Comprehensive Risk Management at ISA and Its companies

Comprehensive risk management at ISA and its companies

At ISA and its companies, comprehensive risk management **supports strategic decisions**, is transversal and of great importance for the organization, since it aims to **protect and preserve the integrity of resources and the achievement of objectives.**

ISA is committed in a responsible, transparent and ethical manner to manage risks and opportunities in order to **create value for its stakeholders, maintain its competitive advantage and contribute to the development of the communities where it has operations.**

Risk governance → Risk process → Risk maturity level

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Governance

The ISA Board of Directors and Board Committee are aware of the risks and actively participate in their management.

Scope of action for comprehensive risk management

Junta Directiva ISA

Comité de Auditoría y Riesgos

Perfil de riesgos ISA y sus empresas

Chief Risk and Compliance Officer

View resume

Mapa de riesgos de empresa	Mapa de riesgos de ISA
4 Junta directiva empresas	3 Comité de Presidencia
3 Comité de Junta	2 Vicepresidencia
2 Comité de Gerencia	1 Directores
1 Dirección/gerencia	

The **Audit and Risk Committee**, is composed of five (5) members of the Board of Directors and is in charge of giving general guidelines regarding the general risk vision, overseeing its implementation and effectiveness, and is responsible for the functions defined in Agreement No. 139 Audit and Risk Committee Rules of Procedure)

See Board Committees

The main guidelines approved by the Audit and Risk Committee are as follows:

- Prioritization criteria (financial, reputational dimension and risk disclosures)
- Comprehensive risk management policy
- General procedure for comprehensive risk management

The **Chief Risk and Compliance Officer** establishes guidelines that apply to all ISA companies considering the guidelines of the **Audit and Risk Committee**, through guidelines and lines of action necessary to manage risks. See: Comprehensive Risk Management Policy.

Governance

Risk management is based on the **Three Lines** of Defense model, which enables processes and an organizational structure that promotes risk management **at all levels** and, consequently, **the achievement of strategic objectives**.

Board / A&R Committee

Administrative Council

Chair Committee

Senior Management

Periodic reports on risk management

1st line of defense
All employees

Responsible for leading the processes that leverage the organizational strategy and for implementing risk management in the execution of their processes under the guidelines defined from the second line of defense (Context, Assessment, Treatment, Monitoring, and Communication).

2nd line of defense
Chief Risk and Compliance Officer/Risk Teams

Provides principles and guidelines for risk management and accompanies methodologically the first line of defense in the implementation and execution of the stages for the identification, assessment, treatment, and monitoring of risks. Monitors relevant risks and reports regularly on developments to the Audit and Risk Committee.

3rd line of defense
Chief Audit Officer/Audit Teams

Provides independent assurance without conflicts of interest on the suitability and effectiveness of the governance and comprehensive risk management process, through a systematic audit process (internal and external) to identify gaps and improvements in the implementation of controls to mitigate identified risks.

Governance

Risk management is based on the **Three Lines** of Defense model, which enables processes and an organizational structure that promotes risk management **at all levels** and, consequently, **the achievement of strategic objectives**.

To ensure the proper operation of the **comprehensive risk management model in ISA** and its companies and to better **understand the management roles**, the following RACI (Responsible, Approves, Communicates and Informs) structure is defined, considering the **main management levels** of the key stakeholders:

R Responsable | A Aprueba | C Consulta | I Informa

	Marco de referencia	Contexto, Valoración, Tratamiento, Monitoreo y Comunicación	Riesgos materializados	Aseguramiento	
Junta Directiva	A	C*	C*	I	
Comité Corporativo	C	A	A	I	
VP Riesgos y cumplimiento	R	C	C	C	Second line of defense
Auditoría	I			R	Third line of defense
Vicepresidencias	C	R	R	C	First line of defense
Direcciones	I	R	R	C	First line of defense
Equipos	I	R	R	C	First line of defense

C* Conocimiento, seguimiento del riesgo y propuesta de medidas de administración adicionales

First line of defense

Second line of defense

Third line of defense

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Governance

ISA's risk management is led by the **Chief Risk and Compliance Officer and is configured as an independent function**, making it possible to address risks throughout the organization and to **monitor and track** the main risks**.** In addition, it has the following follow-up and escalation schemes:

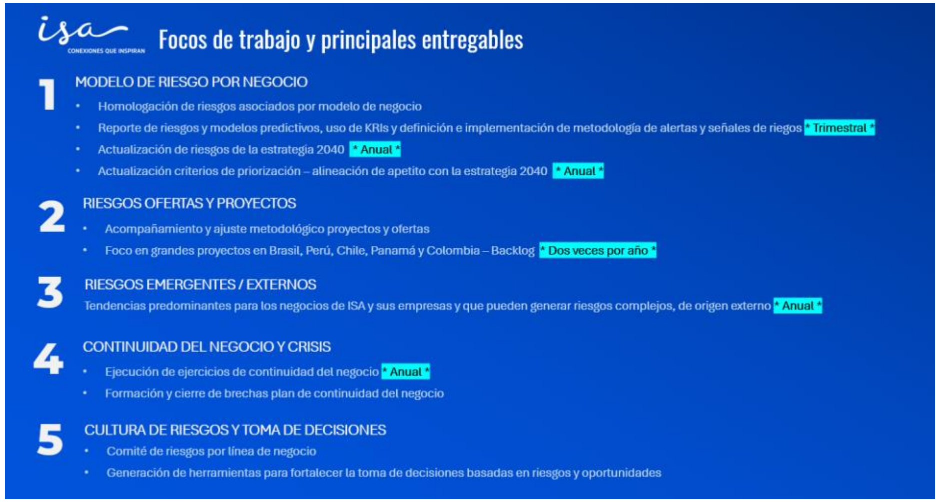
Escalation of risks

considering the roles of each of the organizational levels:

Nivel de riesgo:	Muy alto	Alto	Medio	Bajo
Junta Directiva	Seguimiento y participación en medidas adicionales	Conocimiento y participación en medidas adicionales		
Comité de Presidencia	Seguimiento y participación en medidas adicionales			
Dirección / Gerencia	Gestión integral de Riesgos Participación y seguimiento de medidas adicionales			
Equipos de procesos	Gestión integral de Riesgos Participación y seguimiento de medidas adicionales			

Follow-up

Reporting. ISA and its companies submit quarterly risk reports to their Boards of Directors/ Governing Bodies/ Governing Boards or Audit Committees. The activities and dates to be taken into account to ensure these reports are as follows:



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Comprehensive risk management process

The comprehensive risk management process is based on the ISO 31000 Standard and the ECOPETROL group guidelines.

