasury shares held by the company

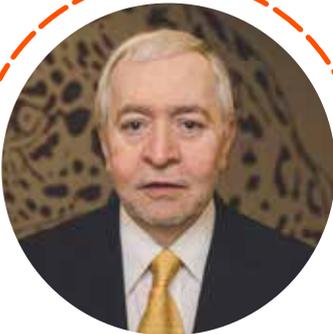
The number of treasury shares held by ISA is 17.820.122.

2. STRUCTURE OF THE ADMINISTRATION**Composition of the Board of Directors**

The ISA Board of Directors is elected annually in the General Shareholders' Meeting, and is made up of 9 principal members, of whom 7 are independent, according to Corporate Bylaws, Law 964 of 2005, and ISA's Code of Good Governance.

No member of the Board may hold executive positions in the Company, and in order to do a better job as administrators of the parent company, some members of ISA's Board are involved in the boards of subordinated companies. Likewise, no employee of ISA may be a member of the Board of Directors and labor relations between the board members and the Company are forbidden.

COMPOSITION OF THE ISA BOARD OF DIRECTORS

 <p>Marcela Meléndez Arjona</p> <p>Appointed by: Ministry of Finance and Public Credit</p> <p>█ █</p>	 <p>Santiago Montenegro Trujillo</p> <p>Appointed by: Pensions and Severance Funds</p> <p>█ █ █</p> <p>Chairman of the Board of Directors Chairman of the Business Committee</p>	 <p>Carlos Mario Giraldo Moreno</p> <p>Appointed by: Ministry of Finance and Public Credit</p> <p>█ █</p> <p>Chairman of the Board and Corporate Governance Committee</p>
<p>Jesús Aristizábal Guevara</p> <p>Appointed by: Empresas Públicas de Medellín</p> <p>█ █</p> <p>Chairman of the Corporate Audit Committee</p> 	<p>Isaac Yanovich Farbiarz</p> <p>Appointed by: Ministry of Finance and Public Credit</p> <p>█ █</p> 	<p>Henry Medina González</p> <p>Appointed by: Pensions and Severance Funds</p> <p>█ █</p> 
 <p>Camilo Zea Gómez</p> <p>Appointed by: Pensions and Severance Funds</p> <p>█ █</p>	 <p>Juan Pablo Zárate Perdomo*</p> <p>Technical Vice-Ministry of the Ministry of Finance and Public Credit</p> <p>Appointed by: Ministry of Finance and Public Credit</p> <p>█ █</p>	 <p>César Augusto Arias Hernández</p> <p>Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit</p> <p>Appointed by: Ministry of Finance and Public Credit</p> <p>█ █</p>

█ Independent Member | █ Board and Corporate Governance Committee | █ Corporate Audit Committee | █ Business Committee

[The matrix of competencies of the Board of Directors is published on the corporate website.](#)

* Replacing Luis Alberto Rodríguez Ospino as from September 2019
NOTE: Independent members, in accordance with the provisions of Bylaws, the Code of Good Governance and Law 964 of 2005.

Los siguientes miembros de la Junta Directiva desempeñan cargos públicos dentro de la administración central, y por lo tanto tienen relación con la Nación, accionista mayoritario de ISA:

- Technical Vice-Minister of the Ministry of Finance and Public Credit.
- Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit.

When members of the Board believe that there is a conflict of interest with respect to a specific topic discussed, they must disclose this conflict of interest to the other members and refrain from participating in the discussion and decision-making process. No conflicts of interest emerged during the period.

The definition of conflict of interest is included in the Corporate Bylaws, Code of Good Governance, and Code of Ethics and Conduct. For the management of conflicts of interest arising from Board members and other ISA's administrators, the Board shall approve the procedures to adopt.

Changes in the Board of Directors during the period

Between April 2019 and March 2020, there were no changes in the Board of Directors.

Policies approved by the Board of Directors during the reporting period.

The following policy was approved in 2019: ISA Group Pension Policy.

Process of appointment of the members of the Board of Directors.

For the purposes of nominating candidates to form the Board, and seeking a reasonable balance, complementarity and diversity, in the interests of proper performance, it is taken into account that applicants are not involved in any disqualifications and incompatibilities of legal character and that they have sufficient availability, knowledge, experience, educational background, qualities, skills, and independent judgement to be a candidate to be member of the Board. The Board Succession Policy approved by the General Shareholders' Meeting establishes the principles applied in the nomination of the best candidates to be part of the Board of Directors of ISA, as well as the knowledge and experience required to guarantee an effective performance and the contribution to achieving the goals. The full text is available on the [company's website](#).

