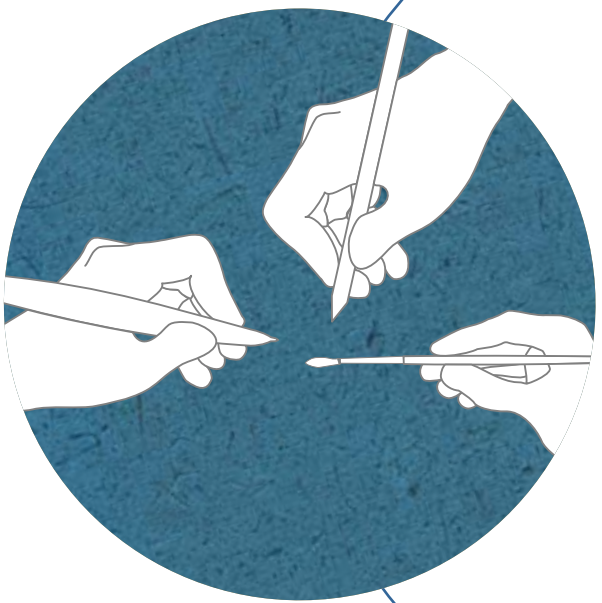
2013 Management Report

ISAGEN
PRODUCTIVE ENERGY

Contents



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Composition of the Board of Directors in 2013:

Primary	Alternate
Carolina Soto Losada Public Credit and National Treasury General Vice-Minister Ministry of Finance and Public Credit	**Michel Janna Gandur** Public Credit and National Treasury General Director Ministry of Finance and Public Credit
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José Fernando Isaza Delgado	**Andrés Felipe Mejía Cardona**
Gonzalo Restrepo López (Vice-Chair)	**Andrés Escobar Arango**

Mr. German Arce Zapata and Ms. María Fernanda Suarez were also part of the Board of Directors in 2013 as primary and alternate of the first seat respectively, until the second meeting of the year (February 21, 2013), later being replaced by the people that currently occupy this seat.

Management

Luis Fernando Rico Pinzón
Chief Executive Officer

Juan Fernando Vásquez Velásquez
Chief Financial Officer

Liliana María Zapata Madrid
Chief Commercial Officer

Diego León González Ochoa
Chief Production Officer

María Luz Pérez López
Chief Energy Projects Officer

Luis Fernando Londoño Mejía
Chief Administrative Officer

Gloria María Úsuga Yepes
Chief Audit Executive

Sheilla Namén Chavarro
General Counsel

Armando Gómez Correa
Chief Internationalization Officer

Margarita Rosa Giraldo Gallón
Brand Manager

Message from Management

Sharing with you all the results, lessons, challenges and difficulties of our management every year is an exercise that motivates us to reflect on the Organization's direction and performance. It also drives us to improve and innovate our practices to offer results with a greater impact not only on economic growth, but also on environmental protection and social development in areas where we carry out our business activities.

Every step we take is toward a goal that gathers up our essence and weaves it into our directive for the future: Generating smart energy and prosperity for society. Due to the nature of our business, we can contribute to providing access to energy for the entire population by doing things well, taking care of natural resources and improving transformation processes in society that improve quality of life. Achieving this is only possible through collaborative work and with the support of you our shareholders, and in general, all our stakeholders. Below we share with them all the main results of our management as an opportunity to hold a dialog and define collaborative plans.

Luis Fernando Rico Pinzón
Chief Executive Officer

10,322.36 GWh-year
The Third largest energy generator in Colombia

16.97%
Participation in National Electrical Grid

714.5 GWh
Historic energy transfer to Venezuela

We Meet our Commitments to the Market

We are the third largest Colombian electric energy company generating 10,322.36 GWh/year in 2013, which was 16.97% of the country's electric energy demand. Our energy generation increased 6.6% compared to 2012 due to the optimization of our operating and sales management, and the start-up of our new projects. The availability of our power plants was 93.41%, in the high average range in the energy sector worldwide.

Facing Colombia's reported rainfall volatility, the Termocentro Power Plant generated 1,614.62 GWh, 213% more than in 2012, and the most it has generated any year since its commercial start-up in 1996, consolidating it as an excellent backup for our commercial operation. This thermo-electric plant operated in normal conditions until 2012, in dry seasons and dry weather phenomena, generating between 30 - 565 GWh/year. The record set in 2013 was possible because of the gas supply strategy and the excellent technical conditions.

Worth of mention, this was the largest transmission of electricity in history to Venezuela, reaching 714.5 GWh, up 51.2% compared to 2012.

The results of our operation are supported by quality, environmental, and occupational health and safety management systems with the highest standards. Said systems were again certified by the Colombian Institute of Technical Standards and Certification (Instituto Colombiano de Normas Técnicas y Certificación - ICONTEC) under the ISO9001, ISO14001 and OHSAS 18001 standards. Others follow international guidelines on comprehensive risk management, internal control, energy efficiency and governance of information technology, etc.

Termocentro Power Plant generated a record 1,614.62 GWh

Our Results Exceeded Expectations

Revenue was up 16% over 2012 figures to $2,002,814 million, as a result of optimized commercial operation in the contract and spot market channels. Operating profit was $581,014 million, up 16% with a margin of 29%. EBITDA was $692,636 million, up 13% with a margin of 35%. Net profit was $433,966 million, down 6% with a margin of 22%. This decrease is mainly explained by the creation of the CREE income tax, which resulted in a net tax increase of $25,769 million. It is important to note that operating profit, EBITDA and net profit surpassed forecasts for the year up 39%, 32% and 10% respectively.

To obtain funds to make our corporate objectives a reality, we negotiated better debt conditions. In 2013, we worked with creditors of international loans to achieve more flexible financial commitments,. This permits the Company to confront the significant investment necessary for the Sogamoso Power Plant with greater peace of mind. With the renegotiation of the Club Deal Loan, we decreased the rate by more than 200 basis points, and got a grace period of three years for a new term of 12 years. We improved cash flows for the next few years through these actions.

Consistent with our goal to consolidate the Company in foreign and domestic financial markets, we entered the Dow Jones Sustainability Index. We were listed on this index with leading energy sector companies in emerging markets the very first year we were invited to submit to their demanding assessment. Also, we were included in the United Nation's GC 100 Index, which recognizes the top 100 companies implementing sustainability practices in line with the ten principals of the Global Compact and their performance in capital markets.

We became more competitive by maintaining the quality of our credit, which is reflected in the investment grade ratings (BBB-) of three highly recognized international agencies and domestically we received ratings of AAA- and AA+. Finally, we were recognized by the Colombian Securities Exchange as one of the most outstanding companies in the country for our good practices in information disclosure and investor relations. Our share price gained 29.74%, up to 3,250 from $2,505.

$2,002,814 million
Revenue

$581,014 million
Operating profit

$692,636 million
EBITDA

$433,966 millones
Net profit

> *Join the Dow Jones Index Sustainability and the Stock Index GC 100 of the United Nations.*

Committed to the Future with Balanced Growth

To handle Colombia's energy demand, we have a strategy directed at increasing our generation capacity, and we reaped benefits from this strategy in 2013. After overcoming some difficulties, the Amoyá River Hydroelectric Power Plant, La Esperanza Power Plant in the department of Tolima and the Manso Diversion in the department of Caldas started commercial operation, contributing on average an additional 614 GWh to our possible annual generation.

We continue to make progress in the construction of the Sogamoso Hydroelectric Power Plant in Santander, currently at 90% progress. When complete the plant will have 820 MW of installed capacity and average annual generation capacity of 5,056 GWh/year. With the start-up of this Power Plant, which is projected for the end of Q3 2014, our energy production capacity for the Colombian people will increase approximately 50%.

Considering Company sustainability and development in harmony with the environment, we encouraged and participated in the Second Water Conference, together with El Espectador and WWF, creating opportunities for dialog about governance of water resources to develop a national vision for their preservation. In the same vein, we are proud to have signed the Pact for Basins and Water in Caldas for the care and preservation of the Guarinó, La Miel and Chinchiná river basins. Moreover, our new headquarters obtained the LEED Gold category certification by meeting environmental and efficiency criteria in the use of design, construction and operating resources, in addition to making the most of spaces for worker collaboration and dialog.

In 2013, we also advanced calculating our carbon footprint and directed our efforts toward taking advantage of renewable sources of energy in order to diversify our energy matrix in the future. Our hydroelectric power challenges set for 2014 are delivering the Environmental Impact Study in order to obtain the environmental license for the Cañafisto Project in Antioquia and the continuation of work for the environmental license of the Piedra del Sol Project in Santander, as well as advancing our studies for other hydroelectric power plants around the country.

Regarding geothermal energy, we intend to continue with pre-feasibility studies at the Tufiño – Chiles – Cerro Negro Bi-national Geothermal Plant, on the border with Ecuador, and deliver the Environmental Impact Study to obtain the environmental license for the exploratory drilling of this geothermal plant near the Ruiz Volcanic Massif area in Caldas. As far as wind power, our objective is to finalize the financial structuring of the Wind Farm in Guajira and make progress in assessing wind power on Colombia's northern coast.

Inauguration of the Amoyá River,
La Esperanza Hydroelectric Power Plant

90% progress in the Sogamoso
Hydroelectric Power Plant.

Committed to Our Stakeholders

We announced our Relations Policy to our stakeholders in 2013 to strengthen our work with them. Consequently, we made advancements in our Comprehensive Energy Management (GIE, for the Spanish original), which currently has the participation of 60 industrial end clients. This contributes to their productivity and competitiveness by improving efficiency in their processes and minimizing their environmental impact. We renewed contracts that were to expire with 100% of the clients. We obtained a satisfaction rating of 4.76 out of 5, which was greater than that of 2012.

To encourage the comprehensive development of our workers, we continued initiatives to balance their work and personal lives (life projects, flexiwork, strengthening interrelations, etc.), as well as development programs to improve their skills (Corporate School and Executive School) and the widening of the portfolio of healthcare services in all our facilities through agreements with specialized institutions. Regretfully, two young executives died of natural causes: Andrés Zuluaga from the Jaguas Power Plant and Víctor Martínez from the Termocentro Power Plant.

In our areas of influence, we strengthened relations with community institutions and organizations through meetings, thereby joining forces for the creation of regions that manage their own development. Specifically for the Sogamoso Power Plant area, we made 85% progress in the Program to Restore Living Conditions for Relocated Communities. Also, in same area and in that of the Amoyá River Plant, La Esperanza, roundtables were established, which will continue during the operation phase to handle the development plans thereof. As for human rights, in different territories, we promoted teamwork between institutions, the business sector and communities to define strategies for protecting and respecting such fundamental rights.

We developed networking meetings and roundtables with our providers to create mutually beneficial relationships and implement sustainability practices in our value chain. With our Technology Partner Network in particular, we successfully implemented the PREAPROBADOS sales service system. This allows Network members to directly reach our clients to improve service speed and adjust services to their needs. Furthermore, we began work with two new provider networks, one for engineering and maintenance, and the other for communication services.

Our management also contributed to market development. We participate in areas for the creation of public policy and we support global initiatives (ten principles of the Global Compact, Millennium

Development Goals and Caring for Climate). In 2013, the Global Compact invited us to be part of the pilot program, Business for Peace, which brings together companies committed to building and strengthening peace.

Committed to Our Management and its Transparency

Sustainable management that creates value is founded on corporate governance and corporate ethics. We were recognized by Transparencia por Colombia (Transparency for Colombia) as having the highest standards of these practices in these spheres of a public service company. Additionally, we would like to point out our full compliance with applicable legislation. Pursuant to Article 47 of Law 222 of 1995, modified by Law 603 of 2000, all the software available for our management is licensed based on the regulations established by the Intellectual Property and Copyright Law.

Internally, our administration continually reviews how work is organized, always adapting to the needs of the Company and its surroundings. Thus, in addition to organizational adjustments, we created our comprehensive risk system by defining corporate risks, which are monitored by the Board of Directors. We upgraded the supervision and control system and the corresponding information security system at the Jaguas Power Plant.

It is public knowledge that the Colombian Government, the Company's majority shareholder, announced on July 29, 2013 that it would transfer all of its ISAGEN shares. To do so, the Ministry of Finance and Public Credit issued decree 1609 regulating and approving the corresponding process. To carry this out and pursuant to the authorization given by the General Shareholders' Meeting in 2010, the Company's management has provided the information the Nation needed, including confidential information, for the Company's valuation, in order for the Colombian Government to make a decision and carry out the transfer process.

In response to the arbitral award handed down by the Council of State for the Miel I Hydroelectric Power Plant construction, after processing the necessary legal and administrative paperwork, ISAGEN made the required payment of more than $125,000 million. Making this payment did not at all affect the financial situation of the Company because said sum had been completely provisioned since the 2010 accounting year, and was held and updatd until the date of its payment. However, to defend the interests of our shareholders, and considering that there are sufficient and solid arguments to support its claims, ISAGEN filed a writ for the Protection of Constitutional Rights before the Fourth Section of the same Council of State, against the Award

and the annulment ruling, which was denied with a minority vote. Now, it is in the hands of the Constitutional Court to decide its revision.

With our management in 2013, we hope to have met your exceptions and maintained your confidence in our corporate management, which has been inspired by the ethics and responsibility we have to our stakeholders. We also hope that our contribution to the development of the country and a higher quality of living in the regions where we work is motivation to continue down the path we are on, understanding that our greatest responsibility is to create value.

Below, we present the most relevant management figures that reflect results of 2013. We welcome you to share your opinion.

Thank you very much,

ORIGINAL
DOCUMENT SIGNED

LUIS ERNESTO MEJÍA CASTRO
Chairman of the Board

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LUIS FERNANDO RICO PINZÓN
Chief Executive Officer

Management in numbers

	Unit	2012	2013	Variation %
Financial Management				
Profitability of equity	%	15.4	13.4	-
Operating profit	$ Million	501,455	581,014	16%
Operating margin	%	29	29	-
EBITDA millions	$ Million	610,462	692,636	13%
EBITDA Margin	%	35	35	-
Net profit	$ Million	460,903	433,966	(- 6%)
Net margin	%	27	22	(18.5%)
Financial leverage	Times	0.59	0.65	
Financial debt / EBITDA	Times	3.49	3.81	
Indebtedness	%	37	40	-
Sales Management				
Total Income	$ Million	1,731,539	2,002.814	16%
Customer satisfaction indicator	Points	4.75	4.76	
Number of wholesale customers	Number of customers	19	19	-
Participation in the non-regulated market	%	21.4	19.5	-
Industrial End Clients	Number of customers	272	273	-
Energy Production				-
Total Generation	GWh	9,683.60	10,322.36	-
Hydroelectric generation	GWh	9,167.86	8,707.73	-
Thermal Generation	GWh	515.73	1,614.62	-
Availability	%	94.13	93.41	-
Share of Colombia's National Electrical Grid	%	16.45	16.97	0.52
Project management				
Sogamoso Hydroelectric Plant Progress	%	71.5	90.1	18.6
Amoyá Hydroelectric Plant Progress	%	97.6	100	2.4
Other indicators				
Legal Transfers	$ Million	35,885	38,020	-
Environmental management plan contributions	$ Million	251,092	310,333	-
Social and biophysical investment	$ Million	18,436	17,040	-

Report Features

We present the 2013 integrated management report, which includes our approach, performance, practices, results and challenges in economic, social and environmental aspects. It is comprised of data from the headquarters in Medellin, regional offices and the power plant and project areas of influence, which has not changed since the 2012 management report.

More than just an accountability mechanism, our report is an excellent tool to reflect, capitalize on lessons learned, identify opportunities for improvement, share our practices and strengthen dialog and our relations with stakeholders to whom we address this report.

We prepared this report following the Integrated Reporting Framework (IRC) and guidelines from Version G4 of the international Global Reporting Initiative (GRI) methodology, with its respective supplement for the electricity sector, according to the essential option indicated by this guide. This means that we will report at least one GRI indicator corresponding to each relevant aspect, but we will not report all of them.

The report is presented in three thematic blocks:

1. **Management approach** which presents characteristics about the Company, its strategic direction, philosophy, business model and work model with all around responsibility that includes risk management.
2. **Business's Performance** which includes financial results and the most relevant aspects of sustainability in power plant construction, operations and energy sales.
3. **Management practices, actions and results** in matters related to corporate governance, environmental protection and stakeholder relations, etc.

It includes the financial statements and indicators suggested by the GRI for sustainability reports, which are related to aspects of the Dow Jones Sustainability Index and with global initiatives such as the ten principles of the Global Compact, the Corporate Sustainability Leadership Model and the Millennium Development Goals.

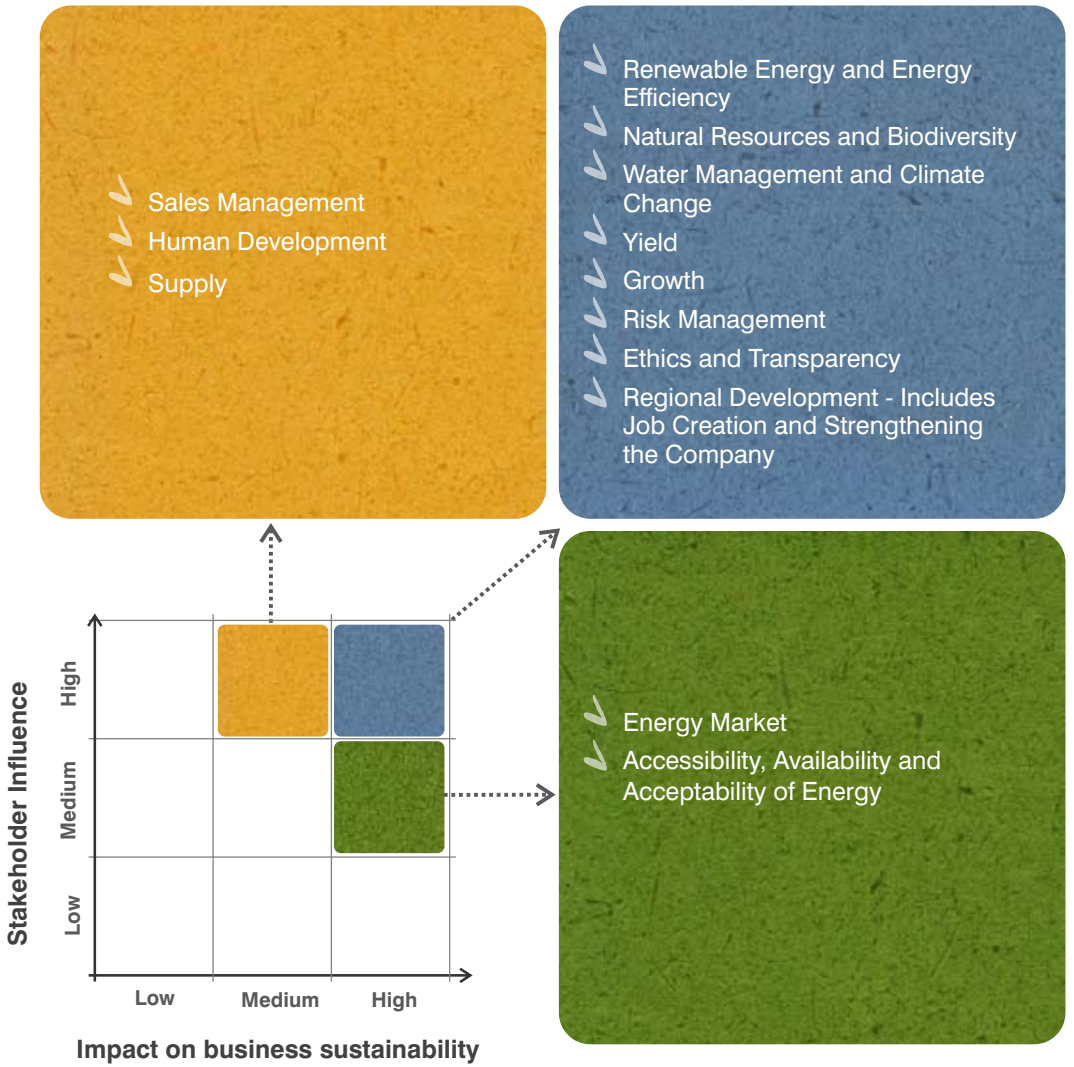
During the reporting period, we made a great achievement of starting-up the Amoyá Power Plant and the Manso Diversion. The evaluation of their construction and the results of their operations in 2013 are presented in the Growth Management and Energy Production chapters, respectively.

Relevant Issues

With the aim to respond to the new directions of the GRI G4 methodology and to strengthen our relations with society, we carried out an initial internal exercise of analyzing materiality. This was done to identify areas of interest that require greater emphasis because they have an impact on the business's sustainability in economic, social and environmental aspects and the perception and decisions of the stakeholders regarding the Company. We had the following input for said exercise:

- Corporate risks.
- Analysis and results of strategic planning.
- Relevant issues and challenges of the energy market.
- Results of talks with stakeholders.
- Information about ISAGEN reported in the media.
- The global initiatives we are committed to.

Based on this information, the managers and professionals from areas that have stronger relations with the different stakeholders proposed a preliminary list of relevant issues, which was later validated by the Management Team. As a result, we identified a total of 36 topics, out of which, we present the 13 priority issues in the following graph, which are discussed in detail throughout this report.

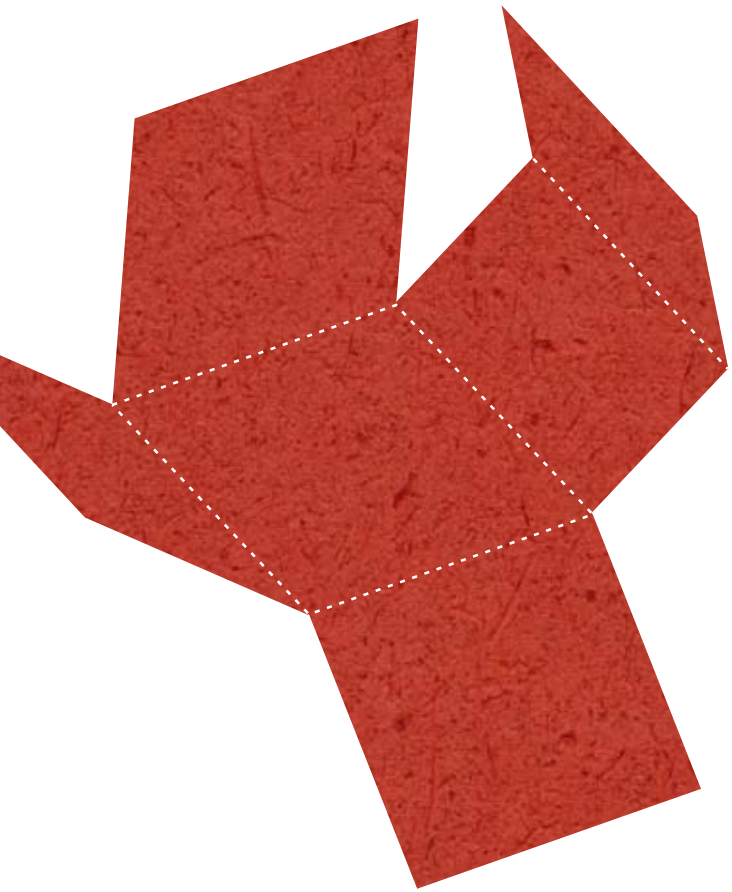


The material topics are presented below, classified according to their impact inside (employees) and outside (other stakeholders) the company:

Relevant Topic	Stakeholders
Renewable Energy and Energy Efficiency	• Clients • Providers • Market
Regional Development	• Community
Ethics and Transparency	• Clients • Providers • Community • Market • Employees
Natural Resources and Biodiversity	• Community • Market
Water Management and Climate Change	• Clients • Community
Yield	• Providers • Employees • Investors
Growth	• Clients • Community • Providers • Investors
Risk Management	• Community • Providers • Market • Employees • Investors
Sales Management	• Clients
Human Development	• Employees
Supply	• Providers
Energy Market	• Clients • Market
Accessibility, Availability and Acceptability of Energy	• Clients • Community • Market

This first materiality report will be validated in talks with the stakeholders in 2014, which will allow it to establish which topics are relevant for each one and their level of priority more accurately. We have not limited the topics to a specific region, because we carry out our operations in different places in Colombia.

Preparation Process



This report was prepared by a team of professionals from all of the organization's processes, who not only know the corporate management, but also the GRI G4 guide, ensuring traceability and reliability of the information supplied. They used the measurement techniques and calculation bases suggested by the methodology to compile the information and in the event of a variation, we indicate this in this chapter and in the GRI indicators table. We would like to clarify that we did not present some demographic data broken down by gender requested by the GRI, since gender equality was not identified as a relevant topic in our corporate reality and also, because people management in ISAGEN is based on the employees' skills as people and professionals, without distinction.

In 2013, the Audit Department team and external bodies evaluated the corporate management practices that are part of the report. It is important to point out that the Audit practices meet the international standards of the Internal Auditors Institute and have been certified by said entity.

In turn, the Management Team reviewed and approved the final version of this report before submitting the financial statements to be audited by the Statutory Auditor and the rest of the information for review by ICONTEC, which objectively verified the content thereof with the organization's teams that supply the information, considering the GRI G4 Guidelines and the indicators resulting from the materiality analysis. Since 2012, the report has been submitted for verification by a third party as an opportunity for learning and improvement.

We present the main actions carried out to ensure the report preparation process below:

- To strengthen the process and ensure the reliability of the information, we carry out training on GRI G4 indicators and we exhaustively review the information before its publication.
- To facilitate understanding of the reported information, we clearly connect results to the management approach and we improve navigability in online media.

Report creation process
Dialog and learning dynamics

GRI G4 Principles

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness
- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

GRI – ISO 26000 – Global Compact
Millennium Development Goals

Reporting as a Mechanism for Dialog

Every year, we publish our Management Report on the official websites of the Global Compact, the Global Reporting Initiative and in our online media, which allows greater coverage and interaction with our stakeholders, who can send us their comments and questions to the following email addresses: **consultas-re@isagen.com.co or webmaster@isagen.com.co.**

For more information, click on each appendix:

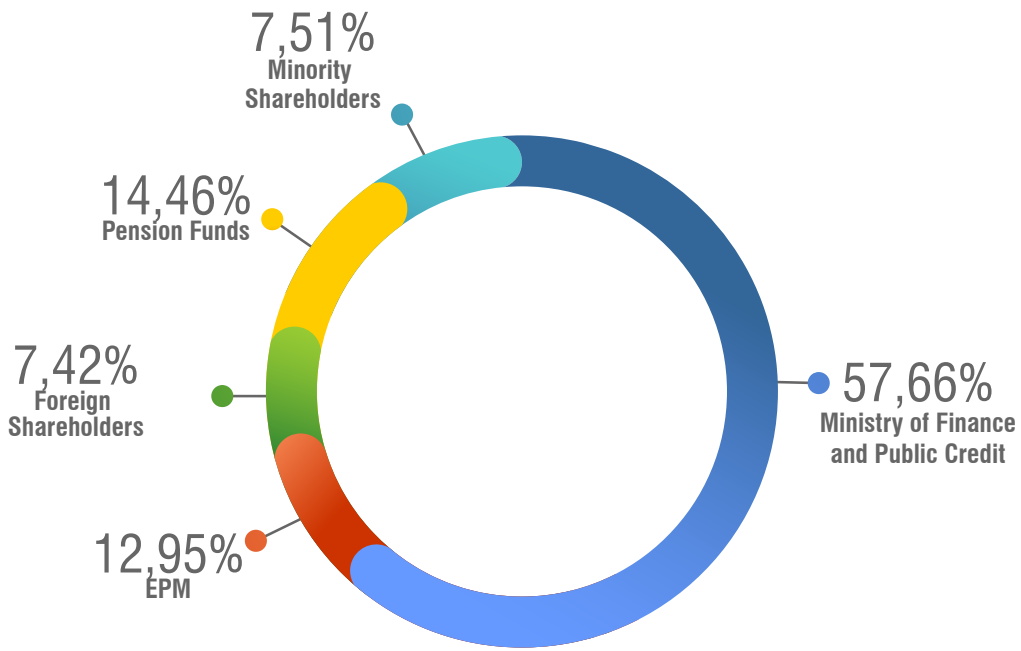
External Verification
Independent Auditor's Report
GRI Indicators Table

Management Approach

We are ISAGEN...

We are a Colombian mixed public utility company, both public and private, which builds generation projects, and produces and sells energy. We do business based on ethics and transparency, in an economic and socially and environmentally responsible manner.

Our Shareholders

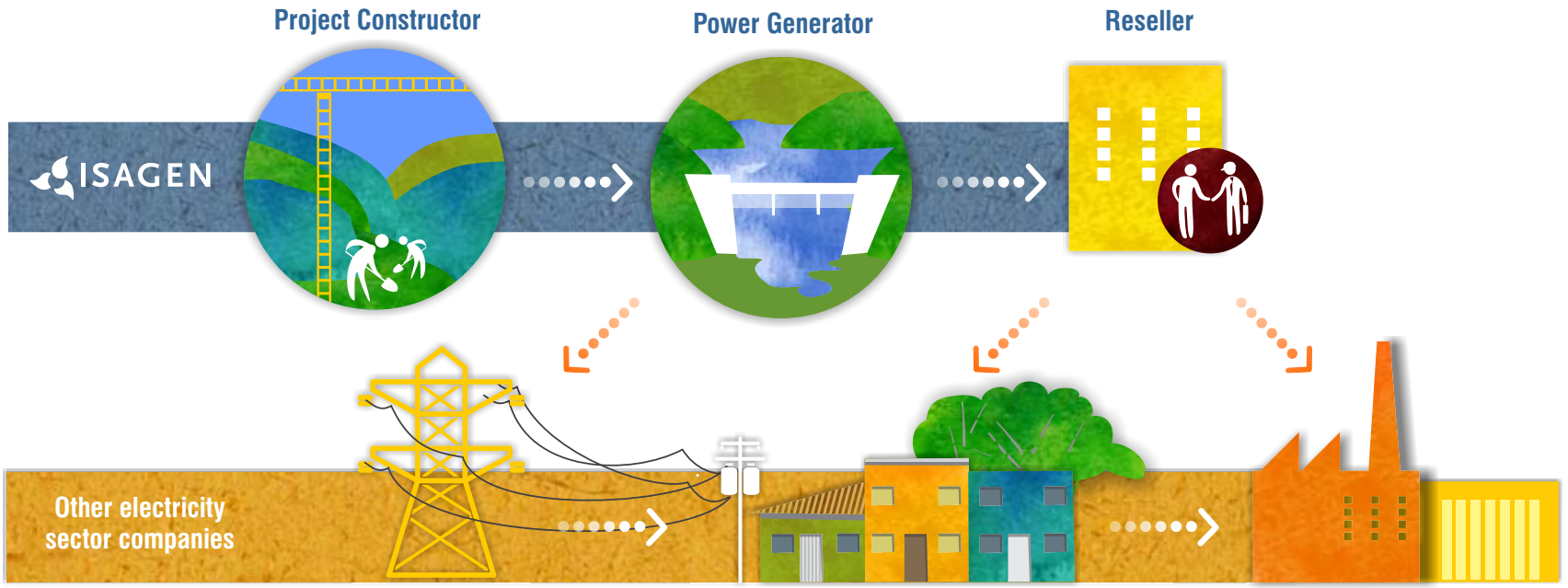


We generate efficient energy that contributes to mitigating climate change and maintains the Company's competitiveness in the industry by using collaborative networks and practices in line with sustainable human development and generating shared value for our stakeholders.

Our Higher Purpose…

"We generate intelligent energy and prosperity for society."

ISAGEN in the energy market



Transportation Companies responsible for carrying the energy generated by ISAGEN to cities and production centers.

Wholesale Clients: those distributors who sell their energy to the end-user.

Industrial End Clients: those who belong to the non-regulated market because they consume less than 55,000 kWh or reach demands lower than 100 kW.

ISAGEN'S business consists of power generation and marketing therefore, we do not have a distribution license. Because we do not directly provide service to residential users, we do not perform the disconnection service for this segment.

Our business model...

We own and operate six power plants with a total installed capacity of 2,212 megawatts (MW). 86.44% of our capacity comes from five hydroelectric power plants and 13.56% comes from one thermal power plant. This gives us operational flexibility in adverse weather conditions.

For more information, **click here.**

We have reached a large part of the country by supplying energy to resellers that provide energy to the regulated market, and by serving our end industrial clients and major consumers with energy solutions. We have also contributed to productivity and competitiveness with:

- Comprehensive energy management programs for increased efficiency in consumption and reduction of CO_2 emissions.

For more information, **click here.**

- A wide range of related services with the support of the Technology Partner Network (engineering companies that integrate solutions).

For more information, **click here.**

We are...

- *As the third largest energy company in Colombia, we generated 10,322.36 GWh/year in 2013, which met 16.97% of the country's electric energy demand.*
- *One of the main participants in the electricity market*
- *Representatives of the electric interconnection with Venezuela.*

We believe in the future...

In the spirit of strengthening growth, meeting the expectations of our clients and contributing to meeting the future energy demand, we have defined an expansion plan. In 2013, the Amoyá River Hydroelectric Power Plant, La Esperanza Power Plant in Tolima and the Manso Diversion in Caldas started commercial operations, which contributed an average of some additional 614 GWh to our possible annual generation.

We continue to make progress in the construction of the Sogamoso Hydroelectric Power Plant in Santander, currently at 90% progress. When complete the plant will have 820 MW of installed capacity and average annual generation capacity of 5,056 GWh/year. With the start-up of this Power Plant, which is projected for the end of Q3 2014, our energy production capacity for the Colombian people will increase approximately 50%.

To protect the environment, we are working to strengthen renewable energy generation. Therefore, in 2013, we made progress in studies and procedures with the environmental authority to harness geothermal, wind and hydroelectric energy. We are also researching coal gasification and biofuel production.

For more information, **click here.**

Power plants

Hydroelectric power plant

1. Jaguas - 170 MW
2. San Carlos - 1,240 MW
3. Calderas - 26 MW
4. Miel I - 396 MW
5. Río Amoyá, La Esperanza - 80 MW

Thermal power plant

6. Termocentro - 300 MW

Diversion

7. Manso Diversion
8. Guarinó Diversion

Projects under construction

9. Sogamoso Hydroelectric Project 820 MW

Projects being studied

Hydroelectric Project

10. Cañafisto 937 MW
11. Piedra del Sol 153 MW
12. Río Patía 1.650 MW
13. Andaquí 687 MW

Geothermal Project

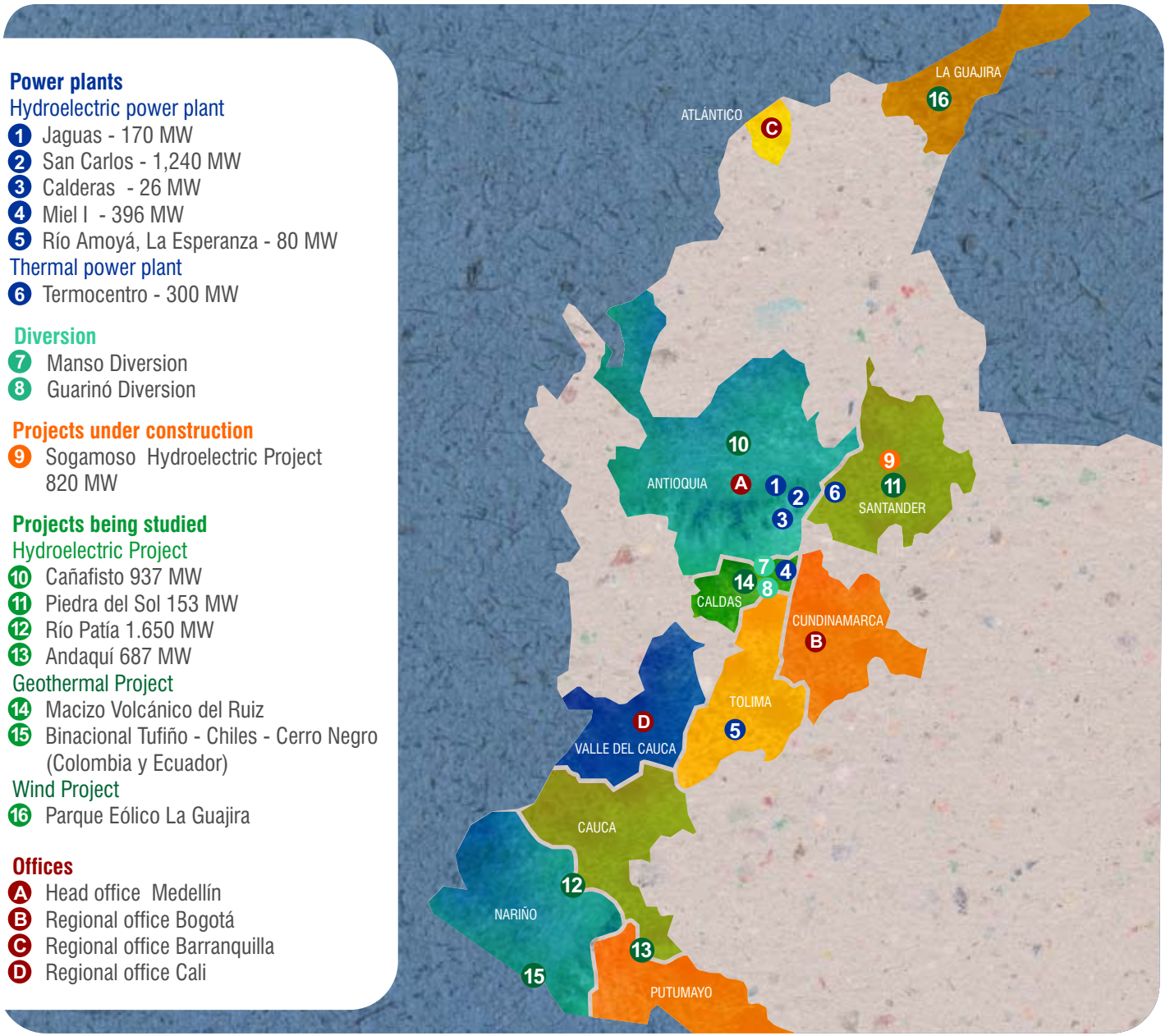
14. Macizo Volcánico del Ruiz
15. Binacional Tufiño - Chiles - Cerro Negro (Colombia y Ecuador)

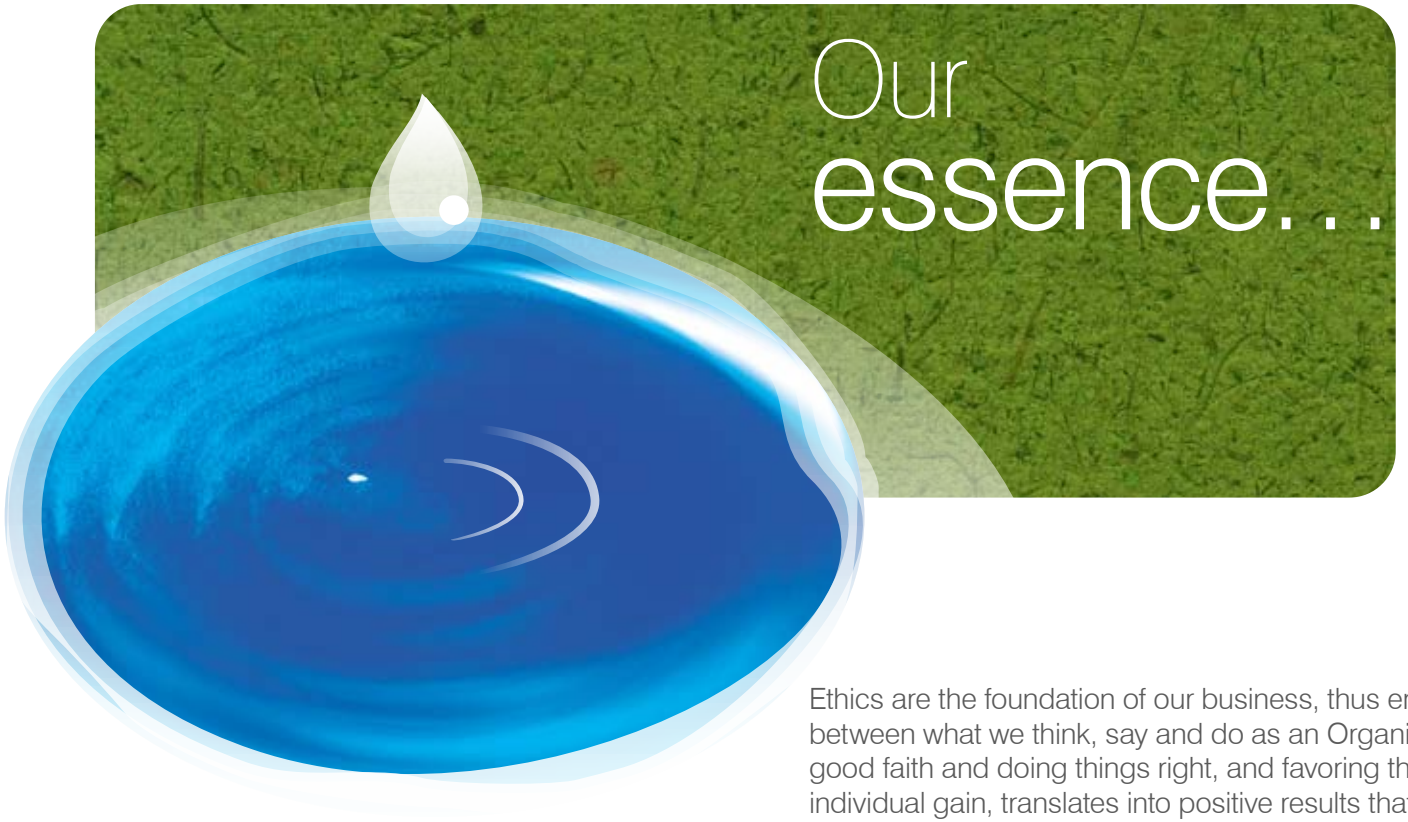
Wind Project

16. Parque Eólico La Guajira

Offices

- A Head office Medellín
- B Regional office Bogotá
- C Regional office Barranquilla
- D Regional office Cali





Our essence...

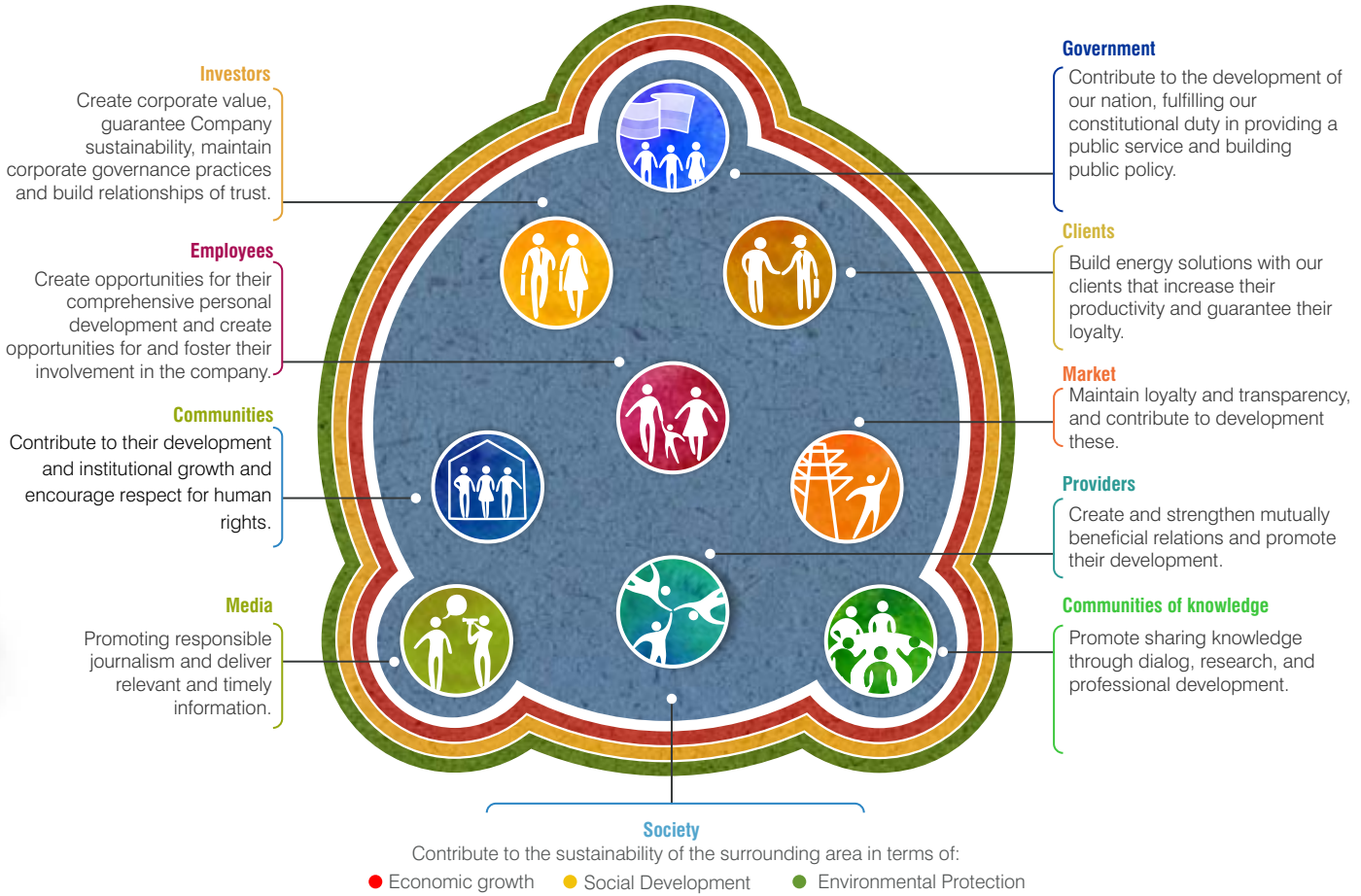
Ethics are the foundation of our business, thus ensuring consistency between what we think, say and do as an Organization. The attitude of good faith and doing things right, and favoring the common good over individual gain, translates into positive results that support our permanence and growth on the market, contributing to the development of society.

Our duty is to be profitable and create economic value, but not in just any way, because corporate performance is measured by more than figures. This is why we assume the ethical commitment with our stakeholders to establish harmonious, productive and responsible relationships, based on transparency to contribute to social development, environmental protection and the joint creation of value.

The specific results and practices with each stakeholder related to ethics are presented in each chapter.

Our relations...

> We have defined certain commitments with our stakeholders, and these commitments are reviewed and updated in the framework of strategic planning to guide our business practices for a collaborative system.



Sustainability: a global commitment of companies and citizens

We incorporate global initiatives that promote good practices of sustainability and collaboration between different actors for the construction of a more just, transparent and fair society. The Global Compact, the Millennium Development Goals, Caring for Climate and Business for Peace are some of the initiatives that we have an explicit commitment to and that we promote with our stakeholders.

We develop our management according to the guiding principles of the UN for business and human rights. We follow the instructions of the Voluntary Principles on Security and Human Rights and the Colombia Guides on Human Rights and International Humanitarian Law.

Energy Mining Committee for Security and Human Rights (Comité Minero Energético de Seguridad y Derechos Humanos)

This committee is led and promoted by the State through the presidential program for human rights and international humanitarian law. Its mission is to promote better performance in human rights and security of the private sector and institutions.

Due to the collaboration among the institutions and companies that are a part of the Committee, the goals set for 2013 were met: the release of Recommendations for Handling Extortion and Kidnapping Risks; holding of the workshop International Voluntary Principles of Security and Human Rights and the Guiding Principles of the United Nations for Companies and Human Rights in Cartagena; participation in the Plenary of the Voluntary Principles in 2013 in the Hauge, the Positioning of the Energy Mining Committee and the Voluntary Principles of Security and Human Rights.

Colombia Guides on Human Rights and International Humanitarian Law

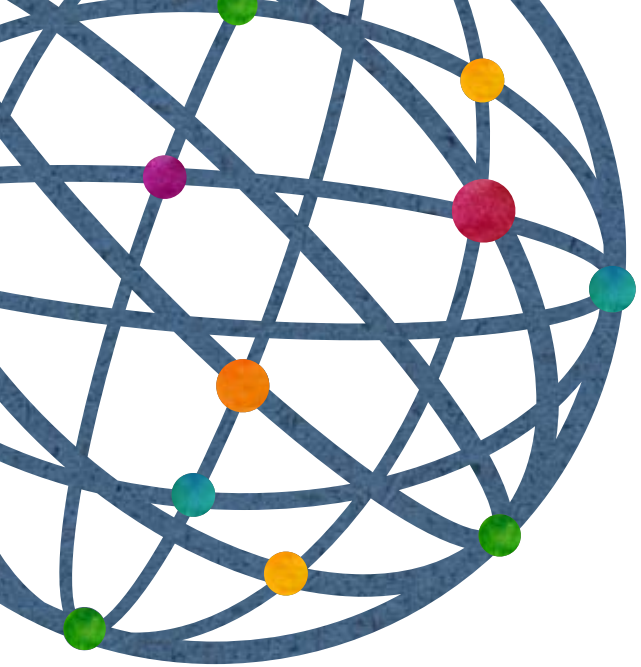
The objective of this initiative, which consists of the Colombian Vice President's Office, companies from outside the mining sector and civil society organizations, is to promote respect for human rights and International Humanitarian Law in companies and their stakeholders.

In 2013 with the collaboration of other participating companies, State institutions, and civil society organizations we moved forward in the discussion of the guidelines on lands and corporate management, as well as labor issues.

Business for Peace (B4P)

Aware of the importance this topic has to ISAGEN, in 2013 we accepted the Global Compact's invitation to taken on the Business for Peace (B4P) commitment, and we reviewed management in light of the Guidelines for Corporate Responsibility in High Risk Areas Affected by Conflicts: Resources for Companies and Investors, published by the Global Compact of the United Nations and the Principles for Responsible Investment (PRI) Initiative.

For more information on the initiatives we join **click here.**



Our Management...

We have a management model that provides guidance on corporate actions, which describes the principles, the corporate purposes and the way of working to improve the Company's productivity and competitiveness and to contribute to the generation of value for society.

In our work model, as well as carrying out the activities according to its mission, each process manages the following topics that apply to the whole Organization:

- Quality Management, Regulations, Transparency and Ethics
- Comprehensive Risk Management
- Human Resources and Learning
- Environmental Management
- Economic Value Management
- Management of Goods and Services and Provider Relations
- Stakeholder Relations Management

We establish corporate criteria for the management of each one of these topics, to ensure coherence and guide the work of the processes. Below we will present the approach and the corporate practices of the following matters that are included in different chapters:

"We confirmed our commitment to promoting ethics among stakeholders and identifying, implementing and evaluating new interactive ethics practices."

Quality Management, Regulations, Transparency and Ethics

Ethics genuinely guide our actions and this is shown in transparent management before society and the stakeholders. In this sense, we do things correctly and in good faith, we respect institutions and external regulations and we incorporate all their provisions. Similarly, we recognize the importance of the common good over individual gain and of being coherent in our actions.

We monitor regulations and we identify regulations that have an impact on the Company and the stakeholders, to carry out the relevant action. Regulatory compliance related to energy industry, environmental, labor and financial topics is presented throughout the report.

We are committed to the implementation, maintenance and promotion of transparency practices related to the delivery of complete and timely information to our stakeholders; the maintenance of service and tracking systems for requests, complaints and claims; the maintenance and evaluation of the Corporate Control System; and the existence, application and monitoring of compliance with the **Corporate Governance Practices** and the **Ethical Behavior Statement**, in which it is expressed that the employees in representation of ISAGEN, do not take part in or contribute to political activities, or support political parties or candidates for public office.

We present some achievements below:

- Approval of the Manual for Handling Unethical Situations and Fraud Risk, which provides guidelines for identification, prevention, protection, control, response and transfer of fraud risk, and determines the response to situations that involve a violation of the Ethical Behavior Statement. The Crisis Management Procedure was also defined in case an event of material fraud materializes in the Organization.