This process involves the systematic and standardized application of policies, procedures, and activities related to communication and consultation, context setting and evaluation, treatment, follow-up, and review. This process is illustrated in Figure 2

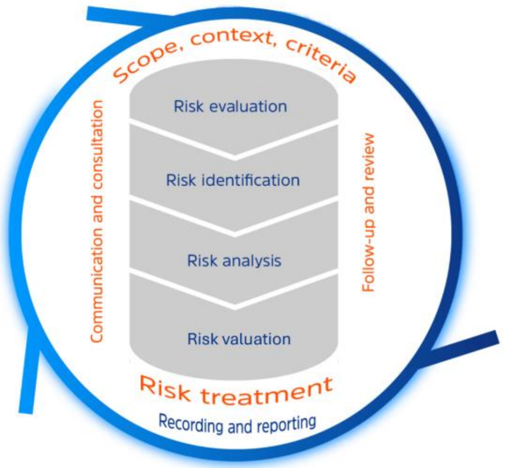

Imagen taken from ISO 31000:2018(es), Risk Management — Guidelines

Corporate Guide 58. Comprehensive Risk Manual, supplemented with 6 annexes

Corporate Guide 43. Business Continuity Management and response protocols

This process is conducted on a quarterly basis, from the process base to the consolidated corporate overview (bottom-up) and, after validation by the Board of Directors, feedback is provided to the business units (top-down).

Types and Categories of Risks

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

Economic	• Governance • Regulatory • Legal • Political • Market, liquidity, and credit • Market, competition, mergers, and acquisitions
Operational	• Business operation • Design and construction • Supply chain • Cybersecurity and information technologies • Human capital and labor relations • Occupational Safety and Health
Compliance	• Fraud and corruption (FCPA) • Money Laundering (ML), Terrorism Financing (TF) and Financing of the Proliferation of Weapons of Mass Destruction (FPWMD)
Socio Environmental	• Environmental • Natural phenomena and extreme climate changes • Property • Social • Public order and citizen security

Comprehensive risk management process

Standardized, systematic risk management

Identification

Uncertain event

Cause/Current prevention measures

Consequence/Current protective measures

Assessment

Prioritization

Probability

Financial and reputational Impact

=

Residual risk level

Treatment

Additional management measures

Prevention

Protection

=

Potential risk level

Communication and consultation

Understanding the risks

Periodic reporting:

- Management Committee
- Risk and Compliance Chief Officer / DIR
- Companies' Board of Directors
- ISA Board of Directors

1st line of defense

2nd line of defense

3rd line of defense

Monitoring and review

Continuous verification of the evolution

Monitoring of key variables to adjust or improve risk assessment:

- Control effectiveness
- Results of key risk indicators (**KRI**), key control indicators (**KCI**) and key performance indicators (**KPI**)
- Materializations and gap closure

Comprehensive risk management process

Risk appetite and risk tolerance ISA and its companies

Risk assessment depends on the nature of each **risk category** analyzed and its prioritization is based on the established levels or limits, defined on the basis of **appetite and tolerance criteria for financial dimensions or resources, reputation and risk declarations or aversions**. The Audit and Risk Committee is responsible for reviewing and approving the prioritization criteria.

ISA and its companies review and establish the criteria annually considering the financial results and the proposed goals against the organization's objectives.

Dimension or financial resource

Continuous probability and impact values are used. The assessment is quantitative.

Financial Resource Scale
USD million

0 ≥11 ≥23 ≥62

Reputational Dimension or Resource

Discrete values of probability and impact are used. The assessment is semi-quantitative

Probabilidad				
Muy alta (>75%)	8	16	32	64
Alta (>50-≤75%)	6	12	24	48
Media (>25-≤50%)	4	8	16	32
Baja (≤25%)	2	4	8	16
	Leve 2	Moderad 4	Crítica 8	Muy Crítica 16
	Impacto			

IMPACTO EN LA REPUTACIÓN Se genera un concepto público	CONFIANZA	PÚBLICOS CLAVE	MEDIOS, REDES SOCIALES Y CANALES
LEVE 2	Muy baja	Conocen	Leve
MODERADO 4	Baja	Observan	Moderada
CRÍTICO 8	Media	Cuestionan	Crítica
MUY CRÍTICO 16	Alta	Acusan	Muy crítica

Approved by the Audit and Risk Committee

1. Risk limits for financial and reputational risks

Appetite

Low — Risks that ISA and its companies are willing to accept in order to achieve their objectives

Tolerance

Medium
High
— Maximum risk that ISA and its companies are able to bear in the achievement of their objectives without affecting the sustainability of the organization

Very high — Risk that ISA and its companies are not willing to assume

2. Risk disclosures (independent of limits)

Supplementary statements on comprehensive risk management

These are red lines or limits of an action or decision on key issues of comprehensive risk management.

These statements were approved by the February 2022 Governance, Sustainability and Risk Committee.

Aversion to:

- Actions that may cause serious or fatal accidents to employees, suppliers and the community

Discrete probability and impact values are used to determine prioritization. The assessment is semi-quantitative

Probabilidad				
Muy alta (>75%)	8	16	32	64
Alta (>50-≤75%)	6	12	24	48
Media (>25-≤50%)	4	8	16	32
Baja (≤25%)	2	4	8	16
Impacto	Leve 2	Moderad 4	Crítica 8	Muy Crítica 16

	Calificación	Valor	Descripción
Escalas impacto personas	Leve	2	Se afecta temporalmente la integralidad física o emocional, psicología e intelectual de la persona (funcionario, contratista o comunidad), puede requerir intervención reparadora de bajo nivel de complejidad y sin incapacidad.
	Moderada	4	Se afecta temporalmente la integralidad física o las habilidades motrices, emocionales, psicológicas e intelectuales de la persona (funcionario, contratista o comunidad), requiere intervención reparadora, puede requerir incapacidad o retorno con restricciones laborales temporales.
	Crítica	8	Se afecta permanentemente la integralidad física o las habilidades motrices, emocionales, psicológicas e intelectuales de la persona (funcionario, contratista o comunidad), se requiere intervención reparadora, y quedan secuelas o consecuencias permanentes que pueden llevar a juna reubicación laboral o incapacidad total.
	Muy Crítica	16	Perdida de la vida (funcionario, contratista o comunidad).