Prior to the General Shareholders' Meeting during which the Board of Directors was elected, the respective proposals containing the list of candidates and their resumes were published on the corporate website, specifying the shareholder who nominated each candidate and whether the candidate is independent or not independent.

The extract from Minutes 109 of the Ordinary General Shareholders' Meeting held on March 29, 2019 published on the corporate website contains the plate that was sent by the Ministry of Finance and Public Credit to the Chief Legal Office of ISA for the election of the Board of Directors.

The Board of Directors was elected by the electoral quotient system, taking into account professional competence, suitability, and recognized moral solvency criteria, as established in the Succession Policy of the Board. The resumes of its members can be found on the [corporate website](#).

After their election, the members expressed in writing their acceptance and that they are not incapable or incompatible to be members of the Board. This event was registered in the Chamber of Commerce of Medellín for Antioquia, where the Company is headquartered. Independent members responded the questionnaire attached to Decree 2555 of 2010 which was sent prior to the Pension Funds, shareholders of ISA.

The members of the Board of Directors who were appointed for the first time were properly trained. They were provided with sufficient information to acquire specific knowledge about ISA, its businesses and sectors in which it is involved, responsibilities, obligations and attributions as members of the Board, as well as the company's documentation which must be studied for a correct compliance with duties.

Remuneration Policy for the Board of Directors

The Board Remuneration Policy, approved by the General Shareholders' Meeting, reviewed annually, and published on the [company's website](#), establishes the criteria for adequate remuneration of its members, and the Ordinary General Shareholders' Meeting is the party who approves the professional fees expressed each year in terms of Tax Value Units (UVT), consistent with the duties and responsibilities of the members, characteristics of the Company, among other criteria.

Remuneration of the Board of Directors and members of Senior Management

ISA does not use special mechanisms of payment or payment in shares of the Company to members of the Board, and the negotiation of these shares must be authorized by the Board. For attending Board meetings and committees, the members received fees for 141 UVT per meeting, equivalent to COP 4,832,070.

The remuneration of Senior Management members is disclosed in the Financial Statements, in accordance with the provisions of the Commerce Code and applicable accounting standards.

ISA does not implement special payment or remuneration mechanisms on shares of the Company or share options for members of the Board and Senior Management.

Quorum of the Board of Directors

To debate validly, the Board of Directors requires a quorum of at least five members (deliberative quorum). Decisions are adopted by means of a majority of the present votes (decision quorum). All the meetings had a deliberative and decision quorum.

Attendance data with respect to meetings of the Board of Directors and Committees

Between April 2019 and March 2020, the Board met 12 times (12 ordinary meetings). The average duration of each meeting was 5 hours and the agenda agreed for each session was always met.

ATTENDANCE OF THE ISA BOARD OF DIRECTORS

Members	Appointed by	Attendance (12 meetings)
Marcela Meléndez Arjona (*)	Ministry of Finance and Public Credit	12/12
Technical Deputy Minister of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	12/12
Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	12/12
Carlos Mario Giraldo Moreno (*)	Ministry of Finance and Public Credit	12/12
Isaac Yanovich Farbaiarz (*)	Ministry of Finance and Public Credit	12/12
Jesús Aristizábal Guevara (*)	Empresas Públicas de Medellín	12/12
Henry Medina González (*)	Pensions and Severance Funds	12/12
Santiago Montenegro Trujillo (*)	Pensions and Severance Funds	12/12
Camilo Zea Gómez (*)	Pensions and Severance Funds	12/12

(*) Independent Members, as per provisions of the Corporate Bylaws in the Code of Good Governance and Law 964 of 2005.

The distribution of Board members by committee is as follows:

Name	Board and Corporate Governance	Businesses	Corporate Audit
Marcela Meléndez Arjona (*)	✓		✓
Isaac Yanovich Farbaiarz (*)		✓	
Carlos Mario Giraldo Moreno (*)	✓		
Henry Medina González (*)		✓	
Camilo Zea Gómez (*)			✓
Santiago Montenegro Trujillo (*)	✓	✓	
Jesús Aristizábal Guevara (*)			✓
Technical Vice-Minister of the Ministry of Finance and Public Credit	✓	✓	
Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit	✓	✓	

(*) Independent Members, as per provisions of the Corporate Bylaws in the Code of Good Governance and Law 964 of 2005.