- We made progress in the Fraud Risk Project, which aims to establish a management program for this risk that develops a prevention, detection and response strategy. We reviewed the risks and their controls and established the corresponding improvement plan. Additionally, we have an anti-corruption program, in compliance with Law 1474 of 2012, which was implemented and made available to our stakeholders on the website.
- Raising the awareness of executive personnel and all the Company's teams about transparent practices related to the Ethics Management System, Fraud Risk Management and the Manual for Handling Unethical Situations. Training was also provided on these topics in new employee orientation processes.
- The Work Environment Committee continued its training with the aim to respond to matters related to workplace harassment.
- Employees carried out a self-evaluation of transparency practices that showed their knowledge and commitment in topics such as: corporate ethics, handling conflicts of interests, prevention of money laundering, purchase and sale of the Company's shares, handling unethical situations and guidelines on fraud risk, etc.
- Inclusion of an external member, selected by the Board of Directors, who participates as an advisor of the Ethics Committee.
- Promotion of ethics among all stakeholders through training sessions and corporate communications items.
- Analysis and timely response to 25 questions received through the Ethics Hotline about apparent unethical situations regarding issues of corruption (4), human rights (2), social issues (5), compensation (10) and human development (4), which were reported to the Audit Committee. None of them was considered based on….
- We evaluated the control environment and the level of fraud risk which includes the risk of corruption. No cases of corruption or fraud were reported in 2013 by employees.
- We strengthened our Corporate Control System to ensure operational effectiveness and compliance with applicable internal and external regulations, to manage risks and protect company resources.

If you would like to find out more about the transfer of corporate ethics practices to the value chain, **click here.**

"We received a score of 99/100 out of 25 public services companies evaluated by Transparencia por Colombia, being recognized again as the public service company with the highest standards in corporate transparency policies and mechanisms."

The Voice of Our Employees

Liliana María Zapata

Corporate Auditor

ISAGEN (Medellín)

"We have a deep rooted relationship with ISAGEN. Clearly defined dialog permits it to be completely open and transparent. If we focus on the Ethics System, for example, we see that the Ethics Committee, the "conflict of interest" mailbox and the Unethical Behavior Manual are all preventive mechanisms, which help maintain openness between management and employees."

Comprehensive Risk Management

The objective is to manage the business's risks and minimize critical and catastrophic impact that could put the Company's permanence on the market at risk.

We highlight the following achievements in 2013:

- We identified, analyzed and followed up the current situation of corporate risks, which were aligned with the business's operational risks.
- We implemented business continuity strategies for critical work-related issues.
- We carried out a crisis drill with the Management Team and as a result, it was decided to optimize the tools to strengthen communication in adverse events.
- We prepared an analysis of business continuity management in light of Colombian Technical Standard (NTC in Spanish) 5722 international standards and we established a work plan to ensure the sustainability and continuous improvement of this practice.

Below we highlight the situations that may affect the business's sustainability and the opportunities identified related to the strategy.

Situations	• Decreased income caused by climate change. • Water risk - Insufficient water sources for power generation. • Violent actions that affect operations. • Project delays caused by situations of civil unrest. • Suspended operations because of natural disasters. • Insufficient supply of technical professionals. • Non-compliance with rules or regulations. • Limited availability of gas for power generation. • Violation of information security. • Obsolete technology.
Opportunities	• Clean energy projects.
Actions	• Energy management programs. • Review of rainfall forecast models. • Comprehensive management of water resources • Strengthen Community Participation and Information Programs (PIPC, for the Spanish original) • The Company's connection to academia to train technical professionals. • Research on new sources of power generation. • Involvement of stakeholders to strengthen management practices. • Power plant modernization and upgrading plans and programs.

Other specific risks related to social, environmental and economic management are described throughout the report. Said risks include topics related to human rights, the work environment, transparency and environmental management.

The Magic of Energy in Motion

Business Performance

Balanced growth means transcending material rewards and developing an effort in harmony with the interests of self, the environment, and mankind.

"Backed by efficient management, the market's trust, and the support of our stakeholders, we attain positive results for everyone"

Financial Management

In 2013, we achieved excellent results in comparison to forecasts. Strategic financial management was aimed at optimizing the financial conditions of international debt in the same terms as the local debt, to have greater financial flexibility. Through negotiations with the Local Bank the Club Deal contract was extended to 12 years, the interest rate was reduced and a grace period of 3 years was granted, counted from the date the agreement was signed, thus improving cash flow in the short term. We maintained the maximum credit ratings on the domestic and international market, maintaining our position in the investment grade category.

In this chapter, we present the overall results. The financial statements are in Appendix 1

Financial Results

Relevant Figures

	2012	2013	Variation %
Revenue	1,732	2,003	16
Cost of Sales	1,106	1,305	18
Administrative Expenses	124	116	-6
Operating profit	501	581	16
EBITDA	610	693	13
Net Profit	461	434	**-6**

Figures in billions of pesos.

Financial Indicators

	2012	2013
Return on Assets*	7.4%	7.7%
Returns on Equity	15.4%	13.4%
Operating Margin	29%	29%
EBITDA Margin	35%	35%
Net Margin	27%	22%

* Includes assets under construction

Operating and Non-Operating Results

In 2013, we achieved outstanding operating results, which is mainly attributable to the power plants' high availability and sales management.

Income was greater than forecasts and exceeded two trillion pesos. This is essentially due to contract sales prices, optimization of operations on the spot market and the high availability of the back-up thermal power plant, Termocentro, for generation throughout the year. In turn, expenditures were less than budgeted due to lower energy purchases than projected.

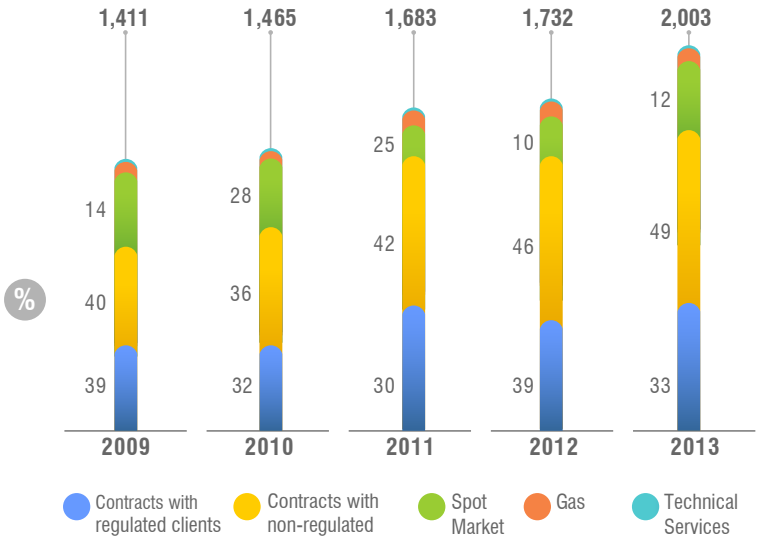
Compared to the previous year, revenue increased 16%, in equal proportion to the increase in operating costs and expenses, achieving operating profit of $581,014 million and EBITDA of $692,636 million. Consequently, the increase in the operating profit was 16% and in the EBITDA it was 13%. Commercial start-up of the Amoyá Hydroelectric Power Plant, start-up of the Manso Diversion and increase thermal power generation significantly affected these results. Meanwhile, the increase in operating costs and expenses from 2012 was due to greater energy and fuel purchases.

Operating margin and EBITDA margin were the same as last year, at 29% and 35%, respectively. Decreased net profit is mainly explained by the effects of the tax reform to create the CREE income tax, resulting in increased taxes of $25,769 million. The net margin was 22%.

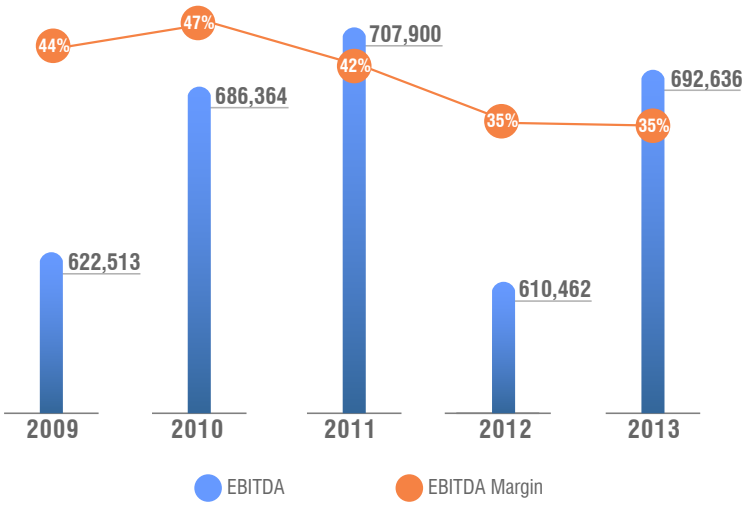
Return on Assets in 2013 was greater than that obtained in 2012, because of the better revenue generated as a result of asset growth. In turn, the Return on Equity decreased in 2013, mainly because of the effects of income tax on the net profit.

Below we present income, operating profit, EBITDA and net profit over the last five years.

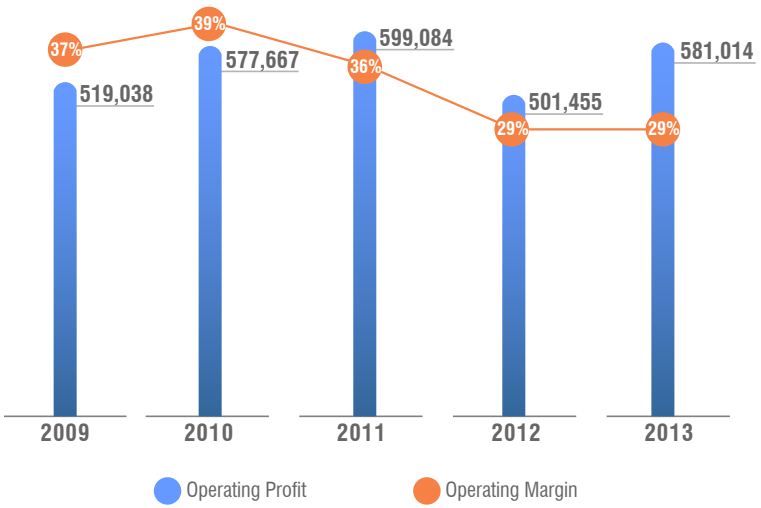
Evolution of revenue



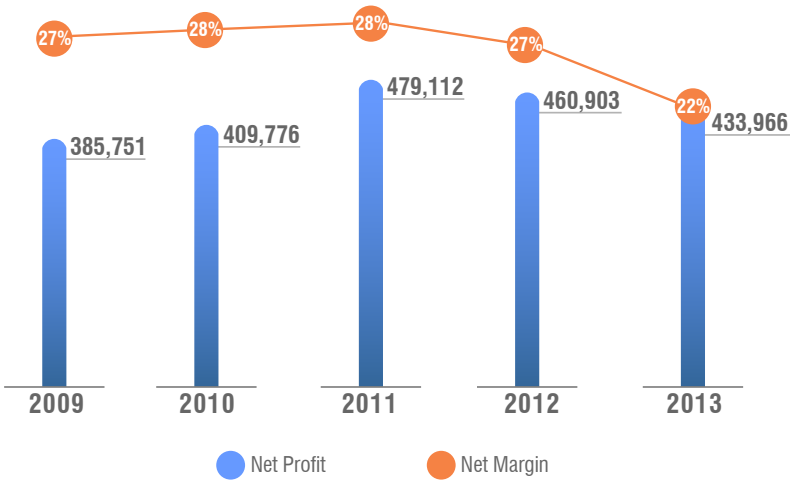
Evolution of EBITDA



Evolution of operating profit



Evolution of Net Profit



Balance Sheet

In 2013, assets increased 12% over 2012, up from $6,742,265 million to 7,555,341 million. This variation is explained by increased non-current assets, mainly due to the greater value of hydroelectric power plants, the investment in the Sogamoso Power Plant and revaluations. Current assets were 17% less, primarily because due to liquidation of the Miel Award trust. Figures are presented below:

Asset Figures

Assets	2012	2013	Variation %
Current Assets	782,073	652,631	-17
Non-current Assets	5,320,452	6,109,626	15
Valuations	639,740	793,084	24
Total Assets	**6,742,265**	7,555,341	**12**

Likewise, total liabilities were 13% higher than the previous year, amounting to $3,525,891 million. The highest non-current liabilities are explained by the payment of long-term loans received to finance the Sogamoso Power Plant. Current liabilities decreased 19%, essentially because of the payment of the Miel Award. Equity was 11% higher because of the increase in the occasional reserve, the greater revaluations of the generation assets and income for the year. The following table summarizes these variations.

Liability and Equity Figures

Liabilities and Equity	2012	2013	Variation %
Current Liabilities	492,841	398,662	-19
Non-current Liabilities	2,618,367	3,127,229	19
Total Liabilities	**3,111,208**	3,525,891	**13**
Equity	**3,631,057**	4,029,450	**11**
Total Liability and Equity	**6,742,265**	7,555,341	**12**

In conclusion, the results obtained demonstrate our operational and financial management throughout the year and reflect a solid company with healthy financial management, which is prepared to continue facing the short and long-term challenges of the expansion and business continuity plans.

Financing

In 2013, financial agreements for international debt operations with Japan Bank for International Cooperation, Bank of Tokyo Mitsubishi UFJ Ltd, Banco Bilbao Argentaria, Banco Santander of Spain and Power Finance Trust Limited were modified to achieve greater financial flexibility to finance the construction of the Sogamoso Power Plant and continue the Company's expansion plan. Credit ratings were maintained, the results of which show our strength and capacity to adequately meet our commitments.

Additionally, as part of the objective to optimize the use of financial resources, we achieved the modification of financial conditions in the credit agreement signed with the main local banks for $1.54 trillion. Modifications affected the rate, term and grace period as follows: a term of 12 years (counted from the signing of the addendum to the contract), a grace period of 3 years and an interest rate of IBR + 4.3%, which allows us to increase the average life of the debt, release cash flow and decrease the cost of it.

On December 31, 2013, the total composition of ISAGEN's financial debt closed as follows:

Creditor	Balance	Currency	Rate	Expiration
OPIC	421,062	COP	IPC + 5.25%	2025
Bonds 7	198,856	COP	IPC + 5.93%	2016
Bonds 10	279,394	COP	IPC + 6.48%	2019
Bonds 15	371,750	COP	IPC + 6.99%	2024
Club Deal	1,084,250	COP	IBR + 4.30%	2025
Leasing SIEMENS	60,070	COP	DTF + 4.40%	2029
Leasing IMOCOM	16,033	COP	DTF + 4.40%	2029
JBIC	31.26	USD	Libor + 2.85%	2025
BTMU	20.84	USD	Libor + 1.00%	2018
Banco Santander of Spain	55.38	USD	Libor + 1.40%	2032
TOTAL $	**2,431,415**			
TOTAL USD	**107.48**			

* Data in Millions

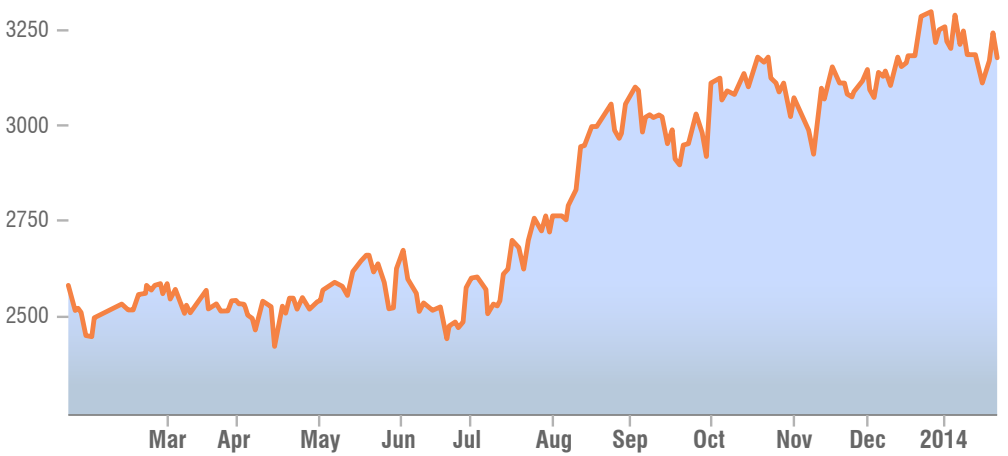
$23,812 million in loans with OPIC guarantee and $29,077 million of the Club Deal loan were amortized in the year. Likewise, out of the loans available in pesos, $418,736 million were disbursed corresponding to Club Deal and Leasing and out of those available in dollars, USD 14 million were disbursed corresponding to the contract signed between JBIC and Bank of Tokyo (BTMU) and USD 55 million corresponding to loans with HERMES guarantee signed with Banco Santander of Spain.

Share Trends

In 2013, the Colombian stock market performance was in line with the securities exchanges of other emerging countries, on a downward turn, given that international investors prefer positions in markets of developed countries, after the strengthening of the American economy and growing expectations of a reduction in the purchase of shares by the Federal Reserve. Accordingly, the IGBC experienced a set-back of 11.8% and the COLCAP –12.35%.

At year-end, our share value had increased 29.74% to a price of $3,250. In the first semester of the year, the share moved laterally between $2,380 and $2,600. However, before the middle of July, after being made aware of the national government's intention to transfer 57.6624% of the shares it holds in the company, the price of the security started to dramatically increase from $2,600 to more than $3,000 in just two months. Since then, the share price has remained above $2,900 and on December 23, it closed at its highest historical value, $3,300.

The average traded volume in 2013 was $3,127 million and the number of shares traded was 273,002,947.



"We entered the Dow Jones Sustainability index, in which we were listed among leading energy sector companies of emerging markets the very first year we were invited to submit to their demanding assessment."

The weighted average in Colombia's benchmark indexes from February 2013 to January 2014 was as follows:

Index	Feb - Apr	May - Jul	Aug - Oct	Nov - Jan
COLCAP	2.30%	2.51%	2.57%	2.51%
IGBC	1.83%	2.02%	1.68%	1.88%
COL20	1.56%	1.38%	NA	NA

Main Share Indicators and Multiples

	2009	2010	2011	2012	2013
Market capitalización (COP millions)	5,997,358	7,087,787	5,670	6,828,810	8,859,734
Average Volume (COP millions)	8,700	6,205	2,331	3,405	3,297
Earnings per share (Colombian pesos)	141.50	150.31	175.75	169.07	159.60
Dividen yield	2.49%	2.15%	2.88%	3.07%	2.14%
Closing Price	2,200.00	2,600.00	2,080.00	2,505.00	3,250.00
Intrinsic calue or carrying amount	1,227.36	1,166.85	1,238.00	1,331.97	1,495.38
P/CA-Price/carrying amount	1.79	2.23	1.68	1.88	2.20
P/E-Price/earnings	15.55	17.30	11.83	14.82	20.42
P/R-Price/revenue	4.25	4.84	3.37	3.94	4.42
EV/EBITDA	9.73	11.11	9.35	14.36	16.27
Free Float - %	27.0%	29.0%	29.4	29.4%	26.9%
ROE	11.5%	12.9%	14.2	12.7%	10.8%
ROA	10.5%	10.5%	10.2	7.4%	7.7%

International Investors

In 2013, we continued to work on strengthening investor relations, establishing new relationship practices with shareholders, market agents and international analysts, with the aim to improve the Company's reputation, support relations with these stakeholders and increase the coverage of our analysts.

In line with the above, as of December 31, 2013, 261 foreign shareholders held 7.42% of the Company shares. This represents 24% growth from 2012, as at the end of 2012, ISAGEN had 210 foreign shareholders holding 5.06% of the Company shares.

"We were included in the United Nation's GC 100 Market Index, which recognizes the top hundred companies that stand out for their sustainability practices in line with the ten principals of the Global Compact and their performance in capital markets."

Macroeconomic Environment

Expected growth was not achieved in 2013. Domestic situations and the international financial turbulence were factors in the performance of the Colombian economy. However, the main macroeconomic variables presented stable behavior and the country continued to consolidate itself as one of the most important in Latin America.

Economic growth in 2013 was around 4.0%. The first semester of the year presented a substantial drop in economic activity. In fact, the first quarter presented the slowest growth in the last 3 years, which was mainly a result of decelerated consumption and lower exports. The second semester definitely saved the year. Recovery in consumption and the consolidation of construction as the engine of development promoted growth at rates higher than 4%.

Perceived risk with Colombia continues to improve. This is how the investment grade was maintained and two international credit rating agencies (Standard and Poors and FITCH) even increased the risk rating, mainly based on tax improvements and externally, the downward trend of the debt and the credibility of the country's policies.

According to the National Administrative Department of Statistics (DANE for the Spanish original), annual inflation was 1.94%, the lowest in the last 58 years and below the Issuer's target range of between 2% and 4%.

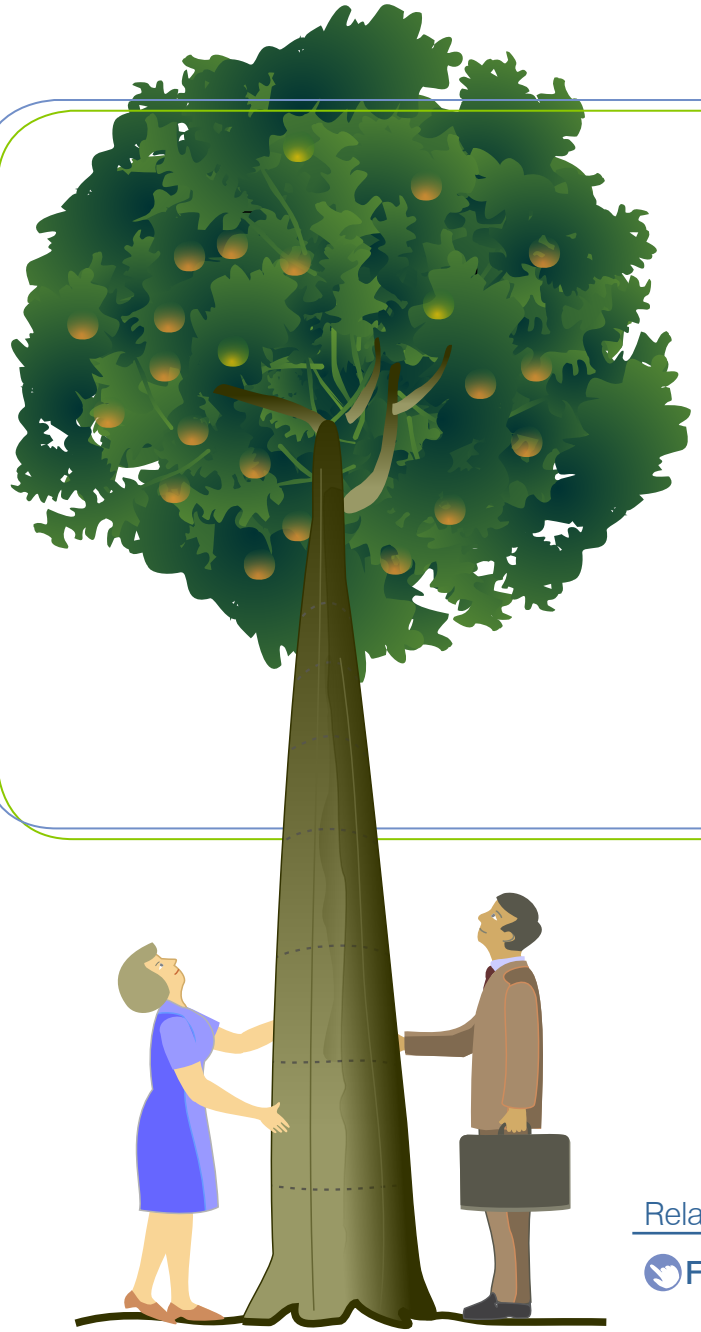
Financial system liquidity was high throughout the year. The Central Bank of Colombia maintained its expansionist policy, the intervention rate reduced during the year and this was at 3.25% in the last months of 2013. The total financial system portfolio varied slightly down, seeing loans reduce, due to the slow down of consumer loans and the portfolio quality was at better levels than the historical averages.

The Official Exchange Rate ended the year at $1,906, representing a devaluation of around 8%. This figure is explained largely by capital flowing out of the country due to the FED's decision to amend its monetary policy, thus devaluating currencies of emerging countries. In spite of this, direct foreign investment continued to show a positive dynamic the country.

The behavior of international markets was marked by the policy of the Federal Reserve of the United States. Therefore, in the middle of the year, as a result of the FED's change in strategy to reduce liquidity in the United States, global markets were strongly affected by the devaluation of securities and the out flowing capital.

The Colombian stock market was not unaffected by global stock market performance. The effect of the FED's policy change was reflected by an IGBC drop of more 12% in 2013. This situation was connected to the fixed-rate market where there was a considerable devaluation of treasury securities.

The year 2014 poses important challenges for the country. Although, to a large extent, the guidelines of the United States Federal Reserve will determine the market stability, Colombia will continue with a solid economy and it will continue to receive foreign investment and demand for products, which in addition to increased domestic consumption, will lead economic growth at rates above 4%.



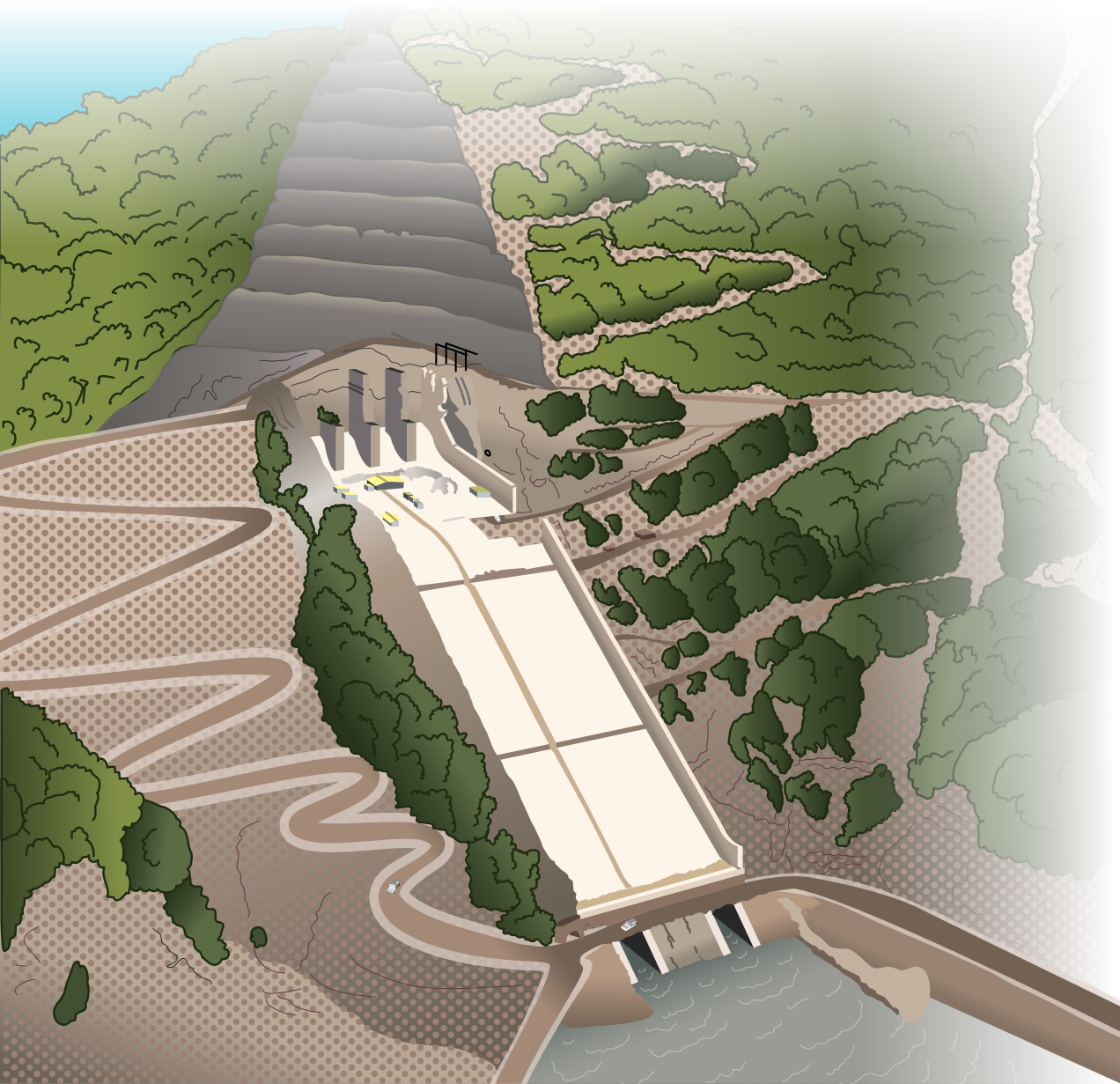
2014 Challenges

- Continue to position ISAGEN as an international financial asset.
- Complete the implementation of international practices and guarantee of financial information.
- Establish financing mechanisms for unconventional sources of energy.

Related links

Financial Statements | Energy Production | Growth Management

Stunning structures enable us to turn different types of energy into electricity.
Water is a gift from nature, a precious asset to be used with responsibility.



"Our growth, in addition to being our biggest challenge today, is a commitment to society and to the future"

Growth
Management

With the aim to drive new growth and to attend to the country's energy demand, we established an expansion plan, which made progress with the start-up of the Amoyá River, La Esperanza Hydroelectric Power Plant in Tolima and the Manso Diversion in Caldas. We are currently building the Sogamoso Hydroelectric Power Plant in Santander (820 MW) and we are studying other renewable energy projects that will help to mitigate climate change contingencies.

In this chapter, we present the progress in construction and our renewable energy portfolio, as well as the main achievements in sustainability and how we care for the environment. We develop our products with the aim to insert them in regions with a vision for the future and as a real opportunity for community development in the areas of influence.

Job Creation

Biophysical Component

Social Component

Providers

Sogamoso Hydroelectric Plant

- Location: **Betulia - Santander**
- Power: **820 MW**
- Average Annual Energy: **5,056 GWh-year**
- Investment in Pesos: **4.1 trillion,** including financing costs
- Expected Start-up Date: **Second semester 2014**
- Physical Progress of Main Works as at December 2013: **90.01%**
- Physical Progress of Replacement Works as at December 2013: **81%**

Dam

Main Works

- **Dam:** We finished the dam fill and the construction of the short-flow screen. We recorded 75% progress in the construction of the concrete face.
- **Machine and transformer room:** We completed the construction of interior concrete structures.
- **Intake system tunnels:** We finished digging, allowing the start of their concrete reinforcement and the installation of protective covering. We finished all of the project's underground digging.
- **Three power generation units:** We continued to assemble the electromechanical equipment, with 97%, 85% and 54% progress in each unit, respectively.

Spillway

Road Tunnel I

Guillermo Gómez Ortiz Bridge

Replacement Constructions

We proceeded to restore infrastructure that will be affected once the reservoir is created. This consists of the construction of 51.3 kilometers of roads, 16 bridges and two tunnels with better specifications that the existing structures. In 2013, we started road surfacing in several stretches of road, we completed the construction of the 510-meter-long Gómez Ortiz Bridge located on the road that connects Bucaramanga to Zapatoca and we completed the construction of the one-kilometer road tunnel, which has been in service since February 2013, located on the Capitancitos - Puente La Paz stretch of the road that connects Bucaramanga to Barrancabermeja.

Job Creation

"On average, 59% of personnel hired in 2013 for carrying out construction works came from the Sogamoso Power Plant's local and regional area of influence."

Providers

57% of the companies hired in 2013 are from Santander. In Bucaramanga and Barrancabermeja, we carried out four relationship building conferences with providers that shared their range of services and identified business opportunities.

To learn more about management with these stakeholders,
Click here.

Risk Management in Power Plant Construction

We identified situations which can have an impact on the construction of our power plants and we have mechanisms to assess them and implement preventive and monitoring measures. Some of these situations are: natural disasters, inadequate decision making for execution, overruns and failure to comply with technical specifications

To learn more about our Comprehensive Risk Management **Click here.**

"We are building the Sogamoso Hydroelectric Power Plant in Santander with 820 MW of installed capacity. The plant is 90% complete, and with its start-up, our energy production capacity will increase by approximately 50%."

Sogamoso River

Environmental Management

We have an Environmental License from the Environmental Management Plan (EMP), which establishes actions to prevent, minimize, control and compensate for environmental impact caused during the construction of power plants. Below are the main results of the EMP on the physical (air, water, soil), biotic (fauna and flora) and social (communities) components of the Sogamoso Hydroelectric Power Plant area of influence.

San Vicente de Chucurí

Environmental Management Plans - Biophysical Component

- We increased environmental activity for the process of filling the reservoir, rescuing 36 specimens of wild fauna, among other activities.
- As part of the forestry offset plan, we installed 60.75 km of inert barriers out of a total of 100 km to delimit the reservoir's protected buffer zone. We produced 400,930 seedlings of native species, most of them in the El Edén nursery, on our property. We rescued 12,569 seedlings and 650,821 seeds of native forest species from the reservoir's basin. We are planting the trees we produced in the protection buffer zone, in an area of 612.5 hectares, where we have planted 284,182 trees of 32 native species, as well as 18,333 trees planted as live barriers, which are subject to maintenance. We also intervened for the recovery of 24,408 trees that are part of the natural regeneration in this area.

El Llanito Swamp

- As part of an agreement with Fundación Natura, we made progress in the program to respond to the community's perception of possible changes that the reservoir can cause on the microclimate. It includes the preparation of an agro-climatic model to understand its effects on crops.
- We established a partnership to conserve biodiversity in Santander, through which, over three years, Colombia's Natural Parks, Natural Heritage Fund and ISAGEN will collectively carry out an ecological restoration process of 4,057 hectares in the Serranía de los Yariguíes National Park in the area that drains towards the Sogamoso River basin.
- We achieved the target of 15 million *bocachico* (Prochilodus Magdalenae) fry in the flood plains of the Sogamoso River, a planned target for the construction stage. Also, in agreement with the San Silvestre Fish Farming Station, we improved its infrastructure for the production of native fish fry and for biological research of species such as the *pacora* and *doncella* fish.
- We carried out participatory ecological restoration of 233 hectares on the riverbanks of the tributaries of the Sogamoso River, downstream of the dam, to improve the habitats of migratory fish.

Sowing of fry

- We created the “Seed Hunters” program to recover the historical memory of the vegetation and we managed to recover local and/or communal nurseries.
- We established a partnership with the Development Program for Peace in Magdalena Medio and Fundación Humedales to start the process of formulating and implementing the Fish Classification Plan of the Sogamoso River’s lower basin, downstream from the dam.
- We took six bimonthly samples of physical, chemical, microbiological and aquatic biota variables at 18 sites along the Sogamoso River, which showed high levels of sediment and coliform bacteria from the upper watershed
- We established an agreement with Corporación Autónoma Regional de Santander (CAS) through which we will make a representative contribution for the conservation and improvement of water sources in the region.
- In the development of the 1% investment for water use program, we made progress in the construction and improvement of 27 school bathroom units and one health center bathroom unit in the bordering districts of the reservoir. We installed and improved 240 family bathroom units. We also established a partnership with Corporación Autónoma Regional de Santander (CAS), through which we will make a representative contribution for the conservation and improvement of water sources in the region. The purchase of the lot, which will supply the water services of the municipal centers of Zapatoca and Betulia, was prioritized.

The Voice of Our Communities

Calixto Rivera

Vice-Chair of the (Asociación de Pescadores y Agricultores El Llanito); Fishermans and Agriculture Association

Barrancabermeja (Santander)

"The most valuable training in all this work is that the children are being taught that, just as we catch fish from the swamp, we also have the opportunity to restore the waters with the same number of bocachicos (Prochilodus magdalenae). Stocking guarantees a future. It guarantees that tomorrow, the swamp will have a great number of bocachicos."

Program to restore living conditions

Environmental Management Plans Social Component

- We made progress with the Program to Restore Living Conditions for Relocated Communities, taking into account the population that lived in the sectors that will be occupied by the reservoir, identified according to a land and socioeconomic census. This comprises the selection of the new housing design, the delivery of a lot equivalent to what they had or at least of five hectares, the construction of housing, basic services and the assembly of the productive project, as well as legal and psychosocial support. Noteworthy progress: we built 80 houses of the 89 required and we moved 85% of the 183 families. We implemented 85 production projects and we reinforced 48 more projects. We provided the facilities of a new educational institution in Betulia and we made progress in the construction of four schools and the improvement of four more, benefiting 295 students.
- We negotiated 98.52% of the lots required for the construction and start-up of the project.

Environmental Education Program

- We continued to monitor fishing, small-scale mining and agricultural activity in water meadows and islands downstream from the dam. In agreement with the SENA, we carried out training courses on fish farming, bird, chicken and hen production and organic farming, among others. We certified 547 people and we supported 119 production units.
- We made progress on the Environmental Education Program with the implementation and strengthening of 15 Environmental Education Projects (PRAE for the Spanish original) together with the educational institutions. We carried out 11 training sessions for teachers on mandatory teaching projects, we implemented 12 environmental teaching sessions and we installed five educational plant nurseries in schools. We established six Citizen Projects for Environmental Education (PROCEDAS for the Spanish original) and we developed 15 district environmental agendas with the communities. We delivered 440 active carbon filters to treat water for human consumption in seven sectors and 10 educational institutions.
- We designed monitoring indicators for the social programs of the Environmental Management Plan (EMP).

School restored in the Totumos (Betulia) sector

Amoyá River Hydroelectric Power Plant

in commercial operation since May 2013

- Location: **Chaparral, Tolima**
- Power: **80 MW**
- Average Annual Energy: **510 GWh-year**
- Investment in Pesos: **518,000 million**

Job Creation*

On average, 62% of the personnel hired for carrying out construction works came from the local and regional area of influence of the Amoyá Power Plant.

* The reported employment information for Amoyá corresponds to the contracts signed for the construction in 2013.

Environmental Management

Below we highlight the main results of the environmental management in its physical, biotic and social components during the process of building the power plant:

Environmental Management Plans - Biophysical Component

- We installed 107 family bathroom units and 125 septic tanks.
- We installed and improved 27 school bathroom units.
- We offset 75 hectares of forest in five districts.
- We acquired four lots with around 15 hectares to maintain the water supply required for the water line systems of the La Holanda and El Recreo districts.
- We helped to collectively establish the School Environmental Project at the “Álvaro Molina” Education Institution.
- We installed ten piezometers to measure the water level on the tunnel’s path and we continued to follow up and monitor the water sources.
- We ended with the completion of all the areas of construction of the power plant, leaving them in adequate environmental conditions.

Student of the San Jorge Alto School in the, San Jorge Alto District Las Hermosas Township, Chaparral (Tolima)

Environmental Management Plans Social Component

- We carried out 64 meetings with the participation of 1,048 people, to inform the communities and entities of the fulfillment of the agreed commitments and other topics of interest such as the incorporation of the project in the operations stage and continuity in the development of social and environmental programs. Through roundtables, we maintained constant communication with the institutions of the area.
- We trained the communities and institutions on Transfers of Law 99 for the Chaparral municipality and CORTOLIMA on the power plant's operations stage.
- We built community water lines for four districts benefiting 79 families.
- We improved the hospital of Chaparral and we improved two healthcare centers.

Aula Viva (The Living Classroom) recreational education project Álvaro Molina Educational Institution

> *"The Amoyá River, La Esperanza Hydroelectric Power Plant in Tolima and the Manso Diversion in Caldas have started commercial operation, contributing on average an additional 614 GWh to our annual generation capacity."*

- We recovered the pump system and we replaced 8.2 kilometers of piping in the Chaparral water lines.
- We carried out environmental awareness-raising activities in each educational building of the 28 districts of the Las Hermosas Township through an agreement with the National Parks of Colombia. We implemented the Living Classroom strategy to promote the conservation of flora and fauna, we formulated the School Environmental Project with topics on water resources and protected areas and we worked for their coordination with the environmental actions of the attached buildings.

If you would like more information on social and environmental management during the construction of this power plant **Click here.**

to learn about aspects of environmental management during its operations between May and December 2013, **Click here.**

Manso Diversion Project

in operation since June 2013

Location: **Samaná, Caldas**

Additional Average Annual Energy to the Miel I Power Plant: **104 GWh-year**

Investment in Pesos: **114.460 millones**

Through a tunnel, it partially diverts the flow of the Manso River to the Amaní Reservoir of the Miel I Power Plant, with the aim to increase its power generation.

To learn more about its technical specifications **Click here.**

During the construction of the project, we created a total of 1,397 jobs. On average,70% of the personnel contracted during the construction came from the Manso Diversion's area of influence. We also facilitated conditions to start a Jobs Committee, which regulated local contracting through transparent and democratic channels.

Environmental Management

Below we highlight the main results of the environmental management in its physical, biotic and social components during the process of building the diversion:

Environmental Education Program. Delgaditas District, Samaná (Caldas)

Environmental Management Plans Biophysical Component

- We executed a forestry offset plan, planting 35,000 native trees and species in areas surrounding the works, in the Manso River basin and the micro-basins of streams in the diversion's discharge zone.
- We established 37 hectares of protective plantations, 24 with emphasis on protective reforestation and 13 on floral enrichment.
- We renovated a nursery in the Berlín Educational Institution, where students had active participation in production of seedlings.
- We implemented technical measures inside the diversion's tunnel, such as concrete coating on some stretches and consolidation injections.
- We carried out regular monitoring of the flows and gages in water sources located along the tunnel's path, including district water line intakes. We also acquired around 445 hectares located in this area for ecological restoration.
- We regularly monitored the flora, fauna, water life and the water source, finding an absence of variation in the records of species found and in the physio-chemical and micro-biological features of the water. We also monitored noise and air around the works, finding low or almost zero concentrations of particulates, nitrogen oxides or sulfur oxides.
- As part of the 1% investment for water use program, we carried out the following activities: basic rural sanitation in the townships of San Diego and Berlín, contribution to the conservation of the Reserve of the Civil Society of the Manso River and support for the conservation of the Selva de Florencia National Park and for the improvement of biological connectivity between this park and the Reserve of the Civil Society of the Manso River.

Environmental Management Plans - Biophysical Component

- We held meetings to inform the community of the fulfillment of commitments, the incorporation of the project in the operations stage and continuity in the development of social and environmental programs.
- We improved and officially delivered the Manso River tourist area to the community and the municipal administration of Samaná, as a tourist, cultural and recreational area in the region.
- We acquired the lots along the tunnel's path in agreement as a compensation measure.
- We facilitated the formation of an Oversight Committee with 22 people chosen to represent the districts. They held meetings and made visits to periodically assess the execution of the Environmental Management Plan.
- In agreement with the Caldas Departmental Office of the Comptroller, we held a training seminar for the members of the citizen oversight committee and community leaders from the districts on citizen participation mechanisms, environmental legislation and the Environmental Management Plan.
- In an agreement with the Development for Peace in Central Magdalena Program, we carried out a community strengthening program, so that through a participatory process, the communities organize themselves, prioritize their initiatives and prepare and execute production, social and environmental projects.
- We conducted the archaeological dig, assessment, monitoring and rescue program, which was reported to the community. In this program, we identified 26 archaeological deposits and excavated two, finding material dating from 320 B.C. and 830 A.D., which we gave to the museum of the Universidad de Caldas and archaeological and ethnographic museum of the Universidad Tecnológica de Pereira.

If you would like more information on social and environmental management during the construction of the diversion, **Click here.**

to learn about aspects of environmental and social management during its operations between June and December 2013 **Click Here.**

Girl from the Manso Diversion's area of influence

Projects Under Study

We made progress in the consolidation of a portfolio of investment alternatives to respond to the country's energy demand in a timely manner and contribute to climate change mitigation. Some of the advances in our conventional and non-conventional power generation projects are listed below. These are renewable energy projects.

Hydroelectric Power Plants

- **Cañafisto Hydroelectric Plant (937 MW - Cauca River - Antioquia):** We made progress in the development of the Environmental Impact Study required to obtain the Environmental License. We conducted a study on socio-political risk in the area of influence, as well as the land and socio-economic census. Additionally, we described the Afro-Descendant community of San Nicolás, which we carried out the prior consultation with.
- **Piedra del Sol Hydroelectric Plant (153 MW - Fonce River - Santander):** We carried out 78.32% of the construction designs, updating and information collection and the additional studies required by the National Authorities of Environmental Licenses, in the plant's environmental license process.
- **Harnessing hydroelectricity of the Patía River (1,650 MW, departments of Cauca and Nariño):** It consists of four plants in waterfalls to harness the hydroelectric potential of the Patía River between 560 and 75 meters above sea level. We completed the technical and economic pre-feasibility studies of the two larger projects, Patía I and II, which amount to 1,100 MW. We carried out the Environmental Assessment of Alternatives Studies and the analysis of the socio-political environment. Finally, we started to implement the relations strategy with the authorities and communities of the area of influence.
- **Andaquí Hydroelectric Plant (687 MW - Caquetá River - departments of Cauca and Putumayo):** We made progress in the implementation of an inter-institutional agreement with the Natural Sciences Institute of the Universidad Nacional de Colombia to update the baseline studies of the biotic component in the area of influence, according to the terms of reference issued by the National Authorities of Environmental Licenses for the Environmental Impact Study.

- **Studies to identify new opportunities for power generation (5,500 MW in Colombia):** We studied new hydroelectric projects in different basins of the country with high potential and identified more than 5,000 MW potential power plants with a capacity greater than 100 MW per plant and some 500 MW in potential small power plants of less than 100 MW.
- **Hydroelectric plants in Peru (220 MW):** We completed the feasibility studies of a small hydroelectric power plant in Peru with a capacity of 20 MW. We also carried out studies to harness hydroelectricity in three waterfalls that would amount to 200 MW.

Geothermal Projects

- **Ruiz Volcanic Massif Project (Department of Caldas):** We made progress in the additional magnetotellurics studies and on the construction of a three-dimensional geothermal model in the most promising area of the study. We started activities to contract the exploratory drilling and the process in the ANLA to obtain the Environmental License.
- **Tufiño - Chiles - Cerro Negro Binational Project (Colombia - Ecuador border):** We continued with the specific agreement between Corporación Eléctrica del Ecuador (CELEC EP) and ISAGEN. We took digital aerial photographs and collected information on the area of study and we made progress in the networking process with the Pastos ethnic group. We signed a contract for the execution of geology, geochemistry, hydrogeology and geophysics studies with a specialized consulting group.

Wind Projects

- **Wind farm (Department of La Guajira):** We installed a new wind measurement tower, we updated the Environmental Impact Study and we started the Environmental License modification process . We also made financial preparations with the aim to make progress in structuring the project.
- **Study of wind potential (Atlántico and La Guajira Departments):** We installed a new wind measurement tower and we integrated a new area in the areas of wind potential. Additionally, we carried out maintenance work on the towers, social management with the communities that live in the area and networking with the competent environmental authorities.

There were no incidents related to violations of indigenous rights in the areas where the projects under study are located.

The following is the investment allocated for these projects:

Project	Investment 2012 (in millions of pesos)	Investment 2013 (in millions of pesos)
Hydroelectric Power Plants	4,103	11,103
Wind Farm	650	677
Wind Potential Study	485	317
Ruiz Volcanic Massif Geothermal Project	1,347	681
Tufiño - Chiles - Cerro Negro Binational Geothermal Project	267	352
TOTAL	**6,852**	**13,130**

In addition to hydraulic, wind and geothermal power, research projects on biodiesel and coal gasification were continued.

If you want to learn more about our contribution to mitigate climate change, **Click here.**

The Voice of The University

John Jairo Sánchez

Professor in the School of Geosciences

Universidad Nacional de Colombia
(Bogotá)

"Collaboration between the Company and academia is a priority. ISAGEN provides resources, and it permits us to develop ideas and contribute to projects, aiding in the development of the territory. We are currently working together on a project to validate and complement a Conceptual Geothermal Model, which seeks to determine the subsoil structure in an area of interest, where geothermal energy may be produced."

Our International Business

In 2013, we sought business partnership opportunities in Latin America. We participated in a renewable energy auction in Peru with a hydroelectric power plant which had been developed in association with a Colombian engineering firm. At present, we have no investment agreements and we will take into account the issue of human rights in the event they occur.

We will also continue with the intention to export energy to neighboring countries such as Venezuela and Ecuador, to monitor opportunities of the potential interconnection with Panama and to implement leveraging and financing systems that facilitate opportunities for growth outside Colombia.

Related Links

- Environmental Protection
- Community Development
- Energy Production
- Environmental Management Indicators
- Tables: Environmental Management Plans

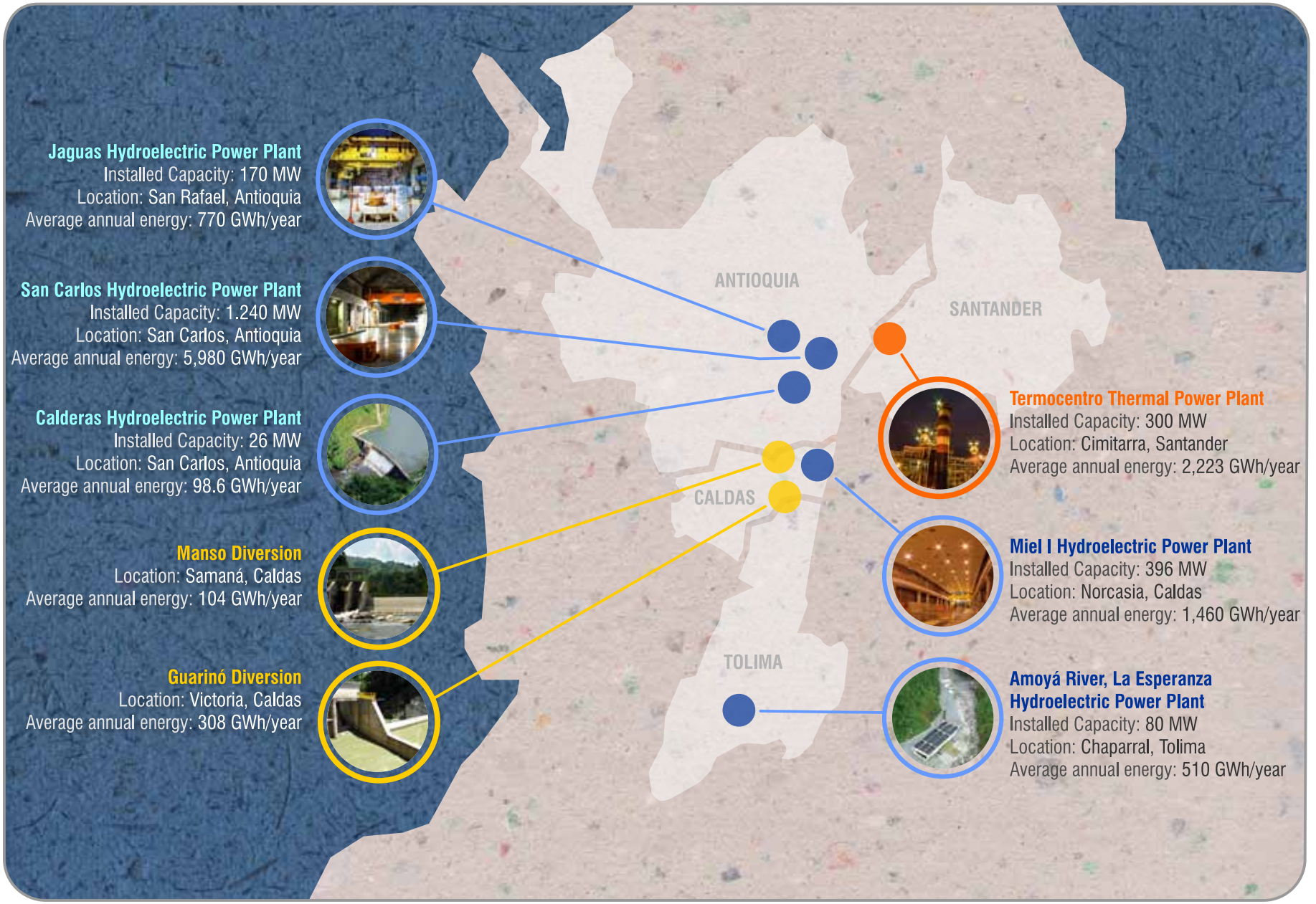
2014 Challenges

- In the Sogamoso Hydroelectric Power Plant:
  - Complete its construction, start services of the replacement works and start up the power plant at the end of the third quarter of 2014.
  - Develop the planned social and environmental activities to start filling the reservoir.
  - Make progress in the establishment of the reservoir's classification guidelines and start restocking fish in the reservoir and its tailwaters.
  - Finish relocating families that participate in the Program to Restore Living Conditions for Relocated Communities.
  - Together with the National Aquaculture and Fishing Authority (AUNAP for the Spanish original) and the region's fishermen, draw up the guidelines to formulate the Fish Classification Plan for the Sogamoso River, downstream from the dam.
- Continue to process the Environmental License for the Piedra del Sol Hydroelectric Power Plant in Santander and complete the preparation of the Environmental Impact Study of the Cañafisto Hydroelectric Power Plant
- Continue with pre-feasibility studies in the Tufiño – Chiles – Cerro Negro Bi-national Geothermal Plant on the border with Ecuador and process the environmental license for the geothermal plant in the Ruiz Volcanic Massif area in Caldas.
- Finalize the financial structuring of the Wind Farm in La Guajira, and make progress in assesing wind power on Colombia's northern coast.