- Irreparable environmental damage*

- Illegal or unethical actions

- Unfavorable deviations in the reference values of key service indicators

In the face of risk transfer:

The acceptable level for the transfer of insurable risks in its aggregate value of premium, deductible and retention after coverage, will be the limit of the green band of the financial resource ("Low" level - USD 10 MM). Applies to insurable risks associated with cybersecurity, property damage and all risks construction and erection.

*Irreparable definition: Absolute loss of the biodiversity component in the abiotic, biotic and social sense, the monitoring of this statement is carried out considering the management and assessment of environmental aspects and impacts within the framework of the ISO14001 standard.

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Comprehensive risk management process

Risk appetite and tolerance identified in ISA and its companies

Types	Categories	Appetite, tolerance and risk disclosures
Economic	• Governance • Regulatory • Legal • Political • Market, liquidity, and credit • Market, competition, mergers, and acquisitions	Economic risks are prioritized by financial and reputational dimension, monitored quarterly by means of key risk indicators, and their evolution is reported quarterly to the Audit and Risk Committee according to an escalation scheme.
Operational	• Business operation • Design and construction • Supply chain • Occupational Safety and Health • Cybersecurity and IT • Human capital and labor relations	Follow-up and monitoring carried out quarterly at the latest considering the prioritization in the financial and reputational dimensions and the risk statements against aversion to: • Unfavorable deviations in the reference values of key service indicators • Actions that may cause serious or fatal accidents to employees, suppliers and the community In addition, the compliance with the Guidelines or policies defined in the business and by compliance is monitored transversally.
Compliance	• Fraud and corruption • Money Laundering (ML), Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction	The reporting and supervision of compliance risks shall be carried out quarterly at the latest and on demand, the corresponding levels shall be informed for their management, and their prioritization shall be carried out by means of the reputational dimension and declaration of risks in the face of aversion to: • Illegal or unethical actions In addition, the compliance with the Guidelines or policies defined in the business and by compliance is monitored transversally.
Social Environmental	• Environmental • Natural phenomena and extreme climate changes • Property • Social • Public order and citizen security	Socio-environmental risks are monitored on a quarterly basis by prioritizing the financial and reputational dimension and risk statements against risk aversion: • Irreparable environmental damage* • Actions that may cause serious or fatal accidents to employees, suppliers and the community

[1] Irreparable definition: Absolute loss of the biodiversity component in the abiotic, biotic and social sense, the monitoring of this declaration is carried out considering the management and assessment of environmental aspects and impacts within the framework of the ISO14001 standard.

Comprehensive risk management process

Description of the main risks

Company:	**ISA Energía Brazil**		ISA's shareholding:	35.82%
Risk:	Claims related to labor liabilities under law 4819/58			
Brief explanation of the risk	Recognition of the definitive liability for the contingency regarding law 4819/58 (supplemental retirement plan).			
Business relevance	Effect on energy transmission business expense			
Current assessment				
Assessment methodology	Scenario analysis			
Risk appetite and tolerance	**0** **≥11** **≥23** **≥62**	Approved by the Audit and Risk Committee held in August 2024		
Probability	20%	**Explanation:** probability is calculated based on attorneys' assessment and probability of loss		
Financial Impact USD million	372	**Explanation:** corresponds to the actuarial calculation of future disbursements, pro rata of payments made between 2013 and 2020 and the value of the collection actions.	Level of financial risk:	74.51
Reputational Impact	Critical	**Explanation**:Impact on credibility, trust, and visibility through the media	Reputational risk level	Medium
Current and/or potential management measure	Submission of relevant appeals to the regulatory authorities Documentation and supporting papers Trade union management Judicial and extrajudicial proceedings Collection procedures and ongoing monitoring of process evolution Provision of a dedicated legal team and favorable legal opinions			

Comprehensive risk management process

Description of the main risks

Company:	**ISA Energía Brazil**		ISA's shareholding:	35.82%
Risk:	**RBSE - Failure to receive Ke and change in the update rate**			
Brief explanation of the risk	A financial loss could result from the total or partial payment of the financial component, remunerated by the Ke (cost of equity) linked to the payment of the RBSE (payment for assets not amortized before May 2000). The financial component refers to the payment installments not received between 2012 (assignment extension of the concession) and 2017 (payment started). "Failure to receive in full" refers to not receiving the entire financial component, and "failure to receive partially" refers to not receiving the ke within the financial component. In 2021 there have been new legal actions against the payment of the Ke. Also, bill 4636 can modify the update of the calculation of the Ke.			
Business relevance	Effect on Energy Transmission Business Revenues			
Current assessment				
Assessment methodology	Scenario analysis			
Risk appetite and tolerance	**0** **≥11** **≥23** **≥62**		Approved by the Audit and Risk Committee held in August 2024	
Probability	7%		**Explanation**: NPV of the different inflows updated with the RBSE reprofiling, including Ke's values already received.	
Financial Impact USD million	389	**Explanation**: NPV of the different inflows updated with the RBSE reprofiling, including Ke's values already received.	Level of financial risk:	128
Reputational Impact	Critical	**Explanation**: Impact on credibility, trust, and visibility through the media	Reputational risk level	Medium
Current and/or potential management measure	Permanent work with the Ministry of Mines and Energy, the Ministerio da Fazenda, the National Energy Agency (ANEEL), and the Tribunal de Contas da União (TCU). Submission of proposals and judicial procedures through the Associação Brasileira das Empresas de Transmissão de Energia (Abrate), in collective and individual actions. Acting together with the responsible entities, providing technical-legal arguments			

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Risk management culture

Risk Management Training: Audit and Risk Committee

ISA provides regular training on risk management for non-executive directors through a specialized program designed for the Board Committee, specifically the Audit and Risk Committee. This program serves as a strategic guide to strengthen its capabilities in planning, understanding, and comprehensively managing risks at ISA and its companies.
The content addresses key topics related to risk prevention and management, ensuring alignment between the risk management model, corporate strategy, and the business environment. The program is structured as a series of four modules, which must be completed every two years.