ATTENDANCE OF THE BOARD AND CORPORATE GOVERNANCE COMMITTEE

Members	Appointed by	Attendance (12 meetings)
Marcela Meléndez Arjona (*)	Ministry of Finance and Public Credit	12/12
Technical Vice-Minister of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	12/12
Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	12/12
Carlos Mario Giraldo Moreno (*)	Ministry of Finance and Public Credit	12/12
Santiago Montenegro Trujillo (*)	Pensions and Severance Funds	12/12

(*) Independent Members, as per provisions of the Corporate Bylaws in the Code of Good Governance and Law 964 of 2005.

ATTENDANCE OF THE BUSINESS COMMITTEE

Members	Appointed by	Attendance (12 meetings)
Technical Vice-Minister of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	10/12
Director of Public Credit and of the National Treasury of the Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	12/12
Isaac Yanovich Farbaiarz (*)	Ministry of Finance and Public Credit	10/12
Henry Medina González (*)	Pensions and Severance Funds	11/12
Santiago Montenegro Trujillo (*)	Pensions and Severance Funds	12/12

(*) Independent Members, as per provisions of the Corporate Bylaws in the Code of Good Governance and Law 964 of 2005.

ASISTENCIA COMITÉ DE AUDITORÍA CORPORATIVA

Members	Appointed by	Attendance (7 meetings)
Marcela Meléndez Arjona (*)	Ministry of Finance and Public Credit	6/7
Jesús Aristizábal Guevara (*)	Empresas Públicas de Medellín	7/7
Camilo Zea Gómez (*)	Pensions and Severance Funds	7/7

(*) Independent Members, as per provisions of the Corporate Bylaws in the Code of Good Governance and Law 964 of 2005.

Agreements, policies and procedures approved by the Board of Directors during the period

In 2019 the following policies or guidelines were approved:

- Operation of ISA's Business Committee.
- Methodology for the periodic review of contracts with suppliers.
- Initiatives related to the Digital Transformation of the ISA Group, which includes the digitization of businesses and the dimensions that leverage such digitalization: Work of the Future, Advanced Analytics and Artificial Intelligence, Cybersecurity, Ally Ecosystem, and Cultural Transformation.
- Changes in the corporate environmental policy to include the recommendations of RobecoSam's Company Benchmarking Report.
- Design of the "Working Model for the ISA Company Group", which establishes governance interactions and mechanisms between the parent company and the affiliates, in order to achieve the ISA2030 Strategy. This model will be developed and implemented in the coming years.
- Methodology for talent planning and succession of critical positions in the Group.
- ISA Group Pension Policy.

Chairman of the Board of Directors

The Board, in session 818 of April 26, 2019, appointed Santiago Montenegro Trujillo, an independent member, as its Chairman.

The functions of the Chairman are those set forth in article 28 of the Corporate Bylaws and Agreement 105 of November 25, 2016, which regulate the operation of the Board of Directors, and which can be found on the [company's website](#).

Secretary of the Board of Directors

As per the Corporate Bylaws, the Chief Legal Officer of the Company is the Secretary of the Board of Directors.

The functions of the Secretary are those set forth in article 28 of the Corporate Bylaws and Agreement 105 of November 25, 2016, which regulate the operation of the Board of Directors, and which can be found on the [company's website](#).

Relations during the year between the Board of Directors and Statutory Auditor, financial analysts, investment Banks, and rating agencies.

During the last period, the Statutory Auditor submitted to the Corporate Audit Committee the results obtained from the review of relevant controls for the preparation and presentation of the financial statements, as well as his opinion on the reasonableness thereof.

External advisory received by the Board of Directors

In Board of Directors 818 of April 26, 2019, the training process on Sustainability for the Board of Directors started, supported by GRI, by virtue of which it is sought that members of this administrative body create the capabilities to make possible the direction of sustainability in accordance with good international practices.

In the development of this work, during 2019, a survey was carried out among the members of the Board of Directors and based on it, a series of activities related to sustainability are being developed.

Management of the information of the Board of Directors

Through a server for the exclusive access of members of the Board of Directors, the Secretariat of the Board of Directors, no less than five days prior to each

meeting, made available the documentation related to the topics to be discussed in the Board, and the additional information requested.

Committees of the Board of Directors

According to the Regulations of the Board, in ISA, the Board and Corporate Governance Committee, the Business Committee, and the Corporate Audit Committee work institutionally.

Board and Corporate Governance Committee

One of its main responsibilities is to support the Administration when it comes to strategic issues, sustainability, risk, human talent, information technologies, and topics regarding corporate governance, study reforms to the Corporate Bylaws, and make recommendations about appointments and remunerations of the members of the Board and Senior Management; and to ensure compliance with the Code of Good Governance and the framework for action, as well as to assess the ISA's CEO.