Turbines spinning round and round, energy coming to life, synchronized work driving progress and mapping the way to wellness.

"We operate our power plants with the awareness of their transforming potential on the social and environmental spheres"

Energy Production



Jaguas Hydroelectric Power Plant
Installed Capacity: 170 MW
Location: San Rafael, Antioquia
Average annual energy: 770 GWh/year

San Carlos Hydroelectric Power Plant
Installed Capacity: 1.240 MW
Location: San Carlos, Antioquia
Average annual energy: 5,980 GWh/year

Calderas Hydroelectric Power Plant
Installed Capacity: 26 MW
Location: San Carlos, Antioquia
Average annual energy: 98.6 GWh/year

Manso Diversion
Location: Samaná, Caldas
Average annual energy: 104 GWh/year

Guarinó Diversion
Location: Victoria, Caldas
Average annual energy: 308 GWh/year

Termocentro Thermal Power Plant
Installed Capacity: 300 MW
Location: Cimitarra, Santander
Average annual energy: 2,223 GWh/year

Miel I Hydroelectric Power Plant
Installed Capacity: 396 MW
Location: Norcasia, Caldas
Average annual energy: 1,460 GWh/year

Amoyá River, La Esperanza Hydroelectric Power Plant
Installed Capacity: 80 MW
Location: Chaparral, Tolima
Average annual energy: 510 GWh/year

An efficient, socially responsible management that complies with regulations supports the commercial operation of our six power plants with competitive levels that enable us to fulfill our commitments to our clients and to the market on time.

This chapter outlines the main results in energy generation, and progress made in the maintenance and technology upgrade plans, as well as achievements in sustainability and environmental protection.

ISAGEN has five hydroelectric power plants, two diversions and one thermal power generation plant:

Power Plants	Installed Capacity (MW)	Location	Average annual energy (GWh-Year)
San Carlos	1,240	San Carlos – Antioquia	5,980
Calderas	26	San Carlos – Antioquia	98.6
Jaguas	170	San Rafael – Antioquia	770
Amoyá	80	Chaparral - Tolima	510
Miel I	396	Norcasia – Caldas	1,460
Guarinó River Diversion	-	Victoria – Caldas	308
Manso Diversion	-	Samaná – Caldas	104
Termocentro	300	Cimitarra – Santander	2,223

Energy generation increased in 2013 compared to 2012 because of the start-up of the Manso River Diversion in Caldas that sent waters to the Miel I Power Plant reservoir, the commercial start-up of the Amoyá River Hydroelectric Power Plant, La Esperanza in Tolima, and the significant increase in the thermal power generation at the Termocentro Power Plant due to the rainfall conditions in Colombia, as well as increased demand.

Our power plants showed a high level of availability as a result of efficient management in operation, maintenance and modernization.

Jaguas Hydroelectric Power Plant

Annual Generation

	2011	2012	2013
Hydroelectric (GWh)	10,671.55	9,167.86	8,707.73
Thermal (GWh)	330.94	515.73	1,614.62
Total (GWh)	**11,002.49**	**9,683.60**	10,322.36

Availability by Type of Energy

Our power generation stations had 93.4% availability, greater than the projected 91.4%, as a result of efficient operation, maintenance and modernization management.

	2011	2012	2013
Hydroelectric (GWh)	91.7%	94.7%	94.2%
Thermal (GWh)	82.0%	90.4%	88.0%
Total (GWh)	**90.4%**	**94.1%**	93.4%

"Facing Colombia's reported rainfall volatility, the Termocentro plant generated 1,614.62 GWh with a 213% increase compared to 2012, which consolidated it as an excellent backup for our commercial operation. This record was made possible because of the gas supply strategy and the plant's excellent technical conditions."

San Carlos Hydroelectric Power Plant

Availability by Power Plant

	2011	2012	2013
San Carlos	92.02	95.30	95.09
Miel I	94.65	97.44	93.49
Jaguas	82.02	84.15	90.82
Amoyá*	0.00	0.00	88.54
Calderas	93.51	92.47	94.94
Total Hydroelectric	**91.68**	**94.70**	94.19
Termocentro	81.99	90.39	88.01
Total Thermal	**81.99**	**90.39**	88.01
Total ISAGEN	**90.40**	**94.13**	93.41

* The availability of the Amoyá in 2013 is the weighted availability of the plant considering its start-up in June.

ISAGEN'S Net Generation by Power Plant

	2011		2012		2013	
Power Plant	**GWh**	**Share %**	**GWh**	**Share %**	**GWh**	**Share %**
San Carlos	7,628.18	69.33	6,805.18	70.27	6,170.06	59.77
Miel I	1,972.39	17.93	1473.00	15.21	1,506.88	14.60
Jaguas	971.36	8.83	810.47	8.37	694.22	6.73
Amoyá	0.00	0.00	0.00	0.00	259.67	2.52
Calderas	99.63	0.91	79.22	0.82	76.90	0.74
Total hydroelectric	**10,671.55**	**96.99**	**9,167.86**	**94.67**	**8,707.73**	**84.36**
Termocentro	330.94	3.01	515.73	5.33	1,614.62	15.64
Total thermal	**330.94**	**3.01**	**515.73**	**5.33**	**1,614.62**	**15.64**
Total ISAGEN	**11,002.49**		**9,983.60**		**10,322.36**	

ISAGEN'S Share of Generation for the National Electrical Grid (SIN)

ISAGEN'S total generation in 2013 met 16.97 %1 of Colombia's demand for electrical energy, which rose approximately 3.8% compared to the previous year.

% Share of the National Electrical Grid	2011	2012	2013
	18.77	16.45	16.61[2]

1 This figure corresponds to the SIN demand of 60,890.6 (GWh)// gen ISAGEN 10,322.36 (GWh)

2 This figure corresponds to the SIN demand of 62,196.6 (GWh)// gen ISAGEN 10,322.36 (GWh)

"In 2013, the operational availability of our plants enabled us to generate 16.97% of the total energy provided by generators to the National Electrical Grid."

Termocentro Power Plant

Termocentro Thermal Plant Average Generation Efficiency

Thermal Efficiency %	2011	2012	2013
	46.90	46.90	46.95

*These measures were taken to comply with C.N.O Agreement No. 557

Worker at the Jaguas Hydroelectric Power Plant

Power Plant Maintenance and Modernization

In 2013, we fully complied with the set preventive and predictive maintenance plan, related to, among other things, taking oil samples from power transformers and constant monitoring of vibration patterns in generators. We would also like to point out that we continue our active participation in the compliance with Agreement CNO 552 and 649, which established a pilot plan for the modeling of the generation units of the entire National Electrical Grid as part of the activities to correct low frequency oscillation problems.

We implemented the plan to modernize and upgrade technology according to quality standards and a continued improvement cycle that considers both the technical aspects and commercial commitments to increase power plant productivity in the long run, reduce operating costs, mitigate risks, and incorporate regulatory changes.

As part of the maintenance and modernization process, we developed an action plan for the inventory and management of PCBs, reinforcement works, and installation of equipment in dams. We would like to highlight the following: generator maintenance and modeling, repair and reinforcement of intake structures at the Guarinó diversion, modernization of the Calderas water recycle system in Termocentro, and the installation of four new spare runners at the San Carlos Power Plant, including efficiency tests.

For more information about all our power plants **Click here.**

Risk Management in Power Plant Operations

We identified situations with the potential to impact our operation and we have mechanisms in place to assess them, and implement preventive and monitoring measures. Some of these situations are: possible failures in managing power plant operations that affect availability, and inadequate management or delays in the modernization plan.

To learn more about our Comprehensive Risk Management **Click here.**

Environmental Management

Environmental Management Plans are established to operate the power plants that include actions established by law to prevent, minimize, control and compensate for **environmental impacts** that occur during construction.

In the chapter entitled **Environmental Protection**, we describe our Environmental Management System (EMS), which includes ISAGEN's Environmental Policy and the guidelines to ensure that this effort contributes to Sustainable Human Development. Accordingly, ISAGEN assumes commitments that go beyond the requirements, both in Environmental Management Plan actions and in driving additional initiatives that seek to improve the quality of life of the communities in which we operate.

Below are the main results in the physical (air, water, soil), biotic (flora and fauna), and social (communities) components in the different areas of influence of our six power plants: Miel I and the Guarinó and Manso diversions, San Carlos, Jaguas, Calderas, Amoyá and Termocentro:

Dendropsophus ebraccatus - hourglass treefrog
Photo: ISAGEN - GHA - UDEA 2012 / ISAGEN - FAUNATIVA 2013

Amaní Reservoir, Miel I Power Plant

Environmental Management Plans - Biophysical Component

- We complied with 100% of the goals to maintain competitive levels of operational availability by managing permits, licenses, Environmental Management Plans, related environmental commitments, and compliance of technical and environmental demands by Overseas Private Investment Corporation (OPIC). The National Authorities of Environmental Licenses (ANLA) renewed the water concession permits to maintain the Calderas power plant generation.
- We made progress with the territorial actors in the joint construction of regional development proposals on issues like tourism and other productive chains such as avocado in the Miel I Power Plant's area of influence.
- We did work to reinforce and protect the structures that are part of the Guarinó diversion's intake system, establishing preventive and control measures for the environmental impact generated by the activity. We reduced erosion caused by the diversion intake and sediment dragging at the Miel I Power Plant's Amaní reservoir.

> *"Considering the Company's sustainability and in order to develop in harmony with the environment, we encouraged governance of water resources to develop a national vision toward their preservation."*

- We carried out limnological and hydrobiological monitoring of the reservoirs of Punchiná (San Carlos power plant), San Lorenzo (Jaguas power plant) and Miel - Guarinó complex (Guarinó and Miel Rivers, Amaní reservoir) and the Amoyá river and its tributaries. Results indicate that the water quality characteristics are good, and the structure of the communities of species continue the same trends. However, the Amoyá river and its tributaries reported high contamination levels due to animal and human feces, which restricts consumption.
- At all the power plants, we executed surveillance and control programs for the conservation of biodiversity (administration of lots) and had on-going networking with institutions to control illegal removal of flora, hunting wild animals, mining and squatting. In addition, we monitored flora and fauna using standardized methodologies that gathered information about the life cycles of various species. We obtained updated maps of vegetation covers of the San Carlos, Jaguas and Calderas power plants, and the Guarinó diversion.

We have developed the following activities for the protection and conservation of the water resources:

Pact for basins and water: In October 2013, we signed this pact which brought together representatives from public and private institutions and civil society who expressed their commitment not only to the care and preservation of the basins of the Guarinó, La Miel and Chinchiná Rivers, but also to inclusive social and economic development for the communities of the area of influence in the department of Caldas.

Fish rescue and release program along the bank of La Miel River: We continued with the fish rescue and release program as a means to mitigate the effects generated by the changes in the river's level and flow, downstream from the dam for the Miel I Power Plant operation. Mortality rates remained low, below 10%.

Guarinó diversion technological packages studies: Through the cooperation agreement with the AGUAPECES fish station, we carried out the initial Pataló captive breeding exercises with reproducers obtained from nature. We identified requirements for mating and fertilization of females with successful results.

San Lorenzo Reservoir, Jaguas Power Plant

Fish classification plan at the Punchiná and San Lorenzo reservoirs: Based on the information collected in the classification process, we performed a socio-economic characterization of the communities that engage in fishing activities; identified alternative productive projects and, we strengthened coordination between the communities and the competent authorities and partnerships among those who fish the reservoirs.

Fish Classification Plan (FCP) at the La Miel river lower basin: We formulated and initiated the development of productive projects with fishermen associations in the districts of influence downstream from the power plant, which became alternatives to help improve the fishermen's economic situation. We continued to strengthen the inter-institutional work with the National Agriculture and Fishing Authority (AUNAP in Spanish) and fishermen, mainly on the following issues: responsible fishing agreements and applied research studies about the use of fishing methods at the basin. We also carried out the annual fish restocking campaign with the participation of the communities, in which young Bocachico (*Prochilodus magdalenae*) and Dorado (*Saminus affinis*) were sown in the La Miel River.

Based on information obtained from the classification processes at the Amaní reservoir and the La Miel river lower basin, the National Agriculture and Fishing Authority (AUNAP) regulated fishing activities at the reservoir through Resolution 408 of April 2013 and for the La Miel river lower basin via Resolution 410 of April 2013.

"In May 2013, the Amoyá River, La Esperanza Hydroelectric Power Plant, began operations. This plant was registered in 2011 with the Secretariat of the United Nations Framework Convention on Climate Change as a plant that met the Clean Development Mechanism requirements during its construction phase. That means that national and international authorities affirm its contribution to the mitigation to global climate change and to sustainable development."

Tinajas Rural Educational Center. San Carlos (Antioquia)

Environmental Management Plans Social Component

Mechanisms for Information and Dialog

In the areas of influence of our six power plants, we held Community **Participation and Information Program (PIPC)** meetings with the participation of community organizations from the area and representatives of the different municipal administrations and institutions. The purpose of these meetings is to provide clear, accurate and timely information, and strengthen relationships to unite efforts and manifest common initiatives that contribute to the sustainable development of the territories. During these informational meetings in 2013 the following was accomplished:

- We presented the objectives of the environmental policy and its framework of environmental, legal and complementary management.
- We discussed the progress in the programs that are part of the Environmental Management Plans for the different power plants in operation.

- We reviewed the technical characteristics and operations of the power plants and diversions.
- We generated agreements to move ahead in making joint decisions to foster community development.
- We reported payments made for electricity sector legal transfers.
- We addressed concerns related to dealing with the impacts on the environment and identified those not anticipated to coordinate measures to handle them. The local community is involved in 100% of the operations in which we implement development programs and impact assessments.

We kept the community informed through the ENCOMUNIDAD media channels, which include television, newspapers and printed bulletins, reporting topics of interest related to the Company's management: progress, community projects, Legal Transfers, Environmental Management Plan programs and complementary management, among other things. Additionally, we provided guided tours to the Jaguas and Miel I power plants and their Guarinó and Manso diversions. Visitors learned about the energy generation process, environmental management, and employment.

Visit to the Amani Reservoir

Inter-institutional Meetings to Bring Helping Hands Together

We continued holding inter-institutional meetings with the different municipal administrations and entities in the areas of influence of the San Carlos, Jaguas, Calderas, Amoyá and Miel I power plants and their diversions, to strengthen relations and create partnerships in the search for improved coordination for regional development to be carried out together.

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CREATING COMMUNITY

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PRODUCTIVE ENERGY

Environmental Education for Our Communities

We implemented Environmental Education Programs that aim to raise awareness about the use and conservation of resources, and to foster respect for the environment in communities. Listed below are several of the outstanding activities:

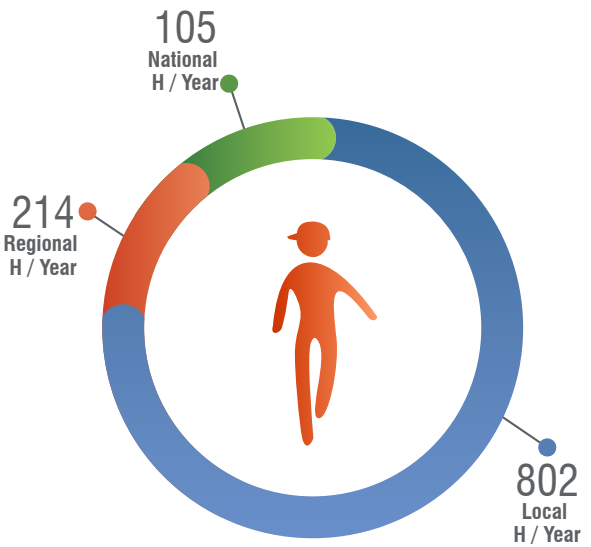
- In the area of influence of the San Carlos, Jaguas, Calderas, Termocentro and Miel I Power Plant and their Guarinó and Manso diversions, we developed partnerships with the Universidad Católica de Oriente (UCO) to implement environmental education programs. In the area of influence of the Eastern Antioquia power plants, we trained nearly 971 people, around 500 in Middle Magdalena, and close to 865 in Eastern Caldas. The beneficiary population included children, youth and adults (including teachers), who learned about coexistence, agroecology, the environment, biodiversity, and research.
- In the Miel I Power Plant region, we held complementary workshops for the communities living near our forests on specific topics in the fauna domain, with the goal of raising awareness among the inhabitants about conservation and teach them to deal with species that they fear or consider pests.
- Through an agreement with the Universidad de Antioquia - Herpetological Group of Antioquia we carried out environmental education activities for the fishermen in the area of influence of the Termocentro Power Plant, through the community monitoring of freshwater turtles and spectacled caimans in La Chiquita and El Encanto swamps. The awareness-raising workshops included the children of fishermen in the program.
- Through an agreement with Natural National Parks of Colombia, we implemented the Environmental Education Program at the Amoyá river hydroelectric power plant. The program aims to strengthen the School Environmental Projects (PRAES in Spanish) prepared at the 28 schools in the Las Hermosas township. We also worked to raise environmental awareness and ownership among the students through the recreational - pedagogical program called Aula Viva (Living Classroom).

Employment that Brings Progress

We defined employment strategies to prioritize manpower from the regions in the areas of influence of the power plants, thus contributing to their development. The following is the summary of the local, regional, and national jobs created by the activities at the electric power plants in 2013:

Power Plant	Local H / Year	Regional H / Year	Nacional H / Year	Total H / Year
Jaguas	19	124	10	153
San Carlos	205	46	8	259
Calderas	55	18	4	77
Termocentro	108	11	15	134
Miel I, and Guarinó and Manso River Diversions	335	14	51	400
Amoyá, La Esperanza	80	1	17	98
TOTAL	**802**	**214**	**105**	**1,121**

* We reported the employment generated at the Amoyá power plant corresponding to the contracts in operation in 2013.



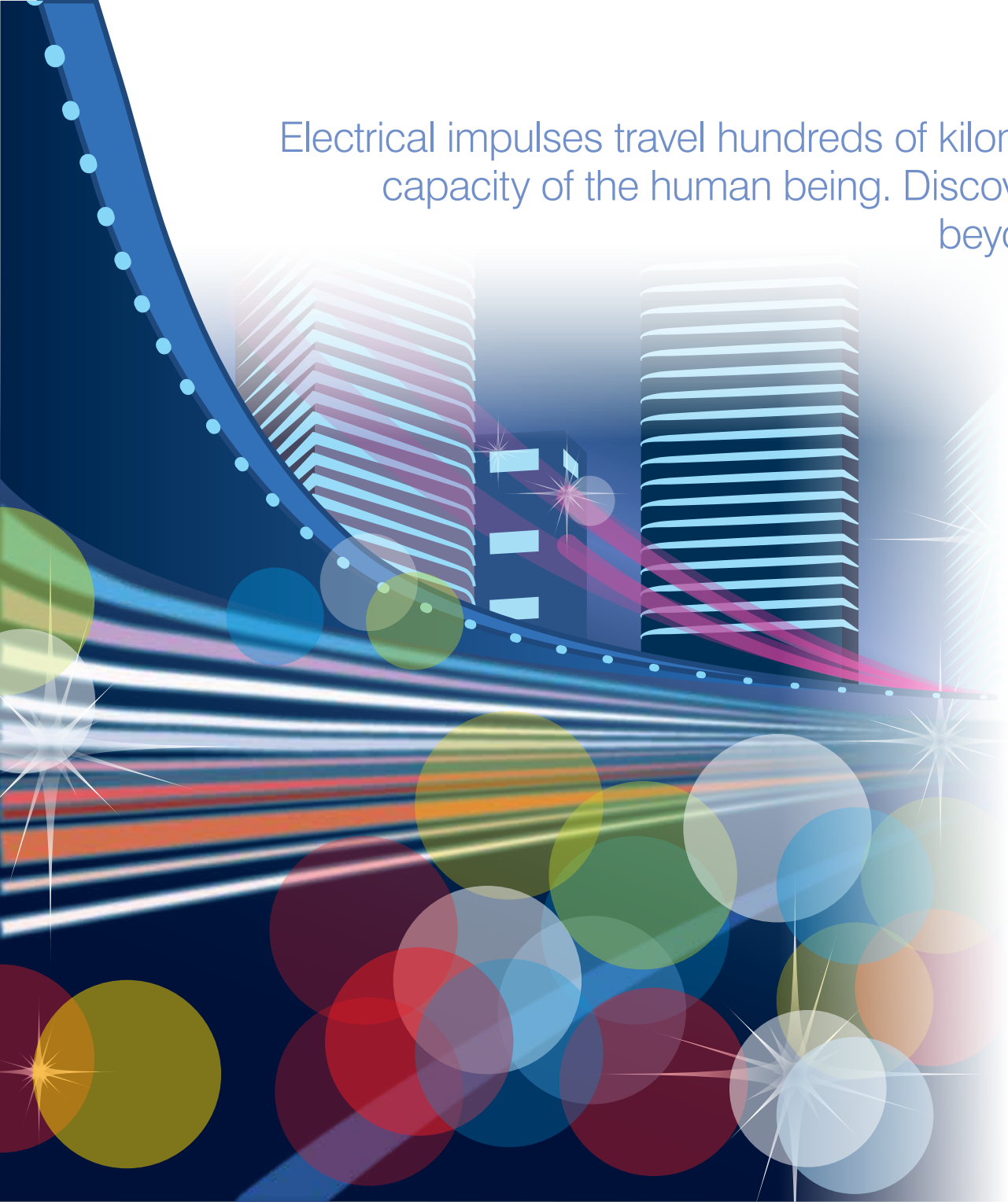
For more information about environmental and social management implemented during the construction phase at the Amoyá power plant and the Manso diversion,
Click here.

2014 Challenges

- Implement the sediment removal protocol at the Calderas reservoir to ensure the long-term operation of the Calderas Hydroelectric Power Plant.
- Bring the Sogamoso hydroelectric power plant into operation.
- Implement responsible fishing agreements with the participation of fishermen from the San Lorenzo and Punchiná reservoirs, the Jaguas and San Carlos Power Plants that belong to us, and the Playas reservoir belonging to EPM.

Related Links

- Environmental Protection
- Environmental Management Indicators
- Community Development
- Tables: Environmental Management Plans
- Growth Management



Electrical impulses travel hundreds of kilometers to power up the creative capacity of the human being. Discover how delivering energy goes beyond a mere market transaction.

"Generating energy solutions that contribute to competitiveness and environmental protection is a challenge we enjoy and fulfill with great endeavo"

Sale and Productive Solutions

ISAGEN sells energy to:

ISAGEN ENERGÍA PRODUCTIVA

REGULATED MARKET

Clients that consume less than 55,000 KWh or reach a demand less than 100 kW.

Major Resellers:

distribution companies that belong to the wholesale market and deliver power to end users.

NON-REGULATED MARKET

Clients that consume more than 55,000 KWh or reach a demand greater than 100 kW.

Industrial end clients:

most are companies from the manufacturing sector located in major cities of the country that, based on their characteristics of energy and/or power consumption, can buy the energy for their production processes freely.

We offer these clients a portfolio of personalized energy solutions, which are provided by a group of professionals in alliance with leading engineering companies that make up our Technology Partner Network.

Spot market (electricity market):

mechanism by which energy surplus or shortages of the generators and resellers is traded on a daily basis.

ISAGEN'S business consists of power generation and marketing therefore, we do not have a distribution license. Because we do not directly provide service to residential users, we do not perform the disconnection service for this segment.

Sales Management Indicators

In 2013, our revenue exceeded our expectations because of optimized management on the electricity market and in the sale of contracts, with an important contribution from energy exports to Venezuela. Although water levels were low almost all year, the high availability of the Termocentro Power Plant made it possible to meet the commitments made with the market at competitive prices. Additionally, the energy market management benefited from higher revenues in the provision of Automatic Generation Control (AGC) services.

Our Portfolio

The sale of electricity, gas and technical services through different channels aims to meet the needs of industrial and wholesale clients, as well as risk diversification, stability and maximization of our revenue. The following are the main results of our business management in 2013:

Income from Energy and Gas Sales

	2011	2012	2013	Difference 2012-2013	Variation 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
Domestic Contracts	1,356,646.5	1,296,119.6	1,364,940.3	68,820.7	5.3%
International contracts	67,708.0	128,351.0	198,467.0	70,116.0	54.6%
Stock Market Transactions	148,661.2	160,391.5	286,050.4	125,658.9	78.3%
Grid Exchange Market Transactions	0.0	0.0	0.0	0.0	
Start-Up and Shut-Down	1,286.6	2,052.0	1,840.3	-211.8	-10.3%
Frequency Regulation (AGC)	14,161.2	47,197.9	73,953.6	26,755.6	56.7%
Reliability Premium	0.0	2,037.1	0.0	-2,037.1	
Reliability Premium Backup	3,599.2	4,161.5	4,598.7	437.3	10.5%
Deviations	635.4	1,008.6	969.2	-39.4	-3.9%
Technical Services	8,381.7	7,802.7	8,033.9	231.2	3.0%
Gas	80,712.2	81,819.2	63,400.5	-18,418.7	-22.5%
Others	908.0	597.8	560.1	-37.7	
Total Income	**1,682,700.0**	**1,731,539.0**	**2,002,814.0**	**271,275.0**	**15.7%**

Expenditures from Energy and Gas Sales

	2011	2012	2013	Difference 2012 - 2013	Variation 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
Domestic Contracts	0.0	0.0	0.0	0.0	
International Contracts (Venezuela)	37.9	51.2	54.1	2.9	5.7%
Stock Market Transactions	70,234.2	195,336.0	264,281.2	68,945.2	35.3%
Grid Exchange Market Transactions	0.0	0.0	0.0	0.0	
Start-Up and Shut-Down	24,876.7	29,842.7	29,880.5	37.8	0.1%
Frequency Regulation (AGC)	0.0	388.3	0.0	-388.3	
Reliability Premium Purchases	112,997.7	83,170.0	106,272.5	23,102.5	27.8%
Reliability Premium Backup	2,028.2	903.8	189.4	-714.4	-79.0%
Deviations	186.7	114.8	648.7	533.9	
Restrictions	69,432.7	73,690.6	55,650.5	-18,040.2	-24.5%
NTS, RTS and LDS use	195,216.3	203,603.5	205,085.9	1,482.5	0.7%
NTS Connection	13,690.0	19,148.0	23,834.5	4,686.5	24.5%
Management services	7,017.0	7,259.4	7,994.3	734.9	10.1%
Law 99/93 Contributions	39,896.5	35,885.7	38,019.5	2,133.8	5.9%
FAZNI Contributions	12,286.4	11,386.1	11,822.5	436.3	3.8%
Gas	164,950.0	170,110.6	252,064.1	81,953.5	48.2%
Technical Services			9,218.5		
Total Expenditures	**712,850.5**	**830,890.8**	**1,005,016.2**	**174,125.4**	**21.0%**

Long-term Contracts

We addressed the needs of 19 wholesale clients and 273 metering points of industrial end clients through long-term contracts. The total demand of our non-regulated and wholesale clients represented 14.7% of the total national demand (60,890 GWh).

Total contracted energy in 2013 reached 9,673 GWh, which is a 6.7% increase compared to sales in 2012. Similarly, we exceeded 2012's revenue by 10.1%, reaching COP 1,568,006 million.

Demand from our industrial end clients was stable, and we were able to continue reporting a high share of the non-regulated market, reaching 19.5% in 2013. In turn, demand from our resellers increased by 10% compared to 2012.

Projected demand data are not reported because it is confidential Company information.

Moreover, we emphasize energy exports to Venezuela, which in 2013 attained the highest value recorded in the history of electricity transfers between the two countries, reaching 714.5 GWh, which meant a 49.4% increase compared to 2012 in energy, and 54.6% in revenue, with a contribution of COP 198,467 million to our total sales.

ISAGEN Energy Sales from Long-term Contracts

	2011		2012		2013		Difference 2012 - 2013		Variation 2012 - 2013	
	Millions of Pesos	GWh	Millions of Pesos	GWh	Millions of Pesos	GWh	Millions of Pesos	GWh	%	%
Domestic Sales	1,356,647	9,138	1,296,120	8,585	1,369,539	8,958	73,419	373	5.7%	4.3%
Resellers	646,285	5,049	569,896	4,376	659,864	4,812	89,968	436	15.8%	10.0%
Large Consumers	710,362	4,088	726,224	4,209	709,675	4,146	-16,549	-63	-2.3%	-1.5%
International Sales	67,708	249	128,351	478	198,467	715	70,116	236	54.6%	49.4%
Total Sales	**1,424,355**	**9,386**	**1,424,471**	**9,063**	**1,568,006**	**9,673**	**143,535**	**610**	**10.1%**	**6.7%**
Total Purchases	0	0	0	0	0	0	0	0		

Electricity Market Transactions

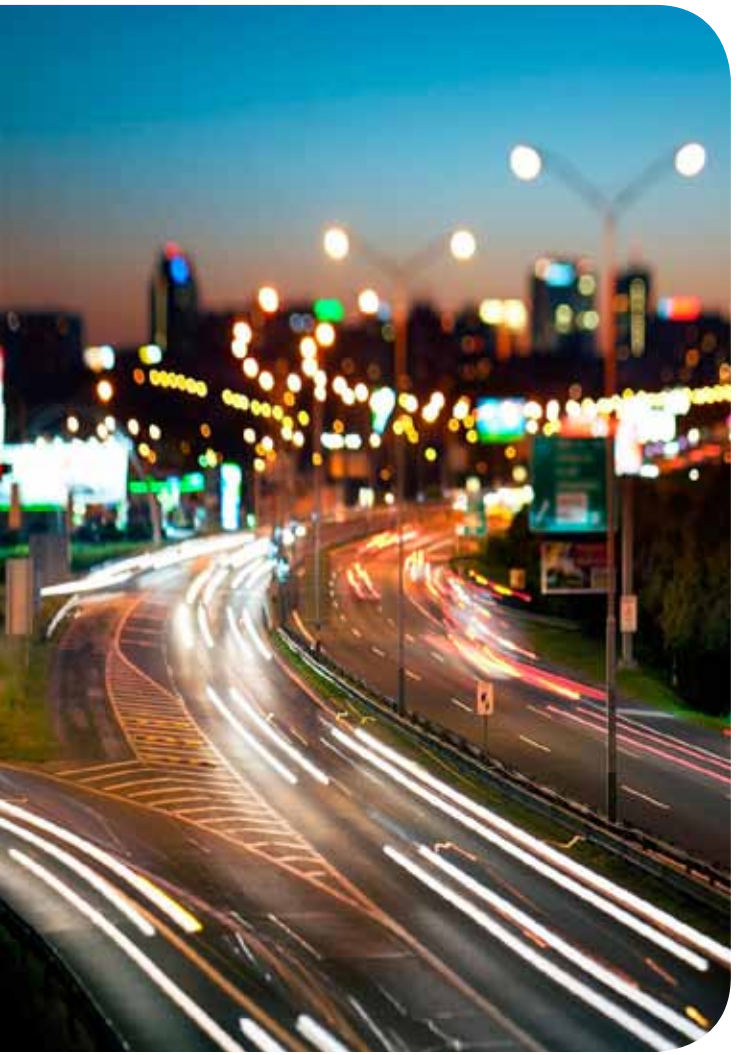
Energy sales on the market amounted to 1,693.3 GWh in 2013, or 3.1% less than reported in 2012. This amount is 2.8% of the demand of the National Electrical Grid. The revenues earned from these sales made up 14.3% of our total revenues in 2013, compared to 9.3% in 2012, which is mostly due to the increase in market prices, increased generation and optimization of our commercial operations.

As a result of the efforts to fulfill contractual obligations with our own generation, purchases on the market were lower by 5.9% than in 2012, reaching 1,434.3 GWh. Its value represented 26.3% of the expenditures for 2013's commercial operation, compared to 23.5% reported in 2012. In turn, expenditures in this category increased 35.3%, which is explained by the increase in market prices. The net result of market operations was positive in 2013, with a net income of COP 21,769 million pesos.

The following are the figures in millions of pesos and GWh of the energy sold on the stock market in 2013, 2012 and 2011:

Market Transactions in Millions of Pesos and GWh

	2011		2012		2013		Diferencia 2012 - 2013		Variación 2012 - 2013	
	Millions of Pesos	GWh	Millions of Pesos	GWh	Millions of Pesos	GWh	Millions of Pesos	GWh	%	%
Market Sales	148,661.2	2,102.8	160,391.5	1,747.1	286,050.4	1,693.3	125,658.9	-53.8	78.3%	-3.1%
Market Purchases	70,234.2	879.7	195,336.0	1,524.0	264,281.2	1,434.3	68,945.2	-89.7	35.3%	-5.9%
Net	**78,427.0**	**1,223.1**	**-34,944.5**	**223.1**	**21,769.2**	**259.1**	**56,713.7**	**36.0**	**NA**	**16.1%**



Reliability Premium

Since 2006, the current methodology has been in place for reliability compensation of the Colombian electrical system, as defined in CREG Resolution 071 / 2006, whose primary purpose is to compensate generators for generation asset availability in line with the characteristics and parameters to calculate the Firm Energy for the Reliability Premium ("ENFICC" in Spanish). For the 2012 - 2013 period, Firm Energy Obligations (OEF in Spanish) for the power plants were allocated by an auction held in May 2008, in which 57 power plants participated.

Revenue from the Reliability Premium is part of the stock market transactions when the generation is greater than or equal to the OEF of each power plant. Because in 2013 all our power plants generated more power than their allocations, the reliability compensation chart below only reports refunds in 2013, which were higher by COP 23,103 million than the previous year.

Reliability Compensation

	2011	2012	2013	Difference 2012 - 2013	Variation 2012 - 2013
	Millions of Pesos	$Millones	Millions of Pesos	Millions of Pesos	%
Revenue	-	2,037.1	-	-2,037.1	-100.0%
Refunds	112,997.7	83,170.0	106,272.5	23,102.5	27.8%
Net	**-112,997.7**	**-81,132.9**	**-106,272.5**	**-25,139.5**	**31.0%s**

In turn, the Secondary Firm Energy Market trades ENFICC backups between generators, in order to fulfill the OEF allocated to each agent. Net income of COP 4,410.7 million was obtained through this market during the year.

Fees for Participating in the Wholesale Energy Market (WEM)

The fees for participating in the WEM in 2013 were 2.4 % lower than those reported in 2012. The fee reduction basically corresponds to the 24.5% drop in restrictions and 3.5% drop in the use of RTS-LDS, as all the other fees were greater or equal. The reduction in restrictions is explained by greater availability of the transmission network compared to 2012.

With regard to the variations in the other fees, we emphasize the increase in the connection to the National Transmission System of 24.5%, explained primarily by higher sales to Venezuela. Additionally, higher generation produced an increase of 10.1% in administration services and 5.9% in contributions from Law 99/93. These fees are a pass through for the Company.

Fees for participating in the Wholesale Energy Market

	2011	2012	2013	Difference 2012 - 2013	Variation 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
NTS Use	90,932.4	97,038.0	102,203.1	5,165.0	5.3%
RTS, LDS Use	104,283.9	106,565.5	102,882.9	-3,682.6	-3.5%
Restrictions	69,432.7	73,690.6	55,650.5	-18,040.2	-24.5%
NTS Connection	13,690.0	19,148.0	23,834.5	4,686.5	24.5%
Management services	7,017.0	7,259.4	7,994.3	734.9	10.1%
Law 99/93 Contributions	39,896.5	35,885.0	38,021.3	2,136.3	6.0%
FAZNI Contributions	12,286.4	11,386.1	11,822.5	436.3	3.8%
Total WEM fees	**337,539.0**	**350,972.7**	**342,409.0**	**-8,563.7**	**-2.4%**

Gas Operations

In 2013, we made important accomplishments in terms of obtaining fuel to ensure Termocentro's supply. Below are the top milestones for the year:

- Executing contracts for gas supply and transportation, which leveraged Termocentro Power Plant's generation to optimize the commercial operation.
- Maintaining the contracted availability of Jet A1 liquid fuel, which ensured the support of the revenue from Termocentro's Reliability Premium.
- Obtaining net income from the gas sales that totaled COP 16,475.5 million, even though efforts centered on ensuring fuel availability at competitive prices for the generation.
- Implementing activities for participation in the new wholesale market gas sales scheme. It will be in effect starting in 2014 with the issuance of CREG Resolution 089/2013 and those that complement it.
- Adjusting our commercial scheme to deal with changes in market regulations, price regulation, and the creation of the Market Manager, among others.

The new commercial scheme made way for contracting the gas required to maintain the backup for the Termocentro commercial operation in 2014. This plant's generation contribution was particularly important in 2013, reaching 1,614.6 GWh, 213% more than the energy produced in 2012. In turn, gas purchases to back this generation were in the order of 13,187,971 MBTU.

It should be noted that the use of Take or Pay (TOP) natural gas contracts amounted to 5,435,535 MBTU, a 149.7% increase compared to 2012. We also underscore gas purchases with interruptions that amounted to 7,752,436 GWh, meaning a 264.6% increase compared to 2012.

Sales through bilateral contracts traded 4,419,782 MBTU, a 51.3% drop from 2012 gas sales. This difference is due primarily to increased available gas use for Termocentro generation. Revenue from the sale of this natural gas reached COP 63,400.5 billion, which represents a 22.5% reduction compared to last year.

Revenue from Natural Gas Sales, 2013

	2011	2012	2013	Difference 2012 - 2013	Variation 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
Wholesale Customers	26,285.8	34,360.2	37,925.1	3,564.8	10.4%
Industrial End Clients	54,070.0	47,401.2	25,475.4	-21,925.8	-46.3%
Transportation transfer	356.4	57.8	0.0	-57.8	
Total Sales	**80,712.2**	**81,819.2**	**63,400.5**	**-18,418.7**	**-22.5%**

In 2013, expenditures for gas supply and transport purchases for sale amounted to COP 46,927.4 million. This figure was 28.2% lower than the previous year.

Expenditures for Natural Gas Sales, 2013

	2011	2012	2013	Diferencia 2012 - 2013	Variación 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
Expenditures for supply purchases	58,070.5	55,824.9	58,070.5	-18,255.7	-32.7%
Expenditures for transportation, distribution and development quota purchases	6,385.5	9,505.1	6,385.5	-149.4	-1.6%
Total Expenditures	**64,456.0**	**65,330.0**	**64,456.0**	**-18,405.1**	**-28.2%**

Regulation and Market Management

We ratified our commitment to the energy sector and industrial end clients in regulatory matters, making the pertinent analyses, comments and recommendations to the norms firmly established by the Energy and Gas Regulatory Commission (CREG), the Ministry of Mines and Energy (MME), and the Superintendence of Residential Public Utilities (SSPD).

In the Electricity Sector

The issuance of norms related to the Reliability Premium continued, as did the firm energy allocations in 2014 - 2015, the evaluation of the 2013 - 2014 period, the possibility of holding a Sale or Purchase Reconfiguration Auction, and the allocation of Firm Energy Obligations for the 2016 - 2017, 2017 – 2018 and 2018 – 2019 periods. Similarly, modifications were proposed to the verification and liquidation of the Voluntary Disconnectable Demand and the calculation of commercial availability in the Daily Individual Real Compensation.

In addition, it established the procedures for expanding the Regional Transmission System by way of Selection Processes, and the issuance of projects related to planning the expansion of the National Transmission System, and to adjust the compensation methodology in transmission and distribution.

In turn, the CREG issues a new version of the "Bylaws for Situations Involving Risk, adjusted the random process for availability test of plants or generation units, and proposed some modifications to the Operation Regulation related to reactive power tests at power plants. Also made a new proposal to establish an Organized Regulated Market (ORM) as part of the transactions of the Wholesale Energy Market, which extends credit risk coverage

In International Interconnections

In addition to the implementation of the Colombia - Panama Interconnection, we are monitoring the results from the Regulation Alignment Recommendations made through the Andean Electrical Interconnection System Initiative (SINEA for the Spanish original). The member countries of this group are Chile, Colombia, Ecuador, Peru and Bolivia (as an observer), and the Inter-American Development Bank (IDB) supports the initiative. The Andean Community of Nations (ACN) upheld the suspension to apply Decision 536 (General Framework for the Sub-regional Interconnection of Electrical Systems) through August 31, 2016, in order to conclude the revision of said instrument and establish a new community system for electric energy exchanges between Member Countries.

In the Natural Gas Sector

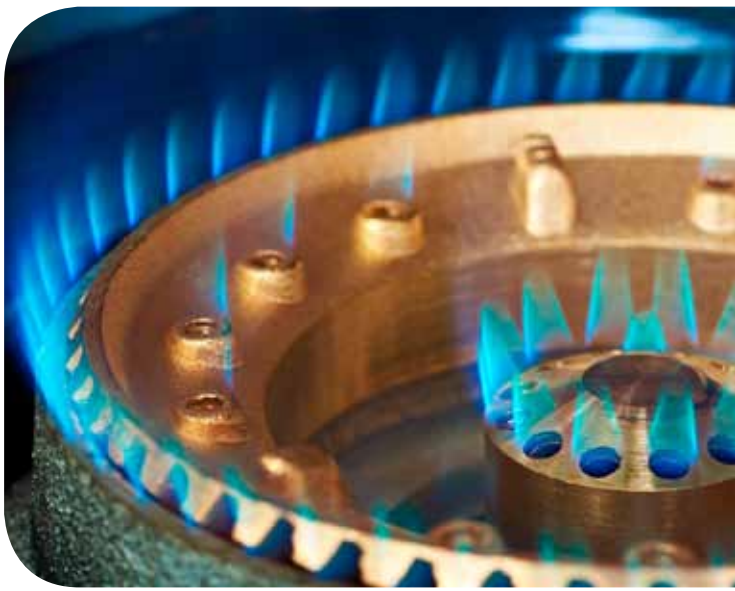
In 2013, the CREG concentrated a great deal of its effort to issue norms aimed at the natural gas and the Imported Natural Gas sectors. For the latter, it proposed a regulated revenue for use in backup electricity and established the methodology to calculate the opportunity cost of the natural gas that is not exported.

With regard to domestic natural gas, the Commission released the price placed at the delivery point of the National Transport System, and issued a series of norms aimed at modifying commercial aspects of the service, and in general, the sector's dynamics. Similarly, it started the process to select the natural gas market manager and established the rules that will be applied for the process.

In other matters, it analyzed the MME Decree that defined the guidelines for the geographical areas where projects are located and work for the generation, transmission and distribution of electric power is carried out to be declared Public Use lands.

Regulatory monitoring, the proposals made to the competent authorities, and the interaction in the different associations, in addition to contributing to the compliance of our strategic objectives, seek to reduce the risk in view of new norms issued, and strengthen relations with our clients, maintaining the supply of information and addressing their regulatory concerns which are brought to the corresponding agencies if necessary.

In 2013, there were no legal proceedings resulting from anti-trust and monopoly practices.



We are committed to our clients to build tailor-made energy solutions, which in addition to improving their productivity and competitiveness, contribute to reducing their greenhouse gas emissions. Therefore in 2013, we continued to implement the Comprehensive Energy Management Strategy (GIE), which translates into energy and water consumption savings, through a systematic, long-term process that involves managerial, technical and cultural aspects.

Productive Solutions for Clients

Technical Services

The provision of technical services is a fundamental part of the portfolio of productive solutions ISAGEN offers its clients. The purpose of these services is to be a strategic partner in optimizing productive processes and contributing to the protection of the environment. This is possible through joint efforts and with the participation of specialized engineering firms that comprise the Technology Partner Network, which provide technical support in emergency situations generated by failures in their internal facilities or in the energy supply from the Network Operator networks.

In 2013, the activities for improvement and promotion of the portfolio of the Technology Partner Network generated sales of technical services to clients for a total of COP 10,693.8 million. 987 services were provided, which represents a 3% increase compared to the previous year. In turn, 96.15% of the clients demanded Technological Partner Network services.

"We have consolidated a strategy of Comprehensive Energy Management (GIE) as a mechanism of sustainable, shared growth, which has involved 60 industrial end clients, where potential energy savings were quantified, along with the decrease in greenhouse gases emission."

Technical Service Sales

	2011	2012	2013	Difference 2012 - 2013	Variation 2012 - 2013
	Millions of Pesos	Millions of Pesos	Millions of Pesos	Millions of Pesos	%
Service Invoicing	8,050.9	7,575.6	7,841.6	266.0	3.5%
Agency Agreements	2,802.6	1,246.7	0.0	-1,246.7	-100%
Invoiced by Partners (*)	0.0	0.0	2,659.6	2,659.6	100%
Service Commission	330.8	227.0	192.6	-34.4	-15.1%
Network Services Totals	**8,381.7**	**7,802.6**	**10,693.8**	**2,891.2**	**37.0%**

For more information about the Technology Partner Network, **Click here.**

Increased Productivity with Lower Environmental Impact

The Comprehensive Energy Management seeks two fundamental objectives: to improve the efficiency of industrial clients' production processes, and to mitigate their impact on the environment through the reduction of greenhouse gas emissions (GHG). In addition to promoting technological changes, the goal is to elevate the energy culture of all workers of the clients involved in this strategy.

In 2013, the 60 clients enrolled in GIE since the second half of 2011 reported the following accomplishments in the consolidation of an energy management system:

- Quantification of economic losses due to inefficient energy use.
- Quantification of the potential for increased productivity levels and reduction of CO_2 emissions.
- Reduction of operating costs.
- Creation of improvement groups.
- Implementation of measurement and control systems.
- Raising awareness of efficient energy use.
- Increased technical competencies in energy management.
- Fostering a culture of continuous energy management improvement.
- Implementation of improvement in productive processes.

The following table is a summary of the results of implementing the GIE strategy:

Summary of Results-Companies Enrolled in GIE

Electric Energy Consumption (GWh/year)	283
Thermal Energy Consumption (m^3 Natural Gas x 1000/year)	50,896
Reduction of Electric Energy Consumption (GWh/year)	34.6
Reduction of Thermal Energy Consumption (m^3 Natural Gas x 1000/year)	6,534
Reduction of GHG Emissions (kg CO_2/year)	17,281,657
Productivity Increase	3.3 - 14.86 %

In 2013, the total investment in the GIE strategy was COP 921,789,151.

La voz de Our Clients

Yanury Ramírez Díaz

Plant Manager, Molinos Roa S.A.

Planta El Espinal (Tolima)

"Our relationship with ISAGEN is one of trust, which permits us to interact clearly and efficiently. Also, through the Comprehensive Energy Management, the Company has supported and consulted us in technical, commercial and administrative areas. This has permitted us to identify potential areas of improvement, not only for our own good, but also for that of the environment."

Responsibility of the Service

We have carried out activities with our clients related to building the trademark to strengthen collaborative relationships and sharing practices. We also provided training opportunities:

Topics	Objective	Training Sessions	Attendees
Formulate technical projects with outside funding	Train in the design, evaluation and presentation of investment projects in organizations and before external organisms that can support its development.	1	131
Management tools - Phase 1 GIE	Empower client representatives with energy management tools, specifically in consumption index models, consumption goal models, and monitoring tools, indicator tree design and monitoring and control variable reports.	4	395

Services are provided in the clients' facilities and that is where possible risks of electrical security associated with the entire process are identified and pertinent actions are determined. Because of the characteristics of our product and the clients we serve, access to and the security of the energy we provide is not affected by cultural barriers, illiteracy or disabilities.

In 2013, there were no incidents reported of non-compliance with regulations or voluntary codes concerning health and safety impacts of products and services. In 2013, there were no service user injuries or deaths reported, and there are no pending legal actions

Information Management

We provide our clients with accurate, timely information on all the services provided and inform them of new regulatory developments. The Línea Viva magazine, aimed at clients and Technology Partners, reported on 18 regulatory issues. There were no fines in 2013 due to failure to comply with the standards in relation to this topic or pertaining to marketing communications.

Moreover, we faithfully complied with the provisions of the Personal Information Protection Law, Law 1581 of 2012, and Decree 1377 of 2013, as well as other norms that modify or add to them, thereby complying with the established obligations and procedures. In addition, all our employees that work with clients are duly instructed in information security. In 2013, there were no claims relating to privacy and client data leaks.

Service Quality

The energy solutions that we provide our clients comply with current regulations and have not raised any concerns. We received a total of 1,252 client complaints regarding service interruptions and fluctuations related to the service of Network Operators. In the search for improved service continuity and quality, we moved forward in our relations with all the actors of the Energy Supply Chain and in raising their awareness of the importance of the quality of the energy supply for national productivity and competitiveness. As part of this plan:

- We trained our clients and provided information on how each of the technical services provided contributes to proper industrial performance. We also make periodic visits to their plants, supporting them in identifying potential productive improvements, and then building tailor-made solutions for their need together with the Technology Partner Network.

"Our clients' rating of the services provided by the engineering firms that make up the Technology Partner Network was 4.87 on a scale of 5 points, and the level of loyalty of our clients stayed at 98.89%."

- We made progress in strengthening long-term relations with Network Operators, the owners of the electrical grid that distribute energy to our clients, in order to improve the quality of the energy supply through collaborative agreements to improve their infrastructure and operation, and expedite the handling of events on the network.
- We assisted our clients in the steps required to attain quicker, better quality responses from the Network Operators. In order to do so, we took steps to arrange meetings between the parties, which led to a better understanding of the needs and restrictions of each party and the creation of more fluid channels for routine operational management.
- With the Network Operators, we coordinate joint revisions of the metering point systems that we represent in order to ensure accuracy in recording consumption, thereby contributing to the reduction in losses in the national electricity system.
- We carried out activities with our clients regarding the need for respect for the electrical grid, the adjustment of their electrical facilities pursuant to the regulations in force, and their rights and obligations as active agents of the Colombian electricity sector.

2013 Satisfaction Survey Results

2011	2012	2013
4.75	4.70	4.76
Others*	Others*	Others*

* With the goal of performing a comprehensive assessment, we included several processes that are part of our service promise: technical services, training, tools and support, and emergency response

2014 Challenges

- Bring the Sogamoso hydroelectric power plant into commercial operation, which includes coverage for risk of possible delays.
- Implement internal processes and participate in the new ORM standardized auction scheme.
- Prepare to participate in the gas sales models to be implemented by the new Market Manager, which will procure the fuel supply for the Termocentro Power Plant.
- Continue to consolidate the Comprehensive Energy Management (GIE) strategy, which implies carrying out 20 assessments, identify five high-investment projects and execute two of them.
- Develop priority plans to strengthen the commercial management and review game rules in the framework of the Technology Partner Network's long-term planning.