Structure of the training program modules:

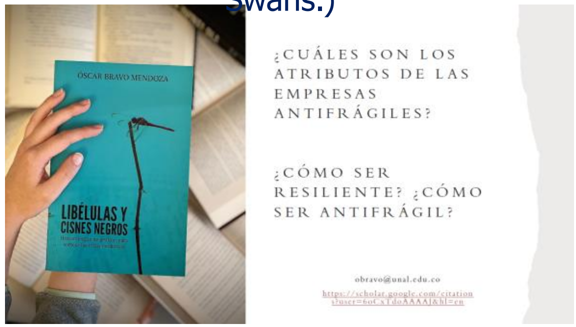
- Risk Management Framework (Module 1)
- Opportunity Management (Module 2)
- Risk Management (Module 3)
- Business Continuity and Crisis Management (Module 4)

Expected outcomes of the program:

- Understand the different types of risks and how to manage them appropriately.
- Clarify the role of each stakeholder in risk management.
- Master the risk management framework and its application within the organization.
- Incorporate best practices through the analysis of real-world cases and hands-on workshops.

<table>
<tr><th>Board of Directors – A&R Committee</th><th>2025</th><th>2026</th><th>2027</th></tr>
<tr><td>A&R Committee 2025</td><td>Attended (Module 1,2,3 and 4)</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Juan Emilio Posada Echeverri (Nominated by: EPM) 2026</td><td>Attended (Module 1,2,3 and 4)</td><td rowspan="5">Module 1, 2 and 3 (scheduled second semester of 2026)</td><td rowspan="5">Module 4 (scheduled first semester of 2027)</td></tr>
<tr><td>Mónica de Greiff Lindo (Nominated by: Ecopetrol S.A.) 2026</td><td rowspan="4"></td></tr>
<tr><td>Germán Arce Zapata (Nominated by: Pension and Severance Funds) 2026</td></tr>
<tr><td>Astrid Martínez Ortiz (Nominated by: Pension and Severance Funds) 2026</td></tr>
<tr><td>Álvaro Torres Macías
(Nominated by: Ecopetrol S.A.) 2026</td></tr>
</table>

Training Session 2025, led by **Oscar Bravo**, which covered **modules 1, 2 and 3**, with an emphasis on the different types of risks based on their nature, as part of the educational material from the book "Libélulas y cisnes negros" (Dragonflies and Black Swans.)



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Risk management culture
Training of employees of ISA and its companies

ISA and its companies work permanently on strengthening the risk culture in a transversal manner in order to promote the incorporation of risk concepts and methodologies in all processes. Annually, a training plan is carried out on different topics for employees of ISA and its companies.

During 2025, the plan included the following topics:

Training
- Project risk training
- Training on risks in bids
- Staff inductions new comprehensive risk management model ISA and its companies

Education
- Climate change
- Supply chain challenges (risks) in the energy sector
- Organizational resilience

Consulting Services
- Risks in special projects
- Risks in innovation projects

MR.&MRS. RISK

Challenges with both theoretical and practical components: **9**

Number of participants ISA and its companies: **188**

Number of attendees **50**

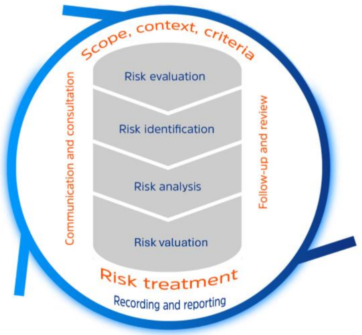
Total hours **10**

Risk management culture

Risk communication and training campaign

We have advanced in the maturity of our comprehensive risk management model and governance.

ISA process cycle
Coverage in risk management in **ISA processes**



2025 Coverage of 100% of the ISA parent Macroprocesses

Digital adoption at all levels of management in the **risk management information tool**.

metricstream

There was an increase of 418 active users on Metricstream, bringing the total number of interactions across the tool's various modules to 333,379 for the year.

We contribute to growth, **lead the** analysis of **risks in bids of ISA** and its companies

Energy Transmission 15

Roads 1

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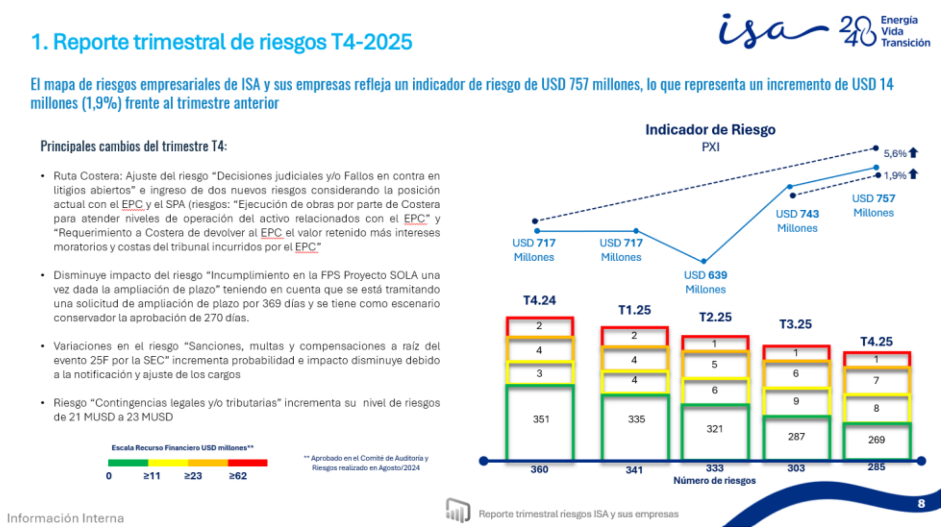
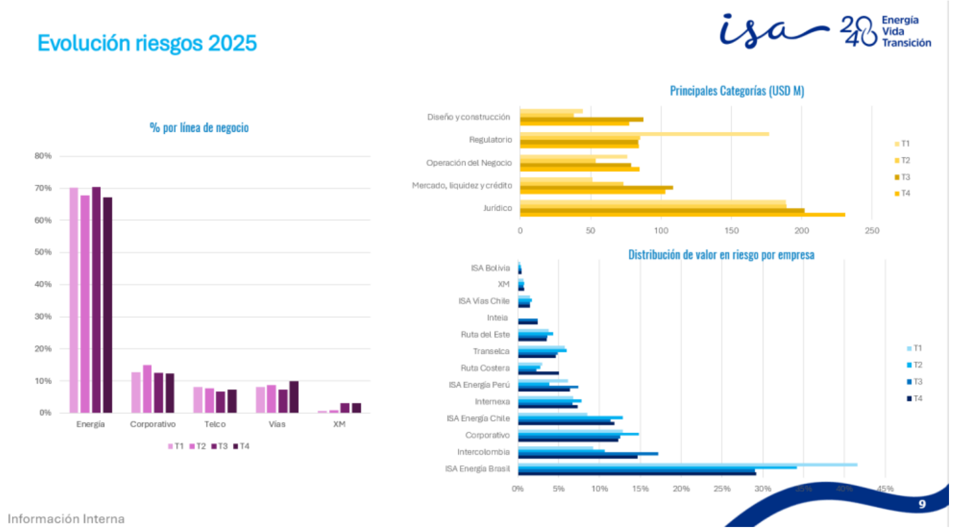
Comprehensive risk management process