It is composed of: Carlos Mario Giraldo Moreno (Chairman, independent member), the Technical Vice-Minister of Finance and Public Credit, the Director of Public Credit and the National Treasury of the Ministry of Finance and Public Credit, Marcela Meléndez Arjona and Santiago Montenegro Trujillo.

Between April 2019 and March 2020, they met 12 times,. The main topics discussed were sustainability, strategy, risk management, follow-up on Best Practices recommendations related to Corporate Governance, information technology, and human talent and its remuneration.

Business Committee

Its role is to analyze, make recommendations, or make decisions about investment initiatives considered in ISA and its companies' growth strategy, as well as to monitor the running of the business. Between April 2019 and March 2020, they met 12 times.

It is composed of: Santiago Montenegro Trujillo (Chairman, independent member), the Technical Vice-Minister of Finance and Public Credit, the Director of Public Credit and the National Treasury of the Ministry of Finance and Public Credit, Henry Medina González and Isaac Yanovich Farbaiarz.

Corporate Audit Committee

This entity guides and facilitates internal control. Its role is to ensure that the Organization has an effective system for corporate control, including evaluation of accounting procedures, relations with the statutory auditor, and auditing the risk management system, among others. Its recommendations involve the improvement of controls established for governance, administrative, financial, technical and computer issues, as well as ethical management topics, and the management system for money laundering and terrorist financing risks.

It is exclusively composed of independent members. These members are: Jesús Aristizábal Guevara (Chairman), Marcela Meléndez Arjona, and Camilo Zea Gómez.

Between April 2019 and March 2020, they met seven (7) times.

The main topics discussed are related to the analysis of financial results and balance sheet reports under IFRS standards, reports by external control entities, comprehensive risk management, reports delivered by the Statutory Auditor and the internal auditor, management of the system for money laundering and financing of terrorism risk management, ethical management, monitoring the management of the audit on the company group, evaluating the management of

the Statutory Auditor or external auditor, and defining the process of their choice for the ISA group.

Information on evaluation processes of the Board of Directors and Senior Management, as well as summary of the results

During 2019, the Board of Directors incorporated the proposals resulting from the self-assessment that this collegiate body made the previous year. The improvements include the adoption of non-exhaustive criteria for strategic operations that the Board of Directors keeps for its knowledge, and the review of the Business Committee's agenda.

Likewise, for this year, AT KEARNEY provided support as an external consultant, which evaluated, for the first time, ISA's Board of Directors, being the third evaluation of this Board by a third party.

The evaluation of the performance of the Board of Directors and its committees is part of the ISA Board's commitment to continuously improve its corporate governance practices, according to local and international standards.

The methodology used combined AT KEARNEY's high-performance evaluation of Boards of Directors and the evaluation of ISA's members of the Board of Directors and their contributions to the dynamics of the Board sessions, based on a peer review (each Board member evaluated the others) and of the Senior Management, thus achieving a 360° evaluation of each Board member.

The information was compiled by an online tool and was answered by 9 members of the Board of Directors and 11 members of the Chairman's Committee.

The Board of Directors of ISA was placed at the highest level of excellence that corresponds to the highest degree of maturity of a Board of

Directors; that is, for each of the components evaluated, not only the compliance with legal requirements was observed, but also that the practices adopted are adding value, turning the Board of Directors into a high-performance team.

Values related to independence, integrity, and degree of openness were the best ranked for the Board of Directors of ISA, where conducts such as an inquisitive spirit, constructive disagreement, search for relevant facts, and relations with shareholders within the framework of Corporate Governance are the most relevant, all of which guarantee a dynamic decision-making process in favor of ISA's interests.

The following were highlighted as strengths of the Board of Directors' performance:

- It was noted that the Board of Directors' planning of its agenda meets the Group's strategy and objectives. Also, on the occasion of this planning exercise, it was observed that the various topics that develop the annual agenda are distributed and addressed in depth.
- Also, the involvement of all the members in the discussions was highlighted, where a culture open to debate is encouraged, so that members contribute and share their objective points of view. Therefore, there is independence in the discussions and these are serious, profound, and professional, always in the interest of the company.
- From the results found, it was positively highlighted that the issues to be addressed and the critical questions between the Board of Directors and Senior Management are aligned to each other and are coherent.
- It was observed, as good performance of the Board members, that the information is exhaustive, timely, prioritized, summarized, and in a friendly format.
- Finally, as strength, it was observed that there is mutual respect, and acknowledgement of leadership between the Board of Directors and the Chairman's Committee. The Board of Directors believes that its requests are always effectively implemented and fully trusts the management of the Chairman's Committee.