Related Links

Supplier Relations
Growth Management
Stakeholder Engagement
Energy Production

The Force of Human Will

Management Practices, Actions and Results

Corporate Governance

Stakeholder Relations

Environmental Protection

Community Development

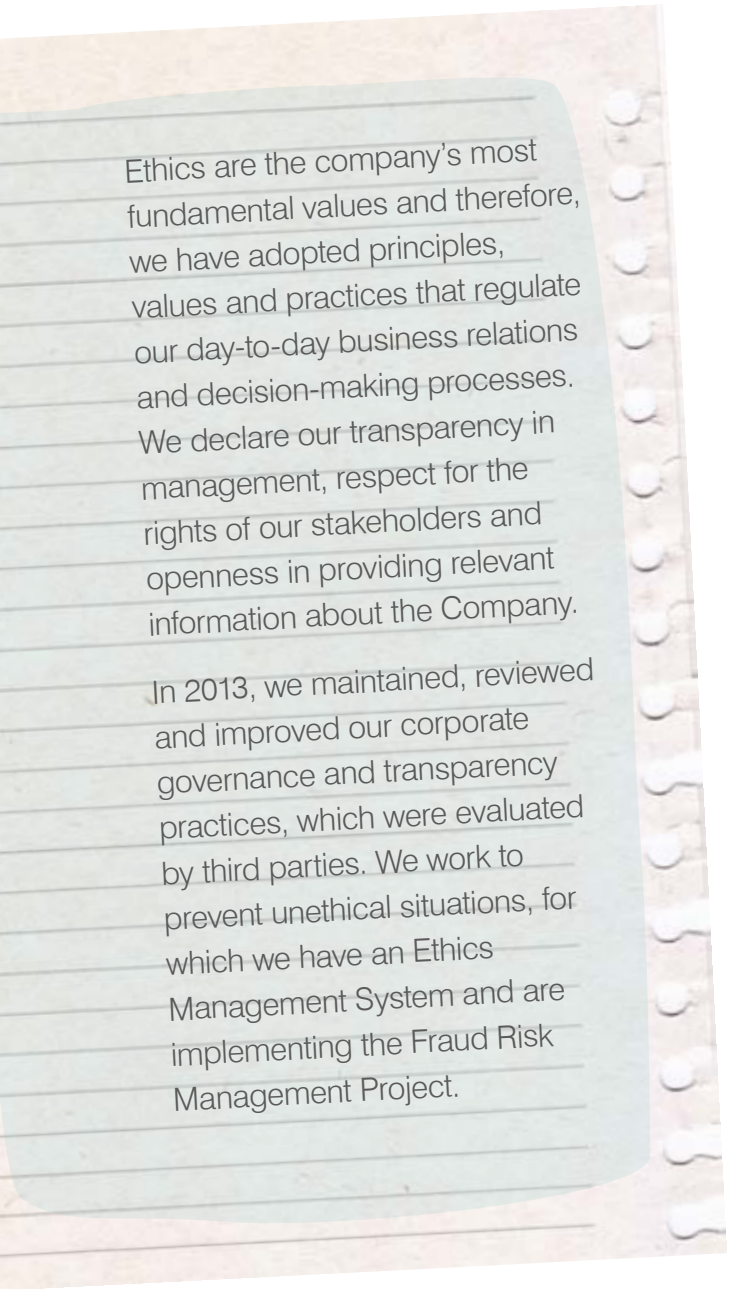
Provider Relations

Employee Wellbeing

Acting with determination and honesty, assuming the common good as our banner, supported by common beliefs that commit us all.

"With ethics as a fundamental value, we define the best way to generate intelligent energy that brings prosperity for society"

Corporate Governance



Governance Structure

General Shareholders' Meeting: The highest directive body. It is fully authorized to lead and decide on issues of utmost importance to the Company.

- The General Shareholders' Meeting was held on 19 March, 2013. The respective announcement was made and relevant information for the Meeting's preparation was provided more than fifteen days in advance as set forth in the Company Bylaws. The announcement was also made in widely read newspapers and through corporate media.
- The quorum was more than sufficient to deliberate and make decisions. Shareholders were able to vote freely. The Meeting was directly broadcast on ISAGEN's website and the minutes were drawn up and signed by the Chair, Secretary and members of the Approval Committee.
- Among other adopted decisions, the Meeting approved the incorporation in the Bylaws of corporate governance measures, which at the end of 2012 had been passed by the Board of Directors, and measures that needed to be included in the contract, such as the procedure for nominating candidates to join the Board of Directors (this was also included in the Shareholders' Meeting Rules of Procedure), the establishment of a limit of the amount of sponsorships the Corporate Governance can approve and the adoption of special conditions for the approval of donations by the Board.

Board of Directors: The highest administrative body, responsible for setting the course and general guidelines to handle the company's business, pursuant to guidelines established by the General Shareholders' Meeting. To ensure corporate governance, the Company follows the practices below:

- The Board of Directors is comprised of seven primary members and their corresponding alternates, which reflect the share in Company ownership and representation of the minority shareholders. Out of the members, 50% is between 30 and 50 years of age, and the other 50% is over 50. 7.1% of the members are women and no member of the Board of Directors belongs to an ethnic minority or other kind of ethnic groups, which is not due to discriminatory criteria. Finally, a seat on the Board of Directors is proposed by the minority shareholders.

- According to the Bylaws and Rules of Procedure for the Board of Directors, the quorum for deliberation is six members out of a total of seven. This quorum is stricter than the quorum provided by the General Law, which requires a simple majority (four out of seven).
- The percentage of shares of Board members as at 31 December, 2013 was 0.0006326%, based on the Company's total number of shares.
- The amount paid for attending Board meetings and its three permanent Committees in 2013 was COP 711,030,947, which is equivalent to 4.5 official minimum monthly salaries in force per meeting. This amount was approved by the General Shareholders' Meeting, with prior reference to similar companies to ISAGEN and in the case of the increase in 2012, also based on the work of an independent consultant.
- 71% of the members of the Board of Directors are independent. This figure by far exceeds the 25% minimum established for issuers pursuant to Colombia's Stock Exchange Law.
- The Chair and Vice-Chair of the Board are independent members.
- No ISAGEN executives are members of the Board of Directors.
- Taking into consideration the primary and alternate members, three members of the Board of Directors have senior governance roles and one is the Chief Executive Officer of an important residential public utility company.
- In the Board of Directors, the General Meeting statutorily delegated responsibilities in corporate governance, economic, social and environmental matters so that they are managed with the help of their committees, which analyze the topics in greater detail and make full recommendations to the Board.
- Regarding the response to requirements of the stakeholders in economic, social and environmental aspects, the Board of Directors has the role of responding to proposals made by shareholders who hold 5% or more of the subscribed shares. Additionally, a group of shareholders that represents at least 10% of the shares can call a Special General Meeting. For the other stakeholders, there are communication channels through which they can make recommendations on sustainability issues.

For further information, **click here.**

Management Team

The Management Team is the highest internal steering body that guides, plans and evaluates management to improve productivity and competitiveness and promote the generation of value in the company. This team is in charge of establishing the company's strategy, approach and practices of sustainable management, the scope of stakeholder relations and ensuring the achievement of corporate objectives. These guidelines are incorporated in the work of the Organization's different processes.

The Management Team is comprised of the CEO, the managers of Generation Projects, Energy Production, Sales and Internationalization; financial and administrative managers; the General Counsel, Chief Audit Executive and the Brand Manager.

Board of Directors Functions

Composition, functions and responsibilities:
The Board of Directors was elected at the General Shareholders' Meeting on March 19, 2013. According to the Company's bylaws, terms last two years; this Board's term will extend from April 2013 to March 2015.

In the February and April 2013 meetings, protocols were approved for the even more efficient development of the Board meetings and for the identification and resolution of conflicts of interest inherent to Boards of Directors with a special composition, like that of ISAGEN. In Meeting 231 of April 25, additional corporate governance practices were incorporated into the Rules of Procedure for the Board of Directors. Some of these practices had been included in the Bylaws by the General Meeting of March 19, 2013, mentioned above, and others, such as the mandatory nature for the new members to attend training sessions on relevant aspects of the Company and the ability of the members of the Board to meet without the attendance of Senior Management.

At the end of the year, the Board of Directors evaluated its management, finding a high performance. In 2013, the Board of Directors executed an action plan resulting from its evaluation of the previous year and approved the methodology for the management assessment of this year. The results of this practice are an input for the preparation of the Board's action plan for 2014.

Functions and responsibilities of members of the Board:

Board of Directors: Fulfill its functions and responsibilities as defined in Article 28 of the Bylaws and by Law. The Board specifically plays a central role in the guidelines and approaches that are inherent to the Organization's long-term continuity and purpose, such as the environmental, social and economic aspects, as well as practices of ethics and transparency. Finally, this body is in charge of approving the Management Report, which includes the main results, difficulties and challenges in sustainability.

Board Committees: With respect to composition, the committees honored the provisions of the Corporate Governance Code and the agreement of the Board of Directors that governs them. The committee members are Board Members with the adequate training and experience to carry out their functions. Regarding the Committees' responsibilities and functions as they are defined in the Rules of Procedure for the Board, in 2013, they reviewed issues in closer detail and made necessary recommendations to the Board of Directors fulfilling the purpose for which these committees were created.

The other topics presented below were considered by the Board of Directors, having been previously made known to them by the Management.

	Issues Discussed
Board of Directors 12 meetings	1. Topics of the General Shareholders' Meeting. 2. Topics of the members of the Board and the Board Committees. 3. Monthly reports: commercial, finance, projects, monitoring the energy situation and regulatory topics. 4. Budget and modifications. 5. Corporate planning, which includes the strategic definitions and the social, environmental and economic aspects that ensure the Company's sustainability in line with our higher purpose. 6. Corporate governance practices. 7. Annual report of the Corporate Control System. 8. Criteria for the development and execution of projects. 9. Improvement plan of the General Comptroller of the Republic. 10. Expansion and investment plans. 11. Fixed and variable compensation. 12. Collective agreements and relations with trade unions. 13. Miscellaneous
Management and Corporate Governance Committee 7 meetings	1. Corporate governance practices. 2. Board performance and evaluation. 3. Criteria for employee development. 4. CEO election and remuneration. 5. Reform of the Rules of Procedure for the Board of Directors. 6. Collective bargaining. 7. Company planning. 8. 2013 Brand plan.
Finance and Investment Committee 7 meetings	1. Finance and investment topics. 2. Distribution of dividends. 3. Bond issue. 4. Internationalization strategy..
Audit Committee 12 meetings	1. Corporate Control System. 2. Corporate risks, which include risks corresponding to social, environmental and economic aspects. 3. External control bodies. 4. Evaluation of financial statements. 5. Monitoring and evaluation of corporate governance practices. 6. Corporate ethics. 7. Prevention and control of money laundering. 8. Monitoring of contracting.

Corporate Risks and Strategy

It is worth highlighting that the Board of Directors approves the Company's strategic steering and therefore, all the guidelines that guide actions, which include the Company's principles, values and policies in the medium and long term.

Currently, the Board of Directors, the Audit Committee and the Management Team are in charge of:

- Approving the guidelines related to Risk Management.
- Being familiar with the Company's risk profile as well as the current measures and those underway to mitigate risks.
- Monitoring and giving feedback on corporate risks.

The Board of Directors and Audit Committee review the corporate risks on a monthly basis.

Quality of Members of the Board: According to that established in the Bylaws, the Corporate Governance Code and the Rules of Procedure for the Board of Directors, the members of this body are elected by the General Meeting, taking into account the proportional representation of shareholders and following the electoral quotient system established by law. They are professionals with high moral and ethical standards, with analytical, management and leadership skills and as a whole, they have knowledge of and experience in the energy industry, finance, risk, strategy, and legal and commercial aspects.

Attendance, Meetings and Quorum: The Board of Directors met 12 times. Meeting announcements, disclosure of information to members and the Board's general functions were conducted in accordance with the regulations established in the Bylaws, the Corporate Governance Code and the Rules of Procedure for the Board.

Attendance at the Board of Directors' meetings this year was:

- 98.8% by seat on the board
- 85.2% Primary members
- 92.6% Alternate members

This shows the commitment of the Board of Directors and makes the establishment of a minimum mandatory assistance by its members unnecessary.

Information for Making Decisions: Management supplies information for decision-making in a timely fashion to the Board members. Since there were new Board members this year, they were provided with basic information about the Company and the corresponding training sessions were carried out. They were also trained on the website application that allows them to consult the information that will be discussed at each meeting.

Ineligibilities and Confidential Information: As defined in the Corporate Governance Code, when issues related to ISAGEN's commercial strategy or other topics that deal with our competitive market advantage are discussed in Board Meetings, members who represented or belonged to competing companies temporarily excused themselves from the meeting given that they were ineligible to participate and make decisions on these issues. As reflected in the minutes, when a member considered it, the member declared the possible existence of a conflict of interest.

Board of Directors Evaluation: At Meeting No. 238 held on 28 November, 2013, the Board of Directors approved the methodology to evaluate its performance during 2013, which examined three key elements: levels of contribution and commitment of the Board members, performance of the Board as a team and evaluation of the performance of the Board Committees. The information was collected using survey-type forms, which were completed not only by the Board members, but also by the members of Management. The financial statements were made available to the Corporate Governance and Management Committee for analysis and to establish an action plan based on the opportunities for improvement identified therein.

In general terms, once again, the evaluation confirmed high standards of commitment, impartiality, independence, defense of all the shareholders' interests, loyalty, efficiency and knowledge, and many more. Loyal to the commitment of continuous improvement, opportunities for improvement specifically related to the development of meetings were repeated. This aspect improved from previous periods and the Board of Directors has being decisively working on this.

The general results of the evaluation out of a total of 5 points are the following, considering ratings between 4.50 and 4.75 as indicators of high performance:

- Contribution and commitment: 4.72
- Performance of the Board of Directors: 4.64

The Voice of Our Investors

Luis Alberto Cardona Duque

ISAGEN Shareholders

Medellín (Antioquia)

"Let's hope that this type of meeting and initiative shown by ISAGEN will be repeated by other issuers. It allows shareholders to draw closer to the Company, learn more about it and understand it better. It also provides the setting where ISAGEN can let the shareholder know how important it is to the Company."

Fair treatment of shareholders:

Regarding the Shareholders' Rights, Shareholders participated in the deliberations of the General Shareholders' Meeting. The Company's books and papers were at their disposal so they could exercise their Right of Inspection; and over the year, they freely traded their shares. Additionally, and in accordance with that decreed by the General Meeting of March 19, 2013, the dividends agreed in said meeting were paid in October.

Regarding the shareholder service, we handled 43,220 requests with a 99.99% response level, through the various channels: personalized shareholder service office, Call Center, web page, conventional and virtual communication delivery, email and shareholders' chat.

Operations with affiliates and economic associates in the year were: purchase and sale of energy, purchase and sale of Reliability Premiums and acquisition of goods and services. These operations met the criteria defined in the Corporate Governance Code. They did not benefit the majority shareholders nor affiliates or economic associates.

Conflicts of Interest

To ISAGEN, a conflict of interest is when the members of the Board of Directors and its Committees, the CEO and employees, directly or through third parties, find themselves in a situation that reduces their independence or objectivity, or they are forced to make a decision and/or seek alternative conducts, where they have the possibility of choosing between the interests of the Company and their own personal benefit or that of a third party.

As mentioned, in the April meeting of the Board of Directors, a protocol was adopted for handling conflicts of interest in the Board's office, which complements the Corporate Governance Code and the Rules of Procedure for the Board of Directors on this aspect.

Additionally, the Board's minutes report conflicts of interest declared by the members of the Board of Directors. Some employees disclosed apparent cases of conflict, which were dealt with according to the established procedure. Training sessions on this topic were also carried out.

If you would like to learn more about the criteria or procedures established by the Company to identify and resolve conflicts of interest, **click here.**

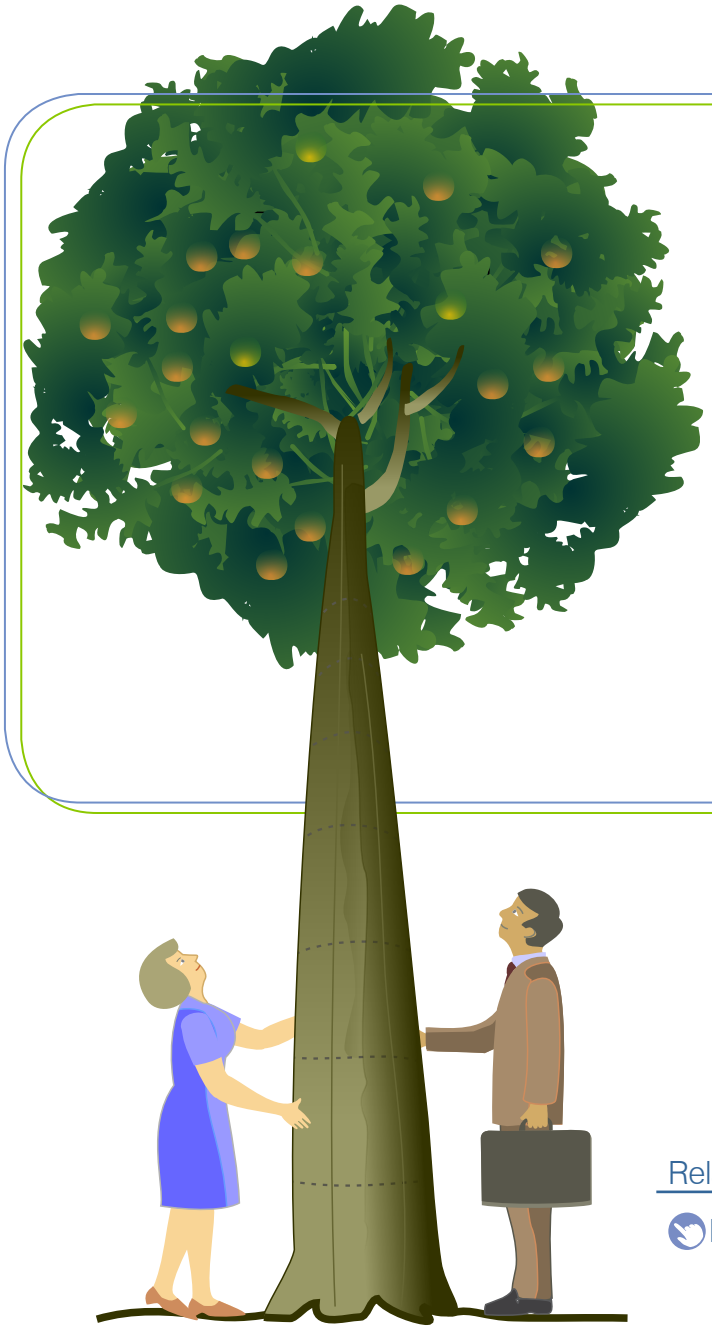
Changes in Corporate Governance Practices

The General Shareholders' Meeting Rules of Procedure, the Rules of Procedure for the Board of Directors and measures that had been approved by the Board of Directors in the execution of the 2012 improvement plan were incorporated into the Bylaws. These measures include:

- The Bylaws incorporated the procedure for nominating candidates for the Board of Directors (this was also incorporated in the General Shareholders' Meeting Rules of Procedure) and the criteria for the concession of sponsorships and approval of donations by the Board, as well as the Chief Executive Officer's ability to delegate statutory functions to facilitate the growth targets.
- The duty of all the new members of the Board of Directors to attend the orientation on the Company, the energy market and its sustainability practices and the term for this were replicated in the Rules of Procedure for the Board of Directors. In general, the Rules of Procedure for the Board were adjusted to the statutory reforms approved by the General Shareholders' Meeting on March 19, 2013.
- When the need was identified by the Board members to develop some topics in more depth, specific activities and training sessions were carried out.
- The names of two of the permanent committees of the Board of Directors were changed. So the Board Affairs Committee was called the Corporate Governance and Management Committee and the New Business and Finance Committee was called the Finance and Investment Committee, names that are more closely related to their functions.

Evaluation of Corporate Governance Practices

According to Company Bylaws and the Rules of Procedure for the Board, it is the Board's responsibility to approve, evaluate and enforce the Company's Corporate Governance Practices. The Audit Committee helps the Board of Directors to analyze various aspects. The Committee evaluates compliance with corporate governance principles and submits a "Corporate Governance Code Management and Evaluation Report" so that it can be shared with the Shareholders' Meeting. Accordingly, the Committee evaluated ISAGEN's corporate governance practices for the period from January 1 to 31 December, 2013. It was shown that ISAGEN's corporate governance practices, as a whole, were strengthened and were practiced. Proof thereof is the evaluation of compliance with practices in 2013 conducted by our Audit Department and the Accounting Firm we hired.



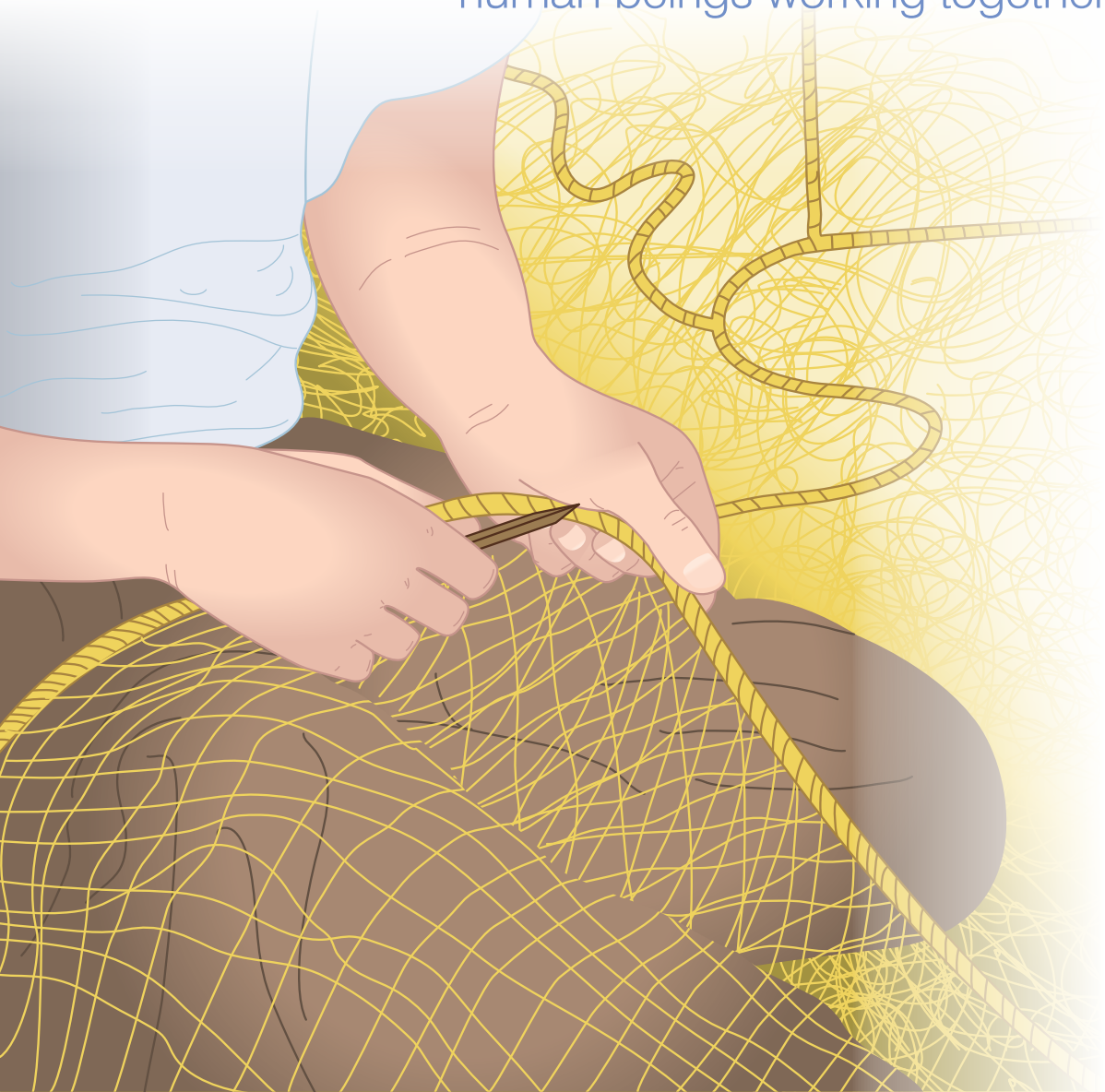
2014 Challenges

- Implement corporate governance in line with new trends in corporate sustainability.
- Monitor and identify new practices, which ensure the shareholders' rights and analyze the need and relevance of their incorporation in the Company and its management.

Related Links

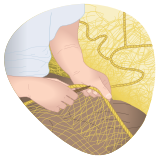
Management Approach
Corporate Governance Code
Ethical Behavior Statement

In addition to the energy provided by natural resources, we find it necessary to tap into another vital force, whose power is amplified in unity: the energy that human beings working together put into their actions and projects.



"We share a reality and we strive to provide spaces for dialog and coordination"

Stakeholder Relations



We obtain good energy from close dialog and a sincere handshake between partners. That is how we think relations with the groups of society that we interact with should be. Without them, corporate development that generates prosperity for society would not be possible, as this is built with the integration of skills and collective work.

In 2013, we established a relations policy to guide stakeholder relations, we learned about their expectations in more detail to align them with our strategic objectives, we created opportunities for dialog and we held a meeting with community journalists to help to strength communication dynamics in the areas of influence.

Harmonious, Productive and Responsible Relations

We assume ISAGEN's stakeholder relations from a comprehensive perspective that aims to transcend the transactional to contribute to sustainability and the generation of value through dialog and the collaboration networks. To ensure the coherence of our actions in 2013, we established a corporate policy that guides the construction of these relations.

To provide feedback, we made inquiries that allow us to understand stakeholders' perception of our fulfillment of our commitments to them and of corporate management in social, economic and environmental aspects. This information is highly valuable to identify opportunities for improvement and mutual topics of interest, as well as to review the commitments established and guide corporate practices towards a system of mutual benefit.

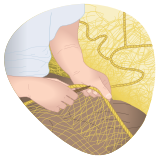
One of the inquiries mentioned is the reputation study. Its results for 2013 will be submitted in 2014, which will be used for reviewing the commitments as part of the Company's strategic planning.

"We announced our Stakeholder Relations Policy to strengthen our work with them and make the creation of shared value possible."

If you would like to find out more details
click on:

Stakeholder Relations Policy

Guide for Responsible Communication



One Click Away from ISAGEN

We keep implementing a Web 2.0 supported communications strategy, which provides opportunities that offer Information and Communication Technology (ICT) to create a community and strengthen interaction and share knowledge at a distance through more educational and environmentally-friendly audiovisual formats. In 2013, we strengthened our **website** and we continued on **Facebook** and **YouTube**.

Relaunch of the Corporate Responsibility Microsite

To create educational, dynamic and interactive experiences, we created the Corporate Responsibility Microsite, where through games, tips, videos and testimonials, we show how our actions contribute to social development, environmental protection and the creation of value for the Company and society.

For Responsible and Sustainable Journalism

We supply information and respond to the request for information from the media on different topics related to our corporate management. Also, journalists from seven different national and regional media organizations visited the construction sites of the Sogamoso Hydroelectric Plant to find out about the scope of the interventions and the progress of construction in the sector.

On the other hand, we recognize the transforming potential of the media and we promote responsible journalism. For this reason:

- We support the strengthening of the Journalists for Sustainable Development Network, an initiative of the Colombian Business Council for Sustainable Development (CECODES). This initiative aims to educate Colombian media professionals on their treatment of issues such as Corporate Social Responsibility and create a common language to focus messages on content analysis.
- We held a meeting with community journalists in Medellin with the aim to increase learning dynamics in the areas of influence of our projects and power plants. The 32 attendees from Eastern Antioquia, Eastern Caldas, Middle Magdalena, Tolima and Santander participated in a writing workshop and opportunities for reflection on their relationship with ISAGEN and corporate sustainability. They also obtained scholarships for an online diploma course and visited regional and community media to exchange experiences. Finally, they received a certificate and equipment to develop their work in the area.

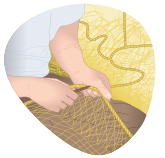
The Voice of Our Community Media

Orlando Stella Duarte

Acaplo Televisión

Lebrija (Santander)

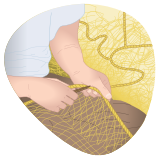
"I am thankful that ISAGEN included me in the Community Media Training Workshop, a trip in which I met others who had come from all parts. Many communications professionals from the radio and television industries were excited to learn, and to apply all this valuable and helpful information."



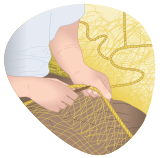
Working Together and Talking Is Valuable

We have communication and feedback mechanisms established for each group of stakeholders, through which we provide opportunities for dialog on topics of common interest.

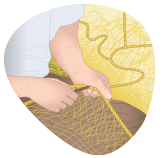
Stakeholders	Communication, participation and dialog mechanisms use in 2013	Dialog topics in 2013
Employees	• Intranet: 536,805 visits. • Corporate meetings: 4 • Executive meetings: 10 • ENISAGEN Magazine: 2 • Tele-magazine: 2 • Newsletter Connect to the Comprehensive Human Management Model: 4 • Joint Committee on Safety and Occupational Health (Comité Paritario de Seguridad y Salud Ocupacional, COPASO) • Ethical Behavior Promoter Group • Work Environment Committee • Email: 161	• Expansion plan • Higher purpose and organizational transformation • New administrative headquarters, an area for interaction. • Opportunities for employees offered by the Comprehensive Human Management Model • Interactive ethics • Financial situation • Assessment of the year and the challenges of next year.
Shareholders	• Investors section on the website • Email • Conventional mail • Shareholder chat • Shareholders' Meeting: 980 attendees with 86.29% of the shares represented. • Shareholder Service Office and Hotline. • Requests for information: 13,111. • • Requests: 5,058 received and 4,953 answered on time. • Complaints: 38 received and 34 resolved. • Claims: 14 received and resolved. • Others: 24,999. • Total needs served: 43,220.	• Corporate financial statements • Financial education • Social and Environmental Management • ISAGEN business • Corporate ethics • Expansion plan • Corporate Governance • Response to requests, complaints and claims • Corporate responsibility • Relevant information



Stakeholders	Communication, participation and dialog mechanisms use in 2013	Dialog topics in 2013
Potential Investors	• Investors section on the website • Reporting and presentation of quarterly financial statements • Corporate presentation • Email • Participation in investors' conferences • One-on-one meetings • Training for analysts • Guided visits to projects and production centers for analysts • Conventional mail • Teleconferences **Other results:** • Participation in investors' conferences: 11. • Investors served at conferences: 91. • Investors served in Medellín: 17. • Coverage of local analysts: 15. • Coverage of international analysts: 3. • Foreign shareholders: 261 shareholders with a shareholding of 7.42%.	• Corporate financial statements • Expansion plan • Corporate Governance
Clients	• Línea Viva (Live Wire) Magazine: 6 editions • Annual convention • Regular visits • Service hotline: 20 requests received and resolved. • Requests: 18 • Claims: 1 received and processed. • Invoice • Client Satisfaction Survey: 4.76	• Ethics • Environmental sustainability • Creating shared value • Project management • Leadership • Global economic panorama • Energy efficiency • Comprehensive Energy Management: • Leadership and motivation • Alternative energy • Corporate Social Responsibility



Stakeholders	Communication, participation and dialog mechanisms use in 2013	Dialog topics in 2013
Goods and Services Providers	• Aliados Newsletter 3 • Providers Convention: 150 • Providers section on the website • Meetings and talks: 55 • Requests and offers for services from potential providers: 133	• Joint value generation • Requirements in sustainability • Social and ethical innovation and collaboration • Sustainability practices
Financial Service Providers	• One-on-one meetings: 92. • Training sessions: 6. • Conventional mail • Due Diligence Processes • Email • Reporting and presentation of quarterly financial statements • Corporate presentation • Website • Teleconferences	• Corporate financial statements • New projects • Growth strategy • Presentation of new products • Negotiating fees • Presentation of new entities and employees • Optimization of existing products • Corporate ethics • Expansion plan • Corporate Governance • Relevant Information • Corporate Responsibility • Energy and gas market • Financial Projections
Technology Partners	• Red Productiva (Productive Network) Newsletter • Providers section on the website • Contact Us Mailbox • Annual convention of commercial supply chain: 44 Technology Partners • Technology Partner Mini-convention • Steering, ethics and regional commercial committees • Administrative management of the network: 100%	• Corporate Social Responsibility • Ethics and collaboration • Joint strategic planning network • Share of the network in Comprehensive Energy Management



Stakeholders	Communication, participation and dialog mechanisms use in 2013	Dialog topics in 2013
Market	• Association meetings. • Website • Written communications • Communications related to regulatory proposals issued: 43 • Responses to requests made by associations	• Industry regulations • Defending and strengthening the market • Relevant aspects of business management • Plans for improvement
Communities in the Area of Influence	• Informative, consultation and consensus meetings. • Workshops and training sessions. • Round tables and public hearings • Request, complaint and claim response system • Surveys • ENCOMUNIDAD Media • Guided visits **Project Communities:** • Requests for information: 671 received and processed. • Complaints and claims: 189 received and processed on environmental topics (118), social topics (24), work topics (46) and human rights topics (1). A total of 162 were resolved and 27 are pending. **Power Plant Communities:** • Requests for information: 350 received and processed. • Complaints and claims: 54 received and answered on environmental topics.	• Impacts of the projects and power plants in service • Environmental Management Plans • Complementary management • Legal Transfers • Community Development Program • Generation of local and regional employment • Energy prices, coverage and service quality • Human Rights • Request to visit projects and power plants
Society	• Website: 488,150 visits • Requests: 567 mails received • Press releases: 30 • Advertising and free press • Corporate Responsibility Mailbox: 42 • YouTube channel: 48 videos • Facebook page: 689 posts • Web version of the Management Report had 12,451 visits.	• Sustainability practices • Company relations • Governance of Water Resources

Below we share some opportunities for dialog that we had in 2013 and their main results:

Water Conferences: Together with El Espectador and WWF we supported the Second Water Conference to reach agreements about the governance of water resources and to establish specific plans and policies that promote their protection and fair use and promote it as an engine of development in the different regions of the country. 210 people participated.

If you would like to learn about this **meeting in more detail**, **click here.**

Provider Relations Conferences: We carried out four relations conferences in the cities of Bucaramanga, Barrancabermeja and Medellín with 459 providers. At these events, they shared their range of products and services with industry peers and ISAGEN; we met new providers from Santander to meet the Sogamoso Hydroelectric Plant's needs of goods and services; we shared our contracting approach and we explained minimum sustainability requirements regarding ethics, labor, human rights and the environment.

If you would like to learn about these **relations conferences in more detail**, **click here.**

Providers Convention: This fourth convention allowed us to encourage collaborative work and foster the trust of our providers. Its main theme was building networks and topics were addressed such as achieving a work-life balance, management of climate change and human rights management in companies. 150 providers attended the academic session and a total of 120 attended the relations conference. Additionally, they attended 150 meetings with potential buyers of ISAGEN and the electricity sector.

If you would like to learn about these relations conferences in more detail, **click here.**

Technology Partners Convention: Every year we provide this meeting to our clients, Technology Partners and Network Operators. In 2013, 133 representatives of these stakeholders attended and we trained them on topics such as ethics, environmental sustainability, creation of shared value, energy efficiency, alternative energy, project management, leadership and the global economic panorama. Additionally, in coherence with our commitment to the environment, we compensated the Greenhouse Gas (GHG) emissions caused by the event.

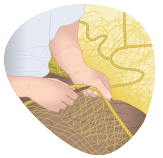
Journey to the Center of a Power Plant: We held a competition on our website with questions about the Company and we awarded the winners (10 shareholders in total) with a visit to the Jaguas Power Plant to learn more about the power generation process and our environmental management.

Focus group with stock brokerage firms: Through this activity, we learned which practices we should implement to strengthen relations with these stakeholders. Several ideas arose from this event and an action plan was added to follow in the second semester of the year.

Shareholder Day: We held this event in the cities of Bogotá and Medellín, with the aim to share knowledge about the stock market, the power generation process, our role in the energy sector, social management and the development of renewable energy projects, with the shareholders. We managed to resolve many of the shareholders' concerns and we also inquired about their information needs.

Stock Market Analyst Day: It took place in Bogotá and we talked about our growth strategy, the gas market and regulation, hydrology and climate change. The objective of this event is to answer questions and increase the knowledge of stock market analysts about the Company for a fair valuation. Analysts from brokerage firms and pension funds firms and foreign analysts of investment funds attended the event.

Dialog with employees: In the power plants, we provided opportunities to listen to the employees' needs and receive feedback on initiatives related to human resources.



2014 Challenges

- Continue to implement dialog and feedback strategies to evaluate our management practices and identify opportunities for improvement.
- Strengthen connections with community journalists through annual meetings, either in Medellin or in the areas of influence of the power plants and projects.

Related Links

Management Approach | Report Features | Relations Policy to our stakeholders

After years of taking natural resources for our own livelihood and progress, we've come to realize that they will eventually deplete and run out. We acknowledge nature as a generous companion, deserving respect and protection.

"We conceive water and biodiversity as a heritage that we must manage with wisdon, and preserve for current and future generations"

Environmental Protection

In the construction of projects and power plant operations, we work collectively with the communities and regional institutions for the balance of the natural environment, through the protection of natural resources. We confirmed our commitment to conserving biodiversity and water resources, the promotion of these resources as a driving force for development and the reduction of Greenhouse Gases (GHG).

In this chapter, we present cross-cutting environmental management practices and others that go beyond compliance with regulations. In the Growth Management and Energy Production chapters, we present the results related to the Environmental Management Plans.

Environmental Management in Harmony with the Environment

When any human activity affects a territory, changes occur. So that these changes do not become a threat and instead become an opportunity for progress, we have an Environmental Management System under the ISO 14001:2004 standard, which was re-certified in 2013 by the Colombian Institute of Technical Standards and Certification (Instituto Colombiano de Normas Técnicas y Certificación, ICONTEC) as the auditing body for power plants in operation: San Carlos, Jaguas, Calderas, Termocentro and Miel I and its Manso and Guarinó diversions.

Environmental Policy

We have a guideline that guides environmental management in carrying out our productive activities, with the objective of:

- Incorporating comprehensive environmental management into the business activities that produce or may produce environmental impact, thereby fulfilling legal and voluntary commitments.
- Voluntarily contributing to the creation of environmentally sustainable conditions.
- Maintaining authorities, communities and other stakeholders' trust in our environmental management.

To learn more about our **environmental policy**, **click here.**

Amaní Reservoir, Miel I Power Plant

Furnarius leucopus - Pale-legged Hornero.

Photo: ISAGEN - GHA - UDEA 2012 /ISAGEN - FAUNATIVA 2013

Environmental Management Plans

The Environmental Management Plans are management instruments to prevent, minimize, control and compensate the environmental impact caused by the studies, construction and operations of our power plants. They also respond to the requirements established by the environmental authorities.

Below we present cross-cutting management and conservation strategies in the different areas of influence:

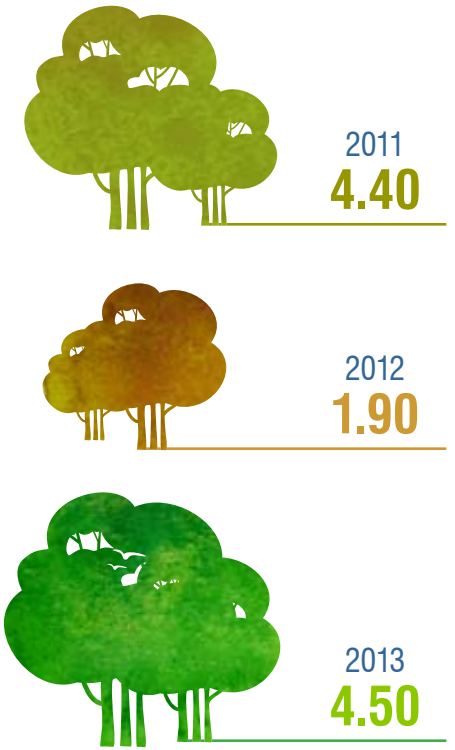
We worked to conserve and protect 143.75 Km² of natural forest and areas undergoing restoration located on the lots of our power plants and projects where the majority of native species of flora and fauna live. The areas are monitored to learn the resources' dynamics and improve the conservation and management programs, which are in line with the national ecological restoration initiatives. The following table presents consolidated information on the types of vegetation cover on our lots and the areas thereof:

Type of Cover	2011	2012	2013
	Area in km²		
Secondary forests (natural and artificial)	68.75	71.69	88.61
Brushwood	40.77	42.14	40.59
Pastures	22.48	25.57	14.55
Total	**132.00**	**139.40**	**143.75**

We carried out reforestation and revegetation activities, among others, which allowed the restoration of 4.50 Km² on our lots and other areas of interest, which are generally part of the basins where the power plants and projects under construction are located.

In 2013, 1002 amphibian, bird, mammal, fish and reptile species were reported in our power plants and projects, out of which, 97 present a degree of endemism, that is, their natural populations are only located in a very restricted area. Another 93 species were reported that are threatened to some degree[1] according to the IUCN[2] classification lists, the National List of Endangered Species, Resolution 0383 of 2010, the Red Book of Colombian Reptiles 2002 and the Red Book of Freshwater Fish of Colombia.

Restored areas (Km²)



(1) According to the IUCN, threatened: is the level of risk of extinction of any particular species: Data Deficient (DD): when the information available is not sufficient to establish the state of conservation. Endangered (EN): when faced with a high risk of extinction or a decline in the population size in the wild in the immediate future. Near Threatened (NT): close to qualifying for the category of threatened in the immediate future. Vulnerable (VU): will be at risk in the medium term. Critically Endangered (CR): when, based on certain criteria, its extinction in the wild is very likely.

(2) International Union for the Conservation of Nature.

Iguana Iguana.
Photo: ISAGEN - GHA - UDEA 2012 /ISAGEN - FAUNATIVA 2013

> *"Because the protection buffer zone of the Amaní Reservoir of the Miel I Power Plant is connected to the large forest masses of the area, it has become a national reference for biodiversity."*

Endangered Species	2011	2012	2013
Fauna	34	38	93
Flora	27	28	96
Total	**61**	**66**	**189**

The number of fauna species reported as threatened to a certain degree severly increased from 2012, because of the annual reassessment of the conservation status and the viability of the populations in each one of the species, and also because of the updates in the inventories of the Termocentro Power Plant and the Guarinó and Manso diversions, where species were found that had not been recorded in the other areas monitored. The status of some species was simply changed by one threatened species higher or lower for the conservation of their populations due to population studies each country has.

To learn about more endangered flora and fauna species around our generation plants and projects of 2013 **click here:**

Melanerpes rubricapillus - Red-crowned Woodpecker.

Foto: ISAGEN - GHA - UDEA 2012 / ISAGEN - FAUNATIVA 2013

Bolitoglossa lozanoi - Lozano's Salamander

Foto: ISAGEN - GHA - UDEA 2012 / ISAGEN - FAUNATIVA 2013

- We disclosed information about the natural resources identified in the areas of influence to contribute to knowledge of the biology of the species, its relationship to the places where they are located and the measures of its use and conservation. Through the environmental education programs, we strengthened this strategy, highlighting key species and cultural aspects of regions such as Eastern Antioquia, Eastern Caldas and Santander.
- We continued to develop local business initiatives based on the use of biodiversity offered, particularly natural materials from forests on our lots, as well as in other natural areas in the regions. We also contributed to the conservation of forest areas through good agricultural practices included in the Biocomercio initiatives.
- We formulated and implemented programs and initiatives for the conservation and protection of threatened species of flora and fauna, such as: Spanish-Cedar (*Cedrela odorata*), Monkey Pottree (*Lecythis mesophylla*), Grias (*Gustavia romeroi*), Neotropical Otter (*Lontra longicaudis*), frog (*Pristimantis viejas*), salamander (*Bolitoglossa lozanoi*) and endemic species such as the Tanager (*Habia gutturalis*), Woodpecker (*Melanerpes pulcher*),Clathrotropis brunnea, Gustavia longifuniculata, Grey-handed Night Monkey (*Aotus griseimembra*) and White-footed Tamarin (Sagüinus leucopus).
- We carried out studies on populations of vertebrate species related to the water resources in the alignment of the Manso Diversion tunnel. We identified that the life-cycle of the amphibians Pristimantis viejas, a frog, and Bolitoglossa lozanoi, a salamander, is not directly related to the water source, as they do not need this environment for their reproduction and development.
- We produced three illustrated guides of the wild fauna in the area of influence of the Sogamoso Hydroelectric Plant with the results of research carried out in the area.

> *We have to consistently care for water and ecosystems so that there is better development of the communities and people who live in the areas of water sources, and in general for society.*
>
> *Luis Fernando Rico Pinzón*
> *Chief Executive Officer of ISAGEN*

Teamwork

Coordinated work between the community and actors of civil society, the public and private sectors, associations and international bodies is key to drive development in the regions:

- We participated in the establishment of the National Policy for Basin Use, as well as in the proposal of a second phase for a methodology that allows the environmental flows to be calculated in the projects that affect rivers.
- We were active in the country's regulatory and legislative agenda, through the identification of regulatory projects and sector proposals focused on improving the environmental management carried out by the competent authorities and the regulated sector. We highlighted the modification of regulations regarding the environmental license, the offset methodologies for the loss of biodiversity and regulation on liquid discharge.
- As a way of relating to companies of the energy sector and external agents, sharing good practices and creating synergies, we are part of the Environmental Committee of the Colombian Association of Power Generation Companies (ACOLGEN - Asociación Colombiana de Generadores) and the Chamber of Environmental Matters of the National Association of Public Utilities and Communications Companies (Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones - ANDESCO).
- In conjunction with the Technical Ozone Unit (TOU) under the Ministry of the Environment and Sustainable Development, we are replacing two chillers in the Jaguas Power Plant, with the aim to eliminate the use of chloroflourocarbons (CFCs) and empower more environmentally-friendly technology with a low environmental impact and high energy efficiency.
- We implemented the Sustainability Protocol developed by the International Hydropower Association (IHA) in the Sogamoso Hydroelectric Plant and we made progress in the preliminary activities to apply the evaluation of the Protocol in the Cañafisto Hydroelectric Plant and Miel I Power Plant in 2014.

To learn about the main results in the implementation of Environmental Management Plans, as well as the environmental impact,
click on:
Growth Management
Energy Production
Tables: Environmental Management Plans

Biocomercio Fair in the Municipality of Alejandría (Antioquia)

Complementary Biophysical Management

In order to contribute to the conservation, improvement and sustainable use of the physical and biotic environment of the basins (inflows and outflows) in our power plants and projects, we developed additional actions to those indicated in the Environmental Management Plan, which go beyond compliance with the law. Below we highlight some partnerships:

- We energized the sustainable use of biodiversity as a strategy for conservation and generation of economic benefits for the communities of Eastern Caldas and Antioquia. Some of the actions developed in partnership with Biocomercio are: strengthening of the local tourist network of the San Rafael Municipality in Antioquia and commercial promotion of local companies of Eastern Antioquia and Eastern Caldas through two commercial fairs with products native to the region.
- We participated in the Immediate Action Plan (IAP) for the land use Plan of the Guarinó River Basin and Charca de Guarinocito in Caldas. This initiative coordinates the Classification and Environmental Management Plan (POMA), as well as policies, guidelines and initiatives for its restoration. In 2013, we completed the

Ecological heaters, Carrizales District, Mariquita (Tolima)

protective reforestation of 0.55 km^2 and the isolation of 29.35 km linear meters as a barrier to protect wetlands and water sources, as well as the construction of 96 basic sanitation solutions and the ecological restoration of the three sites affected by bioengineering works.

- Together with the Norcasia in Caldas and Asoambientales del Bosque, we implemented a basic sanitation program in the area of influence of the Miel I Power Plant, specifically on 29 lots of the municipality through the construction of septic systems and family bathrooms units.
- In coordination with Empocaldas and the Victoria Municipality in Caldas, we carried out basic sanitation activities to optimize the flow captured in the micro-basins of the Santa Rita Stream, which aims to overcome the water supply difficulties in the dry season.
- In partnership with Corpocaldas and Cornare, we carried out inter-institutional agreements with the regional environmental authorities for the social and environmental recovery of the basins in the power plants' areas of influence. We highlight the following activities with Corpocaldas: restoration process in 12 supply micro-basins of water lines in five municipalities of Eastern Caldas; training on raising awareness, management and conservation of natural resources; and the construction of 62 alternatives of energy efficient management (efficient stoves) in four districts of the Victoria municipality in Caldas. In partnership with Cornare, we built 77 septic tanks, 29 family bathroom units, six water tanks and five hectares of timber gardens for panela (unrefined cane sugar) factories in the jurisdiction of six municipalities of Eastern Antioquia.

Bioengineering works in the Monterredondo District, Herveo (Tolima)

- In agreement with Cornare, we also formulated the Environmental Management Plan of the Protective Forest Reserves of Punchiná and San Lorenzo. We also signed a new agreement to start their dissemination among the communities and actors of the municipalities with jurisdiction in these areas.
- In coordination with the Norcasia Municipality in Caldas and SYC-S.A.S, we supported the improvement of the intake and the maintenance of the untreated water pipeline components that supply the Kilometer 40 – El Edén district in this municipality.
- With the Dorada Municipality in Caldas, we helped to change the water line distribution networks of the Atarraya District of this municipality to help improve conditions for the supply of drinking water.
- In agreement with the Environmental Studies, Education and Research Corporation (CEAM, Corporación de Estudios, Educación e Investigación Ambiental) we helped to strengthen the administrative boards of district water lines in the legal, administrative, financial and operation components, assisting the water organizations of three districts of the San Carlos Municipality (Calderas River Basin) and four organizations of multi-district water lines of the Alejandría Municipality (Nare River Basin).

In the Sogamoso Hydroelectric Power Plant's Area of Influence in Santander:

- We joined technical and administrative forces with the Municipal Mayor's Office of Girón to build the first phase of the water system of the Marta District of the San Juan de Girón Municipality.
- We joined forces with the Municipal Mayor's Office of Barrancabermeja and Aguas de Barranca to prepare studies and designs of the Water System Master Plan of the El Llanito Township (Barrancabermeja).
- In partnership with the Betulia Municipality, we collected waste in three localities of the Betulia Municipality and transported it to the Barrancabermeja landfill.
- We improved the basic sanitation conditions of three communities of the Betulia Municipality, benefiting 6,500 people. It is comprised of water line and sewer construction.

"We revitalized the sustainable use of biodiversity as a strategy for conservation and generation of economic benefits for the communities of Eastern Caldas and Antioquia. I. We held the first Biocomercio fairs in the area, which aim to promote sales of the areas' native products."

Climate Change and Renewable Energy

We are committed to the mitigation of climate change through the diversification of our power generation portfolio orientated at the development of alternative sources of renewable energy, Clean Development Mechanisms (CDM) and energy efficiency. We made progress in hydroelectric plants, wind farms and geothermal plants, as well as research on carbon gasification and biodiesel.

If you would like to learn about our range of renewable energy projects, **click here**

Comprehensive Climate Change Management

We updated the CO_2 emissions inventory and calculated the carbon footprint for 2012. Data for emissions in 2013 are not included in this report because the figures for this indicator will be calculated during the second semester of 2014.

Estimated emissions of CO_2 equivalent for 2012 were 397,657 tons CO_2e, which is higher than the preceding year at 311,822 t CO_2e, mainly due to the greater power generation at the Termocentro Power Plant, in response to the low water levels recorded in the country and the need to ensure the continuity of the electricity supply to the National Electrical Grid. The inventory is based on the guidelines provided mainly by Price Waterhouse Coopers and follows the instructions of the Corporate Accounting and Reporting Standard in the Greenhouse Gas Protocol of the World Resources Institute, the World Business Council for Sustainable Development and the Ministry of the Environment and Natural Resources (SEMARNAT) of Mexico.

Greenhouse gas emissions and severity thereof

Source	2009	2010	2011	2012
Direct emissions or major sources in tons. (1)	374.828	300.381	199.903	280.448
Indirect emissions or minor sources in tons. (2)	927	74.800	111.919	117.208
Total tons of CO_2 e	375.755	375.181	311.822	397.657
Emissions tons CO_2 e/MWH (3)	**0,04048**	**0,03925**	**0,02834**	**0,04106**

(1) These sources are related to power plant operations and the construction of various projects. It includes scopes 1 and 2.

(2) The most significant minor sources are related to emissions from indirect consumption of fossil fuels resulting from air and land transportation, electric energy consumption from the national electricity grid and cement consumption. It includes emissions of Scope 3.

(3) Severity of emissions. It includes emissions of scopes 1, 2 and 3. See table: Distribution of Greenhouse Gas (GHG) Emissions.

Our activities related to Greenhouse Gas (GHG) Emissions from major sources do not include the emission of SOx, as we do not use fossil fuels that include sulfur. With regard to nitrogen oxide, its emissions are included in the calculations of equivalent CO_2e emissions at the Termocentro Power Plant. This power plant has a 300MW capacity, operated in a combined cycle and closed cooling cycle with natural gas, and is equipped with low NOx technology.

It is worth clarifying that in Colombia, permits or equivalents to emit CO_2 broken down by the Carbon-trading Framework are not issued, given that our country is not listed in Annex B of the Kyoto Protocol.

"In 2013, we made progress in the calculation of our carbon footprint and directed our efforts at taking advantage of renewable sources of energy in order to diversify our energy matrix in the future."