Comprehensive risk management follow-up and monitoring

The Audit and Risk Committee, composed of five (5) members of the Board of Directors, periodically monitors the evolution and management of risks through quarterly reviews, in accordance with the schedule presented below.

1Q.2025	2Q.2025	3Q.2025	4Q.2025





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Risk maturity level

Internal and external audits

Each year, ISA and its companies assess the maturity level of the comprehensive risk management model by evaluating 6 components considered key to the comprehensive risk management cycle; and supported by standards such as ISO 31000, ISO 55002, COSO ERM, and other good risk practices.

Chief Audit Officer prepares and executes an annual internal audit plan to verify the results of the maturity model and identify points for improvement, which includes the following stages:
1. Conduct of the Internal Audit Carried Out in 2024
2. Review of effectiveness of improvement plans derived from audit findings during 2025

The main findings and recommendations are presented below:

Evaluación Nivel de Madurez de Riesgos – Principales resultados

	Fortalezas	Oportunidades de mejora
Gobierno	• Estándar de gestión de riesgos • Reporte a la Alta Dirección • Roles y responsabilidades de la Junta Directiva y la Alta Dirección	• Criterios de priorización • Toma de decisiones
Administración	• Funciones relacionadas con riesgos • Metodologías • Mejora continua	• Encargado de la función de riesgos • Funciones relacionadas con riesgos • Líneas de defensa
Información	• Señales del entorno y partes interesadas	• Uso de información de riesgos • Herramientas de información • Incorporación de lecciones aprendidas
Proceso	• Identificación, análisis y valoración de riesgos empresariales y emergentes • Comunicación y consulta • Contextos interno y externo	• Homologación de procesos • Identificación, análisis, valoración y tratamiento de riesgos operativos por parte de los líderes de procesos • Definición de métricas (KRI)
Personas	• Roles y responsabilidades	• Competencias
Cultura	• Comunicación y promoción	• Sensibilización • Alineación entre incentivos y gestión de riesgos

Evaluación Nivel Madurez Riesgos – Principales conclusiones

Con base en la evaluación realizada, a partir del ejercicio de autoevaluación, podemos concluir que:

- ISA y sus empresas han venido mejorando sus procedimientos y marco de referencia para la gestión integral de riesgos empresariales, a nivel de riesgo operativo existen oportunidades de mejora para su identificación, valoración, definición de medidas de administración, gestión de información y reporte.
- Tal y como se ve hoy, vemos bajo nivel de riesgo para que ISA y sus empresas alcancen 2025 una calificación promedio de 4.0 sobre 5.0 en modelo de Gestión Integral de Riesgos; aplicando los mismos criterios de evaluación; sin embargo, es importante tener en cuenta que llegar a 4.0 representa una ***"Nivel Intermedio (2,6 - 4,0)"***, valdría la pena analizar la posibilidad de modificarla.
- Es necesario acelerar la definición de los KRI y matricularlos dentro de objetivos de desempeño, buscando un mecanismo de medición del avance en la cultura de riesgos.
- La información de riesgos operativos aún se encuentra en un nivel **"Básico"**; toda vez que:
  - Falta homologación de los procesos y en la definición de riesgos, aún existen empresas que usan cadenas de valor y categorías de riesgos diferentes a las del nuevo modelo.
  - Bajo uso de MetricStream
  - Evidenciamos líderes que no han levantado el 100% de los riesgos operativos de sus procesos
  - Existen compañías sin la definición formal del responsable de riesgos

Audit and Risk Committee

Direct reporting

Carlos Ignacio Mesa

Vicepresidente de Auditoría Corporativa

Team:
5 Internal auditors

In addition, the annual internal audit plan is focused on the organization's risks, taking the Risk Map as a reference.

Energía Vida Transición

External audit

In addition, verification work and external audits are carried out on an annual basis, among which the following are noteworthy:

The certified management systems that ISA and its companies have, which aim to verify the proper implementation of these systems and their compliance with national and international norms and standards of reference. The scope of these external audits considers the process of identification, analysis, evaluation and control of the company's risk management, mainly highlighting ISO9001 and ISO55001, where risk management is framed under the ISO31000 standard.