Regarding the evaluation of the Board's committees, a high score was obtained for performance, insofar as the committees currently created (Board and Corporate Governance Committee, Audit Committee, and Business Committee) deliver value to the operation of the Board of Directors, allowing this collegiate body to focus on strategy and work more efficiently.

Finally, the Company is already implementing the best proposals recommended by the external advisor, to continue strengthening the operation of the Committees of the Board of Directors, and to continue addressing the challenges posed by topics such as sustainability, environment, innovation, and digital transformation.

According to the bylaws, the Chief Executive Officer and the Chief Officers are part of the Senior Management. Details about the professional quality and work experience of ISA's administrators can be found on the [webpage](#).



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



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 Espinoza
INTERNEXA's CEO

According to Regulations of the Board and Corporate Governance Committee, this Committee will be in charge of annually evaluating the CEO's performance. This evaluation took place during session held on February 27, 2020, and it was approved by the Board of Directors in session 828 of February 28, 2020.

“The evaluation process on the CEO's management was carried out with the support of an external consultant and the participation of the Board of Directors and the management team.

This evaluation shows a very positive balance, consistent with the financial results, the valuation of the share, the strategic and sustainability progress made, and the solid reputation and external recognition of the organization. Bernardo Vargas has been effectively leading and implementing the ISA2030 Strategy, in which the Board of Directors has been extensively involved. He has been accompanied by a solid work team, both at ISA and in its affiliates, which is the proper blend of youth, maturity, and experience.

From his management, it can be highlighted that he has led important advances in fundamental areas such as:

- *Innovation processes, exploring new businesses and technologies.*
- *Consistent sustainability agenda, inspired by the Conexión Jaguar program.*
- *Solid business reputation, emphasizing “good corporate governance”.*
- *Growing balance between geographies and businesses, boosting the incursion of the Road Concessions business unit in Colombia.*
- *Promising strategic alliances with both well-known infrastructure companies and startups.*
- *Growing rates of commitment and internal climate. The work climate, measured by an independent third party, showed a favorability of 83%, which contrasts with the 74% market average.*

As a result of the previous collective management, led by Bernardo Vargas, ISA got very positive results for the fourth consecutive year. The EBITDA accumulated COP 5,3 trillion, 9,8% higher than the previous year. ISA's net income reached COP 1.638.732 million, growing by 7,5%, with a budget compliance of 120,4%. ISA's assets at the end of the year were COP 48,8 trillion, an increase of 8,5%, and the ROE reached 13,2%, the highest in ISA's history. On the other hand, the ISA share was valued at 40,2%, higher than the COLCAP index by 14,8%”.

3. TRANSACTIONS WITH RELATED PARTIES

Responsibilities of the Board of Directors with regards to this type of transactions and situations of conflicts of interest

ISA's Related Parties are determined in Heading 6 of the Code of Good Corporate Governance, in accordance with international standards and the regulations applicable to ISA. Likewise, transactions that require approval by the Board of Directors are defined.

Detail of transactions with related parties that are most relevant according to the company's judgment, including transactions between Cluster companies

Details of transactions with ISA's Related Parties are found in the Financial Statements.

As a Mixed Utility Company, ISA is subject to the disqualification and incompatibility regime applicable to government contracting, which prohibits contracts between the Company and the members of the Board of Directors, their relatives up to the second degree of consanguinity or

affinity, or first degree of civil relationship, their spouses or permanent companions, and legal persons where they are involved or perform management positions, in the terms defined in the Law.

Conflicts of interest arisen and actions by the members of the Board of Directors

There were no conflicts of interest related to operations with Related Parties.

4. RISK MANAGEMENT SYSTEMS

Explanation of the Internal Control System (SCI) of the company or Cluster and its modifications during the year.

The company, in its ongoing inspection and control process, answered efficiently and timely the requests for information and/or documents from government control bodies, and it maintained the ratings given by authorized agencies.

During the last period, the organization has strengthened its Internal Control System through the incorporation of new governance practices, which were implemented in the adjustment to corporate policies and the definition of the Compliance function in the Group.

External control bodies

ISA submitted reports requested by the following external entities:

- National Agency for the Legal Defense of the State.
- Banco de la República.
- Chamber of Representatives of the Congress of the Republic.