If you would like to find out about the distribution of greenhouse gas emissions, **click here.**

In addition to the CO_2 emissions inventory and calculation of the carbon footprint, we carried out the following activities:

- We continued the process of formulating and implementing a strategy to neutralize the carbon footprint and continued to prepare our candidate projects for the Clean Development Mechanism (CDM). An example of this was the issue of the National Letter of Approval for the Sogamoso Hydroelectric Plant, as a Clean Development Mechanism (CDM) by the Climate Change Office of the Ministry of the Environment and Sustainable Development.
- We carried out four campaigns to measure Greenhouse Gases (GHG), following the protocol prepared by the IHA-UNESCO, as part of the activities of the agreement with the Universidad de Antioquia to investigate the generation of Greenhouse Gases in the Sogamoso Hydroelectric Plant reservoir, which will be filled in 2014.
- We started research on the hydrological pattern in situations of climate change with an interdisciplinary group comprised of professionals of the Science and Technology Center of Antioquia (CTA in its Spanish acronym) and ISAGEN employees. This initial phase included the study and analysis of different macroclimatic phenomena that affect Colombia's climate and an initial approach of models in general circulation.

As a result of this process, we prepared a project to establish forecasting and projection tools of average monthly flows, in situations of climate change. Once completed, we carried out projection activities and identified the applicability of our processes. Currently, Colombia does not have studies that connect the hydrological pattern to the climate change phenomenon and therefore, it is not possible to measure the consequences of our operations.

"We committed to the United Nations (UN) Caring for Climate initiative and we assumed the challenge of developing actions to reduce the carbon footprint, promote the adoption of this initiative among our stakeholders and contribute to the development of public policies and mechanisms that help to mitigate the effects of climate change."

An Environmentally - Friendly House

The new building is a latest-generation piece of architecture which responds to our growth, reflecting the corporate philosophy and principles based on environmental sustainability and the Comprehensive Human Management Model. In December 2013, the building received the Leadership in Energy in Environmental Design (LEED) certificate in the Gold category for new constructions as part of the U.S. Green Building Council of the United States, which assesses the design and infrastructure of the registered projects according to strict environmental criteria.

To regulate and optimize water consumption, highly efficient plumbing and sanitary systems were installed along with a plant for the treatment of rainwater used for restrooms, cleaning, irrigation and building maintenance. To minimize energy use, the new office has air conditioning on access floors, with solar ray dimmer screens and automatic curtains that control the entry of heat, as well as a modern lighting automation system to balance natural and artificial light. The elevators regenerate energy and solar panels help to supply part of the building's energy demand.

The wellbeing of those using the building is also a priority of green buildings. The air quality, ability to have work spaces that use natural light and have a pleasant view, so active pauses can be made during the working day, are some of the advantages offered by the new office.

- ✓ *25,000 m² surface area*
- ✓ *13 floors of offices with 770 work stations*
- ✓ *45 meeting rooms, common areas and service areas.*
- ✓ *80.9% reduction in the use of potable water in the building compared to city building.*
- ✓ *25%* energy savings*
- ✓ *59%* savings in the building's lighting.*
- ✓ *3%* of the energy is produced by a photovoltaic energy system.*

* Compared to the American base defined by the US GBC to obtain the GOLD LEED category.

2014 Challenges

- Achieve greater participation of municipal and departmental institutions in the collective social and environmental recovery processes that are carried out in the basins of the area of influence of our power plants and projects.
- Update the 2013 carbon footprint and make progress in the execution of the strategy to neutralize it.
- Implement the adjustments required to be able to certify the 2014 greenhouse gas (GHG) measurement report.
- Make progress with the target for the ecological restoration of 8,000 hectares as an offset measure of the Sogamoso Hydroelectric Plant and start activities to comply with the program to conserve and protect eight species.
- Carry out the evaluation of the Cañafisto Hydroelectric Power Plant, in its development stage, regarding the Sustainability Protocol of the IHA.

Related Links

Growth Management
Environmental Management Indicators
Energy Production
Tables: Environmental Management Plans
Community Development

To recognize the potential of each culture is to accept the other as a friend with whom we map out our destiny, exchange knowledge, and give the best each one has to give in order to reach development together.

"We desire to establish our projects and power plants in regions with real opportunities for development"

Community Development

- Weaving mutually beneficial relationships
- Training and Participation
- Job Creation
- Complementary social management
- Human Rights
- Socio-political risk studies
- Other partnerships for regional development
- 2014 Challenges

Development is built as a community and progress is only possible with the resolve to share, learn and support skills in the long term, which are for the common good. We work in coordination with the communities and institutions of the areas of influence to contribute to the prosperity of their region through the development of installed capacity, job creation and access to energy, always respecting the environment and human rights.

In this chapter, we present cross-cutting social management practices and others that go beyond compliance with regulations. In the Growth Management and Energy Production chapters, we present the results related to the Environmental Management Plans.

Weaving mutually beneficial relationships

We view community participation as a chance for them to take the reins of their progress and make decisions on the issues that affect them. We promote their participation, supplying clear, true and timely information and also facilitating opportunities for consultation and agreement. We use a methodology to manage relations: Community Participation and Information Program, which consists of phases of information, consultation, agreement, co-management and self-management.

"We provide opportunities for dialog and agreement with the communities of the areas of influence with the aim to leave installed capacity in the region and build alliances for economic growth to contribute to their collective wellbeing."

Community Development School Certificate.
Person from the Miel I Power Plant area of influence.

Training and Participation

The Community Development Program is an educational process we have implemented since 2000, based on the methodology of the Community Participation and Information Program. It is based on the premise of learning by doing and it is comprised of the Community Development School and implementation of projects to put the lessons learned into practice. In 2013, we continued the training process in the areas of influence of our power plants with:

- The implementation of the follow-up and evaluation module of projects in which 93 organizations participated and 839 participants were certified.
- Start of the agro-environmental education module with 507 people enrolled.
- Approving 88 projects and making them viable in the lines of preventive health care, education, production initiatives, culture, recreation and sports.
- Implementation of strengthening workshops for the revolving funds of 18 community organizations in four municipalities of Eastern Antioquia with the participation of 175 people. Advice and assistance is provided on the adequate management of these funds and seed capital as a tool for the sustainable management of resources.

The lessons learned by the communities are measured with an indicator that shows the evolution of what has been learned during the training process. The result of the assessment made by the Centro Nacional de Consultoría of the indicator on training in self-management on a sample of 471 people was 94.4%, which exceeds the anticipated goal for 2013 of 90%.

If you would like to learn more about the Community Participation and Information Program and the Community Development Program, **click here.**

The Voice of Our Communities

Eugenio Antonio Andrade

Community Secretary

Cimitarra (Santander)

"Through the Community Development Program, we have seen the communities actively participate, improving communication dynamics between them and other institutions. On this basis, we can say ISAGEN's intervention is very important. The communities manifest that, because of the support they receive participate more and are more active."

Local **4,011**

Regional **1,521**

National **2,627**

Job Creation

We established employment strategies to give priority to the manpower of the areas of influence of the power plants and also to benefit local providers. The services they provide include: support for construction work, road improvement and maintenance, infrastructure maintenance, support for the mechanical maintenance group in repairs and electrical and mechanical maintenance work. Below are the figures of employment generated in the areas of influence of the power plants and projects.

Figures of jobs created in the areas of influence of the power plants and projects

	Local	Regional	National	Total
Power plants	802	214	105	1,121
Projects	3,208	1,307	2,521	7,036
Total	**4,011**	**1,521**	**2,627**	**8,159**

If you would like to find out about job creation in each power plant, **click here.**

To learn about job creation in the construction projects, **click here.**

Complementary social management

In order to contribute to the sustainability of the communities of the areas of influence of our power plants and projects, we developed additional actions to those indicated in the Environmental Management Plan, which go beyond compliance with the law. Below we highlight some institutional cooperation initiatives:

- In Eastern Antioquia, in partnership with the Educational Corporation for All-round Development (Corporación Educativa para el Desarrollo Integral, COREDI,) we supported the primary education validation program of 390 people from different municipalities outside the normal age bracket, through radio and written media with the guidance of trained tutors. We also worked in coordination with Regional Women's Association on the sexual and reproductive health education campaign for women from five municipalities; we held workshops and talks on the situation of women and domestic violence. Particularly with the Concepción Municipality in Antioquia, we implemented a cultural and environmental management initiative on the adequate management of water resources.
- In the area of influence of the Miel I Power Plant and the Guarinó and Manso diversions in Caldas, we participated in the initiative established by the hydroelectric power plant of Caldas, the Departmental Government of Caldas and the Departmental Committee of Coffee-Growers of Caldas to install rural electricity in eight municipalities. We adhered to the Education for Competitiveness initiative, a public-private initiative that generates progress in the Coffee Triangle in hand with the Colombian Federation of Coffee-Growers (Federación Nacional de Cafeteros de Colombia) and the Departmental Committee of Coffee-Growers of Caldas.
- In 2013, in the area of influence of the Amoyá Power Plant in Tolima, with the Universidad Javeriana, we started the interactive formulation of the local development plan of the Las Hermosas Township. We also strengthened productive projects in beekeeping, milk production and avocado and coffee growing in partnership with the National Training Service and the Coffee-Growers Cooperative of Southern Tolima (Cooperativa de Caficultores del Sur del Tolima, CAFISUR). In the construction process, we benefited 291 university students with educational support, we improved school infrastructure in the 10 districts located on the tunnel's path and we equipped 28 schools with teaching material and improved their computer rooms.

Chaparral coffee has been recognized for its high quality on several occasions.

In the Sogamoso Hydroelectric Power Plant's Area of Influence:

- We carried out a study of the tourist potential with the participation of the communities and authorities. As a result, nine possible tourist routes were proposed, including options for ecotourism, agro-tourism, adventure tourism and cultural, historic and archaeological tourism.
- We supported the Fishing Roundtable comprised of 11 fishermen's associations of the lower Sogamoso, with which we agreed to strengthen the organization and business of small-scale fishing downstream of the dam.
- We contributed to the community living and safety of the area of influence with the construction of the police station in the Tienda Nueva sector of Betulia.
- In agreement with Smithsonian Institution and the Colombian Geological Service, we implemented the paleontology rescue project with the aim to understand the flora and fauna of Santander over the last 150 million years. 780 samples were rescued and put in the custody of the Colombian Geological Service. They will be part of the heritage collection of Santander and Colombia.
- We joined forces with the Departmental Government of Santander for the review of the land-use plans and systems of the municipalities located in the reservoir's area.
- We implemented psychosocial, and sexual and reproductive health care in three sectors of the Betulia Municipality. This benefited 1,245 people in the prevention of HIV and domestic violence; 286 young people and children with psychosocial care and citizen training; and 225 of the construction workers with their life project and the promotion of positive attitudes for the prevention of domestic violence. We also helped to strengthen the Women's Network in six sectors.

School kits

Healthcare brigades

In the different areas of influence of our power plants and projects:

- In coordination with the Colombian Institute of Educational Credit and Foreign Studies (ICETEX), we strengthened the Educational Loan Sustainability Fund for young people from socioeconomic levels 1, 2 and 3. More than 300 young people benefited from loans for undergraduate, technical and university studies in different educational institutions in Colombia.
- As part of our good neighbor actions, we carried out six health brigades in an alliance with Fundación Alas para la Gente, with consultations and procedures that included surgeries, medical consultations, dental care and specialized services in general medicine. We also delivered 14,659 school kits with the aim to help improve the quality of education and particularly, to accomplish Millennium Development Goal number two, which works towards primary education for all. Specifically in the Sogamoso Hydroelectric Plant, we supported the school transportation of children of the Nuestra Señora de la Paz School in Betulia as well as community integration events.

Human Rights

"We established agreements for training the communities on human rights, and as a preventive measure, we kept a clause prohibiting the use child labor and minors in activities prohibited by Law in the Company's contracts and agreements."

With the communities in our areas of influence, we continued to work to promote human rights by supporting:

- **Transparency Round tables and Human Rights Observatory:** We supported the community in the area of influence of the Amoyá River, La Esperanza Hydroelectric Plant, while conducting a transparency round table and a human rights observatory, installed by the Governor of Tolima and the community, respectively. This was done with the aim to ensure the respect of the region's inhabitants' human rights, by responding to reports of the violation of their rights and establishing commitments with the entities qualified on the topic. During the construction of the power plant, 14 round tables and 13 observatories were held. Approximately 400 people took part in each roundtable.
- **Human Rights Roundtable of Eastern Antioquia:** We participated as observers in this event that aims to monitor the human rights situation in the region and respond to complaints about the action of the Company's employees and contractors. In collaboration with the Human Rights Office Association of Eastern Antioquia (ASPOA), we supported the completion of the Human Rights and International Humanitarian Law Report for the 2011-2012 period for this area, as well as the production of teaching material for the promotion of human rights by the human rights offices.
- **Peace initiatives:** Peace initiatives are the actions we carry out in the framework of social investment to help to create solid cultural foundations for the construction of peace and, where required, humanitarian aid. We highlight the signing of agreements with civil society organizations to reconstruct the historical memory of young victims of the conflict and provide training on children's rights to prevent the forced recruitment of minors.

If you would like more information about our practices in human rights, **click here.**

The Voice of Our Communities

Priest Jorge Alberto Tovar

Director of the Development for Peace Program in Magdalena Centro

La Dorada (Caldas)

"With ISAGEN we have various opportunities for dialog founded on trust and cooperation. Some of these are through the Development for Peace Program, where dialog and community building are ongoing, and others are carried out directly with ISAGEN. I stress the comprehensive basin recovery action plans, because a platform for dialog was created to resolve socio-environmental conflicts."

Students from the Francisco Nuñez Pedroso Institute.
Cerro Gordo District, Mariquita (Tolima)

Socio-political risk studies

We started to update the risk and impact studies in five (83.3%) of the six power plants, which are prepared according to the instructions of the Voluntary Principles on Security and Human Rights and international standards. 100% of the power plants in service have risk and impact studies on human rights, because in 2012, the studies of the Amoyá Power Plant were updated. We also developed this activity in the areas of projects under study.

Other partnerships for regional development

- **Electricity supply in unconnected areas:** We advised the Ministry of Mines and Energy on the Mitú Micro-Hydroelectric Project to provide the capital of the Department of Vaupés and its rural areas with electricity 24-hours per day. This micro-hydroelectric plant will benefit approximately 37,000 inhabitants over the next 40 years. This plant started operations on November 21, 2013.
- **Participation in the Task Force for Public and Private Partnerships of Antioquia:** We continued to participate in this coordination area comprised of organizations and companies of Antioquia interested in contributing to the regions' development. We highlight our participation in one of the Strategic Leadership Diploma sessions in which we shared the accumulated experience of the Community Development Program with the members of the Municipal Mayor's Office of Buriticá and we delivered teaching material to the Community Development School.

2014 Challenges

- Continue public-private coordination to develop more accurate strategic actions to protect the basins, which ensure the communities' self-management for their development.
- Maintain strong communications and neighborly relations with the community in the area of influence of the Amoyá Power Plant.
- Formulate the development plan of the Las Hermosas Township, with the advice and assistance of the Universidad Javeriana.
- Make progress in the social programs of the Sogamoso Hydroelectric Plant, especially as part of its additional investment.
- Manage the management measures resulting from the updates of risk and impact studies on human rights.

Related Links

- Growth Management
- Environmental Management Indicators
- Energy Production
- Tables: Environmental Management Plans
- Environmental Protection

Each individual brings a bag of talents, and when joined with others, they stimulate creativity. That's when the magic of enterprise becomes reality.

"When our providers get ahead, so do we. When we come together, we create networks based on the creation of shared value"

Provider Relations

Providers are our strategic allies, and we build long-term relationships based on trust and transparency with them. This improves productivity and competitiveness, thus generating value for society. spaces for dialog and collaboration.

In 2013, we moved forward in the implementation of our providers collaboration networks and in the consolidation of relations through spaces for dialog and collaboration.

Commitments with our providers are explicitly listed in our Relations Policy, in which we highlight the following principles:

Recognition of Diversity: In terms of business, size, characteristics, needs and different expectations.

Consistent Actions: Consistency between our policies and those of our providers, based on ethics and transparency.

Moreover, we consider local providers to be a fundamental pillar to contribute to productivity and competitiveness in the regions where we operate. For this reason, we have development programs whose purpose is to leave installed capacity in the communities in the areas of influence. We ensure their participation and competence in equal conditions, which is set out in our Negotiation and Contracting Manual.

Furthermore, our policy establishes the minimum sustainability requirements that we expect of our providers, including ethical, labor, environmental and human rights issues.

To ensure that this commitment is realized, we have designed a self-evaluation to be completed by our providers. This commitment is voluntary but binding, and enables us to conduct random checks and take measures against any non-compliances that may be found up to and including termination of the contractual relation.

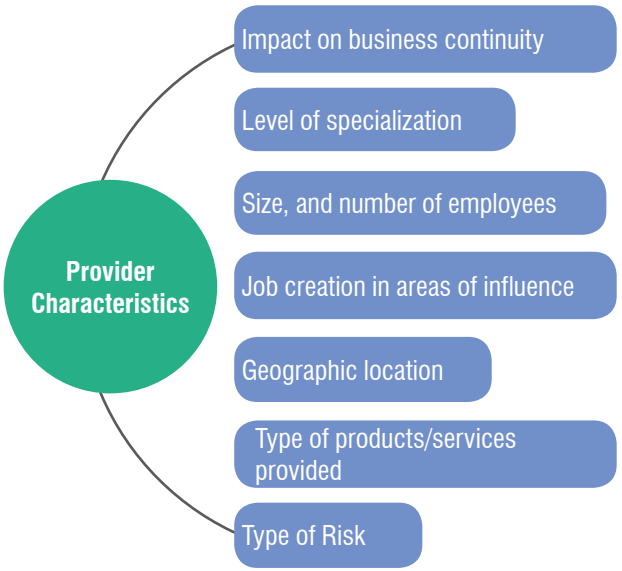
Verification of provider sustainability issues

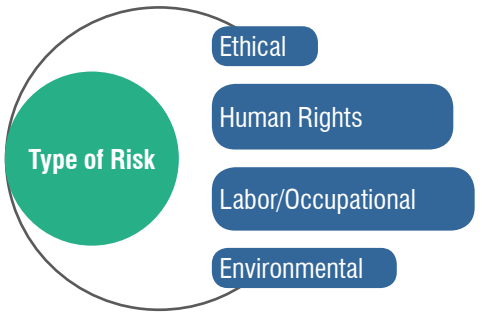
Provider Identification	Provider Selection	Supervision in Contract	Provider/Contract Evaluation
• General evaluation: • Ethics, labor practices, environmental issues and human rights. • Registration • Characterization • Economic evaluation	Specific requirements • Risk management matrices associated with goods and services. • Verification of risk lists • Clauses • Legal aspects	Regular checks: • Technical and legal aspects • Risk matrices. • Complaints and suggestions management.	Contract performance: • Sustainability and technical aspects • Administrative and technical capacity

Characterization of Providers:

Given that both providers and our supply needs are diverse, it is necessary to perform a characterization that allows us to define development and training programs, networking spaces, and establish the risks and adequate controls for those characteristics:

Thus, all providers are evaluated generally on ethical, labor, environmental and human rights issues based on the minimum sustainability requirements and checks on risk lists. Moreover, risk matrices and clauses are included in contract agendas that facilitate controls on specific aspects depending on the nature of the contract.





Other specific actions performed in 2013 to manage these sustainability risks:

"We developed networking meetings and round tables with our providers to create mutually beneficial relationships and implement sustainability practices in our value chain."

Service provision contract pilot:

A pilot scheme was started with certain service contracts for the Administrative Management Area, which included salary and training clauses in order to establish minimum salaries and request a training plan from providers for their workers with quarterly monitoring to evaluate compliance. This pilot will be evaluated in 2014 to assess its impact and, if relevant, to establish the organizational practice.

The following actions were also taken on specific sustainability issues:

Ethics:

- The Technology Partner Network Ethics Committee was renewed with new members elected democratically by all network partners.
- Providers in the Engineering and Maintenance Network agreed to have an ethics code, therefore they communicated with ISAGEN and applied an instrument that allowed them to identify network values and principles as a starting point for the definition of the code. Additionally, a commission was established to ensure that this initiative succeeds in 2014.
- In each meeting to initiate a Provider Development Program, our ethics and transparency policies were explained as well as our mechanisms to manage these polices.

Labor Issues:

- Safe and healthy working conditions.
- All contractor employees received training on Occupational Safety and Health.
- The relevant work permits were demanded in all service contracts that require these.

- Providers trained workers on topics related to the use of personal protection equipment, self-care, work at heights, comprehensive management of chemicals, emergency plans, etc., depending on the service to be provided.
- Occupational health and safety and parafiscal clauses were included in the contracting agenda, and these are verified during the contract term.

Environmental

In accordance with our environmental policy, providers must adhere to internal regulation covering preventative measures and procedures that address environmental impacts that could be generated through the execution of works at facilities or on other lots that may be affected by the activities to be carried out.

In each of the contracts, control and verification mechanisms are defined to comply with regulations and procedures in order to permanently ensure compliance with applicable legislation and criteria described in our environmental policy.

"We invited 213 providers to complete the self-assessment regarding minimum sustainability requirements and 55 of these completed it. Additionally, we performed on-site checks on three of these through an independent third party."

Human Rights

ISAGEN conducts its business in areas where illegal armed groups are present and where governance is fragile. Accordingly, security activities require the presence of private security firms, the army and police. Therefore, security activities require more attention in due diligence related to human rights and international humanitarian laws.

Pursuant to the provisions in the Human Rights Policy, we have the following practices.

- We have a special clause in all contracts and agreements, requiring our providers to inform us of any complaints received regarding human rights violations, bribery or extortion; carry out the relevant investigations; report relevant events to the authorities and suspend the individuals involved. Providers must include a similar clause in their contracts with sub-contractors in jobs done for ISAGEN.

- We realize that private security providers, due to the nature of their functions, could infringe human rights. Therefore, in the contracting processes we ensure that companies are not listed on risk lists such as the Specially Designated Nationals List, also known as the Clinton List, and that they have all the necessary licenses from the Private Security and Surveillance Superintendence.
- With regard to the risk of child labor, we have identified that this could occur among rural communities with whom agreements have been arranged to support community development projects. Therefore, we have included a clause in all agreement drafts that expressly prohibits the use of child labor.
- As part of the Providers Convention, we held a talk on the importance of responsibly handling issues of respect and promoting each and every human right when conducting business activities.
- As part of our agreements with the police, we provided resources for human rights training.
- We train all personnel who provide private security services for the Company on human rights.

	Number of Persons	Topics
Police	10,220	Human Rights and International Humanitarian Law, victims of conflict, human rights applied to armed conflicts Goods and people protected by the IHL, child victims of illegal armed groups, due process, integration of the IHL in military operations, etc.
Private Security	204	Human Rights and International Humanitarian Law, goods and people protected by IHL, Global Compact, Voluntary Principles and Colombia Guides.

In 2013 we did not receive complaints about any provider or contractor related to infringement of human rights, forced/child labor or discrimination. Freedom of association was not affected either, therefore it was not necessary to adopt any measure to attend to these issues.

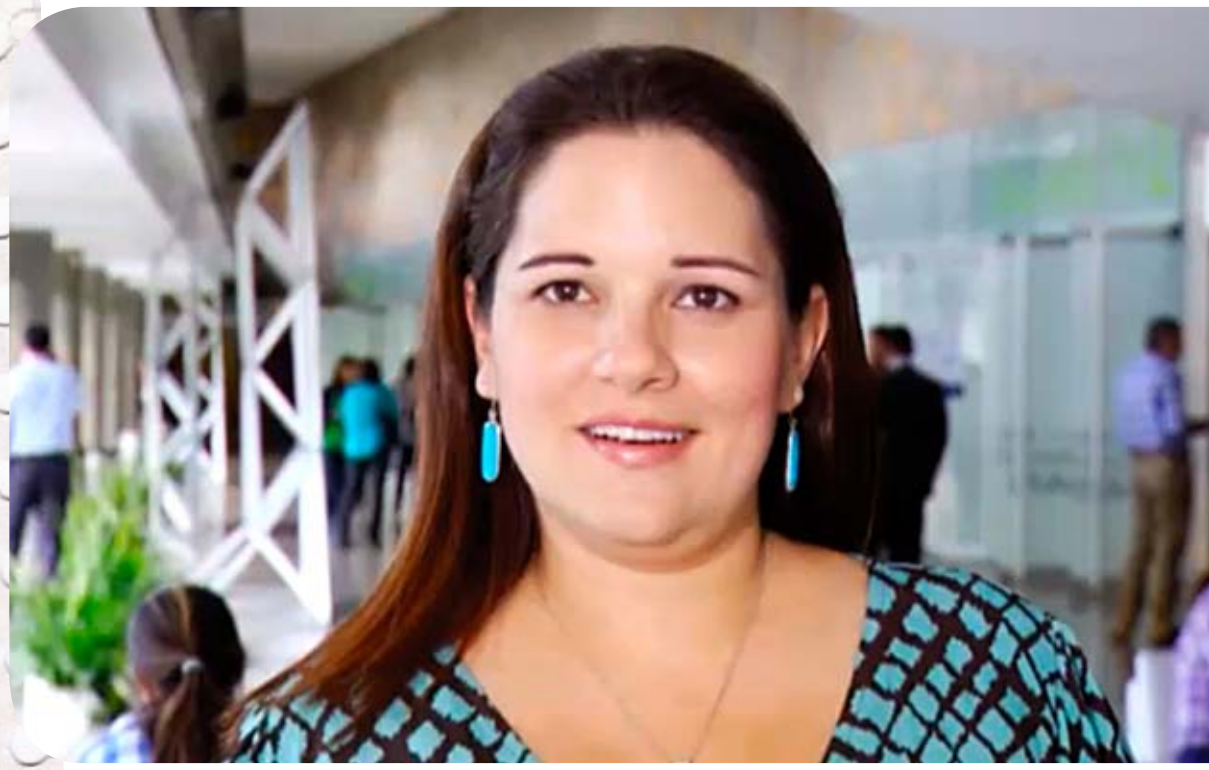
Angela Rivas of the Ideas para la Paz Foundation encouraged reflection with her conference on managing human rights in companies.

The Voice of Our Providers

Claudia Arango Chavarriaga

Sales Consultant
Carvajal Tecnología y Servicios
Medellín (Antioquia)

"The Providers Meeting is a powerful learning opportunity, because we have the chance to interact with others who are working with ISAGEN, and benefit from what they can teach us. There we see what we have to teach others."



Provider development

This Program is designed to improvement of providers' management capacity and transfer of relevant practices, including sustainability. It is performed:

- In areas of influence of generation power plants and constructions for the development of local providers.
- When an assessment of a provider suggests that there is an opportunity for improvement on any issue.
- When we find that there is a relevant practice that must be shared with the supply chain.

Participation in our development programs is voluntary and there is no compensation.

Local Providers

Providers in regions where we have construction projects and where we operate are essential to develop and improve the competitiveness of our work. Consequently in each region where we are present, we seek to develop relations with providers and conduct development programs that make them more productive.

In 2013, we defined a local supply matrix identifying the providers' segments, using criteria such as importance and risk exposure, and we implemented some development strategies for each segment:

- Strategic
- Leverage/Collaboration
- Critical/Collaboration
- Access

We used this classification as a foundation to invite providers to participate in local strengthening programs. In our case, the concept of locality includes the following criteria: Closeness, accessibility and level of service; it also includes the areas of influence for power plants in operation and certain regions with construction projects.

We held 21 meetings related to various provider development activities, in which we shared practices and we developed formal skill transfer processes with our providers on business matters in Antioquia, Santander and Tolima. 94 providers participated in these programs.

Of the total budget destined for acquisition of goods and services in 2013, 31% of purchases were from local providers that are part of our Provider Development Program. It should be noted that the budget that we allocate for purchase of goods and services annually is not listed according to provider location.

Supply

At ISAGEN, we have classified our providers as follows:

- Providers that assist in sales strategy
- Providers that assist in energy production
- Providers that assist in building power plants
- Local Providers
- Other Providers of Goods and Services
- Financial Service Providers

In the first two segments, we have a supply strategy with collaboration networks, that facilitate use of the members' skills, promote development and contribute to sustainability: Technology Partner Network and Engineering and Maintenance Network.

Technology Partner Network

This is our ally in the provision of technical services, and consists of 25 engineering companies and four universities (of which, one company and two universities entered in 2013). These are aligned with our strategy, have transparency practices consistent with ours, and have extensive technical knowledge.

Our commitment to engineering companies that make up the Technology Partner Network is to produce synergies in order to provide end clients with comprehensive energy solutions to increase their productivity and competitiveness.

These are some of our achievements in 2013.

- With the network, we conducted a three-year strategic planning exercise (2014-2016) which will guide its medium- and long-term development actions
- In order to achieve a more independent network, we successfully implemented "PREAPROBADOS" in 2013. This innovation allows technology partners to reach clients directly to submit offers, in order to adjust proposed solutions to business needs, and accelerate the service cycle.
- We continue working to consolidate the network's governance model.
- The Steering Committee's operations were strengthened. It remains the network's governing body.
- The Ethics Committee was renewed with new members elected democratically by all network partners.

Regional Commercial Committees were created in each of the areas where we have commercial offices. The fundamental goals of these committees are:

- To share better practices and improvement actions between network members.
- To diffuse the decisions and guidelines generated by the network Steering Committee among network members.
- Develop ties of trust.
- Consolidate the collaborative work model.
- Promote business.
- Guarantee client satisfaction.

"We strengthened the governing of the network so that transparency and participatory stability facilitate greater effectiveness in decision making and management. Joint construction and adaptation of conflict resolution rules and mechanisms, provides consistency and confidence to decisions, showing the maturity of a network linked by joint goals and shared responsibilities."

The Voice of Our Technology Partners

Gabriel Arbeláez

Project Manager

INDISA S.A (Medellín)

"We have a close and professional relationship with ISAGEN, one in which the achievements and capabilities of the companies are recognized. It is based on transparent principles, where the rules of play are clear from the beginning. Knowledge is generated, and ISAGEN transmits their DNA into our organization so we can function as a team. In fact, we feel very fortunate for meetings like those of the Ethics Committee, which regulates and watches over us, helping us to learn and grow together."

Training for the Technology Partner Network 2013

Topics	Objective	Attendees
Comprehensive Energy Management (GIE)	Make them the leaders of the GIE strategy: Program purpose, methodology and phases, characteristics and implementation processes.	29
Strategic planning	Co-creation to build a three-year strategic plan for the network	29

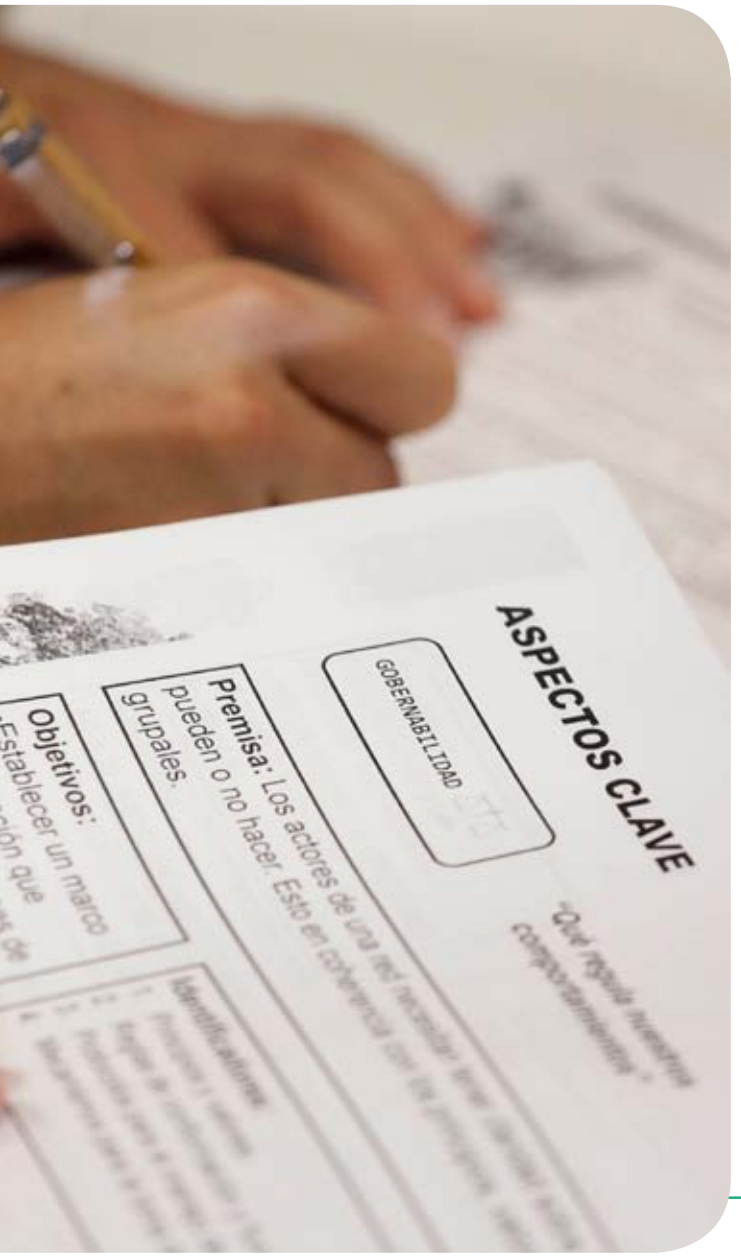
Engineering and Maintenance Network

Based on the development, maturity and experience obtained in the Technology Partner Network, in 2012 we decided to begin structuring a new network. The “Engineering and Maintenance Network” currently consists of 22 organizations that provide products and services for Engineering and Maintenance processes in our power plants. Its main objective is aimed at offering comprehensive and innovative solutions for the particular needs of the industry through the expert, multi-disciplinary and collaborative knowledge of its members.

Major Achievements 2013:

Progress made in structuring and monitoring of commissions dealing with: governance, ethics and communications.

Definition of the strategic platform and formation of the work commissions that will ensure future operations.



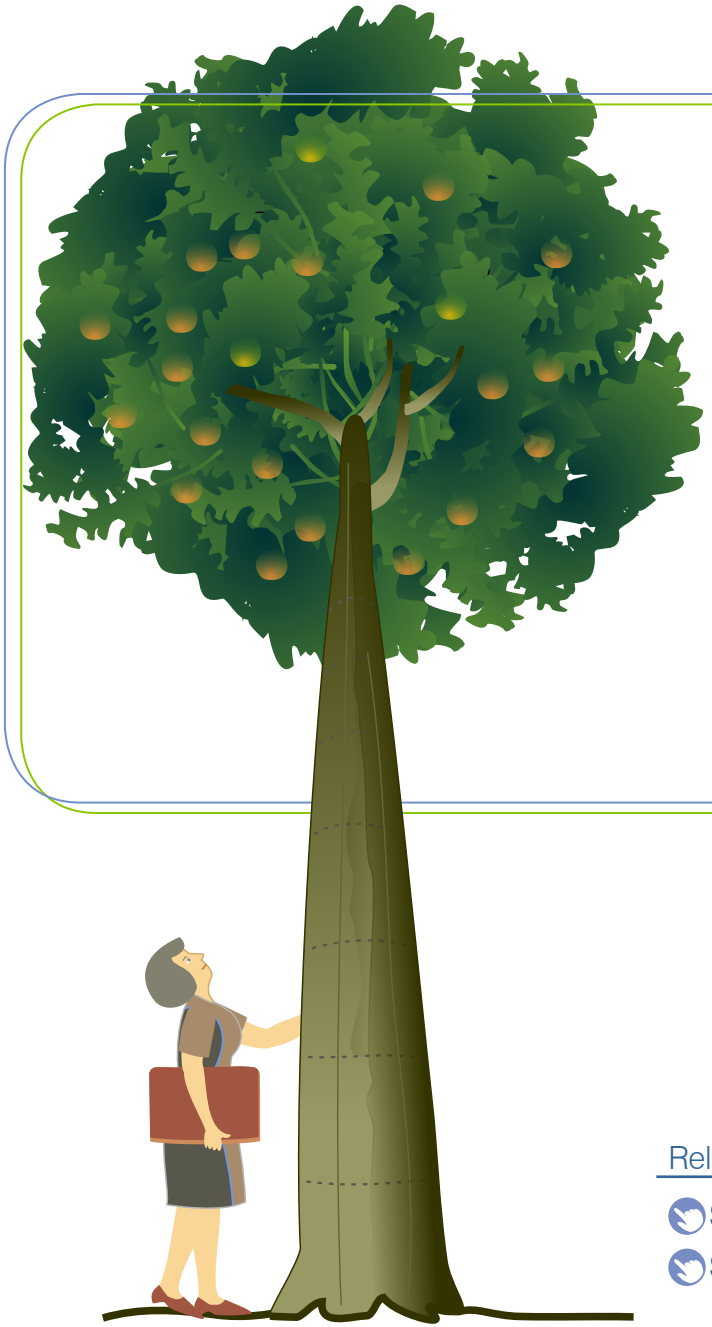
Training:

A course was held with the participation of ISAGEN employees and network members on strategy, society and competitiveness. The aim was for them to acquire knowledge to improve their understanding of their role within the national development process. This is an advantageous scenario to generate ties of trust, promote collaboration and generate shared value.

Spaces for Dialog

We generate spaces to share practices, transfer knowledge, resolve doubts, share assessment results, and cover provider-related issues, thereby promoting trusting and collaborative relations. We held 55 meetings, in which 1,486 people participated.

For further information **click here.**



2014 Challenges

- Definition of the risks-based methodology to establish a sample of providers whose minimum sustainability will be checked on-site.
- Definition of contractual demands for minimum sustainability requirements to go beyond voluntary requirements.
- Formalization of the Engineering and Maintenance Network ethics code.

Related Links

Sale and Productive Solutions
Labor Indicators
Stakeholder Relations

The sum of the wills creates powerful bonds in assuming the mission of converting energy into a synonym of productivity, wellbeing and harmony.

"We create conditions that facilitate the comprehensive development of our employees, thinking about the balance of their work and personal lives"

Employee wellbeing

- Comprehensive Human Management Model
- Hiring
- Human and professional development
- Knowledge management
- Performance Management
- Compensation Management
- Employee Relations
- Wellbeing and occupational health and safety
- 2014 Challenges

We are a Company that recognizes people as human beings, that is why we focus our management on creating conditions that facilitate achievement of business goals generating wellbeing for employees on the labor, personal and family issues.

In 2013, our management focused on strengthening human and professional development practices, implementing the extended maternity leave initiative that seeks to contribute to the quality of life of mothers and their children. We continued to consolidate the executive school program and the program to strengthen interaction.

Comprehensive Human Management Model

We regard employees as unique, dynamic, responsible and important people. In order to make work a true opportunity for collective and individual development, we have implemented a Comprehensive Human Management Model (MIGH in Spanish), which:

- Respects employees' diversity.
- Strives for the consistency of their performance with business objectives.
- Ensures transparent, respectful management of their human and labor rights.

To learn more about **the Comprehensive Human Management Model** click here.

The following are the most significant achievements in 2013:

Hiring

Our selection processes facilitate the incorporation and promotion of Human Capital with fair and transparent criteria and procedures based on people's competencies. In the table below, we show the total number of employees promoted, outside associates and personnel evaluated:

Promociones y vinculaciones

	2011	2012	2013
Employees promoted	69	33	51
Outside associates	46	36	49(1)
Personnel evaluated	**207**	220	366

(1) In 2013, 49 people entered and 13 retired resulting in a 6% increase in plant personnel.

Of the 49 external associates in 2013, 28% of these belong to one of the vulnerable groups targeted in Law 1429 for job creation: People under the age of 28 or women over 40 who have been unemployed for the last 12 months.

Human and professional development

We implemented strategies so that employees can reconcile their work and personal life. We provided assistance and facilitated training processes to increase their awareness of their role as citizens, to do so:

- We held three life project workshops, with participation by 8 employees who started working with us that year or that had not participated in this initiative. Their personal, professional and family goals were defined in this activity, and at the same time they reflected on the route to make these a reality, becoming managers of their own development.
- We developed pilot workshops for the family life project that aimed to increase awareness in employees' families of the importance of building a life project and achieving goals.
- We held 12 workshops as part of the citizen training school that were aimed at informing employees and their families about social, economic and geopolitical realities and trends on the local, regional, national and international levels, making the development and mobilization of civic responsibility and construction of the country possible.

The Voice of Our Employees

Oscar Albeiro Vallejo Giraldo

President

SINTRAISAGEN (Medellín)

"ISAGEN allows an open relationship with its employees; one in which we can inquire about questions and situations, fostering dialog and team building. For example, with the Company we work on the Wellbeing Committee, which plays an important role in assuring social wellness within ISAGEN."

Knowledge management

We facilitated the necessary conditions to apply knowledge to the work requirements and strengthen skills. Below we present the results of external training:

	2011	2012	2013
Total training hours per year(1)	9,210	8,419	10,488
Training hours per employee	26	19	30.5
Percentage of employees who attended training	62%	73%	54.17

(1) This value does not include training hours in Corporate School.

Training hours per occupational group

(1) Occupational group	Training Hours 2013	Average percentage of training hours 2013
Managers	1,076	6.90%
Directors	2,201	14.11%
Coordinators	1,148	7.36%
Professionals	8,237	52.79%
Assistants and technicians	2,795	17.91%
Auxiliaries	146	0.94%

(1) This value does not include training hours in Corporate School.

Internal Training

We conducted 50 courses on the following matters: Contracting, corporate project management, facilitator training, energy generation, energy sales, power plant constructions and new sources of energy, corporate governance, amounting to a total of 246 hours of group training. Additionally, we increased awareness of human rights.

Occupational Safety Training

We conducted training on various occupational health and safety matters such as emergency plan training, comprehensive management of chemicals, electrical risks, and work at heights. Below we show the average training hours per employee:

	2011	2012	2013
Average training hours per employee	12,91	10,53	**8,01**

Service-Based Leadership

Our Company's executives aim not only to manage work to meet the business goals, but also to lead, inspire, assist and serve people for whom they are responsible. In this sense, we have an Executive School aimed at developing management skills, personal skills and business practices. In 2013, we gave 18 sessions for a total of 320 hours of group training covering relevant issues to strengthen leadership in all aspects.

Balancing Work Life and Personal Life

In 2012, we implemented a flexiwork policy, that includes two means: Flexitime (ability to modify work hours) and flexiplace (ability for employees to work from home). In 2013, we trained more than 78 employees from all levels in this method. We structured the flexiwork guide for power plants, and we enabled its use. Additionally, we implemented an extended maternity leave initiative that allows mothers to work part of their day at home, applying the flexiwork benefit for a few months after ending the legally established leave period.

- **Human Rights**

  We generated spaces for reflection and awareness regarding respect and promotion of human rights. For this reason, we designed three training modules regarding the Company and Human Rights, in which 140 employees participated. We also celebrated Human Rights day, based on reflection and fostering of the application of these rights in the labor and personal sphere. 234 employees participated in this activity, equivalent to 36.58% of personnel.

Performance Management

This aims to boost comprehensive development of people, aimed at achieving commitments and work results. In the table, we show the distribution of the performance of 531 employees recognized, from the 600 assessed (100%), because their performance surpassed the agreed commitments:

Performance	2013 Percentage of Employees
Excellent (> 106 y < = 112)	43.12%
Outstanding (>100 y < =106)	56.87%
Total	**100%**

"To encourage the comprehensive development of our workers, we continue to work on initiatives to balance their work and personal lives, as well as development programs to improve their skills and the widening of the portfolio of healthcare services in all our facilities."

Compensation Management

Our compensation system allows us to design, implement and apply remuneration policies and systems based on principles of competitiveness, transparency and salary equality in accordance with market parameters. In 2013:

- We updated the wage study to measure our competitiveness in relation to the market of reference and made adjustments to our Wage Policy.
- We began the skill assessment of employees in order to update their suitability for their jobs and the review their current salaries. As a result of this process, we modified the salary for 127 employees to fit market conditions and/or to generate internal equality.

Wage Relation Listed by Gender and Occupational Group

Occupational group	Number of People	Men	Women	Salary comparison men/women (1)
Managers (2)	8	4	4	1.00
Directors	37	28	9	0.98
Coordinators	47	36	11	0.99
Professionals	320	180	140	1.09
Assistants and technicians	192	159	33	1.22
Auxiliaries	30	24	6	1.20

(1) Salary differences depend on the impact of positions on the business and how well employees' experience and skills match their job profile.

(2) Does not include Chief Executive Officer.

The relation between total annual recompense of better paid personnel and total annual retribution in the entire table is *10.18%.

* We used the following to calculate this information: All employees' incomes, the average income of total plant personnel linked to the Company, and employees that worked full-time during the year. We have excluded remuneration for student internships.

On the other hand, the relation between the percentage increase for total annual recompense of better paid personnel and the percentage increase for the average total annual retribution for all personnel, excluding the best paid person in the company, is *0.79 %

* We used the following to calculate this information: Total incomes and the average of employees' incomes in the last two years, and employees that worked full-time during the year. We have excluded remuneration for student internships.

Employee Relations

We frame relations with our employees in Colombian labor regulations and according to negotiated agreements. We have two types of collective agreements to deal with labor relations: Collective pact for non-union employees and the collective convention for union employees. Both are valid until February 28, 2014.

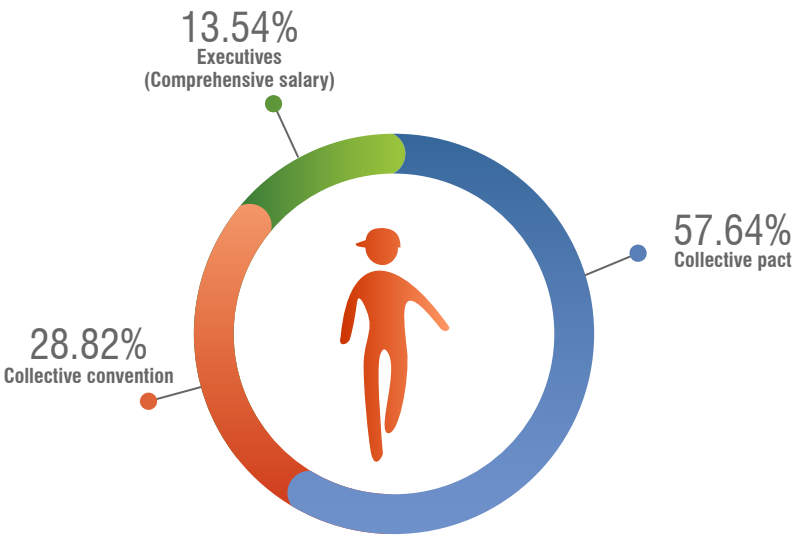
A new industry union was created in 2013 called the Energy and Energy Related Industry Worker Association (ATRAE for the Spanish original). Its establishment and creation was formalized through the Incorporation Meeting held on August 8, 2013 at ISAGEN's headquarters in Medellín with the participation of 131 Company employees.

In November 2013, the representatives of ISAGEN and the new union ATRAE negotiated the new collective convention which is valid from January 1, 2014 to December 31, 2018. There were no incidents of discrimination, reports of workplace harassment or forced work, or activities that put the freedom of association right at risk.

There are effective mechanisms in the collective conventions for the review of labor practices and regular meetings between the union and the Committee to manage the collective agreement to resolve employees' doubts regarding labor issues. No case of workplace harassment was reported in 2013.

Employee distribution as per collective contract

	2011	2012	2013
Collective pact	67.02%	63.77%	57.64%
Collective convention	21.23%	22.87%	28.82%
Executives (Comprehensive salary)	11.75%	13.36%	13.54%



Pursuant to International Labor Organization's regulations, ISAGEN provides every guarantee for participation in Labor Unions and Collective Pacts. The Labor Union has a work space allocated at the Company. During negotiations, we allocated an office, facilitated communication, granted the time required by employees and, where necessary, transportation from the various offices including transport and travel costs.

Some of the social benefits negotiated with employees include: home, car and calamity loans; educational aid, eyeglasses, snacks, health insurance, marriage leave, parental leave, bereavement leave for a family member; collective healthcare policies; clothing and shoes; subsidies for contributions towards social security and pensions; life insurance and funeral insurance contributions.

We have dialog and communication mechanisms with our employees, facilitating permanent feedback dynamics, therefore we do not have notice periods for operating changes and possible inclusion of these in the collective agreements.

Wellbeing and occupational health and safety

In order to promote the wellbeing, health, and safety of its employees, we have an Occupational Health and Safety Management System certified by the international OHSAS 18001 standard. In 2013:

- We conducted activities to raise awareness of self-care, healthy life and work habits, good posture, and hearing and vision care.
- We held 13 drills as part of the emergency plan implementation and validation.
- We strengthened wellbeing plans for employees and their family, through sports, recreational and cultural activities. In total, 200 events were held that allowed attendance of 7,400 people including contractors, employees and their families.

At ISAGEN, all employees work full time and enjoy the same benefits within the Comprehensive Human Management Model.

Labor Risk Management

We permanently managed labor and occupational risks to which employees, contractors and visitors are exposed. To perform this management, we have identification mechanisms for hazards, risk assessment and implementation of control measures as part of the Occupational Safety And Health Management System.

The main occupational risks identified in ISAGEN with a significant appraisal include: Public risk, work at heights, noise, fire, falling objects, electric shocks and explosions.

Joint Committee on Safety and Occupational Health (Comité Paritario de Seguridad y Salud Ocupacional - COPASO)

COPASO is a stakeholder body that supports the development of the Occupational Health and Safety Management System to improve work conditions for employees and contractors, which have 100% representation in the Committee. A new Joint Committee was elected during the year.

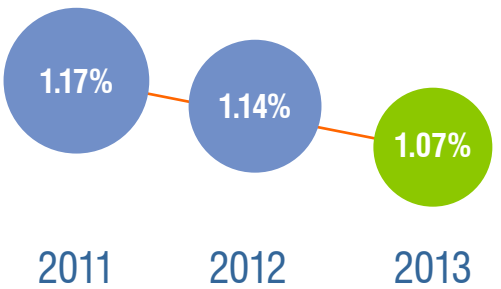
Occupational accidents

In 2013, there were seven occupational injuries in an average population of 616 employees. Of these accidents, three occurred during sports activities in the electricity sector games and the remaining four during the execution of or due to work activities. The accident rate was 1.07%.

Accident investigations revealed that non-identification of risks prior to engaging in the activities and in some cases overconfidence could have been possible causes of the injuries. To this effect, the corresponding action plans were defined, specifically to strengthen controls related to practicing sports.

No job-related diseases, or serious or fatal accidents were identified pursuant to Resolution 1401 of 2007.

Comparative Employee Accident Rate



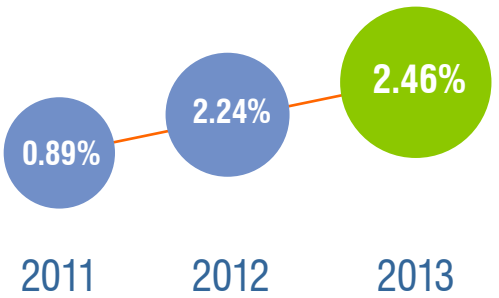
Severity Index

The severity index is interpreted as the number of days lost in the last year due to work accidents for 200,000 man hours of exposure. .

	2011	2012	2013
Severity Index	11.015	13.338	**5.23**
Number of accidents reported in the period	7	7	**7**
Number of days lost or charged due to occurrence of accidents	63	63	**23**

Although the number of accidents in the last three years has remained the same, the Severity Index in 2013 was lower given that the days lost due to a work accident decreased, implying that occupational health and safety management has had a positive impact on mitigating occupational risks.

Absenteeism Rate



* This indicator is calculated as the number of days of incapacity/number of employees * 365

2014 Challenges

- Implement corporate volunteering and consolidate extended maternity leave
- Implement internal internships and internal competition for studies abroad.
- Continue with the Interaction Program by developing conversational skills.
- Jointly measure work environment and psychosocial risk factors.
- Declare and inform employees of the formal mechanisms to make complaints, requests or claims.