Comprehensive management systems

	ISO 9001	ISO45001	ISO14001	ISO27001	ISO55001	ISO39001	Equidad de Género[1]	EFR[2]	Carbono Neutro
ISA	X	X					X		X
ISA INTERCOLOMBIA	X	X	X	X	X		X		X
ISA REP	X	X	X		X				X
ISA ENERGÍA BRASIL		X	X		X		X		X
ISA ENERGÍA CHILE		X							X
ISA TRANSELCA	X	X	X		X		X		X
ISA BOLIVIA	X	X	X		X				X
ISA VÍAS CHILE	X	X	X[3]			X[4]	X		X
RUTA COSTERA		X							X
INTERNEXA	X	X		X				X	X
XM				X					X
INTEIA	X	X		X			X		X

For 2025, the overall result was compliance, and the main findings include:

The adoption of the MetricStream tool as part of the effort to strengthen the risk-based approach of the quality management system, as a structured, systematic, and quantitative assessment of the risks associated with the organization’s critical processes, projects, and activities.

icontec

The control system of the energy sector in Colombia Superintendencia de Servicios Públicos Domiciliarios (Superintendence of Household Utilities) requests to perform an External Audit of Management and Results (AEGR) which has within its objectives to review the overall process of risk management, identification and assessment of risks that may affect the provision of service. The general opinion of the AEGR or the Internal Control Office on Risk Management of 2024 stands out:

CASO Auditorías & Consultorías
Conocimiento para su evolución y crecimiento

- The organization's risk management is a proactive process that allows having control of the organization's priority and tolerable, moderate, and low risks.
- The Board of Directors and the Senior Management are strongly committed to risk management. Through its Audit and Risk Committee, the Board of Directors regularly monitors relevant risks throughout the organization.
- There is a process in place to identify, evaluate and treat risks according to the company's structure, in order to avoid the materialization of risks that affect the strategic objectives.
- Risk management is led by a group of people who deploy knowledge and advice at the company level.
- Risk management is part of the company's organizational culture.
- It should be noted that the general risk framework can be found in ISA's comprehensive risk manual.
- Disclosure and training on the risk management model is part of the organizational culture of ISA and its companies.

Incentives incorporating risk management metrics

ISA incorporates goals related to preventive risk management into its Balanced Scorecard, linking them to variable compensation. This encourages all employees to actively participate in identifying, mitigating, and monitoring risks directly associated with strategic objectives, promoting initiatives and ensuring processes that contribute to meeting the established indicators

Risk Management for the category: Market, liquidity, and credit

Risk Management for the category: Design and construction

Risk Management for the category: Occupational Safety and Health

Risk Management for the category: Environmental

Risk Management for the category: Market, competition, mergers, and acquisitions

Matriz de compensación variable

Trimestre IV y anual 2025

	Directivos y no directivos					
	Componente trimestral				Componente anual	Bono total[1]
Nombre del indicador	Resultado T1	Resultado T2	Resultado T3	Resultado T4	Resultado	
EBITDA | *% de cumplimiento* *Lograr un cumplimiento de AOM ≤ 98%*	32,00%	16,00%	16,00%	16,00%	20,00%	20,00%
CAPEX de proyectos base anual |*% cumplimiento*	22,94%	11,18%	10,58%	10,34%	12,93%	13,26%
Avance físico de proyectos (base anual) |*% cumplimiento*	24,00%	12,00%	10,91%	12,00%	15,00%	14,89%
TRIF | *#*	20,00%	10,00%	9,30%	8,00%		4,73%
Cumplimiento de la senda NetZero 2022 - 2025 |*% cumplimiento*					8,33%	5,00%
Nueva infraestructura (adjudicada/ ganada) de almacenamiento y nuevas soluciones de energía | *MW*					0,00%	0,00%
Hitos estratégicos | *#*		25,00%	50,00%	47,81%	21,05%	24,91%
Total	**98,94%**	**74,18%**	**96,80%**	**94,16%**	**77,32%**	**82,80%**
Resultado con descuento por Fatalidades[2]	**0**	**1**	**3**	**1**	**47,32%**	**64,80%**

Performance incentive - variable compensation employees of ISA and its companies (Managers and non-managers)

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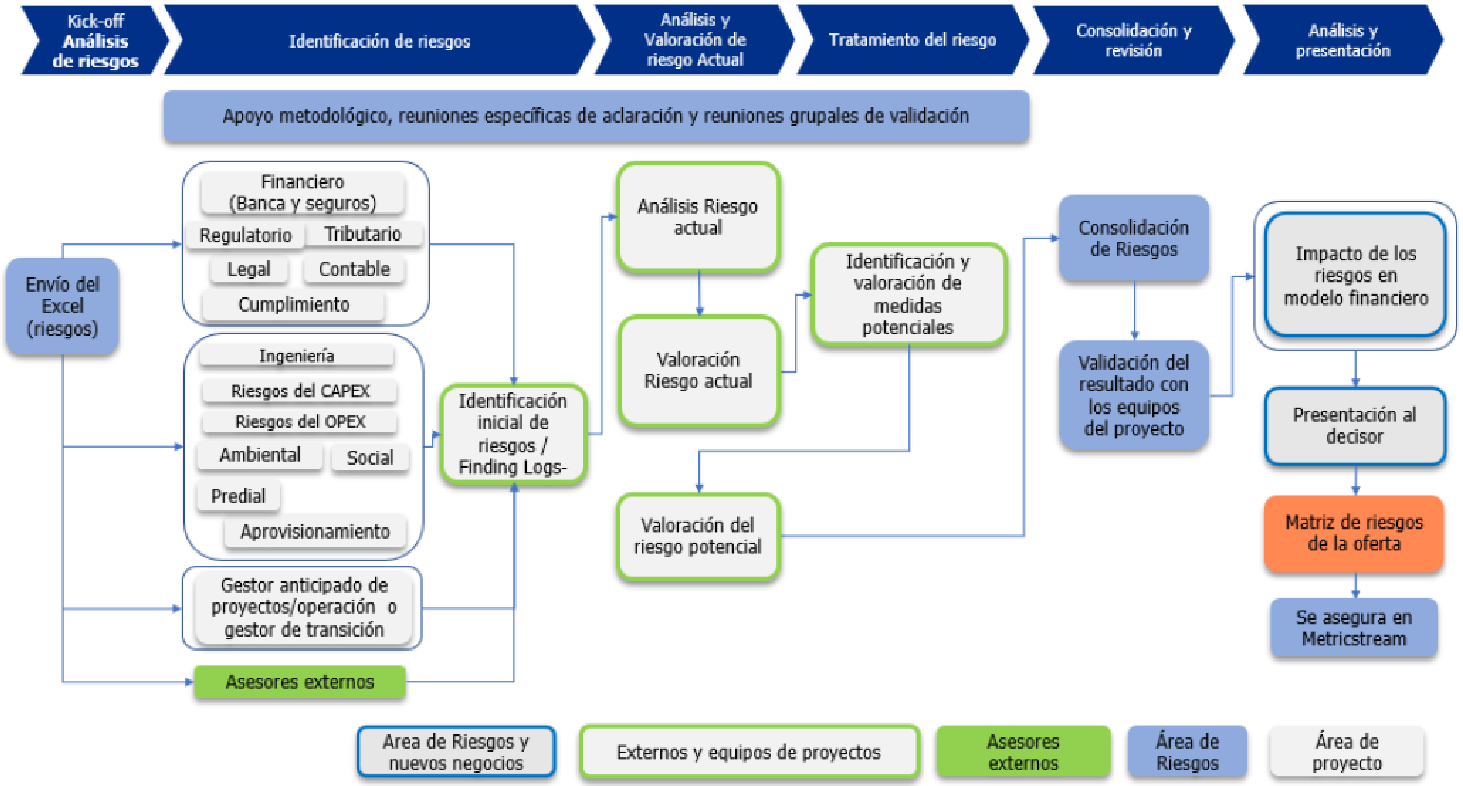
Risk Management in Bids: Risk Criteria for the Development or Acquisition of New Products or Assets