- General Accounting Office of the Nation.
- Comptroller General of the Republic.
- Comisión de Regulación de Energía y Gas (Energy and Gas Regulation Commission).
- Colombia Compra Eficiente (SECOP)
- National Administrative Department of Statistics.
- National Tax and Customs Office.
- Ministry of Finance and Public Credit.
- Financial Superintendence of Colombia.
- Superintendence of Industry and Commerce.
- Superintendence of Household Utilities.

The firm KPMG acted as external auditor for management and results for the period between January 1 and December 31, 2018, under provisions of Law 142 of 1994 and Resolution 053 of 2000, issued by the Energy and Gas Regulation Commission. In its report published in the national press on June 17, 2019, the firm stated: “Regarding the current financial situation and projections made by the Company, we do not observe the existence of significant risks that could jeopardize the financial viability of Interconexión Eléctrica S.A. ESP...” The report was submitted to the Superintendence of Household Utilities

During the period between April 2019 and March 2020, the firm Ernst & Young conducted the Statutory Audit. In compliance with its legal duties, the firm will submit before the Shareholders’ Meeting a report on the company’s performance, financial statements, and administration.

In 2019, corporate risk and local and international bond issuance ratings, given 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, and contemplates the solid geographical and commercial diversification of its source of revenues, which together with the predictability of operating cash flows, is translated into a strong financial profile. In Colombia, the Program on Issuance and Placement 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, given by the 3 most recognized international credit rating companies, maintained the investment grade rating. In addition, Moody's adjusted the outlook from negative to stable.

As of December 2019, ISA maintains the investment grade according to the three most important international rating agencies. The chart with the credit ratings for ISA and its companies is presented below.

COMPAÑÍAS	RATINGS	S&P	MOODY'S	FITCH	FITCH LOCAL	FELLER-RATE	APOYO Y ASOCIADOS	EQUILIBRIUM	HUMPHREYS
ISA	Corporate	BBB- (Stable) Nov. 2019	Baa2 (Stable) May. 2019	BBB+ (Stable) May. 2019					
	Local Bond Issuance				AAA (Stable) May.2019				
	Commercial papers				F1+ May. 2019				
TRANSELCA	Local Bond Issuance				AAA (Stable) Mar. 2019				
CTEEP	Corporate				AAA (Stable) Ago. 2019				
	Bond Issuance				AAA(Stable) Ago. 2019				
TRANSMANTARO	Emisión Bonos Internacional		Baa3 (Stable) abril. 2019	BBB- (Positivo) Abril. 2019					
	Commercial papers						CP-1+(Stable) May. 2019		
REP	Bond Issuance						AAA (Stable) May. 2019	AAA (Stable) May.2019	
	Commercial papers						CP-1+(Stable) May. 2019	EQL1(Stable) May. 2019	
RUTA DEL MAIPO	Bond Issuance	BBB-(Stable) Oct.2019	Baa3 (Stable) May. 2019	BBB- (Stable) Sep.2019		A+ Jun. 2019			A+ Jun. 2019
RUTA DEL BOSQUE	Bond Issuance		Baa3 (Stable) Oct. 2019		A+ Sep.2019	A Jun. 2019			

The Statutory Auditor's report, the External Auditor's opinion, and ratings given by risk rating agencies are published on the company's website for the purposes of knowledge and analysis by shareholders and investors.

The following procedures were carried out before the Chamber of Commerce of Medellín: the financial statements were submitted; the commercial register and single bidders register were renewed; the statutory reform contained in the minutes of the ordinary shareholders' meeting, the election and acceptance of the members of the Board of Directors, of the Statutory Auditor, and of the legal and alternate representatives were registered; and the shareholding of ISA in its companies was updated.

It is important to highlight that no requests for special audits were made by shareholders or investors during the period and no investigations that compromised ISA were conducted by control and inspection entities.

Internal control bodies

The internal control system of ISA and its companies is based on the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Through this standard, the company seeks to reasonably guarantee the achievement of corporate goals; strengthen the confidence in the integrity of the information delivered to stakeholders; adequately monitoring of and timely response to risks inherent to business, as well as corporate government instruments, and transparency practices.

According to the annual plan, the Chief Corporate Audit Office performs evaluations of controls of prioritized processes maintaining impartiality, objectivity and independence principles, necessary to comply with duties, as established by international auditing principles and practices. To this end, and together with the individual audit committees of each company, the

Office designs work plans, which according to the individual risk levels and particularities of each company, provide guidelines and strategies to follow.