Related Links

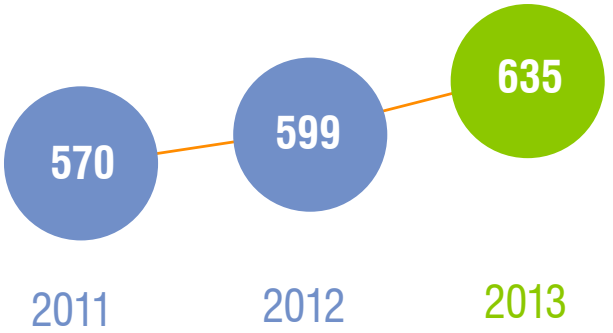
Stakeholder Relations **Management Approach** **Corporate Governance**
Labor Indicators

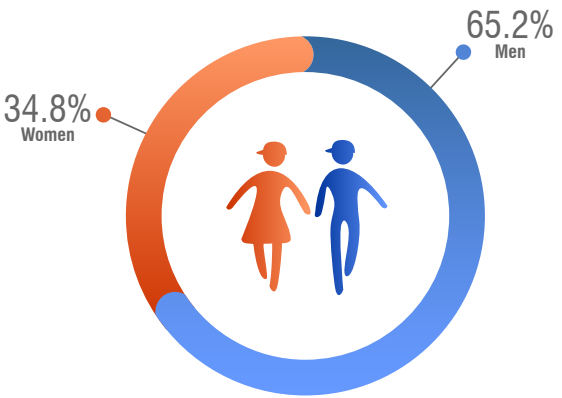
Appendices

Labor Indicators

Employees

Total number of employees





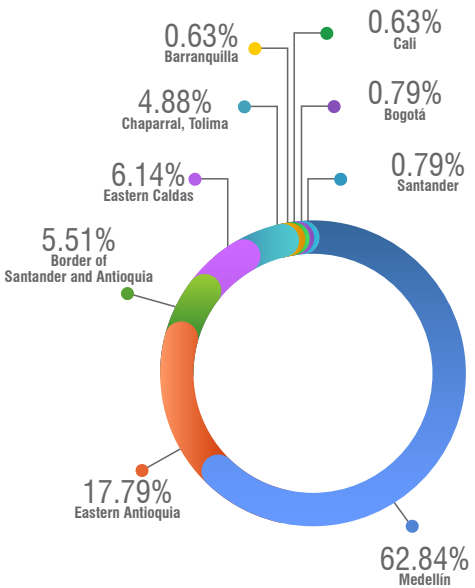
Percentage of employees by gender

Percentage of employees by gender

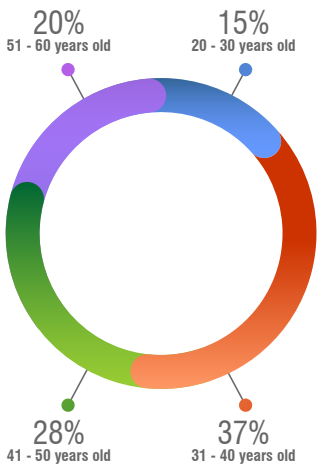
	2011	2012	2013
Men	65.44	64.56	65.20
Women	34.56	35.44	34.80

Employees by contract duration

	2011		2012		2013	
	Number	Percentage	Number	Percentage	Number	Percentage
Undefined	567	99	597	99.67	633	99.69
Fixed	3	1	2	0.33	2	0.31



Empoyees by region



Employees by age group

Employees by region

	2012		2013	
	Number	Percentage	Number	Percentage
Headquarters (Medellín)	383	63.94	399	62.84
San Carlos power plant (Eastern Antioquia)	66	11.02	65	10.24
Calderas power plant (Eastern Antioquia)	18	3.00	18	2.83
Jaguas power plant (Eastern Antioquia)	31	5.16	30	4.72
Termocentro power plant (border of Santander and Antioquia)	37	6.16	35	5.51
Miel I power plant (Eastern Caldas)	38	6.32	39	6.14
Amoyá Hydroelectric Plant (Chaparral, Tolima)	11	1.83	31	4.88
Regional Office Barranquilla	4	0. 67	4	0.63
Regional Office Cali	4	0. 67	4	0.63
Regional Office Bogotá	5	0.83	5	0.79
Sogamoso Hydroelectric Plant (Santander)	2	0.33	5	0.79

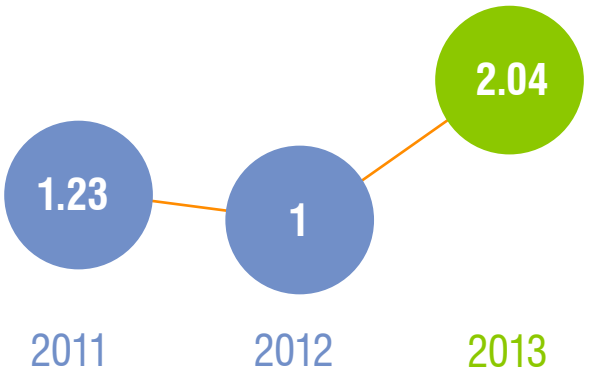
The percentage of the directives from ISAGEN's areas of influence is 91.4%.

Employees by age group

	2011		2012		2013	
Age group	Number of Persons	Percentage	Number of Persons	Porcentaje	Number of Persons	Percentage
20-30	82	14	88	15	94	15
31-40	209	37	224	37	236	37
41-50	172	30	172	29	175	28
51-60	107	19	115	19	130	20
Total	**570**	**100**	**599**	**100**	**635**	**100**

Seniority (average in years)

Turnover(1)



(1) Calculated as follows: (Number of retired employees/total number of employees) * 100.

Turnover is below 6%, therefore turnover data is not presented by age, gender and occupational group.

Percentage of employees entitled to retire in the next 5 and 10 years

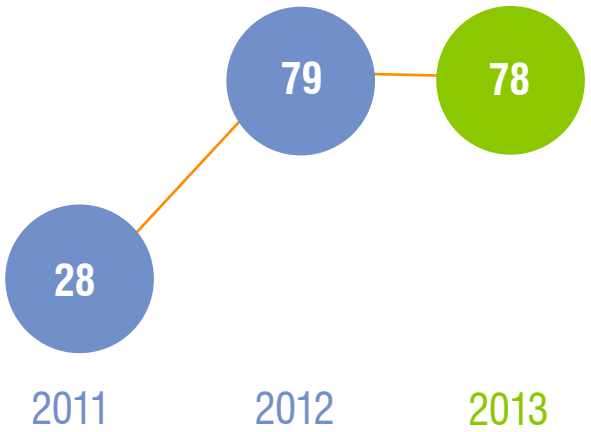
Professional category	2011		2012		2013	
	5 years	10 years	5 years	10 years	5 years	10 years
Auxiliaries	1.75	3.33	0.0033	0.01	0.78	1.73
Assistants	1.75	0.88	0.017	0.0033	2.04	5.82
Professionals	0	0.53	0.023	0.0183	4.24	8.81
Coordinators			0	0.0017	0.15	0.78
Directors	0.53	0.35	0.00833	0	1.10	1.88
Managers	0.35	0.18	0.0033	0.0017	0.47	0.62

Minimum salary at ISAGEN as compared to the current minimum legal salary in pesos per hour in 2013

	Minimum legal salary in Colombia	Minimum salary in ISAGEN
Monthly	589,500	1,175,000
COP/hour	2,456	4,896

Minimum salary at ISAGEN is 99.32% higher than the current minimum legal salary in Colombia.

Number of people who received home loan benefit



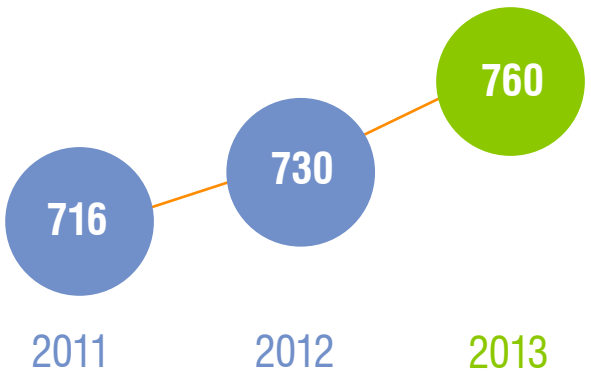
Schooling for employee families

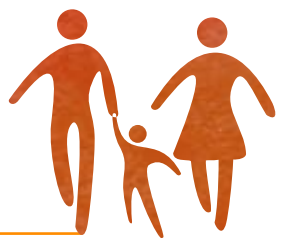
Educational level	Number of beneficiaries in 2013	Percentage of beneficiaries in 2013
Pre-school	86	21.39
Primary school	99	24.63
Secondary school	103	25.62
Bachelor's degree	114	28.36
Total	**402**	**100**

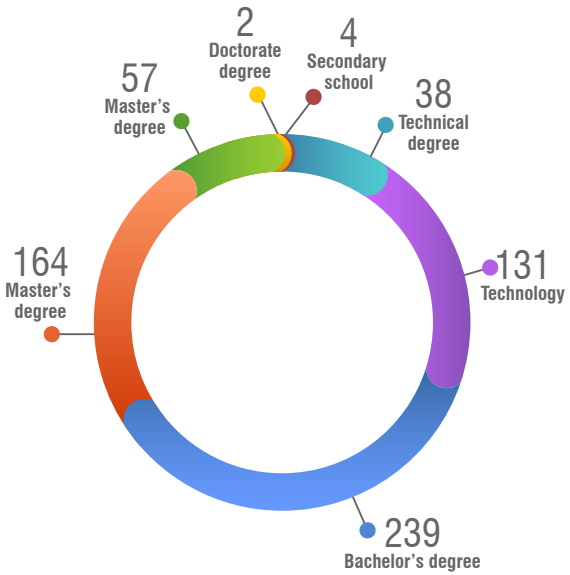
Maternity and paternity leave provided in 2013

	2012	Total percentage of employees	2013	Total percentage of employees
Maternity	2	0.3	15	2.36
Paternity	10	1.67	22	3.46

Number of people who received healthcare aid for employee and retiree family members







Employees by Educational Level

Employees by Educational Level

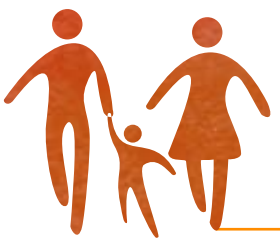
Educational Level	2011	2012	2013
Primary school	0	0	0
Secondary school	40	0	4
Technical degree	16	51	38
Technology	111	129	131
Bachelor's degree	232	233	239
Master's degree	132	147	164
Master's degree	38	38	57
Doctorate degree	1	1	2
Total	**570**	**599**	**635**

Number of students carrying out internships

Number of students	2011	2012	2013
National Learning Service (SENA) apprentices - academic stage (1)	8	6	7
SENA apprentices - productive stage (2)	22	27	34
University students	67	83	77
Total	**97**	**116**	**118**

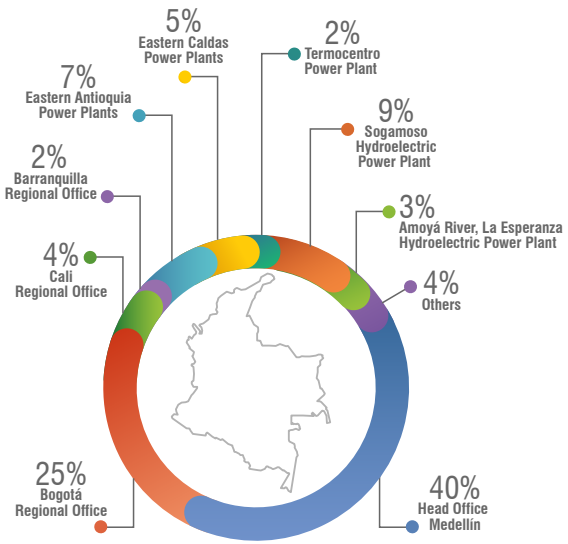
(1) SENA students who received funding from ISAGEN for one academic semester before beginning their corporate internship. (Students carrying out apprenticeships as at December 31, 2013)

(2) SENA students who completed their corporate internship. Students on productive stages of apprenticeships as at December 31, 2013.



Providers

1,894 providers of goods and services: 110 foreign providers.



Providers by Areas of Influence

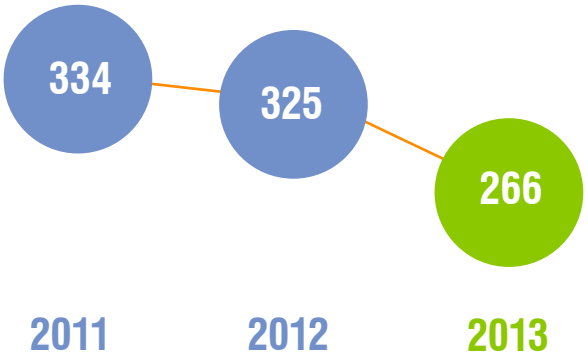
Areas of Influence	Number of Providers	Percentage of Providers
Head Office Medellín	710	40%
Bogotá Regional Office	450	25%
Cali Regional Office	67	4%
Barranquilla Regional Office	32	2%
Eastern Antioquia Power Plants	118	7%
Eastern Caldas Power Plants	89	5%
Termocentro Power Plant - Border of Antioquia and Santander	31	2%
Sogamoso Hydroelectric Power Plant - Santander	160	9%
Amoyá River, La Esperanza Hydroelectric Power Plant - Tolima	52	3%
Others	75	4%
Total Domestic Purchases	**1,784**	**100%**

Contractor Accident Rate

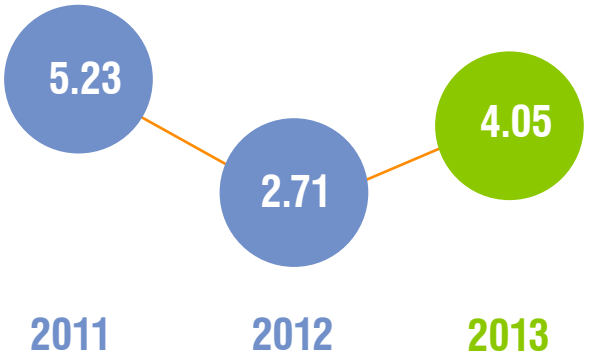
In 2013, there were 45 contractor work accidents in an average of 1,077 employees. The accident rate was 4.27%; no serious accidents occurred. Accidents mainly occurred during movements within the work sites, light blows and bruises, none of which were serious.

Production Contractors

Incapacity Days

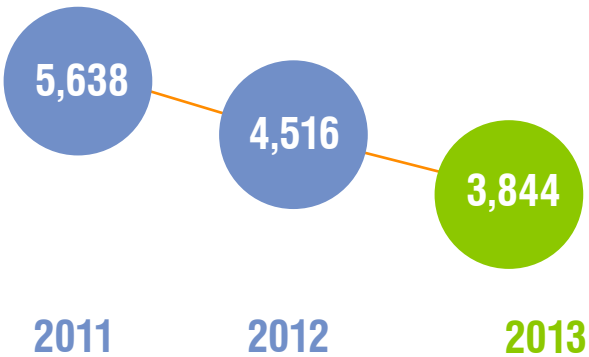


Accident Rate (%)

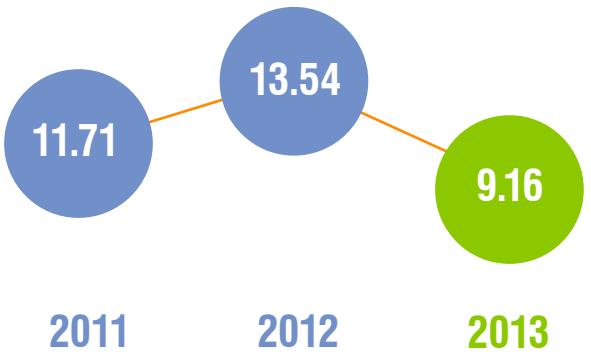


Projects Contractors

Incapacity Days



Accident Rate (%)



Environmental Management Indicators

The environmental management indicators as regards water and energy consumption, emissions, overflows, solid waste, environmental education, and the biotic, physical and social components of the Environmental Management Plans are reported below. The information applies to both the projects under construction as well as energy generation plants.

Energy

Internal Energy Consumption

	2011	2012	2013
Consumption of energy in projects under construction (kilojoules)	156,239,384,503.00	118,079,934,415.00	96,227,752,306.654
Consumption of energy in projects under construction (kilojoules)	59,152,090,000.00	59,742,946,800.00	46, 725,187,040.10

There was a decrease in consumption of ancillary services at the Termocentro Power Plant measured through the plant's self-supply due to having a much longer time in service this year. Consumption at Miel I Power Plant increased due to the commercial start-up of the Manso River Diversion. With regard to projects, the decrease is due to the start-up of Manso and Amoyá.

The Company has not yet quantified the external energy consumption due to business activities, understood as the amount consumed by providers and contractors.

Energy Consumption at Headquarters

Energy Intensity

Energy intensity is understood as the energy consumed per person in the Medellín Headquarters, which is 525.88 kilojoules/person given that energy consumption is 4,285,956.00 kilojoules (kJ) and 8.150 people per year.

No comparisons with previous years are reported for energy consumption and energy intensity at the headquarters due to the change of administrative center in 2013 as it has different characteristics to the previous center. The new center received LEED certification, gold category, given that it complies with environmental and efficiency criteria in its design, construction and operation..

Water

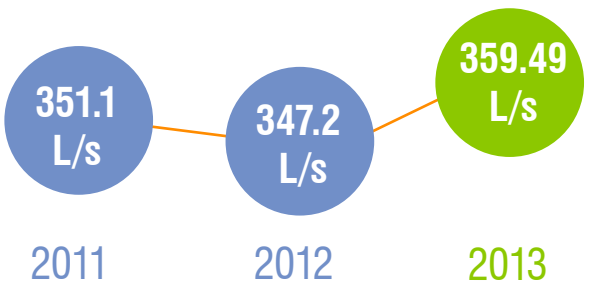
Water Recycled at the Termocentro Thermal Power Plant

This indicator reports the amount of water recirculated in the cooling tower to generate energy in the combined cycle of the Termocentro Power Plant. The value is constant because it is a closed cooling circuit used to condense the steam employed in the power generation process. Water flow is approximately 17,000 m3, therefore, between 350 and 450 m3/h of water has to be replaced during combined cycle generation periods.

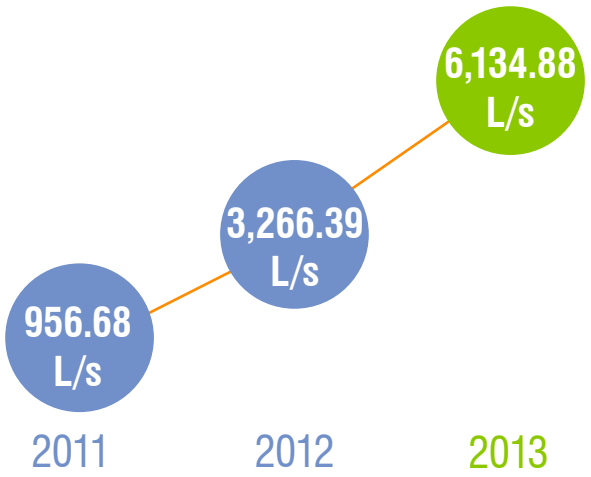
The water is taken from five underground water wells and is used in the cooling process (closed loop), avoiding the discharge thereof in the environment altogether.

Total Water Intake by Sources

At ISAGEN'S power plants and projects, the water for domestic use is harnessed from surface sources. However, the resource is captured from underground sources at the Termocentro Power Plant. Below are the data at 2013:



Total water granted to generation power plants for domestic and industrial use (the latter only for the Termocentro Power Plant)



Total water granted for construction projects for domestic and industrial use

The total amount of water granted by concession in 2013 is distributed between ISAGEN'S power generation plants as follows: 94.58% for the Termocentro Plant, 1.42% for the Miel Plant (including the Guarinó and Manso diversions), 2.38% for the San Carlos, 0.43% for Jaguas, 1.17% for Calderas and 0.02% for Amoyá, La Esperanza, giving a total of 359.49 L/s.

The increase in the water granted is particularly due to certain concessions granted in 2013 for the Sogamoso Hydroelectric Plant, related to both the main constructions and the replacement works.

Water Consumption for Domestic and Industrial Use

Total water consumption (m^3)	2011	2012	2013
Power Plants	48,938.08	52,426.93	62,079.60
Construction projects	3,766,344.00	8,059,939.34	713,710.978
Total	**3,823,710.08**	**8,118,353.27**	**775,790.58**

Water consumption at generation plants in 2013 increased by 18.41% compared to the previous year due to the start-up of the Manso Diversion and the Amoyá Plant, as well as due to the presence of a floating population in the power plant which also had repercussions on water consumption levels.

Various water saving and water efficiency plans were continued to optimize domestic use in generation plants. Monitoring and follow-up continued on losses in the distribution system, and inspection and maintenance of distribution networks. The Environmental Education Program continued to raise awareness in ISAGEN employees and contractors that use the waterlines in the power plants.

Water consumption by the projects amounts to approximately 12% of the water granted, which decreased in comparison with 2012, particularly due to the progress in construction of the Sogamoso Hydroelectric Plant and the conclusion of the Manso and Amoyá works

Total water consumption (m^3) **Headquarters**

14,533.00

2013

Headquarters

No comparisons with previous years are reported for the headquarters due to the change of administrative center in 2013 as it has different characteristics to the previous center. The new center received LEED certification, gold category, given that it complies with environmental and efficiency criteria in its design, construction and operation.

Total discharge and effluent quality

The following table lists the flow discharged at ISAGEN'S power plants and projects:

Volume Discharged m^3	2012	2013
Power Plants	8,093,083.70	8,857,768.60
Construction projects	28,381,769.28	931,046.00
Total	**36,474,852.98**	**9,788,814.60**

In 2013, the volume discharged (cubic meters per year) was reported as the amount delivered to receiving sources (soil and/or water). The liquid discharge for the power generation plants is 97.79% of industrial wastewater and 2.21% of domestic wastewater. For construction projects, the flow discharged decreased significantly due to the closure of the work sites in the Sogamoso Power Plant (start of a decline in works), as well as completion of the Manso and Amoyá plants.

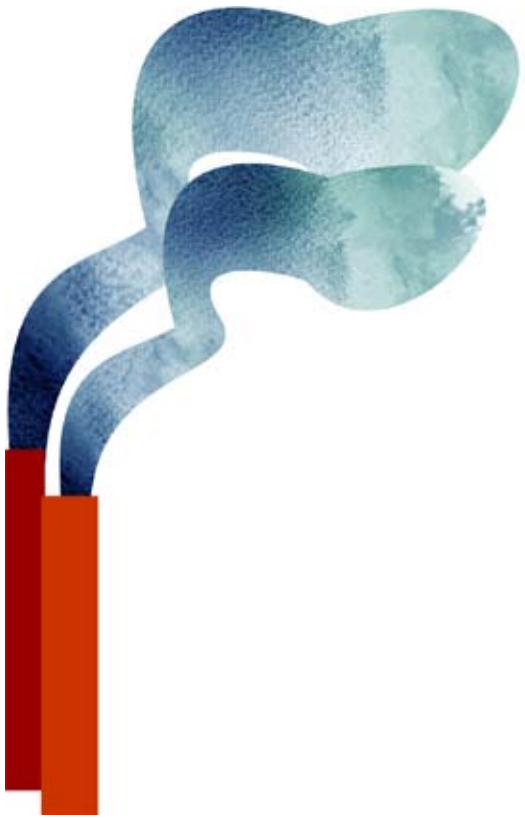
No 2011 average flow discharge data is reported, given that since 2012 there was a change in the units of measurement, and therefore in the way this indicator is reported. Now, the flow discharged must be reported.

Water sources and related habitats that have been significantly affected by water intake

At the power plants with water concessions for domestic and industrial use of more than 1.0 L/s, ISAGEN has continued to implement programs for the saving and efficient use of water, to optimize per capita consumption at the power generation plants, so as to comply with target water consumption goals and stay within the flows granted by the environmental authorities, in accordance with the environmental policy.

In addition, physical-chemical and hydrobiological monitoring has continued at the sources from which water is extracted for domestic and industrial use, to evaluate water quality. In 2013, the monitoring showed that there has been no impact on the water sources or related habitats.

Although the construction of the hydroelectric projects requires a significant amount of water, ISAGEN performs the strict monitoring of this aspect in order to optimize the use of the resource, prevent leaks or losses in the lines and ensure compliance with the water concessions granted by the authorities based on criteria of sustainability of the sources.



Emissions

Emissions of ozone-depleting substances

The Technical Ozone Unit (TOU), together with the United Nations Development Program (UNDP), has developed a project to replace the chillers that use ozone-depleting substances (ODS) such as chloroflourocarbons or CFCs.

ISAGEN continues to participate in this project. In 2013, a process began to change the chillers in the Jaguars Power Plant, the first unit was withdrawn and 280 kg of cooling gas was delivered to TOU. The new unit will be installed in 2014.

Nitrous oxides (NOx) and other significant air emissions, by weight

Termocentro is ISAGEN'S only power plant that produces NOx. In 2013, NOx emissions of approximately 21.90 mg/m3 and 93.62 mg/m3 were generated by Caldera No. 1 and No. 2, respectively; these values are in compliance with Resolution 909 /2008, which limits maximum concentration to 120 mg/m3.

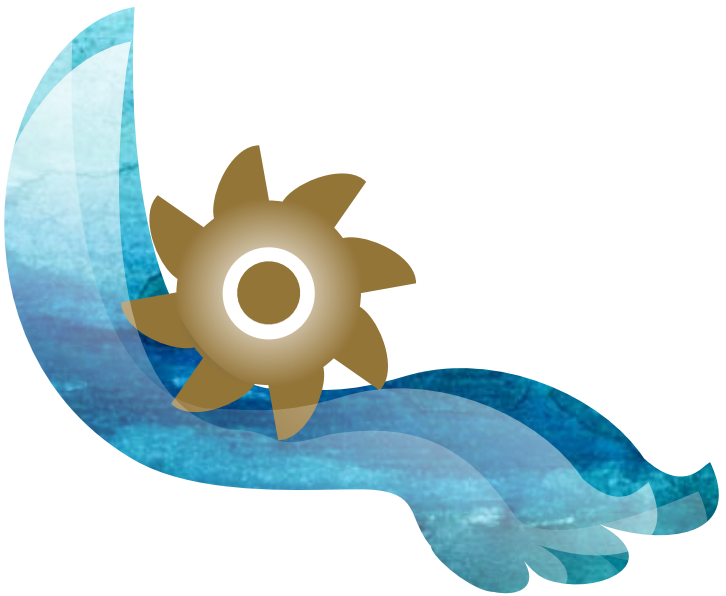
Removal efficiency of wastewater treatment systems

	2011	2012	2013
Power Plants	80.00%	70.00%	80.00%
Generation Projects	70.38%	78.09%	84.75%

ISAGEN carries out different types of treatment for the domestic and industrial wastewater generated. These treatments include:

- Activated sludge plants
- Compact treatment plants
- Sedimentation tanks
- Coagulation - flocculation
- Polymer dosage and pH control
- Grease traps, septic tanks and upward flow anaerobic filters
- Electrostatic systems to handle water from the excavation of culverts, with positive results in sediment removal.

The performance of domestic and industrial wastewater treatment in the power plants in general in 2013 showed an improvement compared to the results in 2012 and compared to removals established in Colombian legislation due to the modernization of certain treatment systems and the increase in the frequency of maintenance.



Supplies used in the productive process

Turbine Water

The main input used in the energy generation process for the hydroelectric plants is reservoir water, that is to say, the water that is used to run a turbine (rotor) and transmit the mechanical energy to a generator where it is transformed into electrical energy. The turbine water is the water that has gone through the turbines (from the reservoir itself), and is returned the water sources without causing environmental impact.

	2011	2012	2013
Total turbine water at the power plants (Millions of cubic meters)	9,968.98	8,449.0	8,244.13

Natural gas

The total consumption of natural gas at the Termocentro Power Plant for 2013 was 13,179,286.68 MBTU. The increase compared to 2012 is due to the increase in power generation during the previous year. The fueling system for the generation units was tested using JetA1 fuel, showing consumption at 465,894.33 gallons.

The main materials used in the projects under construction are listed below:

Material	2011	2012	2013
Consumption of diesel fuel (ACPM) (kJ)	619,873,738,530	648,589,764,540	588,131,515,861.27

For the conversion of gallons of Diesel to kilojoules, the following conversion factor was used: 145,590 kilojoules per gallon of Promigas Diesel.

In 2013, a decrease in diesel consumption was seen due to completion of the Manso and Amoyá plant works, and given that the Sogamoso Power Plant reached its maximum in 2012 and in 2013 activities have decreased given that it is in the final stage.

In Power Plant Construction

Materials used by weight	2011	2012	2013
Total natural gas consumption at the Termocentro Power Plant (MBTU)	2,941,623.00	4,286,923.23	13,179,286.68
Total consumption of emergency Jet A-1 fuel at Termocentro (gallons)	1,500.00	55,341.19	465,894.33

Comprehensive Waste Management

Total Solid waste by Type and Destination

The comprehensive management of solid waste is carried out with the active participation of employees and contractors. Waste management is carried out in accordance with its characteristics, as follows:

- Usable: Reuse, composting, earthworm farming and recycling.
- Hazardous: Managed by an external agent authorized by the national environmental authority.
- Inert: final disposal in landfill.

Total Generation of Non-hazardous Waste

Below are the quantities of non-hazardous waste generated in 2013 in tons.

Period	2011	2012	2013
Power Plants	275.65	305.39	247.75
Generation Projects	768.15	1,984.90	259,823.16
Total	**1,043.80**	**2,290.30**	**260,070.91**

Quantity of waste recovered

Indicator	2011			2012			2013		
	Power Plants	Projects	Total	Power Plants	Projects	Total	Power Plants	Projects	Total
Total used (tons)	218.01	311.56	529.57	247.9	1,242.55	1,490.45	217,32235	165,276.079	217.32
Average recovery percentage	79.09%	40.60%	59.84%	81.20%	62.60%	71.82%	80.71%	64%	80.71%

n 2013, the expected annual goal of recovering a percentage equal to or greater than 65% of the common and special solid waste generated at the power generation plants was once again met.

The amount of non-hazardous and recovered waste increased considerably in construction projects due to ongoing awareness activities conducted with employees and a better selection of materials. Moreover, several work fronts were closed implying the withdrawal of material usable as scrap, which increased the generation of non-hazardous and therefore recovered waste.

Generation of hazardous waste

Waste in kg	2011	2012	2013
Hospital waste	752.09	7,995.60	91.87
Batteries, acid and lead	4,248.45	3,206.00	6,148.75
Regular batteries	960.50	314	407.40
Electronic scrap	2,172.30	980	1,046.30
Solvents	419.1	1,629.00	6,025.09
Used Oils	247,589.40	172,217.15	72,690.91
Light bulbs	1,576.05	1,422.00	1,016.19
Impregnated waste	83,242.86	166,604.05	22,630.15
Ink cartridges	71.53	43	7,716.90
Substance containers	1,185.28	3,639.00	1,211.60
Others	111,730.60	152,561.00	20,089.35
Total	**453,948.06**	**510,610.80**	**139,074.51**

The treatments given to hazardous solid waste are:

- Deactivation
- Incineration
- Stabilization
- Disassembly (electronic scrap)
- Reuse
- Management of refrigeration units
- Final disposal in hazardous waste landfill

San Carlos Hydroelectric Power Plant

All the hazardous waste generated in 2013 was managed with third parties duly authorized by the environmental authorities.

Percentage of products sold and recycled at the end of their useful life

In 2013, 4,180 gallons of used oils resulting from energy generation activities were sold. These oils are processed by external agents authorized by the competent environmental authorities in order to manufacture grease and oil.

Inventory and Management of PCBs in Equipment

Comprehensive environmental management of equipment and waste that consist, contain or are contaminated with polychlorinated biphenyls (PCB) pursuant to Resolution 0222 of December 15, 2011 from the Ministry of the Environment and Sustainable Development. The following activities were carried out in 2013:

- Attended workshops and information events in the cities of Medellín and Bogotá, organized by IDEAM and the Ministry of the Environment and Sustainable Development.
- First equipment report in the IDEAM database for PCBs inventory.
- Participation in activities of the GEF (Global Environment Facility) project led by the Ministry of the Environment and Sustainable Development to develop strategies to strengthen the country's capacity for PCB management.
- Structuring of the inventory and management of PCBs in ISAGEN equipment for the 2014-2018 period.

In 2014, stage I of III of the action plan will be carried out, consisting in collecting on-site information and technical details of the equipment for subsequent intervention. Additionally, the update of the equipment inventory will continue, in accordance with the goals established in current regulations.

Total number and volume of significant spills

There were no significant fuel or oil spills at the power generation plants and constructions.

Transport at the Sogamoso Hydroelectric Power Plant

Water resources and related habitats significantly affected by water discharge

The sources that receive discharges are monitored by ISAGEN. As identified in previous years, results in 2013 are positive and show that the discharges did not affect the sources, which can assimilate the discharges produced by the operation of power plants and the construction of the hydroelectric projects due to their self-purification capacity.

Incidents and fines or non-monetary sanctions for failing to comply with environmental regulations

No fines or sanctions were received for non-compliance with the environmental regulations. In May, ANLA lifted the injunction that had been imposed in 2011 for the start-up of the Manso River Diversion to the Amani Reservoir for the Miel I Power Plant.

Significant environmental impacts of transportation

At ISAGEN, ground transportation of personnel and cargo is hired with third parties, who guarantee the ongoing maintenance of the vehicles, some of which are gas-driven, thus mitigating the environmental impact thereof. The Company verifies the performance of the corresponding technical-mechanical inspections in order to guarantee compliance with the regulations.

In 2013, 100% of the vehicles used for construction and power plants had the technical-mechanical and emissions inspection certificate in force.

Termocentro environmental week

Environmental Education

We promote good environmental management practices among employees, contractors and other stakeholders in order for said practices to be applied in everyday life and contribute to sustainable development. In 2013, training topics were comprehensive management of solid waste, chemicals and water, among others.

	Training hours	Number of participants
Employees, Contractors and Others in Projects Under Construction	554	22,398
Employees, Contractors and Others at Power Plants	427	4,357
Total	**981**	**26,755**

Contractors' employees can take part in more than one of the training sessions offered throughout the year.

Training in environmental education for construction contractors has high attendance rates given that an average of 3,200 employees per month receive weekly training.

Distribution of the Emission of Greenhouse Gases (Ghg)

	Ton CO_2e			Percentage		
Sources of Greenhouse Gases	**2010**	**2011**	**2012**	**2010**	**2011**	**2012**
CH4 and N2O/ Solid Waste	68	100	143	0.018	0.032	0.036
CH4/ Wastewater	186	303	154	0.050	0.097	0.039
CO_2/ Energy consumption	5,393	10,183	5,703	1.437	3.266	1.434
CO_2/ Fossil fuels from ISAGEN transportation	3,280	219	110	0.874	0.070	0.028
CO_2/ Fossil fuels from contractor transportation	27,049	42,033	44,316	7.210	13.480	11.144
CO_2 and CH4/ Emissions from reservoirs	26,310	26,310	26,310	7.013	8.437	6.616
CO_2/ Thermal generation of electrical energy	270,230	172,887	252,719	72.026	55.444	63.552
CO_2/ Leakage of extinguishing agent	1	3	3	0.000	0.001	0.001
CO_2/ Leakage of refrigerant	356	129	1,112	0.095	0.041	0.280
SF6/ Medium and/or high voltage equipment	0	0	0	0.000	0.000	0.000
CO_2/ Paper consumption	13	17	7	0.003	0.005	0.002
CO_2/ Cement consumption	42,296	59,641	67,081	11.273	19.127	16.869
Total	**375,182**	**311,822**	**397,657**			

Environmental Management Plans - Physical and biotic components

Project Status	Impacts	Programs
Construction	Loss of vegetation cover. Visual alteration of the environment and landscape	• Compensation and forest use program. • Landscape restoration and replanting. • Restoration of the reservoir; and rescuing of flora and fauna. • Environmental contingency response plan.
Construction and Operation	Alteration of soil stability.	• Control of erosive points and protection and recovery of unstable areas. • Guidelines for the management of the peripheral area of the reservoir. • Environmental Education Program. • Monitoring of soil instability in banks and tower sites.
Construction and Operation	Alteration of terrestrial ecosystems. Loss of habitats, death and migration of fauna. Impact on biodiversity. Increase in pressure on natural resources.	• Development of protective areas of the reservoirs and tributaries. • Conservation programs (control of hunting, restriction of the use of wood). • Environmental Education Program. • Fauna rescue program. • Fauna monitoring program.
Construction and Operation	Alteration of surface and groundwater.	• Monitoring of surface and groundwater. • Protection of bodies of water. • Contingency measures. • Monitoring river dynamics.
Construction and Operation	Contamination of surface water currents by sediments, waste from construction work, common and special solid waste and domestic and industrial water discharge.	• Solid waste management. • Liquid discharge management. • Environmental Education Program.
Construction and Operation	Chemical contamination of soil and atmosphere.	• Comprehensive Chemical Substance Management. • Monitoring of atmospheric emissions and environmental noise.

Project Status	Impacts	Programs
Construction and Operation	Modification of the physical and chemical composition of the water. Possible impacts on natural resources	• Environmental Education Program. • Discharge and runoff management. • Monitoring water quality. • Environmental monitoring due to downstream outlet opening.
Construction and Operation	Potential air pollution.	• Environmental education program. • Specifications on noise production and atmospheric emissions. • Monitoring air quality.
Construction and Operation	Pressure on natural resources.	• Comprehensive management of water for domestic and industrial use. • Program for the saving and efficient use of water. • Environmental education.
Construction and Operation	Impact on hydrobiological communities (aquatic plants and animals).	• Limnological and hydrobiological monitoring of reservoirs and rivers. • Ichthyological management (fish rescue, restocking and migration monitoring). • Countervailing measures for losses of habitats of hydrobiological communities. • Physical-chemical and hydrobiological monitoring due to the removal of sediments from the reservoir and lower basin. • Physical-chemical and hydrobiological monitoring due to the opening of the Calderas Dam gates.
Operation	Generation of discharge and emissions (Thermal Power Plants).	• Control of emissions and discharge.
Construction	Decrease or loss of flow rates in water sources	• Monitoring of water flows and impact on hydrobiological communities. • Improvement or construction of aqueducts or water supply systems. • Ecological restoration of properties. • Acquisition of lots for protection. • Follow-up and monitoring of tunnel path sources.
Operation	Impact on bird communities	• Follow-up on bird collisions. • Environmental Education.

Environmental Management Plans - Social component

Phase	Impacts	Program
Studies, construction and operation	Expected Effects.	Community Participation and Information Program (PIPC in Spanish).
Construction	Voluntary relocation of population due to construction projects..	• Community Participation and Information Program (PIPC in Spanish). • Restoration of the living conditions of the population to be relocated.
Construction	Impact on territoriality and cultural values. Social and spatial alteration in receiving populations.	• Social revitalization program. • Program for the improvement of public utilities. • Strengthening the social fabric.
Construction	Migrant population.	• Management of local employment. • Staff accommodation camps. • Preventing immigration.
Construction	Alteration of the local and regional economy due to impacts on agricultural production.	• Economic recovery program. • Restitution of productive activities and the jobs created..
Operation	Interruption of the roads and communication in the Amani Reservoir.	• River transport.
Operation	Restrictions on the exploitation of water courses and risks to miners downstream from the dam.	• River transport..
Construction	Loss of historic and archaeological patrimony.	• Program for Discharges from the San Lorenzo Reservoir.
Construction and operation	Damages or impacts to community or private property.	• Archaeological prospecting, monitoring and recovery.
Construction and operation	Increase in pressure on natural resources.	• Program to prevent damage to property.
Construction and operation	Job creation. Increase in family income.	• Program for the management of local employment. • Information on hiring processes.

Biodiversity

Endangered fauna species near ISAGEN energy generation power plants and projects in 2013

Class	Total species power plants and projects	IUCN
Amphibians	*Bolitoglossa_lozanoi**	
	Bolitoglossa_phalarosoma	
	*Caecilia_thompsoni**	
	*Diasporus_anthrax**	
	*Epicrionops_parkeri**	
	*Hyloxalus_ramosi**	
	*Rheobates_pseudopalmatus**	
Mammals	*Cabassous_centralis*	
	Coendou quichua	
	Eptesicus_diminutus	
	Glossophaga_longirostris	
	Hydrochoerus isthmius	DD
	Lontra_longicaudis	
	Mazama_americana	
	Microsciurus_flaviventer	
	Microsciurus_pucheranni	
	*Nectomys_cf._magdalenae**	
	*Proechimys_chrysaeolus**	
	Proechimys_gr_trinitatus	
	*Proechimys_magdalenae**	
	*Sturnira_mistratensis**	
	Tonatia_bidens	
	Vampyressa_pusilla	

Bolitoglossa lozanoi - Lozano's Salamander

Class	Total species power plants and projects	IUCN
Amphibians	*Pristimantis _suetus**	
	*Pristimantis_fallax**	
	*Rhinella_macrorhina**	
Birds	*Phylloscartes_lanyoni**	EN
	*Amazilia _castaneiventris**	
Mammals	*Saguinus_leucopus**	
Reptiles	*Podocnemis_lewyana**	
Amphibians	*Colostethus_fraterdanieli**	
	Hemiphractus_fasciatus	
	Hyalinobatrachium_aureoguttatum	
	*Hyloscirtus_bogotensis**	
	Rhinella_sternosignata	
Birds	*Aburria_aburri*	
	Chauna_chavaría	
	Contopus_borealis	
	Contopus_cooperi	
	*Habia_gutturalis**	NT
	Iridosornis_porphyrocephalus	
	Myrmeciza_palliata	
	Odontophorus_gujanensis	
	*Odontophorus_hyperythrus**	
	Tinamus_major	
Mammals	*Ichthyomys hydrobates*	
	Leopardus_wiedii	
	Lonchophylla concava	
	Panthera_onca	
	Speothos venaticus	

Class	Total species power plants and projects	IUCN
Amphibians	*Andinobates_opisthomelas**	VU
	*Pristimantis_penelopus**	
	*Rulyrana_susatamai**	
	*Sachatamia_punctulata**	
Birds	*Capito_hypoleucus**	
	Dendroica_cerulea	
	*Hypopyrrhus_pyrohypogaster**	
	Myrmotherula_surinamensis	
	Patagioenas_subvinacea	
	Ramphastos_ambiguus	
Mammals	*Aotus_griseimembra*	
	Aotus_lemurinus	
	Dinomys_branickii	
	Leopardus_tigrinus	
	Leptonycteris curasoae	
	Marmosa xerophyla	
Mammals	*Ateles hybridus*	CR
	Lagothrix lugens	

*Endemic species

Note:

Chelonoidis carbonaria – Red-footed tortoises– Classified as CR (Critical Risk) according to Resolution No. 0383 / 2010, but not in IUCN

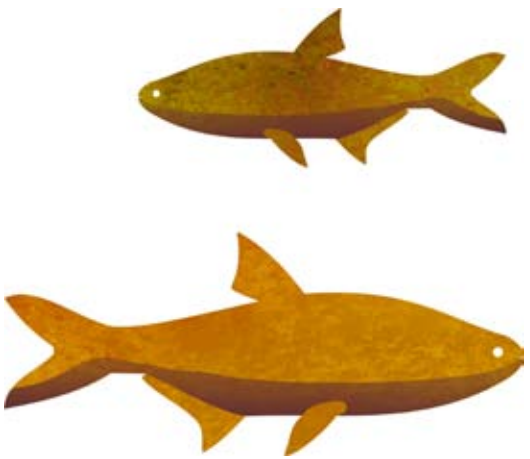
Kinosternon scorpioides - Scorpion mud turtle - Resolution 0383 of 2010: VU (Vulnerable), but not in IUCN

Trachemys callirostris callirostris - Colombian Slider - Resolution 0383 /2010: VU (Vulnerable)

Rhinoclemmys_melanosterna – Inguensa (Colombian wood turttle) – included in the Red Book of Colombian Reptiles – 2002: NT (Near Threatened).

With regard to fish groups, the threatened species are listed below with their degree of endangerment:

Fish species with any degree of endangerment according to the Red Book on River Fish of Colombia (2012)



Species	Threat Level
Abramites eques	
Ageneiosus pardalis	
Apteronotus magdalenensis	
Argopleura magdalenensis	
Brycon moorei	
Hypostomus hondae	VU (Vulnerable)
Leporinus muyscorum	
Parodon caliensis	
Pimelodus grosskopfii	
Prochilodus magdalenae	
Salminus affinis +	
Sorubim cuspicaudus	
Brycon rubricauda	
Caquetaia umbrifera	
Hyphessobrycon poecilioides	
Hypostomus hondae	NT (Near Threatened)
Megalonema xanthum	
Microgenys minuta	
Potamotrygon magdalenae	
Pseudoplatystoma magdaleniatum	CR (Critically Endangered)
Ichthyoelephas longirostris	EN

Flora species threatened to some degree according to the IUCN or the National Red Books and Resolution 383/2010 at ISAGEN'S hydroelectric projects and power plants 2013

Scientific Name	Common Name	IUCN	Red Books (NATL) and Resolution 383 of 2010	Endemism
Abarema callejasii		VU		x
Aegiphila panamensis		VU		
Aiphanes hirsuta	Corozo palm		NT	
Allomaieta pancurana				x
Alsophila cuspidata (Kunze) D.S. Conant.				x
Aniba perutilis Hemsl.	Comino		CR	
Aspidosperma megalocarpon	Carreto (in Spanish)	NT		
Bactris barronis			LC	
Bactris pilosa	Chonta (in Spanish)	NE	NT	
Bactris setulosa H. Karst.		NT	LC	
Bauhinia forficata	Brazilian Orchid Tree	LC		
Bombacopsis quinata	Ceiba tolua (in Spanish)	VU		
Cariniana pyriformis Miers.	Colombian Mahogany	NT	CR	
Carludovica palmata	Iraca (in Spanish)	LC		
Caryocar amygdaliferum	Bat's Souari		VU	
Caryocar glabrum Pers.	Bat's Souari		VU	
Cecropia obtusifolia	Yarumo (in Spanish)	LC		
Cedrela fissilis	Riñón (in Spanish)	NT	VU	
Cedrela odorata L.	Spanish-Cedar	VU	EN	
Chamaedorea linearis	Palma carmana (in Spanish)		LC	
Chamaedorea pinnatifrons	Molinillo (in Spanish)		LC	
Chamaedorea pygmaea			VU	
Chamaedorea ricardoi R. Bernal, Galeano & Hodel	Molinillo de Ricardo (in Spanish)		EN	
Clathrotropis brunnea	Sapán (in Spanish)		EN	x

Scientific Name	Common Name	IUCN	Red Books (NATL) and Resolution 383 of 2010	Endemism
Cnemidaria mutica				x
Columnea dimidiata	Sangre de Cristo (in Spanish)			x
Compsoneura claroensis			EN	x
Conostegia extinctoria	Nigüito (in Spanish)	EN		
Cordia alliodora (Ruiz & Pav.) Oken.	Laurel		LC	
Cordia protracta		EN		
Couratari guianensis	Olleto (in Spanish)	VU	LC	
Coussarea grandifolia				x
Cyathea andina	Zarro (in Spanish)			
Cyathea andina (H. Karst.) Domin.				x
Cyathea poeppigii (Hook.) Domin.				x
Cyathea sp.				x
Cybianthus cogolloi			VU	x
Delonix Regia	Flamboyan (in Spanish)	VU		
Dictyocaryum lamarckianum			LC	
Erythroxylum plowmanianum				x
Eschweilera coriacea	Matamata		LC	
Eschweilera pittieri	Coco (in Spanish)	LC	LC	
Euterpe precatoria Mart.	Palmiche (in Spanish)		LC	
Faramea cyathocalyx				x
Geonoma interrupta (Ruiz & Pav.). Mart.			LC	
Graffenrieda grandifolia		EN		x
Grias haughtii R. Knuth.	Membrillo (in Spanish)	VU	LC	

Scientific Name	Common Name	IUCN	Red Books (NATL) and Resolution 383 of 2010	Endemism
Gustavia longifuniculata		CR		
Gustavia nana	Mula muerta (in Spanish)	VU	VU	
Gustavia petiolata	Grias	EN	VU	
Gustavia romeroi S.A. Mori & García-Barr.	Grias		EN	
Guzmania sp.				x
Henriettella goudotiana	Uvito (in Spanish)	EN		x
Herrania laciniifolia		CR		
Hirtella mutisii			LC	
Hirtella tubiflora			VU	
Hyptidendron arboreum	Aguachento (in Spanish)		VU	
Inga mucuna		VU		
Iryanthera megistocarpa	Sota (in Spanish)	CR	EN	
Ladenbergia magdalenae				x
Lecythis ampla Miers.	Coco		NT	
Lecythis mesophylla S.A. Mori.			VU	
Licania apetala			LC	
Magnolia silvioi	Mountain Soursop tree		EN	
Marila castanea				x
Miconia subsessilifolia	Nigüito (in Spanish)			x
Mimosa antioquensis	Opium poppy, blackberry bush			x
Nerium oleander L.	Habanos (in Spanish)	LC		
Ocotea puberula	Laurel	LC		
Oenocarpus minor	Palmiche (in Spanish)		LC	
Oenocarpus minor Mart.			LC	

Scientific Name	Common Name	IUCN	Red Books (NATL) and Resolution 383 of 2010	Endemism
Ormosia cuatrecasasii	Chocho (in Spanish)			x
Ouratea rubricyanea				x
Palicourea quadrilateralis				x
Peltogyne paniculata	Nazareno (in Spanish)		NT	
Pera arbórea	Quiebracha (in Spainsh)			
Pholidostachys synanthera			LC	
Pinus oocarpa	Caribbean longleaf pitch pine	LC		
Piper pulchrum	Cola de ratón (in Spanish)			x
Piper subpedale	Cordoncillo (in Spanish)			x
Pseudoxandra sclerocarpa	Escudillo (in Spanish)			x
Psittacanthus pentaphyllus	Suelda (in Spanish)			x
Psychotria jervisei				x
Psychotria ovatistipula				x
Pterandra colombiana				x
Stelis fendleri				x
Swartzia macrophylla		DD		
Swartzia robiniifolia				x
Tabebuia billbergii	Capuchi (in Spanish)	VU		
Tessmannianthus quadridomius		EN		
Tococa racemifera	Mortiño (in Spanish)			x
Unonopsis aviceps	Mulato (in Spanish)			x
Warreopsis sp.				x
Welfia regia			LC	
Wettinia fascicularis			LC	
Wettinia hirsuta		EN	VU	x

Environmental agreements adopted by ISAGEN

- Stockholm Convention on Persistent Organic Pollutants (POPs).
- Rotterdam Convention on pesticide residues.
- Convention on biological diversity approved by Law 165 of 1994.
- Convention No. 169 on indigenous and tribal peoples in independent countries.
- Kyoto and Montreal Protocol, among others.

Financial Statements

Balance Sheets

as at December 31, 2013 and 2012

(amounts expressed in millions of Colombian pesos)

ASSETS	Notes	2013	2012
CURRENT ASSETS			
Cash	7	229,155	178,326
Investments	8	20,335	65
Accounts receivable	9	282,205	373,286
Inventories	10	89,434	84,591
Other assets	12	31,502	145,805
TOTAL CURRENT ASSETS		**652,631**	**782,073**
NON-CURRENT ASSETS			
Accounts receivable	9	77,010	201,913
Investments	8	513	519
Property, plant and equipment	11	5,838,541	4,936,094
Other assets	12	193,562	181,926
Other assets - revaluations	13	793,084	639,740
Total non-current assets		**6,902,710**	**5,960,192**
TOTAL ASSETS		**7,555,341**	**6,742,265**
Suspense accounts	29		
Debtors		2.814.955	2,089,010
Creditors		8.446.434	7,91 9,999

LIABILITIES AND EQUITY	Notes	2013	2012
CURRENT LIABILITIES			
Borrowings	14	35,176	49,884
Accounts payable	15	234,473	350,575
Labor obligations	16	12,208	10,633
Estimated liabilities	17	67,053	12,582
Other liabilities	18	49,752	69,167
TOTAL CURRENT LIABILITIES		**398,662**	**492,841**
NON-CURRENT LIABILITIES			
Borrowings	14	2,603,357	2,083,359
Accounts payable	15	57,322	85,045
Estimated liabilities	17	64,980	65,286
Other liabilities	18	401,570	384,676
TOTAL NON-CURRENT LIABILITIES		**3,127,229**	**2,618,366**
TOTAL LIABILITIES		**3,525,891**	**3.111.207**
Equity (see statement of changes in equity)		4,029,450	3,631,058
Total liabilities and equity		7,555,341	6,742,265
MEMORANDUM ACCOUNTS	29		
Creditors		8.446.434	7,919,999
Debtors		2.814.955	2,089,010

The accompanying notes are an integral part of these financial statements.