Bids may include: (i) bids to build new projects, referred to as greenfield bids, which include calls for proposals or bids, reinforcements, expansions, customer connections, renovations, or other business opportunities; or (ii) the acquisition of companies and/or assets, generally those already in operation, known as brownfield bids.

ISA and its companies carry out the risk analysis process for the structuring stage of the bids for investments/disinvestments, as well as in the construction stage of the project.

The risk management cycle for bids is based on ISO 31000 standard and the PMBOK, which involves the standardized application of policies, procedures, communication activities, context establishment, assessment, treatment, monitoring, review, and appropriate governance.

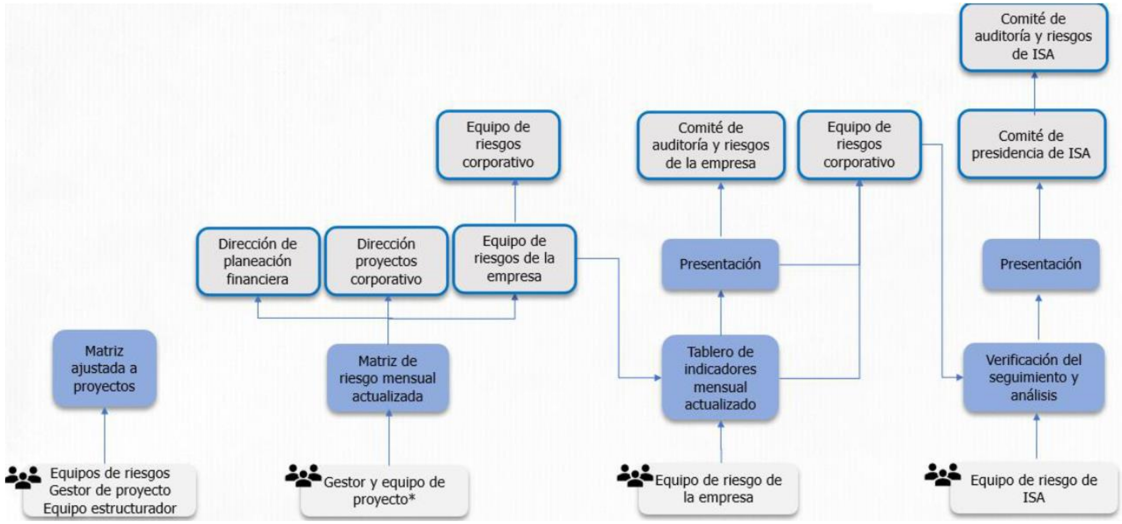
Risk Management Process for Bids

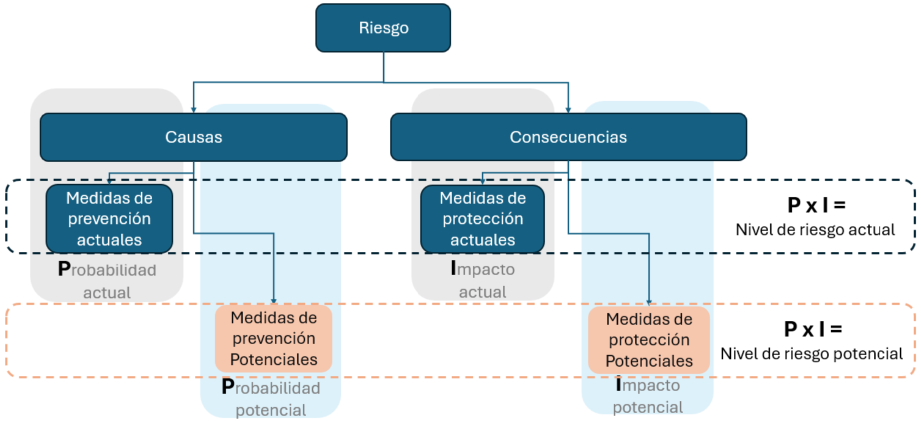


Risk management in proposals

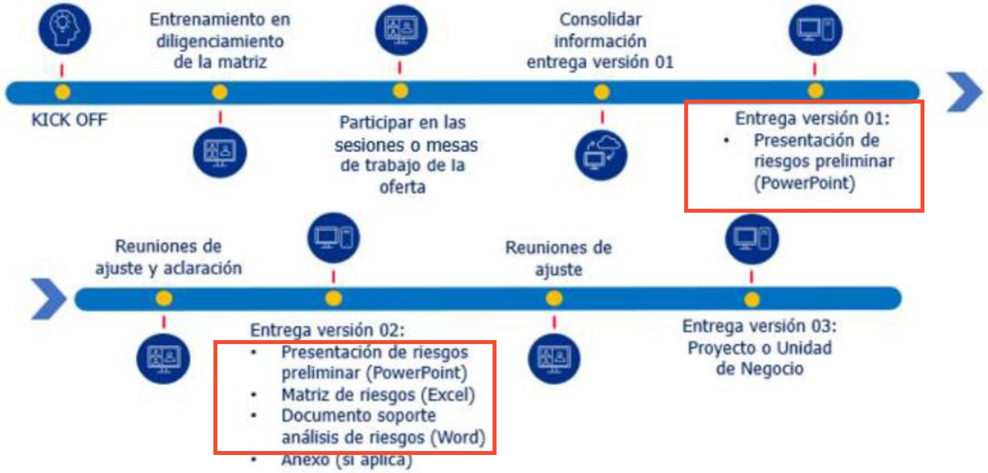
The updating of the risk matrix in project execution has six (6) steps. The risk matrix contains potential management measures for prevention and protection. The implementation of these response plans that modify the current risk level is reviewed at least monthly. As the plan progresses, the current risk rating is modified. Any change to the potential measures (scope or objective) requires a review of the potential risk level.