In 2019, audits were performed on operating processes of the business units, as well as evaluations on administrative, technological, and financial processes that support them. Evaluations performed by the Corporate Audit office confirmed abidance by internal and external regulations, and did not find any evidence of significant or material deviation that may jeopardize the business continuity of ISA and its companies; this opinion goes in line with the evaluations of external control bodies who issued favorable opinions about the internal control system.

Likewise, and according to the principles of the Company, the ethical culture has been strengthened as a fundamental part of the environment of control, supported, among others, by the management of fraud, corruption, and bribery risks. For this purpose, a compliance program is applied. This program has been maturing, in order to keep it in line with the guidelines of the Senior Management, the development of the business, and the laws of the countries where we operate.

Description of the risk policy and its application during the year

IISA and its companies comply with the Corporate Policy for Integrated Risk Management by identifying, evaluating, and implementing measures to manage the risks to which they are exposed.

Each company has its own risks map and evaluates risks according to their likelihood of occurrence and severity of their impacts on corporate resources, prioritizing the most relevant for the development of operations and achievement of the strategy. Likewise, each company monitors its status and defines and implements measures to improve its management.

Periodically, the companies report the advances in their management and the main events that have been materialized.

[On the website](#) and in the 2019 Integrated Management Report, ISA publishes the risks map, the most significant events, and the main management measures implemented to prevent and mitigate their impact.

Materialization of risks during the period.

Details on this information can be found on the Strategy chapter of the Comprehensive Risk Management numeral of the 2019 Integrated Management Report, available on the ISA's website.

Response and supervision plans for the main risks.

Details on this information can be found on the Strategy chapter of the Comprehensive Risk Management numeral of the 2019 Integrated Management, available on the ISA's website.

5. GENERAL SHAREHOLDERS' MEETING

Differences in the functioning of the Meeting between the minimum quorum regime according to the current regulations and the regime defined by the ISA's Corporate Bylaws and Board regulations.

On February 24, 2019, the call for the Ordinary General Shareholders' Meeting of March 29, 2019, which has a term longer than that set forth in the Law, was published in a nationwide newspaper and in a local newspaper.

In addition, in order to facilitate the exercise of the shareholders' right to information and encourage their participation, ISA published the call notice, the agenda, the proposals submitted to the Board, and the lists and resumes of the candidates to form the Board of Directors on its website. Likewise, the information related to the granting of powers to be represented in it was published.

On March 24, 2019, through nationwide newspapers, the Company reminded the shareholders of the date established for the Ordinary Meeting.

For the ordinary Shareholders' Meeting, the shareholders had at their disposal the documents established by the Corporate Bylaws and by the Law for the exercise of the right of inspection, for a period of fifteen (15) business days.

The quorum of the Ordinary Meeting was the one required by the Law. Topics approved in the agenda were submitted for consideration by the shareholders and the decisions were made according to the majorities required in the Bylaws. The attendance data of the General Shareholders' Meeting can be found on the extract of the Minutes mentioned below. The Ordinary General Meeting was broadcast live on the Internet.

The Corporate Bylaws, the Operating Regulations of the General Shareholders' Meeting, and the Code of Good Corporate Governance dictate good practices aimed at strengthening and improving the right of information and participation of shareholders in the meetings, among which are highlighted:

- The General Shareholders' Meeting should be called not less than thirty (30) calendar days in advance, and extraordinary meetings should be called not less than fifteen (15) calendar days in advance.
- To use electronic media such as the company's website and messages, among others, to disclose all information related to the General Shareholders' Meeting from the call to the Agenda, proposals, and decisions once it is held.

- The Agenda items shall be expressed in a clear and precise manner to facilitate their understanding and analysis by the shareholders. Efforts will be made to make a joint vote on issues or proposals only if there is unity of matter and they are directly related.
- The right of shareholders, regardless of their shareholding, to request, at least five (5) business days prior to the General Shareholders' Meeting, the information or clarifications they deem pertinent, through traditional channels and/or, where appropriate, through new technologies, and the right to make in writing the questions they deem necessary with respect to matters included in the agenda of the General Shareholders' Meeting.
- The right of shareholders, regardless of their shareholding, to propose the inclusion of one or more items to be discussed in the agenda of the General Shareholders' Meeting, within five (5) calendar days following the publication of the call, and as far as the request for new items is justified.
- To minimize the use of blank vote delegations, without voting instructions, ISA actively promotes the use of authorization templates that are available on the company's website. The template includes the items of the agenda and the corresponding Agreement proposals that will be submitted for consideration of the shareholders, with the aim that shareholders (if they deem appropriate) give the sense of their vote to their agent or representative.
- The members of the Board of Directors and the ISA's CEO will attend the Meeting to address the concerns of shareholders.
- The right that a number of shareholders that represents at least twenty percent (20%) of the total number of ISA's subscribed shares, requests

the CEO or the Statutory Auditor to call extraordinary meetings of the General Shareholders' Meeting.