ORIGINAL DOCUMENT SIGNED

Luis Fernando Rico Pinzón
Chief Executive Officer
(See attached certificate)

ORIGINAL DOCUMENT SIGNED

Elvia Luz Restrepo Saldarriaga
Accountant's professional license No. 37982-T
(See attached certificate)

ORIGINAL DOCUMENT SIGNED

Jorge Enrique Múnera Durango
Statutory Auditor's professional license No. 45041-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Statement of Income

for the years ended 31 December, 2013 and 2012

(amounts expressed in millions of Colombian pesos)

	Notes	2013	2012
Revenue	23	2,002,814	1,731,539
Sales and operating costs	24	1,305,374	1,106,249
Gross profit		697,440	625,290
Administrative expenses	25	116,426	123,835
Operating profit		581,014	501,455
NON-OPERATING INCOME			
Interest	26	17,908	32,536
Portfolio yields		66	
Exchange rate differences		1,699	5,959
Miscellaneous	27	28,551	29,381
		48.224	67.876
NON-OPERATING EXPENSES			
Interest	26	34,281	41,872
Portfolio yields		981	333
Exchange rate differences		3,369	1,424
Miscellaneous	28	26,454	16,117
		65,085	59,746
Profit before taxes		564,153	509,585
INCOME TAX AND CREE			
Current	17	107,105	26,970
Deferred	18	23,082	21,712
		130,187	48,682
NET PROFIT		433,966	460,903
Earnings per share (*)		159	169

(*) Expressed in Colombian pesos
The accompanying notes are an integral part of these financial statements.

ORIGINAL DOCUMENT SIGNED

Luis Fernando Rico Pinzón
Chief Executive Officer
(See attached certificate)

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Jorge Enrique Múnera Durango
Statutory Auditor's professional license No. 45041-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Statement of Changes in the Financial Situation

for the years ended 31 December, 2013 and 2012

(amounts expressed in millions of Colombian pesos)

	Notes	2013	2012
FINANCIAL RESOURCES GENERATED FROM OPERATIONS:			
NET PROFIT		433,966	460,903
PLUS (MINUS) EXPENSES (INCOME) THAT DID NOT AFFECT WORKING CAPITAL:			
Depreciation	11	106,785	103,385
Amortization of deferred charges and other assets		7,494	6,811
Amortization of actuarial valuation of retirement benefits	17	5,419	13,732
Bond issuance premium amortization	18	(6,308)	(6,308)
Deferred income tax (net)	12 and 18	23,082	21,712
Recovery of the allowance of accounts receivable	9	(2,949)	(2,681)
Recovery of the allowance for impairment of property, plant and equipment	11	(4,501)	(4,764)
(Profit) loss from sale or retirement of property, plant and equipment or other assets		189	(1,583)
Allowance for impairment of investments	8	6	7
Unrealized exchange rate differences for borrowings		8,382	(822)
		571,565	**590,392**
FINANCIAL RESOURCES GENERATED FROM OTHER SOURCES:			
Increased borrowings	14	549,137	609,248
Increase in long-term accounts payable	15	2,598	16,973
Decrease in long-term accounts receivable		127,852	112,667
Transfer of fixed assets to inventory		13,884	2,192
Sale of property, plant and equipment	11	-	19,602
		693,471	**760,682**
TOTAL FINANCIAL RESOURCES GENERATED DURING THE YEAR		1,265,036	1,351,074
FINANCIAL RECOURSES USED FOR:			
Acquisition of property, plant and equipment	11	1,018,807	1,224,474
Dividends paid		188,918	209,907
Increase in other assets	12	18,347	625

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	Notes	2013	2012
Equity tax		30,321	30,322
Reclassification of short-term borrowings		38,181	49,884
Decrease in estimated liabilities	14	5,725	5,691
Reclassification of short-term accounts payable	17	-	120,972
TOTAL FINANCIAL RESOURCES USED DURING THE YEAR		**1,300,299**	**1,641,875**
DECREASE IN WORKING CAPITAL		**(35,263)**	**(290,801)**
DETAILS OF CHANGES IN WORKING CAPITAL			
INCREASES (DECREASES) IN CURRENT ASSETS:			
Cash		50,829	(383,016)
Investments		20,270	(7,485)
Accounts receivable		(91,081)	65,973
Inventories		4,843	39,271
Other assets		(114,303)	119,031
		(129,442)	**(166,226)**
DECREASES (INCREASES) IN CURRENT LIABILITIES:			
Borrowings		14,708	(26,072)
Accounts payable		117,779	(95,456)
Labor obligations		(1,677)	1,843
Estimated liabilities		(1,575)	425
Other liabilities		(54,470)	1,651
		19,414	(6,966)
		94,179	(124,575)
DECREASE IN WORKING CAPITAL		**(35,263)**	**(290,801)**

The accompanying notes are an integral part of these financial statements.

ORIGINAL DOCUMENT SIGNED

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Statements of Cash Flow

for the years ended 31 December, 2013 and 2012

(amounts expressed in millions of Colombian pesos)

	Notas	2013	2012
CASH FLOWS GENERATED FROM OPERATIONS:			
NET PROFIT		433,966	460,903
PLUS (MINUS) EXPENSES (INCOME) THAT DID NOT AFFECT WORKING CAPITAL:			
Depreciation	11	106,785	103,386
Amortization of deferred charges and other assets		7,494	6,811
Amortization of actuarial valuation of retirement benefits	17	5,419	13,732
Deferred income tax	12 and 18	23,082	21,712
Recovery of allowance for impairment of accounts receivable	9	(2,949)	(2,681)
Recovery of allowance for impairment of property, plant and equipment	11	(4,501)	(4,764)
Bond issuance premium amortization		(6,308)	(6,308)
Allowance for impairment of investments	8	6	7
(Recovery) allowance for impairment of inventories	10	(442)	212
Profit from sale or retirement of property, plant and equipment, inventories and other assets		189	(1,583)
Unrealized exchange rate difference of borrowings		8,382	(822)
		571,123	**590,605**
CHANGES IN ASSETS AND LIABILITIES:			
Accounts Receivable	9	93,377	(45,543)
Other assets		96,457	(125,961)
Inventories	10	9,482	(37,292)
Accounts payable	15	(143,825)	(40,708)
Labor obligations	16	1,575	(425)
Estimated liabilities	17	48,745	(7,342)
Other liabilities	18	(19,414)	6,967
NET CASH GENERATED BY OPERATING ACTIVITIES		**657,520**	**340,301**

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CASH FLOW OF INVESTMENT ACTIVITIES:			
Acquisition of property, plant and equipment		(893,251)	(1,112,633)
(Acquisition) decrease of other assets		(500)	6,304
NET CASH USED IN INVESTMENT ACTIVITIES		**(893,751)**	**(1,106,329)**
CASH FLOW FOR INCREASED BORROWINGS:			
Increased borrowings	14	549,137	609,246
Payment of borrowings	14	(52,889)	(23,812)
Cash dividends		(188,918)	(209,907)
NET CASH PLANNED FOR FINANCING ACTIVITIES		**307,330**	**375,527**
NET INCREASE (DECREASE) OF CASH AND EQUIVALENTS		71,099	(390,501)
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR		178,391	568,892
CASH AND EQUIVALENTS AT THE END OF THE YEAR		**249,490**	**178,391**
Cash and cash equivalents at the end of the year include:			
Cash		229,155	178,326
Temporary investments		20,335	65
		249,490	**178,391**

The accompanying notes are an integral part of these financial statements.

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Statements of Changes in Equity

for the years ended 31 December, 2013 and 2012

(amounts expressed in millions of Colombian pesos)

	Share Capital	Share Premium de capital	Reserves	Income for the Year	Properties revaluation reserve	Equity Revaluation	Effect of General Public Accounting Plan (PGCP) Change	Total
Balances as at December 31, 2011	**68,152**	**49,344**	**1,049,319**	**479,112**	**634,556**	**1,113,794**	**(19,399)**	**3,374,878**
Appropriations made by the General Shareholders' Meeting	-	-	269,205	(269,205)	-	-	-	-
Increase in properties revaluations	-	-	-	-	5,184	-	-	5,184
Cash dividends ($77 * per share)	-	-	-	(209,907)	-	-	-	(209,907)
Income for the year	-	-	-	460,903	-	-	-	460,903
Balances as at December 31, 2012	**68,152**	**49,344**	**1,318,524**	**460,903**	**639,740**	**1,113,794**	**(19,399)**	**3,631,058**
Appropriations made by the General Shareholders' Meeting	-	-	271,985	(271,985)	-	-	-	-
Increase in properties revaluations	-	-	-	-	153,344	-	-	153,344
Cash dividends ($69,30* per share)	-	-	-	(188,918)	-	-	-	(188,918)
Income for the year	-	-	-	433,966	-	-	-	433,966
Balances as at December 31, 2013	**68,152**	**49,344**	**1,590,509**	**433,966**	**793,084**	**1,113,794**	**(19,399)**	**4,029,450**
Notes:	19		20		13	21	22	

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Financial Statement Notes

As at December 31, 2013 and 2012 and for the years ended December 31, 2013 and 2012

(amounts expressed in millions of Colombian pesos ($) and in thousands of US dollars (USD) except where indicated otherwise)

General Notes

1. Economic Entity

ISAGEN S.A. E.S.P. (the "Company") is a mixed public utility company associated with the Ministry of Mines and Energy and incorporated as a limited liability trading company according to public deed No. 230 issued by the Sole Notary of Sabaneta on April 4, 1995 with an indefinite term.

ISAGEN S.A. E.S.P.'s primary business activity is generating and selling electrical energy, selling natural gas through networks, and selling coal, steam and other energy resources for industrial use.

To carry out its corporate purpose, the Company owns the following power plants:

- San Carlos Hydroelectric Power Plant
- Jaguas Hydroelectric Power Plant
- Calderas Hydroelectric Power Plant
- Miel I Hydroelectric Power Plant
- Amoyá Hydroelectric Power Plant, which entered into operation in May 2013
- Térmica a ciclo combinado Termocentro

2. Basis for the Presentation of Financial Statements

General purpose financial statements must be submitted to the General Shareholders' Meeting for approval. They serve as the basis upon which dividends and other benefits are distributed.

a) Accounting Period

In accordance with the Company's bylaws, the Company's books and records are closed on December 31 of every year.

b) Monetary Unit

In accordance with legal regulations, the monetary unit used by the Company is the Colombian peso.

c) Classification of Assets and Liabilities

Assets and liabilities are classified as current or non-current according to their purpose or their degree of completion or enforceability in terms of time. Current assets or liabilities are those line items that will be collected or paid for within a time period no greater than one year. After that period of time, they are considered "non-current."

d) Relative Importance and Materiality

Economic activities are reported based on their relative importance or materiality.

For disclosure purposes, a transaction, activity or operation is considered material when knowledge or ignorance thereof, by virtue of the action's value or nature within the surrounding circumstances, influences decisions or evaluations that may be made by users of the financial statements.

When preparing and submitting financial statements, among other things, materiality was determined with respect to the total assets, the current and non-current assets, the total liabilities, the current and non-current liabilities, the equity, or the results of the year, as appropriate. In general terms, any line item that exceeds 5% of one of the aforementioned is considered material.

3. Operational or Administrative Limitations and/or Deficiencies

No operational or administrative limitations or deficiencies arose that affected the normal development of the accounting process, figure consistency or figure feasibility during the years ended December 31, 2013 or 2012.

4. Significant Accounting Policies and Practices

The Company applies accounting principles generally accepted in Colombia for maintaining accounting records and preparing financial statements. These principles are defined in the regulations issued by Colombia's General Accounting Office (Contaduría General de la Nación) and the Superintendence of Residential Public Utilities (Superintendencia de Servicios Públicos Domiciliarios). Compliance is guaranteed through the use of information systems: Accounting plan for Public Utility Companies and the Unified System of Costs and Expenses.

On November 19, 2013, the Colombian Government initiated the process to transfer Company shares owned by the nation. Said transfer of shares was not yet complete when these financial statements were issued. Accordingly, these financial statements do not include any adjustements that could result from changes to Company's current accounting system. Any such changes would only affect the 2014 financial statements, in line with the IFRS convergence process presented hereafter.

International Financial Reporting Standards (IFRS) Convergence

In compliance with the provisiones established in Resolution 743 of 2013 by Colombia's General Accounting Office, because ISAGEN is an issuer, it is required to initiate the process of convergence from the generally accepted accounting principles in Colombia to the International Financial Reporting Standards.

According to the norm, the IFRS convergence period must begin on January 1, 2014, and the first IFRS comparative financial statements must be issued on December 31, 2015.

Notwithstanding the aforementioned and as communicated with shareholders, ISAGEN sought for compliance prior to the mandatory period. IFRS comparative financial statements available have been issued since 2011, and therefore regulatory compliance is ensured.

5. Valuation techniques

Below are the significant accounting policies and practices adopted by the Company in accordance with the points described in note 4.

a) Foreign currency translation

Transactions executed in foreign currencies are translated and recorded according to the applicable foreign exchange rate in effect on the transaction date. At the end of each month, the balances of the asset and liabilities accounts are adjusted based on the exchange rates in effect on that date. Differences are recorded to the statement of income.

b) Cash equivalents

For the purposes of the statement of cash flow, temporary investments are considered to be cash equivalents given they can easily by converted into cash.

The statement of cash flow is prepared with the indirect method.

c) Investments

Investments are initially recognized and recorded at their historical cost or acquisition price. They are recorded in their fair value or their corresponding market price.

Investments are classified and recorded as follows:

Debt investments or investments that assume rights to existing debt (fixed income) are classified as marketable securities. These investments are initially recorded at cost. They are adjusted monthly according to their market value as credits or debits recorded to the statement of income, as appropriate. The market value of these investments is determined by calculating the present value of their future flow of capital and interest, minus the market interest rate calculated according to the Financial Superintendence's regulations.

Share investments or capital shares with low or minimal marketability, or those that are not listed on the Colombian Stock Exchange, are classified as non-marketable securities. Variable income investments are recorded at cost plus the value of dividends received as shares. If the intrinsic value of the investments is greater than the carrying amount at the end of the accounting period, a credit is recorded to the appreciation account with a balancing entry in the equity appreciation surplus. If the value is less than the carrying amount, existing revaluations are fully reversed and an allowance is recorded to the statement of income.

Mutual funds are updated monthly to the market value according to the profitability reported.

d) Accounts Receivable

Accounts receivable represent receivables originated by the Company's financial, economic and social activities such as (i) Supplies of services and sale of goods on credit; ii) Use of assets by a third party whose payment of remuneration is received on credit; or iii) Amounts loaned to third parties or shareholders; iv) Amount given to a third party as advance payment for the procurement of goods or services or for the payment of taxes; v) Payments made by the Company on behalf of third parties that are reimbursed by the third party to the company; and vi) Any other amount in its favor resulting from various operations and any transactions that represent future cash flows to the Company whose payments are determinable.

Transactions cited in the previous paragraph are recognized as accounts receivable when they meet the following conditions:

i) The service or good has been delivered to the satisfaction of the debtor,

ii) The value thereof is quantifiable,

iii) The collection of said amounts or the application thereof is likely.

The Company recognizes provisions for the risk of loss of unpaid balances based on the technical evaluation of each individual balance. Said evaluation determines the contingency of loss or risk to the Company, when a debtor becomes insolvent, provided the value thereof is quantifiable. It evaluates aspects such as financial difficulty, default, bankruptcy and portfolio age.

A general risk assessment is conducted for the groups of debtors whose individual recoverability is not analyzed or those that do not pose a risk of non-payment individually.

e) Inventories

Inventories are recorded at cost.

Regularly consumed items, including replacement parts, supplies and other consumables are recorded as inventory.

Replacement parts, supplies and other consumables are valued based on the weighted average method. Inventory in transit is valued based on the specific value method.

At the end of each year, if the net realizable value of an item in inventory is less than its cost, allowances are recorded for the difference.

Inventories deemed obsolete by technical criteria are expensed and recorded as a loss to the statement of income.

f) Property, plant, equipment and depreciation

Property, plant and equipment are recorded at cost and include the following:

financing costs for liabilities that have been incurred for their acquisition, until the conditions of their use are in place and

adjustments for inflation until December 31, 2001.

Exchange rate differences for borrowings incurred in foreign currency to finance construction.

Sales and retirements are deducted from the respective adjusted net cost. Differences between sale price and the adjusted net cost are recorded to the statement of income.

Depreciation is calculated based on the adjusted cost using the straight line method, on the expected useful life of the assets as expressed below:

Type of asset	Useful life, in years
Construction, buildings and civil works	50
Generating equipment	25
Electronic equipment	25
Furniture, office equipment, laboratory, tools, workshop equipment, construction and maintenance machinery, and warehouse equipment	10
Communication and computer equipment	5
Transportation equipment	5

Differences between accounting depreciation and tax depreciation are recorded as deferred depreciation.

Expenditures that increase an asset's useful life or capacity for a technical purpose or that relate to major maintenance are capitalized. Other expenditures for routine maintenance and repairs are recorded to the statement of income when they are incurred.

Differences in the technically-determined economic valuation of assets and their net carrying amount are recorded to the statement of income.

All costs directly related to projects in the development phase are recorded as assets under construction. The development phase starts from the time it is considered technically and economically viable. The costs in the research phase are recorded to the statement of income the year in which they are incurred.

g) Other assets

Other assets include:

- Expenses paid in advance mainly consisting of insurance premiums and financing commissions that are amortized on a straight line bases over the period benefits are obtained.
- Deferred charges including the indirect costs necessary for construction projects until 2009, which are amortized on a straight line basis over a period of five (5) years, beginning when operations start. Additionally, these include the premium in the legal stability contract that is amortized over 20 years.
- Deferred income tax generated by temporary differences between accounting and tax expenses for retirement pensions and provisions.
- The actuarial financial reserve established to fund the Company's retirement pension obligations. The Company's policy is to endow this fund with at least 50% of the

pension liabilities established at the end of each year in accordance with the actuarial studies. These resources have a specific purpose, and they are not freely accessible to the Company.

- Intangibles consisting primarily of licenses and software that are amortized using the straight line method based on an expected useful life that ranges between 3 and 6 years. Easements acquired to carry out production projects, that are considered to have a finite useful life, are amortized over a period of 50 years.
- Trust rights are updated monthly proportional to the share held and the variations reported by the trustee.
- Financial leasing includes the value of financial leasing agreements executed with financial entities plus the interests associated with assets financed using this method.

h) Valuations

Appreciation is a component of assets and equity. It includes:

- The technically determined excess economic value of assets from their net carrying amount on the date of their appreciation.
- In 2013, the main property, plant and equipment items were economically appraised. Property, plant and equipment appraisals are updated every three years, except when market situations are observed which indicate that recognized values may undergo significant changes. The economic appraisals are conducted by experts and based on technical studies.
- Excess intrinsic value for equity investments beyond their net carrying amount.

i) Borrowings

- Obligations assumed by the Company from credit establishments, financial institutions or bond deposits. The recorded value corresponds to the principle amount of the obligation or the nominal value of the bonds. Financial expenses that do not increase capital are recorded separately.
- It also includes the present value of future taxes to be paid on financial leasing contracts.

j) Accounts payable

Obligations assumed by the Company for goods or services received.

These also include resources received from third parties for a specific purpose. These resources are controlled separately. Yields generated are recorded as a value greater than the obligation.

Includes value of the interest for borrowings.

k) Labor obligations

Labor obligations are adjusted at the end of each fiscal year based on applicable legal regulations and labor agreements.

l) Estimated liabilities

Estimated liabilities include provisions established to meet obligations for which there is still uncertainty about their materialization or final value. These include income tax and CREE provisions, retirement pension provisions, legal proceeding contingency provisions, loyalty contingency provisions and unconsolidated social contributions.

The income tax and CREE allowance is based on estimates and data from the Company's statement of income, using the currently applicable tax law.

The Company's retirement pension liabilities are calculated based on actuarial studies that comply with legal regulations, systematically adjusted. All pension liability variation is recorded in the statements of income.

The calculation of social benefits is periodically adjusted according to obligations in favor of employees, but for which elements for their consolidation as a real liability are absent.

Liabilities due to contingencies are obligations with a probable loss, but with a degree of uncertainty with regard to their final value or materialization (see section q).

m) Other liabilities

Other liabilities include collections by third parties, deferred income, and deferred credits.

The effect of temporal differences between the accounting income, costs and expenses and the tax bases are recorded as deferred income tax credit, as a result of recognizing income, costs and expenses in different

periods. The Company records a deferred income tax credit from temporal differences generated between the accounting base and the tax base of depreciation expenses from buildings, plants, ducts, machinery and equipment and amortization of intangibles. The effect is a lower tax payment for the current year calculated from current rates, provided that a reasonable expectation exists that these differences will be reversed.

The premium generated from issuing bonds is amortized using the straight line method over the life of the underlying security.

n) Earnings Per Share

Earnings per share is calculated based on shares issued and outstanding as at December 31, 2013 and 2012, which were at 2,726,072,000.

o) Recording income, costs and expenses

Income from sales is recorded during the contractual period or when services are delivered. Costs and expenses are recorded on the basis of taxation.

The Activity-Based Cost (ABC) System, established by the Superintendence of Residential Public Utilities in Resolution SSPD 001417 of April 18, 1997 as the Unified System of Costs and Expenses (SUCG for the Spanish original) and updated by Resolution No. SSPD 20051300033635 from December 28, 2005, has been implemented to manage costs. Direct costs from gas and energy services are directly recorded in processes defined in the SUCG. Management expenses are distributed according to income, number of people, assigned times, and areas. Costs are finalized and reported to the Single Information System for Public Utilities (SUI for the Spanish original).

p) Memorandum Accounts

Commitments pending formalization, contingent rights or responsibilities, such as unused loans, and differences between accounting line items and equivalent line items made for tax declaration purposes are all recorded in memorandum accounts.

q) Contingencies

Certain contingent conditions may exist on the date when financial statements are issued. These may result in a loss for the Company but they are only recorded when or if one or more of these events occur at a later date. These contingencies are estimated by the Company's management and legal advisors. Contingency loss calculations are always a matter of judgment and opinion. In contingency loss calculations for legal proceedings pending against the Company, legal advisors evaluate, among other aspects, the merits of the claims, the case history of the courts with jurisdiction, and the current status of the cases. When a court rules against the Company in the first instance, if it was not previously recorded in consideration of the valuation for the probability of winning or lossing the case, then the decision is recorded as a liability and as an expense in the statement of income.

When a contingency evaluation indicates that a potential for loss is not likely but the results thereof cannot be determined, or if a loss is likely but the amount cannot be estimated, the nature of the contingency is recorded in memorandum accounts and explained in a footnote to the financial statement with the estimated range of the loss.

r) Use of estimates

In order to prepare financial statements according to accounting principles generally accepted in Colombia, certain estimates must be made that may affect the amounts of the assets, liabilities, income, and expenses reported for these periods. The final results for certain aspects may differ from the estimates.

s) Reclassification in financial statements

Certain figures from the 2012 financial statements have been reclassified for comparative purposes.

6. Transactions in Foreign Currency

Existing regulation in Colombia allows the trade of foreign currency through banks and other financial institutions at free exchange rates. Nevertheless, most transactions in foreign currency still require official approval.

Operations and balances in foreign currency are converted at current foreign currency exchange rates certified by the Financial Superintendence. Colombian Peso to US dollar exchange rates used for preparing these financial statements on December 31, 2013 and 2012 were 1,926.83* and 1,768.23*, respectively.

* Values expressed in Colombian pesos

Assets and liabilities denominated in United States dollars and Colombian pesos as at December 31 was as follows:

	2013		2012	
	USD	$	USD	$
ASSETS				
Cash (1)	3,250	6,262	4,270	7,550
Accounts receivable (2)	2,340	4,509	4,945	8,744
	5,590	**10,771**	**9,215**	**16,294**
LIABILITIES				
Borrowings (3)	107,492	207,119	38,273	67,676
Accounts payable (4)	7,222	13,915	15,862	28,048
	114,714	**221,034**	**54,135**	**95,724**
LIABILITY POSITION IN FOREIGN CURRENCY	**(109,124)**	**(210,263)**	**(44,920)**	**(79,430)**

(1) Bank accounts with J.P. Morgan Chase Bank N.Y., Banco de Bogotá Miami and Bank of America Miami Florida USA. 2012 also included Overnight operations in dollars.

(2) Corresponds to dollar advances paid to Mitsui & Co. Plant System, Automatización e Ingeniería Andina, Rbc Lubron Bearing Systems, INC., Stereocarto S.L., Andritz Hydro Gmbh and Samyang-arca co., Ltd. for the purchase of equipment used in production centers and construction projects.

(3) Corresponds to the contracts in U.S. Dollars signed in February 2012 with Japan Bank for International Cooperation, Bank of Tokyo-Mitsubishi UFJ Ltd, Banco Bilbao Viscaya Argentaria S.A., and the contract signed on November 22, 2012 with the Banco Santander de España, guaranteed by the Export Credit Agency, Alemana Hermes, from which credit was drawn in the amount of USD 55,384 in 2013, to finance generators for the Sogamoso Power Plant (see Note 14).

(4) Main suppliers with whom commercial relationships are based on foreign currency: Mitsui & Co., Plant Systems, Ltd., Siemens Power Generation Service and Andritz Hydro Gmbh.

7. Cash

The Company's cash as at December 31 consists of:

	2013	2012
Cash on hand, in banks and in corporations		
On hand	79	129
Bancolombia (*)	152,009	110,429
BBVA	43,834	426
Banco de Occidente	11,932	7,155
Banco de Bogotá	8,597	18,804
Banco de Bogotá Miami	4,744	4,184
Banco Sudameris	3,788	3,631
J.P. Morgan Chase	1,421	2,531
Colpatria	656	11,507
Banco Agrario de Colombia	492	5,217
Corbanca (antes Banco Santander)	443	3,901
Helm Bank	264	4,553
Davivienda	261	1,192
AV Villas	251	3,579
Banco GNB Sudameris	220	74
Bank of America Miami Florida USA	96	177
Citibank	61	1
Corficolombiana	7	1
Banks and corporations	**229,076**	**177,362**
Overnight Operations	**-**	**835**
Total Cash	**229,155**	**178,326**

(*) Includes $212 (2012 - $208) collected from the Democratic Shareholding Program, which corresponds to Colombian Government resources.

Derived from Overseas Private Investment Corporation (OPIC) insured loan commitments, the Bancolombia savings and checking accounts maintain as a minimum balance an average that corresponds to the value of the debt service for one semester of this loan.

These accounts have an average effective interest rate of 4.04% APR (2012 - 5.40% APR).

8. Investments

Investments as at December 31 consist of:

Investments for Liquidity Management

	Interest Rate APR 2013	2013	2012
Debt securities (1)			
Securities issued by the Government (TIDIS)(2)	N.A.	17,084	-
		17,084	-
Participating securities			
Mutual funds (3)	2.72% - 4,96%	3,251	65
Total current investments		**20,335**	**65**

Equity investments in uncontrolled entities

	Economic activity	Ordinary shares	Share %	2013	2012
Participating securities					
En acciones					
Gensa S.A. E.S.P (4)	Energy	154.270.818	0.03	2,106	2,106
Electricaribe S.A. E.S.P. (5)	Energy	7.623.656	0.02	320	320
Concentra Inteligencia en energía S.A.S. E.S.P.(6)	Data processing	84.000	5.00	84	84
				2,510	**2,510**
Minus: Allowance				**(1,997)**	**(1,991)**
Total non-current investments				**513**	**519**

(1) The guidelines issued by the Financial Superintendence are used as the valuation method.

(2) TIDIS generated for tax credit recognition (2012 Income).

(3) Mutual funds with Fidubogotá, Fiduciaria Bancolombia, Occirenta, Credicorp, Valores Bancolombia, Corficolombiana, Fiduciaria BBVA, Corredores Asociados. All mutual funds, in which ISAGEN has deposited money, have bank banking.

(4) The last intrinsic value reported by Gensa S.A. E.S.P. was $0.76* per share, thus generating an allowance of $1,989 (2012: $1,985).

(5) The last intrinsic value reported by Electricaribe S.A. E.S.P. was $42.03* per share, thereby recovering the cost of investment for which an allowance of $2 was made in 2012.

(6) The last intrinsic value reported was $897.40* per share, thus generating an allowance of $9 (2012: $4).

* Figures in Colombian pesos

9. Accounts Receivable

The accounts receivable balance as at December 31 and its current and non-current distribution are as follows:

	Current		Non-current		Total	
	2013	2012	2013	2012	2013	2012
Accounts receivable from clients (1)	262,328	264,974	-	1,975	262,328	266,949
Minus: Allowance (2)	(1,976)	(3,063)	-	(1,975)	(1,976)	(5,038)
	260,352	**261,911**	**-**	**-**	**260,352**	**261,911**
Advance payments						
Taxes(3)	11,186	64,096	-	-	11,186	64,096
Providers (4)	4,191	7,212	53,805	182,687	57,996	189,899
	15,377	**71,308**	**53,805**	**182,687**	**69,182**	**253,995**
Other accounts receivable						
Miscellaneous (5)	6,287	39,880	22,135	18,214	28,422	58,094
Past due accounts (6)	-	-	1,435	2,409	1,435	2,409
Minus: Allowance (2)	-	-	(1,435)	(2,409)	(1,435)	(2,409)
	6,287	**39,880**	**22,135**	**18,214**	**28,422**	**58,094**
	282,016	**373,099**	**75,940**	**200,901**	**357,956**	**574,000**
Fiduciary orders (7)	189	187	1,070	1,012	1,259	1,199
Accounts Receivable Total	**282,205**	**373,286**	**77,010**	**201,913**	**359,215**	**575,199**

(1) The balance of this account is comprised as follows:

	2013	2012
Energy sales		
Regulated clients	91,566	103,998
Non-regulated clients	98,174	117,311
Energy market	47,636	35,753
	237,376	**257,062**
Gas sales		
Regulated clients	20,645	3,382
Non-regulated clients	1,687	5,607
	22,332	**8,989**
Technical Services	2,620	898
	262,328	**266,949**

(2) The balance of this account is comprised as follows:

	2013	2012
Energy sales (*)		
Energy contracts	2,560	6,596
Other accounts receivable	851	851
	3,411	**7,447**
Minus: Current portion	1,976	(2,409)
Non-current portion	**1,435**	**5,038**

(*) Includes the allowance of accounts receivable from Empresas Municipales de Cali E.I.C.E. E.S.P. for $1,975 (2012 - $5,038), Textiles Espinal S.A. $0 (2012 - $973), Aluminio Reynolds Santo Domingo S.A. $484 (2012 - $484), Megaproyectos S.A. $271 (2012 - $271), Britilana Benrey S.A. for $94 (2012 - $94), Siderúrgica Colombiana S.A. for $114 (2012 - $114), Municipality of Caloto 2013 for $401 (2012 - $401, other $72 (2012 - $72).

Movement of allowance for accounts receivable from clients and other debtors consists of:

	2013	2012
Opening balance	7,447	10,386
Allowance (*)	-	401
Penalties (**)	-	(258)
Recovery (***)	(4,036)	(3,082)
Final balance	**3,411**	**7,447**

(*) In 2012 this included the allowance for the Municipality of Caloto due to an irregular seizure involving proceedings over the payment of Industry and Commerce Tax for the years 2005 to 2008.

(**) In 2012 XM Compañía de Expertos en Mercado S.A. E.S.P. was penalized $258 for market sales to Energía Confiable S.A. E.S.P. in the amount of $211, Coedeco S.A. E.S.P in the amount of $44 and Aremari S.A. E.S.P. in the amount of $3.

(***) Recovery of the allowance was recorded to the account receivable from Empresas Municipales de Cali E.I.C.E. E.S.P. $3,062 (2012 - $3,062) and Texpinal $ 974. In 2012, this also included recovery of the allowance for Siderúrgica Colombiana S.A. in the amount of $19. See note 27.

(3) The balance of this account is comprised as follows:

	2013	2012
Sales tax receivable	2,744	1,525
Income tax credit	-	62,544
Income tax contributions paid in (*)	8,419	-
Advance payment or tax credits for Industry and Commerce Tax	23	27
Final balance	**11,186**	**64,096**

(*) Corresponds to tax deductions in 2012 in the amount of $3,953 and 2013 in the amount of $4,466, pending to apply in calculating the 2013 income tax.

(4) Advance payments to providers is comprised as follows:

	2013	2012
Sogamoso Power Plant	48,740	175,930
Gas purchases	3,872	7,204
Equipment automation in the San Carlos Power Plant	1,461	-
Replacement part purchases	304	-
Amoyá Power Plant	210	2,226
Other advance payments	3,409	4,539
	57,996	**189,899**
Minus: Current portion	(4,191)	(7,212)
Final balance	**53,805**	**182,687**

(5) Primarily includes:

	2013	2012
Home loans to employees (a)	19,263	15,638
Vehicle loans to employees	3,924	3,363
Ministry of Mines and Energy (b)	1,504	-
Federal Public Utilities Regulatory Commission (c)	1,145	-
Other loans to employees (a)	643	990
Loans to ex-employees and retirees	498	552
Leasing Bancolombia (d)	-	19,600
EPM Ituango S.A. E.S.P. (e)	-	16,205
Other minor	1,445	1,746
	28,422	**58,094**
Minus: Current portion	(6,287)	(39,880)
Total non-current portion (f)	**22,135**	**18,214**

(a) The interest set for employee loans ranges between an annual percentage rate of 6% and 7%.

(b) Credit in ISAGEN's favor for energy contributions recognized by the Ministry to be returned to Grupo ICT (an energy customer).

(c) Account receivable to be collected from the Superintendence as a result of the lawsuit ruling in favor of ISAGEN, for the contribution paid to said institution in 2007.

(d) Account receivable for the sale of the previous headquarters.

(e) Corresponds to the sale of copyright over the Pecadero-Ituango project studies.

(f) The expiration of long-term accounts receivable from various clients and debtors in the upcoming years will be as follows.

Expiration year	Value
2015	2,236
2016	2,236
2017	2,236
2018	2,236
2019 and later	13,191
	22,135

(6) The balance of this account is compromised as follows:

	2013	2012
Non-regulated clients by energy sales	856	1,828
Other accounts receivable	579	581
	1,435	2,409

(7) The balance of this account is compromised as follows:

	2013	2012
Health Solidarity Fund (*)	1,170	1,112
Capital Reduction Trust	89	87
	1,259	1,199

(*) The Health Solidarity Fund (the "Fund") was established to respond to serious health situations that affect employees who benefit from the Collective Agreement and Pact and their immediate family members who have exhausted existing coverage alternatives. In addition to the Company's contribution of $200, resources for the Fund come from semi-annual contributions from employees and the Company, which are contributed in June and December, in equal parts, corresponding to one percent (1%) of the value of each employee's basic salary.

Accounts receivable balances are aged as follows as at December 31, 2013:

Type of Receivable Account	Current	1 to 180 days past due	181 to 360 days past due	More than 360 days past due	Total
Accounts receivable from clients	262,314	14	-		262,328
Past due accounts	-	-	-	1,435	1,435
Advance payments	69,182	-	-	-	69,182
Other accounts receivable	28,304	114	4	-	28,422
Fiduciary orders	1,259	-	-	-	1,259
Allowance	(1,976)	-	-	(1,435)	(3,411)
	359,083	**128**	**4**	**-**	**359,215**

Guaranties Issued for Accounts Receivable

In general terms, to guarantee client debt, the following methods are used: blank promissory notes with instruction letters, requests for advance payment, bank guaranties, collateral, resource management by trustees in charge of making payments to ISAGEN and collateral (owned by the client as well as subsidies granted by the Ministry of Mines and Energy).

In the particular case of Empresas Municipales de Cali E.I.C.E. E.S.P., a trust has been established to collect and receive income from this company as a guarantee and a source of payment.

Mortgages, guaranties and promissory notes are used for employee debts.

10. Inventories

As at December 31, the inventories included:

	2013	2012
Supplies and materials	73,594	71,370
Spare parts	14,918	13,701
Goods in stock – Land (*)	950	-
Other inventories	274	264
	89,736	**85,335**
Minus allowances (**)	(302)	(744)
Total Inventories	89,434	**84,591**

(*) Corresponds to land received as payment in the Textiles Espinal S.A. bankruptcy process, as payment for the debt owed on the sale of energy. Said company entered into bankruptcy, and the Superintendence of Corporations distributed its assets among creditors. ISAGEN owns approximately 7.61% of the common property. These lots are up for sale.

(**) Movement of the allowance for inventories includes:

	2013	2012
Opening balance	(744)	(531)
Allowance (*)	-	(213)
Recovery (***)	442	-
Final balance	**302**	**(744)**

11. Property, Plant and Equipment

The following chart shows the composition of property, plant and equipment as at December 31:

	2013	2012
Power plants (1)	4,074,976	3,468,241
Constructions and buildings (2)	178,090	160,628
Land (3)	155,076	152,272
Machinery, furniture and equipment	99,582	95,235
All operational assets	**4,507,724**	**3,876,376**
Under construction and being assembled (4)	3,194,321	2,833,705
Total fixed assets	**7,702,045**	**6,710,081**
Accrued depreciation		
Power plants	(3,101,732)	(2,920,975)
Constructions and buildings	(69,762)	(59,608)
Machinery, furniture and equipment	(68,517)	(77,506)
Deferred depreciation	1,380,645	1,292,741
Total accrued depreciation	**(1,859,366)**	**(1,765,348)**
Minus: Allowance (5)	(4,138)	(8,639)
Total property, plant and equipment	**5,838,541**	**4,936,094**

In 2013, assets were acquired and construction projects were undertaken in the amount of $1,018,807 (2012 - $1,224,052) and assets amounting to $12,977 (2012 - $31,582) were retired.

The charge for depreciation throughout the year recorded to the statement of income was $106,785 (2012 - $103,385).

(1) The Amoyá River Hydroelectric Power Plant, located in southern Tolima within the jurisdiction of the municipality of Chaparral, launched commercial operations in May 2013, increasing the power plants balance by $453,499.

Along the same lines, the Manso River Diversion, which increased energy production in the Miel I Hydroelectric Power Plant in Eastern Caldas, launched operations in June 2013, increasing the corresponding account by $117,683.

(2) In 2012 the headquarter buildings were sold. The effects of this transaction on the financial statements are presented below:

Sale Price	(19,600)
Cost	
Constructions and buildings	17,902
Machinery, furniture and appliances	3,212
Land	6,865
	27,979
Depreciation	
Constructions and buildings	5,417
Machinery, furniture and appliances	2,340
	(7,757)
Allowance	(2,274)
Profits	(1,652)

(3) In 2013, 11 lots were added for the Sogamoso Hydroelectric Power Plant, 12 lots for the Miel I Hydroelectric Power Plant, corresponding to the Manso Diversion, and 6 lots for the Amoyá River Hydroelectric Power Plant.

A summary of all the Company's lots with their legal status and the corresponding actions taken is presented below:

Legal Status	Comments	Actions	Number of Lots	Value
Full Ownership				
Real estate registered in ISAGEN's name	Lots that are not currently subject to any legal proceedings.	None	814	$152,711
Lots for which the legal status is not defined				
Ownership- Hereditary rights or material ownership. Reserved areas (No registration history).	Lots which ISAGEN acquired and possess material ownership of, but are not registered in the Office of Public Records because they lack registration data.	The allocation processes with the corresponding authority are underway.	111	$1,768
Ownership - Fraudulent possession. (with registration history).	Lots materially owned by ISAGEN but acquired on a fraudulent basis.	Ownership petitions are underway to resolve the issue	32	$597
Subtotal			**143**	$2,365
Total Lots			**957**	$155,076

(4) The main construction and assembly projects correspond to the Sogamoso Hydroelectric Power Plant for $3,128,973 (2012 - $2,250,967), which is scheduled to begin operating in 2014, the Amoyá Hydroelectric Power Plant for $9,146 (2012 - $429,552), for which camp construction efforts will continue in 2014. It also includes $8,468 (2012 - $6,833) for the design and specialized construction of 8 runners for the San Carlos Power Plant and other renewable energy projects, which are in development in the amount of $30,005 (2012 - $13,409).

(5) The details of the allowance for property, plant and equipment follow:

	2013			2012		
	Commercial value	Net carrying amount	Allowance	Commercial Value	Net carrying amount	Allowance
Land	-	-	-	176,246	184,885	(8,639)
Machinery and equipment	31,739	34,815	(3,076)	-	-	-
Communication and computer equipment	9,005	10,067	(1,062)	-	-	-
Total	40,744	44,882	(4,138)	**176,246**	**184,885**	**(8,639)**

The movement of the allowance for property, plant and equipment includes:

	2013	2012
Opening balance	(8,639)	(15,745)
Allowance for the year (*)	(4,138)	-
Penalty and write-offs	-	2,342
Recovery (**)	8,639	4,764
Final balance	**(4,138)**	**(8,639)**

(*) In 2013, an economic valuation was performed of the main property, plant and equipment, and this resulted in a charge recorded to the allowance for communication and computer equipment because of wear from usage, reduced useful life and obsolete technology.

(**) The total allowance for lands was recovered thanks to a significant increase in the commercial value of the power plant lands, compared to the latest valuation performed.

To protect its property, ISAGEN S.A. E.S.P. has subscribed to various insurance policies, including:

Insured Property	Risks Covered	Insured Value	Expiration
a. Civil works, equipment, buildings, contents, warehouses and lost profit	All material damage risks and lost profits	578,049	December 20, 2014
b. Company Equity	Civil liability for managers and executives	40,000	December 21, 2014
	Financial risks and infidelity	30,000	December 21, 2014
	Non-contractual civil liability	35,000	December 21, 2014
	Money and securities management	300	November 30, 2014
c. Machinery (loaders, graders, bulldozers, etc.)	All machinery risks	4,240	November 30, 2014
d. Vehicles	Total losses from damage and theft, partial losses from theft.	1,107	November 30, 2014
	Non-contractual civil liability	1,640	November 30, 2014
e. Boats	Material damage and non-contractual civil liability	1,601	November 30, 2014
f. Employee debt balances	Death by any cause and full, permanent disability of the indebted employee	23,749	November 30, 2014
g. Employee homes with loans	House fire and earthquake	19,869	June 30, 2014
h. Sogamoso Power Plant	Material damage	2,145,049	June 30, 2014
	Anticipated loss of benefits	192,683	June 30, 2014
	Non-contractual civil liability	30,000	May 31, 2014
	Malicious acts by third parties, strikes, riots, violent protests and civil unrest	289,024	May 31, 2014

As at December 31, 2013, one claim on the Comprehensive Construction and Assemblies Risk Policy was being processed for the Sogamoso Power Plant. The claim value is $9,271 for damages during the power plant construction.

12. Other assets

Other assets as at December 31 include:

	2013	2012
Finance leases (1)	76,103	75,444
Expenses paid in advance (2)	38,246	13,817
Actuarial financial reserve (3)	35,666	36,988
Deferred charges (4)	33,978	36,438
Movable property in storage (5)	32,613	32,613
Intangibles (6)	6,911	9,482
Funds delivered in management (7)	770	-
Trust rights (8)	712	122,882
Other	65	67
Other Assets Total	**225,064**	**327,731**
Minus current portion		
Expenses paid in advance	(21,113)	(13,817)
Actuarial financial reserve	(9,677)	(9,106)
Trust rights	(712)	(122,882)
Total current portion	**(31,502)**	**(145,805)**
Non-current portion	**193,562**	**181,926**

(1) Corresponds to rights in financial leasing contracts for machinery and equipment from Leasing Bancolombia for the Sogamoso Hydroelectric Power Plant. The contract stipulates that payments shall be made over time and in advance during equipment construction. The contact's amortization deadline commences from the date that said assets are delivered, which is expected to happen in 2014. See note 14 as well.

(2) Expenses paid in advance as at December 31 include:

	2013	2012
Credit guaranties (*)	20,559	5,424
Insurance for combined material damage (**)	15,175	6,642
Surgery and hospitalization insurance	1,449	1,364
Civil liability insurance	497	-
Personal life and accident insurance	312	219
Financial risk and fidelity insurance	78	-
Performance bonds	65	107
Other insurance	111	61
	38,246	**13,817**

(*) This is the amount of premiums pending amortization for the Banco Santander de España credit guarantee and the Agencia Hermes guarantee in the amount of $15,386, effective through July 2032, on the OPIC counter-guarantee $1,798 (2012 - $1,749) in force until December 2014, $1,782 for the OPIC premium in force until June 2014 (2012 - $1,734) and $1,593 for the premium with Bank of Tokyo-Mitsubishi UFJ Ltd. and Banco Bilbao Viscaya Argentaria S.A. in force until September 2018 (2012 - $1,941).

(**) The combined material damage policy will expire on December 20, 2014.

(3) Independent equity administered by FIDUCOLDEX S.A., to guarantee the payment of pension obligations to ISAGEN's current and former employees. The maximum value of the fund will correspond to the amount of the actuarial calculation made as at December 31 of each year. In 2013, $5,280 (2012 - $2,468) were contributed to this fund, thus reaching 50% funding.

(4) Includes indirect costs associated with construction for the Sogamoso, Manso, Amoyá and Guarinó Projects for $17,358 (2012 - $19,201). This also includes $13,363 for the premium in the legal stability contract (2012 - $14,177) and $2,849 for deferred income tax on the uncollectable debts allowance (2012 - $2,653).

(5) ISAGEN made a donation of 39 lots to benefit the community for the development of production activities, and to take advantage of the forest in areas that would be flooded by the reservoir when the Sogamoso Hydroelectric Plant enters into operation. On December 31, the work of restoring these donated lands began.

The legal situation of these lands and the actions underway is presented in detail below:

Legal Status	Comments	Actions	Number of Lots	Value
Full Ownership				
Real estate registered in ISAGEN's name	Lots that are not currently subject to any legal proceedings.	None	34	$30,503
Lots for which the legal status is not defined				
Ownership- Hereditary rights or material ownership. Reserved areas (No registration history)	Lots which ISAGEN acquired and possess material ownership, but are not registered in the Office of Public Records..	The allocation processes with the corresponding authority are underway	5	$2,110
Total Lots			**39**	$32,613

(6) Includes licenses for $1,917 (2012 - $1,397), software for $640 (2012 - $4,270) and easements for $4,354 (2012 - $3,815).

(7) Resources handed over to the Valle de Aburrá Metropolitan Area by way of Inter-Administrative Agreement 528, for the purpose of joining technical, logistical and economic forces to implement an early warning network in the Valle de Aburrá and the surrounding region.

(8) The balance of this account is compromised as follows:

	2013	2012
WESP Trust Agreement (*)	365	995
Liability Trust (**)	347	120,125
Liquidity Fund (***)	-	1,762
	712	**122,882**

(*) Fiducia mercantil de administración y pago constituida con Corficolombiana para el manejo de los aportes que realicen las empresas Wayuú S.A. E.S.P. e ISAGEN como parte del convenio suscrito para el desarrollo de un parque eólico en la Guajira.

(*) Commercial management and payment trust formed with Corficolombiana to manage contributions made by Wayúu S.A. ESP and ISAGEN as part of the agreement signed to build a wind farm in La Guajira.

(*) Commercial trust contract managed by Corficolombiana Trust and established in December of 2012 to guarantee the payment of the Company's liabilities. Resources from this trust were used in 2013 to pay financial obligations resulting from the arbitral award by the International Court of Arbitration's (ICC) decision in favor of Consorcio Miel for $121,151.

(***) The Liquidity Fund was established in December 2007 with independent equity. It is managed by Fiducolombia. The brokerage firm Valores Bancolombia promotes the liquidity. The validity period for this mechanism expired on November 22, 2012, and liquidation began by withdrawing resources in cash and selling the ISAGEN shares held in the Liquidity Fund. In 2013, they sold all their shares and liquidation was completed.

The record in the Statement of Income for deferred charges and intangibles for the year was $7,494 (2012- $6,811).

13. Valuations

The balance of assets and equity as at December 31 includes the following revaluations for property, plant and equipment::

	2013	2012
Power plants	728,980	589,499
Constructions and buildings	51,781	46,860
Land	12,106	-
Machinery, furniture and equipment	217	3,381
Total valuations of operating assets	**793,084**	**639,740**

In 2013, Integral S.A. carried out an economic valuation on ISAGEN's property, plant and equipment evaluating power plants, constructions, buildings, machines and equipment. Conpropia S.A.S. performed the economic valuation of assets and lands, valuing most assets based on the costs associated with restoring them to new with current wear, and using comparative market analysis to value the lands.

The increased value of the power plants is primarily due to plant upgrades and mayor maintenance work done on primary equipment (civil works, generators and transformers) and peripheral equipment (electrical and mechanical support services). The high quality of the equipment, which has been very well preserved, also increases the useful life and therefore the value of the equipment.

The lands of the San Carlos, Calderas, Jaguas and Miel Power Plants recovered significant market value in comparison to the last land appraisal (done in 2010). This was mainly due to increased safety in these regions.

Details on the property, plant and equipment valuation follow:

	2013			2012		
	Commercial Value	Net carrying value	Valuation	Commercial Value	Net carrying value	Valuation
Land	167,182	155,076	12,106	-	-	-
Power plants	3,030,837	2,301,857	728,980	2,446,408	1,856,909	589,499
Constructions and buildings	197,226	145,445	51,781	109,386	62,526	46,860
Machinery, furniture and equipment	1,135	918	217	42,702	39,321	3,381
Total	**3,396,380**	**2,603,296**	**793,084**	**2,598,496**	**1,958,756**	**639,740**

14. Borrowings

The balance of the borrowings at December 31 includes:

	2013 Interest Rates	2013	2012	Expiration
Banking Club Deal (1)	IBR+4.30%	1,084,250	695,250	2025
Power Finance Trust Limited (2)	IPC+5.25%	421,062	444,874	2025
Bonds 15 (3)	IPC+6.99%	371,750	371,750	2024
Bonds 10 (3)	IPC+6.48%	279,394	279,394	2019
Bonds 7 (3)	IPC+5.93%	198,856	198,856	2016
Santander España(4)	LIBOR+1.40%	106,716	-	2032
Financial leasing (5)	DTF+4.4%	76,103	75,444	2029
JBIC (6)	LIBOR+2.85%	60,241	40,606	2025
Bank of Tokyo-BBVA (7)	LIBOR+1%	40,161	27,069	2018
Total borrowings		**2,638,533**	**2,133,243**	
Minus – Current portion		(35,176)	(49,884)	
Non-current portion (8)		**2,603,357**	**2,083,359**	

(1) Corresponds to the internal loan contract signed in 2010 with 10 banks for $1,545,000. $1,084.250 has been disbursed as follows: In line with the objective to optimize use of its financial resources, modifications were negotiated to improve financing conditions of this contract in terms of interest rate, term and grace period as follows: 12 year term from the time when the addendum to the contract was signed in 2013, 3 year grace period and an interest rate of IBR + 4.30% (previously FTD + 4.90%), permitting the Company to increase the average life of the debt, free up cash flow and reduce the cost of the loan.

(2) Corresponds to the loan contract with Power Finance Trust Limited singed in 2005 with a term of 20 years, a grace period of 5 years, and amortization in 30 semi-annual installments with a Government and Overseas Private Investment Corporation (OPIC) policy guarantee.

(3) Corresponds to internal public debt bonds for $850,000. These resources are intended to finance the Sogamoso Power Plant.

Bonds were issued under the following conditions:

Nominal value	$850,000
Bond Issue Administrator	Deceval S.A.
Rating	AAA Fitch Raitings Colombia
	AA+ BRC Investor Services

(4) Corresponds to amount paid against the USD 73,000 loan agreement signed in November 2012, to finance the Sogamoso Power Plant turbines. The contract is financed by Banco Santander España and it is guaranteed by the Export Credit Agency (ECA), Hermes, for a term of 20 years, with a 1.3-year grace period and semi-annual amortization.

(5) Corresponds to financial leasing contracts with Leasing Bancolombia S.A. signed in 2010 to finance equipment for the Sogamoso Power Plant for the suppliers IMOCON and SIEMENS, with a term of 15 years from the date of equipment delivery, a capital grace period of 5 years, and 24 semi-annual payments. This credit is disbursed according to the manufacturing progress of the equipment, which may reach up to $101,000. (See note 12).