Roles and responsibilities in proposal risk management





Schedule of activities



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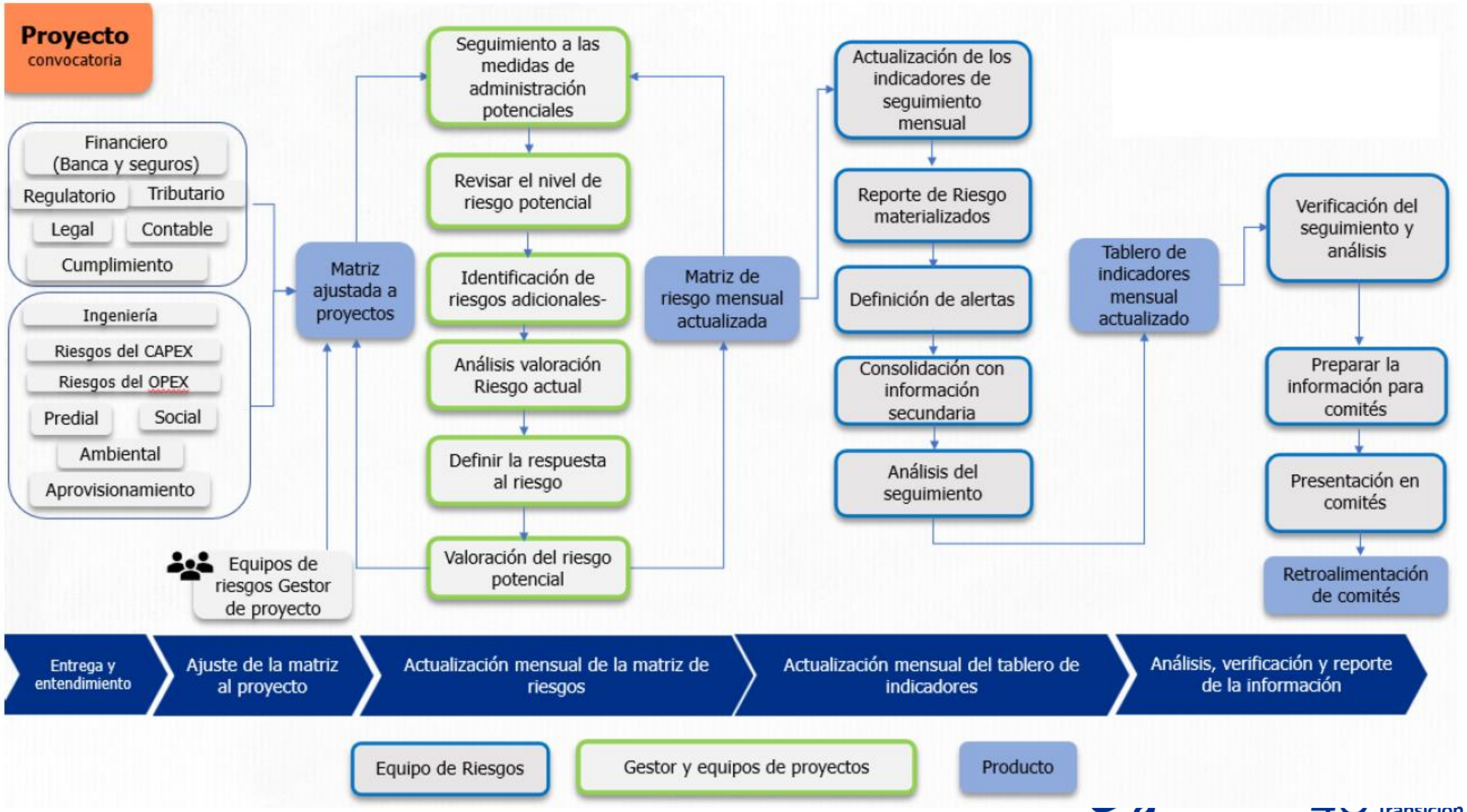
Project risk management

Based on the proposal risk management and once the project has been awarded, the necessary modifications are made to the proposal risk management, such as the risk matrix for its development and follow-up during project execution.

Adjustment flow for monitoring project risks



Risk appetite and tolerance proposals and projects ISA and its companies

Risk analysis is applied in decision making for investment in new projects, acquisition of companies, development and execution of projects, supported by risk prioritization criteria which is defined as a percentage of the investment value. When this value exceeds the established threshold, the prioritization levels will be determined according to those applied for the assessment of business risks. The evolution and mitigation of project risks is monitored periodically.

ISA and its companies review and establish the criteria annually considering the financial results and the proposed goals against the organization's objectives.

Dimension or financial resource
Continuous probability and impact values are used. The assessment is quantitative.

Financial Resource Scale
USD million

0 ≥11 ≥23 ≥62

For proposals and projects with investments <USD880 million, the following % are used to define the limits otherwise the ISA criteria are used. The assessment is quantitative.

Dimension or Financial Resource Scale - % of investment value
USD million

0 ≥% ≥% ≥%

Risk limits for financial and reputational risks

Appetite

Low — Risks that ISA and its companies are willing to accept in order to achieve their objectives

Tolerance

Medium
High
— Maximum risk that ISA and its companies are able to bear in the achievement of their objectives without affecting the sustainability of the organization

Very high — Risk that ISA and its companies are not willing to assume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