Information to shareholders and communication with them.

The Code of Good Governance adopted by the Board of Directors establishes communication channels for shareholders to address requests and requirements, including the telephone hotline and the shareholder assistant office. Additionally, the company's website www.isa.co, Relaciones con Inversionistas (Investor Relations) section, contains everything related to the mechanisms of relations with shareholders and investors.

Number of requests and matters on which the shareholders have requested information from the company.

REPORT ON CASES BY SOURCE REQUESTS BEFORE THE MANAGEMENT UNIT AND CALL CENTER BETWEEN 01-01-2019 AND 31-12-2019

SOURCE	NO. OF CASES	%
Service line	7.029	78,14%
E-mail	880	9,78%
Chat	767	8,53%
Visit to the Medellín Office	77	0,86%
Outbound call	16	0,18%
Call to the Medellín Office	60	0,67%
Internet	41	0,46%
Phone box	64	0,71%
Contact with Fiduciary	18	0,20%
Letter-fax	27	0,30%
Contact with ISA	1	0,01%
Right of petition	15	0,17%
GENERAL TOTAL	8.995	100%

Data on attendance to the General Shareholders' Meeting.

The attendance to the General Shareholders' Meetings was of 87,22%.

Detail of the main agreements entered into

Besides considering and deciding on the matters relevant to the ordinary meetings indicated in the Bylaws and the Law, the Ordinary General Shareholders' Meeting approved the Remuneration Policy for the Board of Directors and the fees of the Board of Directors. The above, adopting the recommendations of the Country Code in terms of good corporate governance practices, aimed at generating value and promoting investors' confidence.

The statutory reform consisting of updating the Board of Directors' functions 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 was approved in this Meeting.

The Minutes of the Ordinary Meeting was signed by the Chairman and the Secretary of the Meeting, and the respective commission. It contained the topics discussed, the approvals and authorizations granted by the Meeting, and observations and comments of the shareholders. Likewise, the Minutes was registered before the Chamber of Commerce of Medellín and a copy was sent to the Financial Superintendence of Colombia and to the Superintendence of Household Utilities.

For information of shareholders, the extract of Minutes 109 corresponding to the Ordinary General Shareholders' Meeting was published on the company's website on March 29, 2019.

During Ordinary General Shareholders' Meeting held on March 29, 2019, the Board of Directors for period between April 2019 and March 2020 was appointed.

6. STAKEHOLDERS

ISA publishes its commitments to stakeholders and exposes the mechanisms for compliance and key aspects of the relations in the Integrated Management Report. News and relevant events of interest to these stakeholders are published on the website.

In order to keep trust-based relations supported by the provision of timely and reliable information with shareholders and investors, ISA conducted the following activities:

- The company published the financial statements quarterly and presented them to the financial community through face-to-face meetings and webcasts.
- ISA attended more than 60 meetings with local and foreign investors.
- ISA promoted 5 events with institutional investors of variable income. Also, the company attended 7 events organized with third parties where it met local and foreign investors.
- ISA used relationship marketing strategies: the company sent emails, newsletters, and tax certificates and extracts.
- ISA has a shareholder service center that received nearly 8.995 cases, which were addressed within 5 working days.

7. DEVELOPMENT OF THE CODE OF GOOD GOVERNANCE

During 2019, ISA monitored its compliance. The central axes of verification of this Code are: the supply of information through the website, reporting to surveillance and control agencies, and the reports submitted before the Board of Directors and the Shareholders' Meeting. Additionally, the commitments compiled in the Code are monitored through external and internal evaluations.

In addition, shareholders and the general public did not report any violation of the Code through the phone lines or mailboxes available:

It must be pointed out that in addition to the bodies mentioned above, the Colombian Financial Superintendence is available to shareholders, especially minority shareholders. This entity has the power to implement the relevant measures to avoid violations of rights and ensure the return to balance, and the principle of equal treatment for every shareholder.

Santiago Montenegro Trujillo

Chairman of the Board of Directors



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Medellín: **(574) 4442555**

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