(6) Corresponds to the amount paid for Round A against the USD 66,000 loan agreement signed in February 2012 to finance the Sogamoso Power Plant generators. In Round A, ISAGEN can draw up to USD 39,600, equivalent to 60% of the loan financed by Japan Bank for International Cooperation (JBIC) for 12 years, with a 6-year grace period and semi-annual amortization.

(7) Corresponds to the amount paid for Round B against the USD 66,000 loan agreement signed in February 2012 to finance the Sogamoso Power Plant generators. In Round B, ISAGEN can draw up to USD 26,400, equivalent to 40% of the loan financed by Bank of Tokyo-Mitsubishi UFJ Ltd and Banco Bilbao Viscaya Argentaria S.A., for a term of 5 years, with a 1.5-year grace period, semi-annual amortization and guaranteed by the Export Credit Agency, NEXI.

(8) The expirations for non-current borrowings in upcoming years are as follows:

Expiration year	Value
2015	44,496
2016	243,352
2017	104,732
2018	112,266
2019 and later	2,098,511
	2,603,357

In 2013, $52,889 of borrowings was paid (2012 - $23,812).

The company's borrowings are guaranteed as such:

- Semi-annual income collateralization for $35,390 (2012 - $38,821) as a counter guarantee on behalf of the Government for its credit surety with Power Finance Trust Limited.
- Promissory note signed on behalf of Bancolombia S.A., Banco de Bogotá S.A., Banco Agrario S.A., Banco Davivienda S.A., Banco Popular S.A., Banco de Occidente S.A., Banco BBVA Colombia S.A., Banco Corpbanca Colombia S.A., Banco AV Villas S.A. and Helm Bank S.A until December 2025. In 2012, credit terms were up to February 2020.
- Promissory notes signed with Leasing Bancolombia S.A. to guarantee the financial leasing contracts to acquire the Sogamoso Power Plant equipment supplied by SIEMENS S.A. and IMOCOM S.A. through the end of March 2029. In 2012 through September 2027, and March 2020, respectively.
- Promissory note signed in favor of Power Finance Trust Limited until December 2025 and a letter of credit to back the semi-annual payment.

Currently, ISAGEN has negotiated borrowing commitments with national and international creditors to control Company debt (Debt/EBITDA), and it has made commitments that require the Company to maintain sufficient cash flow to guarantee an adequate debt-service coverage ratio (EBITDA/Debt Service). Additionally, the Company is subject to a series of environmental covenants, which are clearly defined in each of the signed loan agreements. In 2013, modifications were made to the international loan agreements with Japan Bank for International Cooperation, Bank of Tokio Mitsubishi UFJ Ltd., Banco Bilbao Argentaria, Banco Santander España and Power Finance Trust Limited. Through said mofications, ISAGEN obtained increased financing flexibility to finalize construction of the Sogamoso Power Plant and continue with the Company's expansion plan.

Commitments are continuously monitored by the Creditors and credit rating entities, and to date, ISAGEN has operated in compliance with all of its commitments.

The loan, covered with Political Risk Insurance by the OPIC and guaranteed by the National government, includes an indexing operation included to mitigate changes in exchange rates and interest rates. Among the loan agreement conditions, it is stipulated that in the event of a change in shareholder control, i.e. if the Colombian Government reduces its ownership in ISAGEN to less than 50%, a mandatory pre-payment of the loan must be made and the indexing process must be liquidated. This implies the need to recognize the respective impact on the statement of income in the period, when said change occurred. As at December 31, 2013 said impact was seen as the result of an expenditure of COP $66,418 (*). Nonetheless, as the value will depend on the market interest rate, these should be calculated on the date they take place.

Taking the aforementioned into consideration, the Company is processing a change to the nature of the loan insurance taken out with the OPIC from public to private, which will help to avoid the pre-payment and consequently the associated impact. Alternately, the Company is evaluating options to replace the debt.

As at December 31, 2013, there has been no mandatory pre-payment of the borrowing, and neither has said impact taken place.

(*) Calculated as the difference between the present net value of flows expected of the current loan, and the present net value of the flows expected of the loan at its initially set conditions.

15. Accounts payable

The balance of the accounts payable as at December 31 includes:

	2013	2012
Providers (1)	125,735	136,611
Deposits received as collateral (2)	59,990	49,936
Taxes, contributions, and fees (3)	41,009	69,944
Interest payable	35,355	32,926
Creditors (4)	14,021	15,963
Withholdings	10,547	10,255
Funds received in management (5)	4,984	4,241
Arbitration award (6)	-	115,424
Other accounts payable	154	320
Accounts Payable Total	**291,795**	**435,620**
Minus: Current portion	(234,473)	(350,575)
Non-current portion (7)	**57,322**	85,045

(1) The balance of this account is comprised as follows

	2013	2012
Investment projects	50,171	52,897
Energy purchases	24,192	45,613
Gas purchases	20,067	4,791
Usage and connection charges	17,706	19,562
Acquisition of goods and services	11,208	11,471
FAZNI	1,120	1,004
SIC	609	669
Other	662	604
Total Providers	**125,735**	**136,611**

As at December 31, bank guarantees had been established for Ecopetrol for $16,536 to guarantee gas supplies, and for TGI for $17,913 (2012 - $16,487) to guarantee gas transport. In 2012, there were also bank guarantees for Santiago Oil Company, Equion, and Tepma for USD 963.

In order to ensure compliance for transactions executed on the Energy Market, reconciliations, complementary services, charges to use the National Transmission System, NDC and CRD services and, in general, any payment that must be made to the commercial exchange system administrator according to CREG Resolution No. 19 / 2006 and the amendments thereof, and CREG Resolutions 157 and 158 / 2011, bank guarantees have been obtained on behalf of XM Compañía de Expertos de Mercados S.A. E.S.P. of $75,000 (2012 - $90,000).

To comply with CREG Resolution 061 of 2007, guarantees were established to cover the reliability premium of USD 64,774 (2012 - USD 83,207) and $34,917 (2012 - $36,019) to cover the start-up of the Sogamoso Power Plant commercial operations. Guarantees were also established for the Environmental Management Plan implemented in the construction of the 116 KV transmission line for the Amoyá Power Plant of $370 (2012 - $370)

(2) Corresponds to accounts payable for contractual withholdings from contractors working on productive assets, as a guarantee. The amount of these withholdings will be returned upon the satisfactory completion of the project. The Company also received $3,738 from BIOMAX to guarantee the supply of Jet A1 liquid fuel for Termocentro power generation.

(3) The balance of taxes, contributions and fees at December 31 includes:

	2013	2012
Equity tax (*)	30,322	60,643
Contributions	9,797	9,285
Municipal taxes	890	16
	41,009	**69,944**

(*) The Company calculated the equity tax for $121,286, based on the liquid equity as at January 1, 2011 at a rate of 4.8% plus a 25% surcharge. The taxes were filed in May 2011 and payment will be made in eight equal installments in May and September of 2011, 2012, 2013 and 2014. The Company procured and recorded 100% of the equity tax and its surcharge, which was recorded to the equity revaluation account in 2011.

In 2013, $30,322 was paid for equity tax (2012 - $30,322).

(4) Includes the accounts payable to the Colombian Government corresponding to the legal stability contract signed in 2010 of $7,406 (2012 - $10,364) and $1,375 in interest (2012 - $774).

This premium will be paid as follows:

Year	2013	2014	TOTAL
Premium	2,958	4,448	**7,406**
Expiration	02/02/2014	(*)	

(*) Thirty (30) days after the completion of the Sogamoso Power Plant.

(5) Includes resources for the Solidarity Health Fund for Employees administered by the Company $1,170 (2012 - $1,112) (see note 9). The deposit from the Inter-American

Development Bank (IDB) for the non-refundable technical cooperation agreement to conduct the studies of the Geothermal project for $1,592 (2012 - $916). The deposit from CELEC EP – Ecuador for the agreement with ISAGEN to start pre-feasibility studies for the Tufiño - Chiles - Cerro Negro Binational Geothermal Project located on the border between Colombia and Ecuador, in the Department of Nariño and the Province of Carchi for $2,222.

(6) In July 2013, payment for the account payable from the arbitral award handed down by the International Chamber of Commerce (ICC) in favor of Consorcio Miel I for $125,335. An overview providing the history of this obligation is provided below:

- In 2010, the liabilities were recorded for the arbitral award ruling by the ICC arbitration decision in favor of the Miel I Consortium (Constructora Norberto Odebrecht, Alston Hydro Energía Brasil Ltda., Kvaerner Energy A.S. and Alstom Power Italia SPA) and ISAGEN of $117,091, of which $41,603 and USD 10,978 correspond to capital and $38,397 and USD 7,714 correspond to interest. The amount corresponding to capital was capitalized at a greater value than the Miel I Power Plant since it was a construction cost overrun. ISAGEN filed an Annulment Appeal against the Arbitral Award and its corresponding amendment by invoking several provisions of Art. 163 of Decree 1818 of 1998, which regulates international arbitration in Colombia. The appeal was heard in the Third Section of the Council of State's Chamber of Administrative Appeals.
- On November 25, 2011, the Council of State resolved to intervene in the Annulment Appeal filed by ISAGEN, gave notice to the parties for sustaining the appeal and for the summoned party to present statements and ordered that the execution of the Award be suspended.
- Response was given to the Appeal by means of the ruling on November 29, 2012, which partially annulled the Arbitral Award, specifically claim No. 153, Widespread Loss of Productivity, in the amount of $436 million pesos and USD 370 thousand.
- In light of the Council of the State's aforementioned decision, ISAGEN submitted a request to clarify and add a judgment, among other things, on some scheduling aspects that are closely related with the Claim that was fully annulled by the Council of State and which would affect other claims.
- By way of the ruling on February 13, 2013, with notification on February 20, the Council of State denied said request. ISAGEN did not agree with the Council of State, but respected its decision.
- Considering it a duty to exhaust all possible legal recourses, to defend the interests of its shareholders and the resources of public interest and to ensure there are sufficient and well grounded arguments to sustain the ruling, on July 11, 2013 ISAGEN presented a Writ of Protection of Constitutional Rights before the Fourth Section of the Council of State, with the aim to render the award void which was issued through the arbitration resulting from the construction of the Miel I Hydroelectric Power Plant and the Sentences of the Council of State that ratified said Award.
- By way of the ruling on October 17, 2013, ISAGEN being notified on January 10, 2014, the Council of State decided without taking a vote to deny the Writ of Protection filed by the Company, and today it is in the Constitutional Court which is deciding on its revision.

(7) The non-current portion includes the contractual withholdings of $56,252 (2012 - $46,306) and $1,070 (2012 - $1,012) from the solidarity health fund. In 2012, an additional $7,406 was included, corresponding to the legal stability contract and the equity tax of $30,321.

16. Labor obligations

The balance of labor obligations as at December 31 includes:

	2013	2012
Vacation and vacation bonus	5,813	5,180
Severance packages and interests on severance packages	5,132	4,723
Pensions payable	606	704
Healthcare allowances	**657**	**26**
Total Employee Obligations	**12,208**	**10,633**

17. Estimated liabilities

The balance of estimated liabilities as at December 31 includes:

	2013	2012
Allowance for retirement pensions (1)	71,728	73,217
Income tax allowance (2)	51,591	-
Allowance for salaries and social benefits	4,869	2,819
Allowance for contingencies (3)	2,929	1,175
Client loyalty points (4)	916	657
Total Estimated Liabilities	**132,033**	**77,868**
Minus: Current portion (5)	(67,053)	(12,582)
Non-current portion	**64,980**	**65,286**

(1) Retirement pension activity is as follows:

	2013	2012
Opening balance	73,217	67,890
Payments	(6,908)	(8,405)
Increase in the year (*)	5,419	13,732
Retirement pensions	71,728	73,217

(*) Any variation in the actuarial calculation is recorded to the statement of income because it is amortized at 100% (see note 25).

The actuarial valuation includes the payment of 12 monthly installments and additional payments in June and December according to law.

The main estimates used for the actuarial calculation were the following:

	2013	2012
Pension readjustment rate (*)	2.99%	3.26%
Real technical interest rate (**)	4.80%	4.80%
Number of people covered (***)	139	143

(*) Corresponds to the weighted inflation average for 2010, 2011, and 2012 with the following weights: 2012 with three points, 2011 with two points and 2010 with one point in accordance with Section 1 of Article 1 of Decree 2783 from December 20, 2001.

(**) Percentage established in Section 2 of Article 1 of Decree 2783 from December 20, 2001.

(***) Includes 95 retirees with shared pensions, 39 retirees expecting a Colpensiones pension, 2 life annuity substitutions and 2 active employees that have fulfilled requirements with the Company and who are expecting Colpensiones pension and 1 active employee who is expecting Company and Colpensiones pension.

(2) The tax regulations applicable to the Company stipulate, among others, the following obligations:

Current income tax

To calculate the income tax allowance, the following criteria were taken into consideration, among others:

- Taxable income is recorded at 25% (2012 - 33%).
- On June 4, 2010, ISAGEN and the Government (Ministry of Mines and Energy) signed a 20-year legal stability contract for the entire Company. This contract established tax regulations, some customs regulations and other regulations related to public utilities. Among the tax regulations to remain in effect for ISAGEN are the ordinary income tax rate, the special 30% deduction for new investments in real fixed productive assets, the VAT tax break on heavy machinery imports for basic industries, the exemption from the presumed minimum income requirements for residential public utility companies and companies whose business activities support power generation, and the exemption from external public credit taxes.

This contract guarantees that these regulations will continue to be in effect during the entire term of the contract, even if adverse legislative changes are made to them.

- Law 1430 / 2010 eliminated the special deduction for fixed productive asset investments established in Article 158-3 of the Fiscal Bylaw, however, the legal stability contract, cited in the previous point, set this regulation for a term of 20 years.
- Pursuant to this provision and based on the investments made, both through direct purchase and through the financial leasing mechanism with the irrevocable purchase option, ISAGEN decreased ordinary liquid income for the period by $258,720 (2012 - $337,994).
- Energy companies are not subject to the presumptive minimum income system.
- One hundred percent (100%) deduction for Industry and Commerce tax, signs and advertisements, and land taxes paid throughout the year or tax period, provided that they are directly related to the taxpayer's business activity.
- One hundred percent (100%) deduction for the financial movement contributions.
- The Tax Reform Law of 2012 limited interest expenses deductible, derecognizing interest in excess of an average debt limit, set at 3 times the Company's tax equity in the previous year. At the close of 2013, the Company did not have to limit this value for any item.

Income tax for equality (CREE)

- New income tax specifically destined to social investment programs, created through Law 1607 of 2012.
- The applicable rate is 9% for the years 2013 to 2015 and 8% for the year 2016 forward.
- Taxable income is comprised of income that will increase equity, not counting returns, non-taxable income and deductions permitted by law and its regulations.
- Special deductions such as the deduction for productive fixed assets and other deductions that do not comply with the requirements to be accepted as a deduction for this tax may not be deducted from the base taxable income.
- It establishes a minimum taxable base of 3% on net assets for the previous year.

Equity tax

The tax paid for this item in 2013 corresponds to the tax created by Law 1370 of 2009 affecting net assets held on January 1, 2011 at the rate of 4.8%, calculated with an additional surcharge equal to 25% of the tax. This tax may be levied on the revalued equity account.

Other Taxes

Discount on VAT for importing or acquiring heavy machinery for basic industries. The estimated discount value for 2013 was $4,472 (2012 - $29,861), and the value applied in cleaning the income was $8,418 (2012 - $26,970).

Information about how the ordinary income tax was calculated at December 31 is presented below:

	2013	2012
Profit before the income tax allowance	564,153	509,585
Plus non-deductible expenses and taxable income:		
Loss from sales of fixed assets	-	691
Allowance	8,324	3,574
Other non-deductible expenses	33,496	19,839
Non-deductible expense from the Miel arbitral award	2,661	3,758
Income from investment valuation	-	14
Other revenues	965	29
Depreciation Recovery	-	8,649
Minus non-taxable income and deductible expenses:		
Non-taxable income from recoveries	14,378	10,615
Deductible allowances	524	881
Greater expense for tax depreciation	87,904	102,145
Inflation adjustment for withdrawing inventories	173	87
Deduction for real productive fixed assets	258,720	337,994
Other deductible expenses	-	6,647
Other non-taxable income	1,398	6,057
Profit from sales of fixed assets	35	-
Taxable liquid income	**246,467**	**81,713**
Tax rate	25%	33%
Ordinary income tax	61,617	26,965
Taxable irregular income	18	15
Tax rate	10%	33%
Tax on Irregular Income	2	5
Current Income Tax Total	**61,619**	**26,970**
Tax withholdings and balances	(37,347)	(59,459)
Tax Deduction	(8,418)	(26,970)
Balance to pay	**15,854**	**(59,459)**

Information about how the income tax for equality (CREE) was calculated at December 31 is presented below.

	2013
Ordinary taxable liquid income	246,467
More special deductions:	
• Deduction for real productive fixed assets	258,720
• Deduction for tax portfolio allowance	219
Minus non-taxable income	
Interest earned	1
CREE taxable base	**505,405**
CREE minimum base	68,528
Tax rate	9%
CREE income tax	**45,486**
CREE self-withholdings	(18,167)
Balance to pay	**27,319**

The amount recorded to the statement of income for income tax and CREE is presented below:

	2013	2012
Income tax	61,619	26,970
CREE tax	45,486	-
	107,105	**26,970**

The relationship between accounting and tax equity as at December 31 is presented below:

	2013	2012
Accounting equity	4,029,450	3,631,057
Plus:		
Allowance to protect inventories, accounts receivable, investments and property, plant and equipment	19,386	24,447
Deferred income tax credit	366,857	343,654
Equity difference for fixed assets	237,209	237,367
Minus:		
Deferred income tax debit	2,849	2,653
Deferred depreciation	1,380,645	1,292,741
Valuations	793,084	639,740
Other assets	13,363	14,177
Tax equity	**2,462,961**	**2,287,214**

On July 13, 2012, the Medellín Regional Tax Authority issued an order regarding the income tax return corresponding to the 2009 Tax Year. The order questioned the origin of the special deduction in real productive fixed assets requested by ISAGEN related with the replacement constructions (on the road from Bucaramanga to Barrancabermeja and the transfer of the Galan-Chimitá pipeline) of the Sogamoso Hydroelectric Power Plant. The order was duly contested by ISAGEN, which responded to each point supporting the reasons it considered the deductions to apply and providing necessary supporting material.

Notwithstanding the aforementioned, the DIAN issued its official liquidation on April 12, 2013 denying the arguments presented by ISAGEN. To exhaust all legal procedures permitted by the Colombian Government, the Company used the legal mechanisms available to present an appeal requesting reversal of the official liquidation under review in the 2009 income tax process. The appeal was presented on June 12, 2013, and ISAGEN was notified of the order granting leave to proceed on July 25, 2013. The Company is currently awaiting response from the tax authorities, which have up to 1 year from the date on which the appeal was made to respond. ISAGEN's management and external tax consultants believe that there are strong arguments to support the decision made by the Company. The amount challenged by the tax authorities is $3,589 and the penalty for inaccuracy is $5,743.

ISAGEN requested compensation and received a tax refund in the amount of $59,480 for the balance in its favor on the 2012 tax return. On said return, withholdings from March to August of $33,879 million were returned and $25,601 were returned in Securities issued by the Government (TIDIS). The review process prior to the return did not find any special concerns, and it culminated in the notification of the decision to file the review.

The income tax returns corresponding to the 2011 and 2012 tax years are not final. Accordingly, they are still subject to review by the Colombian tax authorities.

With regards to the 2013 tax year, the Company's management believes that the amount declared as an allowance for taxes is sufficient to meet any liabilities that may be established for said year. The 2013 income tax return must be filed before April 24, 2014.

(3) Corresponds to the allowance to cover loss contingencies for nullification and reestablishment of rights process against administrative actions of the municipality of Victoria, Caldas, for charging royalty contributions for excavating material from this municipality to construct the Miel I Power Plant. The initial ruling delivered by the Administrative Court of Caldas on November 23, 2006 rejected the Company's claims. An appeal has been filed with the Council of State. The estimated amount to be paid, including interest, comes to $294 (2012 - $166).

There are also allowances for solidarity responsibility in labor processes with Coopaneleros for $536 and with Grupo ICT for $821. Allowances of $426 for imposing electrical energy easements in the Amoyá project and allowance for the severance fee retroactive payment processes for $625 and salaries for $228.

(4) Corresponds to the allowance to cover benefits granted to clients through the loyalty program. This program grants points for energy purchases, which can later be redeemed for technical services. Points are valid for 2 years but they can be canceled for late account payments. The Company's statistics show a good rate of utilization.

(5) The current portion of the estimated liabilities corresponds to the allowance for income tax and CREE of $51,591 (2012 - $0), the allowance for social contributions of $4,869 (2012 - $2,819), customer loyalty points of $916 (2012 - $657) and the estimated portion to be paid in the short term for retirement pensions of $9,677 (2012 - $9,016).

18. Other liabilities

The balance of other liabilities as at December 31 includes:

	2013	2012
Deferred income tax (1)	366,858	343,654
Advance payments by clients (2)	42,832	60,851
Bond issue premium (3)	40,946	47,254
Other (4)	686	2,084
Other Liabilities Total	**451,322**	**453,843**
Minus: Current portion	(49,752)	(69,167)
Non-current portion	**401,570**	**384,676**

(1) The deferred income tax credit corresponds to the tax effect from the greater tax depreciation and amortization expense over the respective accounting expenses.

The deferred income tax recorded to the statement of income is presented below:

	2013	2012
Deferred income tax payable	23,204	20,539
Deferred income tax receivable	(122)	1,173
	23,082	**21,712**

(2) Client advances for future energy delivery. The main balances correspond to Corporación Eléctrica Nacional S.A. (CORPOELEC S.A.) $15,370 (2012 - $38,189), Centrales Eléctricas de Nariño S.A. E.S.P. $11,615 (2012 - $12,602), Energéticos S.A. E.S.P. $4,821 (2012 - $1,049), Empresas Municipales de Cali E.I.C.E. E.S.P. $2,878 (2012 - $4,333), GENERARCO S.A. E.S.P. $1,532, Proeléctrica & Cía. S.C.A. E.S.P. $1,532, GRUPO ICT II S.A.S. $1,468, Ruitoque S.A. E.S.P. $1,383 and Empresa de Energía del Bajo Putumayo $1,316 (2012 - $1,821)

(3) As described in note 14, bonds were issued at a premium of $60,642, which will appear linear in the results during the maturation of the securities, that is, 7, 10 and 15 years. The record in the Statement of Income for premium amortization in 2013 was $6,308 (2012- $6,308), leaving a balance of $40,946.

(4) In 2013, the amount payable of $1,633 was paid to Suramericana de Seguros S.A. for joint liability for the seizure by the Municipality of Caloto.

19. Share Capital

The share capital subscribed and paid at December 31 was as follows:

	2013		
	Number of Shares	Value	%
Shareholder			
The Government	1,571,919,000	39,298	57.66
Empresas Públicas de Medellín - E.S.P.	352,960,000	8,824	12.95
Fondo de Pensiones Protección	109,235,240	2,731	4.01
Fondo de Pensiones Porvenir (Pension Fund)	133,639,132	3,341	4.90
Minority holders (*)	558,318,628	13,958	20.48
Total Share Capital	**2,726,072,000**	**68,152**	**100.00**

(*) Minority shareholders are all those owners, real beneficiaries, or ordinary share administrators who together represent a maximum of 3% of the ordinary share in circulation.

	2012		
	Number of Shares	Value	%
Shareholder			
The Government	1,571,919,000	39,298	57.66
Empresas Públicas de Medellín - E.S.P.	352,960,000	8,824	12.95
Fondo de Pensiones Protección	111,143,592	2,779	4.08
Fondo de Pensiones Porvenir (Pension Fund)	136,275,074	3,407	5.00
Minority holders (*)	553,774,334	13,844	20.31
Total Share Capital	**2,726,072,000**	**68,152**	**100.00**

The Company's shares are traded mainly on the Colombian Stock Exchange, and since 2011, the United States Securities and Exchange Commission (SEC) authorized the trading of level 1 American Depositary Receipts (ADRs) on the Over The Counter (OTC) market, where each ADR entitles the investor to 10 ordinary shares.

20. Reserves

The reserve balance as at December 31 consists of:

	2013	2012
Tax regulation reserves (1)	755,189	699,060
Occasional reserve for risk rating (2)	745,740	529,884
Statutory reserve (3)	51,134	51,134
Occasional reserve for investments (4)	38,446	38,446
	1,590,509	**1,318,524**

(1) Since 2004, the General Shareholders' Meeting, pursuant to article 130 of the Tax Code, has appropriated this reserve of net profits equal to 70% of the greater value of the tax depreciation compared to the accounting depreciation. According to legal regulations, this reserve may be released to the extent that depreciations recorded subsequently exceed the annually requested depreciations for tax purposes or the assets that generated the most deducted value are sold. The value reserved for 2013 was $72,481 (2012 - $75,505) and $16,352 (2012 - $9,399) was released.

(2) Occasional reserve approved by the General Shareholders' Meeting to preserve the Company's risk rating and to meet commitments with creditors and investors. The value reserved for the year was $215,857 (2012 - $203,099).

(3) In accordance with Colombian law, the Company is required to allocate 10% of its net annual profit to the statutory reserve until the balance is equal to 50% of the subscribed capital. The required statutory reserve cannot be distributed until the Company is liquidated, but it can be used to absorb or reduce net annual losses. Reserve balances that exceed 50% of the subscribed capital are at the free disposal of the shareholders.

(4) Occasional investment reserve approved by the General Shareholders' Meeting in 2009.

21. Equity Revaluation

Accrued balance from inflation adjustments applied to equity accounts until December 31, 2001. In accordance with applicable legislation, this balance cannot be distributed as profit until the Company is liquidated or capitalized, but it may be used to write off taxes against equity.

22. Effects of Changes in the General Public Accounting Plan

The balance of this account as at December 31, 2013 and 2012 consists of:

Asset depreciation	18,718
Study penalty	681
Total Effects of changes in the General Public Accounting Plan	19,399

The accrued balance for this item corresponds to the equity effect for regulatory changes established by Colombia's General Accounting Office in 2006 in the General Public Accounting Plan to process asset depreciations and establish intangibles in the research phase.

This line item is included for assets at the disposal of the General Shareholders' Meeting.

23. Revenue

The balances of the revenue accounts for the years ended December 31 include:

	2013	2012
Energy sales through contracts (*)	1,568,006	1,428,623
Energy sales on the market	362,812	212,671
Gas sales	63,400	81,823
Technical Services	8,034	7,803
Calderas substation remuneration (**)	562	619
Total revenue	**2,002,814**	**1,731,539**

(*) Energy sales through contracts consist of $659,864 (2012 - $574,057)to regulated companies , $709,675 (2012 - $726,225)to non-regulated companies and $198,467 (2012 - $128,351) for sales to Venezuela.

(**)Corresponds to income from the payment of charges for usage of the Calderas Power Plant, 115 kV substation, which belongs to ISAGEN. This substation is part of the Central-South Regional Transmission System; Empresas Públicas de Medellín E.S.P. is the network operator, in accordance with Resolutions CREG -105 of 2009 and CREG - 026 of 2010.

24. Cost of Sales and Operating Costs

The balance of the sales and operating costs at December 31 included:

	2013	2012
Energy purchases (1)	457,025	383,573
Fuel (2)	252,064	170,111
Charges for using and connecting to the NTS (3)	228,920	222,751
Depreciation	103,904	100,096
Personnel expenses	66,350	55,956
Law 99 of 93 transfers	38,020	35,885
Maintenance and repair	31,541	27,400
Security	18,243	16,405
Insurance	15,795	14,813
Transport and freight	13,842	13,836
Environmental management plan	12,799	10,702
Fazni contribution	11,822	11,386
Community relationships	9,696	7,424
Customer service	9,532	8,524
NDC, CRD'S and Commercial Exchange System	7,994	7,259
Janitorial and cafeteria services	6,789	6,120
Taxes and contributions	5,216	3,809
Studies, investigation and projects	4,474	1,183
Fees	3,653	3,097
Leases	3,314	2,684
Advertising (4)	405	343
Other	3,976	2,892
Total Cost of Sales and Operating Costs	**1,305,374**	1,106,249

(1) Increased purchasing is a result of the increased price on the spot market, which is a product of low rainfall over the majority of the year. The average price of energy on the spot market was in excess of $56 compared to last year. The reliability premium refund also increased, because generation was greater than firm energy obligations compared to last year.

(2) Gas purchases were higher than in 2012 due to increased thermal power generation, due to low rainfall throughout the year resulting in market conditions that led to the larger energy dispatch from Termocentro.

(3) The usage and connection charge increased over last year due to the increase in sales to Venezuela and the Amoyá Power Plant start-up.

(4) Advertising details are shown below:

	2013	2012
Relational Marketing Performance	280	319
Technology Partner Network publication	110	-
Manufacturing and updating of billboards and signs	15	24
	405	**343**

25. Administrative Expenses

The balance of administrative expenses at December 31 included:

	2013	2012
Personnel expenses (1)	49,489	52,041
Taxes and contributions (2)	14,782	14,563
Leases (3)	11,990	2,653
Fees (4)	10,524	13,009
Depreciation and amortization	7,539	8,731
Maintenance and repair	6,825	12,277
Janitorial and cafeteria services	2,182	957
Public utilities	2,152	1,465
Communication and transportation	2,050	1,882
Security	1,190	1,210
Advertising (5)	1,024	1,819
Legal expenses	852	936
Insurance	647	705
Supplies and materials	113	6,989
Other general expenses	5,067	4,598
Total Administrative Expenses	**116,426**	**123,835**

(1) Includes $5,419 (2012 - $13,732) for pension liability adjustment for retirements.

(2) Includes the $2,781 for the audit fee for the General Accounting Office (2012 - $2,444), $2,192 for the contribution to the Domestic Public Utilities Commission (2012 - $1,887), $870 for the contribution to the Gas and Energy Regulation Commission, CREG (2012 - $649), $721 for the Industry and Commerce Tax (2012 - $775), $15 for the Land Tax (2012 - $136), and $8,178 for the financial movement tax (2012 - $8,663).

(3) Of that amount, $10,650 corresponds to the rental agreement for new office building in Medellín.

(4) Includes financial consulting in the amount of $1,152 (2012 - $344), management consulting in the amount of $2,738 (2012 - $6,032), legal consulting in the amount of $1,207 (2012 - $2,024), audits in the amount of $655 (2012 - $647), brokerage in the amount of $1,251 (2012 - $1,215) and support desk service in the amount of $1,568.

(5) Advertising details are shown below:

	2013	2012
Institutional and community sponsorships	525	982
Media plan	356	675
Equipment rentals for events and assembly	65	-
Item branding	42	115
Photographic coverage	19	24
Spot production	15	10
Other	2	13
	1,024	**1,819**

26. Interest - Non-Operating Income and Expenses

The balances of non-operating income for the year ended December 31 include:

	2013	2012
Bank Deposits	8,194	17,269
Accounts receivable yields (*)	4,615	7,833
Pension fund profit	2,061	3,917
Profit liquidity fund	2,371	2,110
Other income	667	1,407
Total Non-Operating Income, Interest	**17,908**	**32,536**

(*) Includes interest above the contract advances with Grupo ICT II S.A.S. for $2,246 (2012 - $6,177).

The balances of non-operating expense for the year ended December 31 include:

	2013	2012
Interests from borrowings	30,174	37,252
Arbitration award (*)	2,661	3,758
Interests from the legal stability contract	1,446	862
Total Non-Operating Expenses, Interest	**34,281**	**41,872**

(*) Corresponds to adjustments to liabilities in favor of the Miel I Consortium as a result of the arbitral award for the construction of the Miel I Hydroelectric Power Plant in line with the international court ruling.

27. Non-Operating Income - Miscellaneous

The balance of the non-operating income as of December 31 includes:

	2013	2012
Recoveries (1)	17,948	19,454
Bond issue premium (2)	6,308	6,308
Adjustments from previous fiscal years	1,694	876
Various services to contractors and third parties	886	603
Indemnities	835	359
Surplus inventory	427	377
Late payment interest	118	153
Other	335	1,251
Total Non-Operating Income, Miscellaneous	**28,551**	**29,381**

(1) Recoveries include:

	2013	2012
Allowance for fixed assets	8,639	6,513
Debtors allowance	4,036	3,082
Contribution to Federal Public Utilities Regulatory Commission	1,459	-
Income tax allowance	1,172	217
Disabilities	634	294
Allowance for inventories	442	-
Retirement pensions	370	2,062
Miel Arbitration Award	-	5,840
Other	1,196	1,446
Total recoveries	**17,948**	**19,454**

(2) Corresponds to the amortization of the premium bond issued at the end of 2010, which was expensed when the securities matured. (See note 18).

28. Non-Operating Expenses - Miscellaneous

	2013	2012
Expenses from previous years (1)	8,787	2,153
Allowance (2)	6,543	3,476
Borrowing insurance (3)	5,973	6,369
Bank commissions and expenses (4)	3,338	2,866
Prompt payment discounts	1,075	801
Extraordinary	679	345
Trust rights	59	82
Donations (5)	-	25
Total Non-Operating Expenses, Miscellaneous	**26,454**	**16,117**

(1) Primarily includes adjustments for the Miel Arbitral Award for $4,286 and $3,457, with minor amounts estimated for usage and connection charges in 2012

(2) Primarily includes the client loyalty points program allowance of $644 (2014 - $617), machinery and equipment valuation allowance of $4,138, contingencies and disputes allowance for $1,753 comprising lawsuits for retroactive payments of severance fees for $804, lawsuits for labor solidarity with the Grupo ICT for $821 (2012 - $536 with Coopaneleros) and the adjustment for the dispute with the Municipality of Victoria for $128 for royalties. In 2012 this will also include the accounts receivable allowance of $401, the contingencies and disputes allowance with Suramericana de Seguros S.A. for joint liability due to seizure by the Municipality of Caloto for $1,633.

(3) Primarily Includes $4,115 (2012 - $4,292) for the OPIC insurance commission and the counter guarantee $1,858 (2012 - $2,077).

(4) Primarily includes commission on guarantees $1,403 (2012 - $1,263), bank expenses $335 (2012 - $392), commission for management and safekeeping of shares and bonds $1,600 (2012 - $1,211)

(5) See note 31.

29. Memorandum Accounts

The balance of the memorandum accounts as at December 31 includes:

	2013	2012
Debtors		
Contingent rights (1)	9,384	9,383
Contingent processes (2)	44,781	46,675
Tax debtors (3)	1,248	904,471
Control debtors (4)	1,512,507	1,128,481
	2.814.955	**2,089,010**
Creditors		
Contingent liabilities (5)	5,332,433	4,306,305
Tax creditors (6)	2,590,803	2,540,203
Control creditors (7)	1,119,557	1,073,491
	8.446.434	**7,919,999**

(1) This account balance also includes fees related to the Andaquí study of $9,384 (2012 - $9,170) and the Ambeima study of $213 (2012 - $213).

(2) The processes include:

	Number of Proceedings 2013	2013	2012
Administrative lawsuits and litigations (*)	41	35,340	37,508
Civil lawsuits and litigations (**)	6	9,441	9,167
		44,781	**46,675**

(*) The administrative claims include mainly:

- Lawsuit against the Municipality of Caloto for Industry and Commerce Taxes in the amount of $3,947 (2012 - $3,947).
- Lawsuit against the Municipality of Yumbo for Industry and Commerce Taxes in the amount of $1,588 (2012 - $1,588).
- Claim for damages and losses resulting from possession and liquidation of Electrochocó to the Ministry of Mines and Energy and the Superintendence of Residential Public Services (Superintendencia de Servicios Públicos Domiciliarios) for $9,983 (2012 - $9,983).
- Lawsuit against the Colombian Government (Superintendent of Residential Public Utilities) for damages and losses resulting from the liquidation of Empresas Públicas de Caucasia in the amount of $2,069 (2012 - $2,069).
- Lawsuit against Megaproyectos for damages and losses resulting from the early termination of Contract No. 46/2629 in the amount of $4,159 (2012 - $4,159).
- Lawsuits against the Municipalities of Medellín, and Puerto Tejada for Industry and Commerce Taxes in the amount of $1,750 (2012 - $1,890) have been filed in the Administrative Appeals Court of each department. Lawsuits were also filed against the Municipalities of San Carlos and San Rafael for Industry and Commerce Tax generated by the AGC and the capacity charge in the amount of $2,994 (2012 - $3,116).
- Lawsuit against the Municipality of Cimitarra for Industry and Commerce Taxes in the amount of $5,510.
- Lawsuit against the resolution of the Superintendence of Residential Public Services (Superintendencia de Servicios Públicos Domiciliarios) for which the 2011 contribution was set at $2,009. In 2012, the lawsuit against the resolution for the 2007 contribution of $1,614, was settled in favor of ISAGEN.

(**) The civil lawsuits primarily include the claim against Mundial de Seguros to compensate for damages to the Termocentro Power Plant in the amount of $9,350 (2012 - $8,581).

(3) Corresponds to reconciliations between accounting and tax appreciation differences, non-deductible expenses, fixed assets and deferred income tax debit.

(4) There are guarantees to providers for $146,087 and USD 64,774 (2012 - USD 84,170), USD 18,549 (2012 - USD 21,608) in the form of a letter of credit to back payment of the semi-annual interest on the Overseas Private Investment Corporation (OPIC) loan and $1,214,327 in promissory notes on borrowings (2012 - $796,250).

(5) The balance of this account is comprised as follows:

Commitments resulting from long-term energy sales negotiations for an approximate value of $5,180,026 (2012 - $4,232,984). No losses are expected for these negotiations.

Follow up on the explanatory notes provided by ISAGEN regarding billing by TGI S.A. for the gas transport contract in the amount of $6,477.

This also includes the following legal proceedings:

	Number of Proceedings	2013	2012
Labor	14	143,151	71,285
Constitutional (**)	7	1,901	2,036
Civil (**)	4	-	-
		878	-
		145,930	**73,321**

(*) The administrative claims include mainly:

- Producciones Punch lawsuit in the amount of $900 (2012 - $900) to compensate damages and losses resulting from energy rationing.
- Invoking the guarantee of XM Expertos en Mercados S.A. E.S.P. for the capacity charge processes initiated by various market agents for $65,558 (2012 - $55,608).

- Lawsuit against the Ministry of Mines and Energy under Resolution No. 180436 of April 10, 2006 to collect fees in the amount of $7,266 from the Urrá project; an amount that had been previously submitted during ISAGEN's process of reducing capital (2012 - $7,266).
- Lawsuit against the Municipality of Tuta for Industry and Commerce Taxes in the amount of $1,819 (2012 - $3,147).
- Lawsuit against the Municipality of Arauca for public lighting in the amount of $3,035.
- Lawsuit by Claudia Patricia Sáenz against the DSM No. 2209, DSM No. 2859, DSM No. 3326 and DSM No 2859 resolutions issued by Ingeominas. Pursuant to the declarations, ISAGEN is condemned to pay the plaintiff for repairs to damages caused by the construction of the Sogamoso Power Plant in the amount of $26,250.
- Lawsuit filed by Esgamo Ingenieros Constructores against ANLA and ISAGEN be found responsible for civil and administrative liabilities due the Sogamoso Hydroelectric Plant's direct and immediate obstruction of ESGAMO's mine exploitation carried out under concession contract No. AIG-091. Allegations include payment for material damages and for lost profits.
- Lawsuit filed by Dioconda Poveda for damages suffered resulting from the easement allowing electricity conduction for the Amoyá Project in the amount of $4,700.
- Lawsuit filed by Reinaldo Oliverio Vega suing for $3,590 for damages suffered by the plaintiff as owner of la lot on the Sogamoso River Islands, which he farms. Said lot was flooded by the Sogamoso River as a direct consequence of the Sogamoso Hydroelectric Plant Construction.
- Lawsuit filed by Alfonso Suarez Pinto suing for $1,147 for damages suffered by the plaintiffs as owners of la lot on the Sogamoso River Islands. Damages suffered by the plaintiffs are the direct result of Sogamoso River flooding caused by artificial river diversions for the construction of the Sogamoso Dam.

(**) Proceedings for undetermined amounts

(6) Corresponds to reconciliations between accounting and tax differences that include allowances, non-taxable income from the investment portfolio, collections and deferred income tax credit.

(7) For 2013 this primarily comprises credits corresponding to the Club Deal for COP 431,673 (2012 - COP 849,750), leasing agreements for COP 24,897 (2012 - COP 25,556) and estimated impact of the termination of the OPIC indexing operation for COP 66,418, with a low probability of occurrence as at December 31, 2013, according to that described in Note 14 of the financial statements.

30. Transactions and Balances between Related Parties

	Shareholders (*)		Management	Board of Directors
	EPM	Colombian Government		
2013				
Outstanding balances				
Accounts receivable	19,776	-	678	-
Obligations	493	8,877	-	-
Transactions related with the statement of income				
Gas sales	34,936	-	-	-
Use of the Local Distribution System	18,566	-	-	-
Interest	-	195	-	-
Energy, water and telephone service	285	-	-	-
Fees	-	-	-	701
Salaries and social benefits	-	-	4,870	-
Commissions	23	-	-	-
Other transactions				
Dividends	24,460	108,934	16	-
2012				
Outstanding balances				
Accounts receivable	4,950	-	570	-
Obligations	1,715	11,231	-	-
Transactions related with the statement of income				
Use of the Local Distribution System	17,146	-	-	-
Interest	-	863	-	-
Energy, water and telephone service	333	-	-	-
Fees	-	-	-	655
Salaries and social benefits	-	-	4,687	-
Commissions	25	-	-	-
Other transactions				
Dividends	26,960	121,038	34	-

(*) Shareholders are those who control more than 10% of the Company's common shares in circulation (Note 19).

All transactions with the Company's shareholders, management and members of the Company's Board of Directors were made based on market conditions. No revenue from energy sales was credited to shareholders in 2013.

Additionally, the Company buys and sells services with related companies in which the national Government has a direct or indirect share. These operations are conducted according to market criteria.

31. Donations

In 2013, no donations were made.

In 2012, in line with the Board of Directors' Minute No. 201 of 2011, a donation to the Foundation for the Development of Santander of $25 for relief due to the bad weather was approved.

Through in kind donations, the Company donated laptop and desktop computers worth $103 (2012 - $47) to the Asociación Computadores para Educar to encourage the use of information and communication technology as educational tools.

32. Subsequent Events

After the financial statements were closed, no major events took place that could significantly affect the Company's financial situation, as recorded in the financial statements as at December 31, 2013.

Nonetheless, as previously cited in these notes, at the time of publication of these financial statements, the Colombian Government is in the process of transferring its ownership in the Company. The financial statements do not include any adjustments that could result from a future change in control.

On January 27, 2013, hearings were carried out in two (2) Courts of Arbitration to resolve the differences that have arisen between ISAGEN and Consorcio GS 2010, regarding compliance with Contract No. 46/3851 of June 13, 2011, signed between the same parties for the construction of the Bucaramanga-Barrancabermeja replacement road in the Capitancitos - Puente la Paz Sector, in the Sogamoso Hydroelectric Plant.

ISAGEN is the claimant in one Court and it is the defendant in the other.

The amounts of the claims are:

- ISAGEN as the claimant: $63,599
- Consorcio GS 2010 as the claimant: $46,760

ACRONYM TABLE

ABC:	Activity-based cost system
ANLA:	National Authorities of Environmental Licenses
NDC:	National Dispatch Center
RDC:	Regional Dispatch Center
CREG:	Energy and Gas Regulatory Commission
APR:	Annual percentage rate
ECA	Export Credit Agency
FAZNI:	Financial Support Fund to Bring Electrical Energy to Unconnected Areas
NEF:	National Energy Financing Agency
ICC:	International Chamber of Commerce
CPI:	Consumer Price Index
OPIC:	Overseas Private Investment Corporation
SIC:	Commercial Exchange System
NTS:	National Transmission System
SUCG:	Unified Cost and Expense System
UPME:	Mining and Energy Planning Unit
USD:	United States Dollar

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
ISAGEN S.A E.S.P.:

We have audited the accompanying balance sheets of ISAGEN S.A. E.S.P. as of December 31, 2013 and 2012 and the related statements of income, changes in shareholders' equity, changes in financial position, and cash flows for the years then ended (all expressed in millions of Colombian pesos). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Colombia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ISAGEN S.A. E.S.P. as of December 31, 2013 and 2012, and the results of its operations, the changes in its shareholders' equity, the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia ("Colombian GAAP").

The translation of the financial statements into English has been made solely for the convenience of the readers outside of Colombia.

Deloitte & Touche Ltda.
Medellin, Colombia

February 13, 2014.

Company's Legal Representative and Accountant Certification

Thursday, February 13, 2014

To ISAGEN SA E.S.P. Shareholders

As the legal representative and accountant of ISAGEN S.A. E.S.P, we certify that:

1. The Company's financial statements as of December 31, 2013 and 2012 have been faithfully taken from the accounting books. Before disclosing them to you and third parties, we have made the following verifications:
   a) All assets and liabilities included in the Company's financial statements as at December 31, 2013 and 2012 exist. All transactions included in these statements were made during the years that terminated on the aforementioned dates.
   b) All of the Company's economic activities that took place in the years that ended on December 31, 2013 and 2012 have been recorded in these financial statements.
   c) Assets represent likely future economic benefits (rights). Liabilities represent likely future economic losses (obligations) acquired or assumed by the Company as at December 31, 2013 and 2012.
   d) All elements have been included with their proper values according to the accounting principles generally accepted in Colombia.
   e) All economic activities that affect the Company have been properly classified, described and disclosed in the financial statements.
2. The financial statements and other relevant public reports do not contain flaws, inaccuracies or errors that obscure the true nature of the Company's assets, liabilities or operations.

ORIGINAL DOCUMENT SIGNED

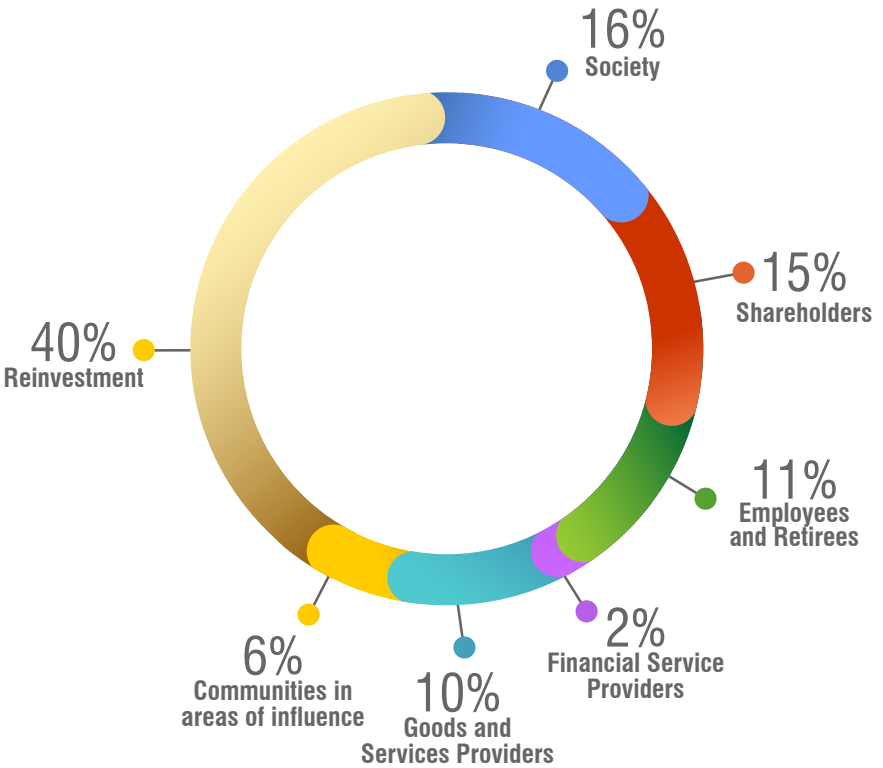
Luis Fernando Rico Pinzón
Legal Representative

ORIGINAL DOCUMENT SIGNED

Elvia Luz Restrepo Saldarriaga
Accountant
Professional License No. 37982-T

Distribution of value to Stakeholders

Our management goes beyond the figures, and in this chapter we show how the value generated by the Company is distributed among various stakeholders and benefits society. We base this on the fourth Financial Statement proposed by Dr. Luis Perera in his book Reporte social: un cuarto estado financiero básico, sobre la dimensión social de las empresas (Social Report: A Fourth Basic Financial Statement on the Social Dimension of Companies). This methodology refers to the Companies' social dynamics and establishes a link between the financial statements, and the social and environmental aspects.



The economic value generated was distributed among stakeholders: society, shareholders, employees and retirees, financial service providers, providers of goods and services, communities in the areas of influence, and to the Company itself through reinvestment.

	Notes	December 2011	December 2012	December 2013
Revenue	1	**1,682,700**	**1,731,539**	**2,002,814**
Direct costs	2	**661,098**	**783,695**	**946,003**
Economic value generated		**1,021,602**	**947,844**	**1,056,811**
Society	3	149,413	78,439	162,004
Shareholders	4	334,073	201,675	160,331
Employees and Retirees	5	96,344	109,968	117,813
Financial Service Providers	6	7,788	8,586	22,844
Goods and Services Providers	7	78,552	86,769	108,892
Communities in areas of influence	8	64,404	54,011	60,515
Reinvestment	9	291,029	408,397	424,412
Economic value distributed		**1,021,602**	**947,844**	**1,056,811**

Notes on the economic value added:

Note 1: Revenue

In 2013, operating revenue reached COP 2,002,814, representing an increase of 15.6% over the previous year. The increase is mainly due to growth in income from energy sales to Venezuela and under contracts, which made up 78.29% of the total operating revenue generated during the year. Income from spot market sales rose 9.76% compared to the previous year, mainly due to the higher market price in 2013. Income from gas sales fell 22.51% compared to the previous year, mainly due to fewer gas sales to the non-regulated market.

The following table shows the balances of the operating revenue accounts at December 31:

	2011	2012	2013
Energy sales through contracts	1,427,952	1,428,632	1,568,006
Energy sales on the market	164,746	212,665	362,812
Gas sales	80,712	81,819	63,400
Technical Services	8,382	7,803	8,034
Calderas Substation Asset Remuneration	908	620	562
Sales total	**1,682,700**	**1,731,539**	**2,002,814**

Note 2: Expenses

Direct costs rose COP 162,308 compared to 2012, which represents an increase on 18.54%. This was mainly seen in greater energy purchases through an increase in the spot market price due to low water levels. As a result of greater sales of non-regulated gas and that for Venezuela, an increase in usage and connection charges to the National Transmission System increased. Gas purchases were higher than in 2012 due to increased thermal generation, due to the low water levels during the year which favored a greater dispatch of energy from Termocentro.

The costs of tangible goods and services related directly to production were included, and taxes were excluded because they will be part of the amount paid to the State and society, along with the compensation components that were reclassified into employees and retirees.

Accordingly, the total value of direct costs is shown in the following table:

	2011	2012	2013
Purchases	280,225	383,574	457,025
Fuel	164,950	170,111	252,064
Usage and connection to the National Transmission System charges	208,906	222,751	228,920
NDC-CRD-CES	7,017	7,259	7,994
Total direct costs	**661,098**	**783,695**	**946,003**

The methodology requires the separation of these costs, but the beneficiaries thereof are service providers, so they could have been added to the corresponding entry in Note 7.

Notes on the value generated and distributed:

The economic value generated in 2013 was COP 1,011,311 which was distributed among different stakeholders, as shown in Notes 3 to 9.

Note 3: Company

ISAGEN pays significant sums in taxes and contributions to the local entities where it operates. These are additional to the national taxes, contributions and other charges. The contributions are used specifically for the environmental conservation and sustainable development of these regions.

The added value distributed to the Company is shown in the following chart:

	2011	2012	2013
National Taxes	128,615	57,398	138,422
FAZNI (Fund to support energy financing for unconnected zones)	12,286	11,386	11,822
Contributions	5,894	6,593	8,025
Municipal taxes	2,584	3,048	3,730
Departmental Taxes	33	14	5
Company Total	**149,413**	**78,439**	**162,004**

National taxes include income tax and the new tax set out in 2013 called income tax for equality (CREE). The government will specifically designate funds from said tax for social investment programs and contributions to financial movements. The vehicle tax is a departmental tax, and the industry and commerce tax, land tax, appreciation and outdoor advertising tax are municipal taxes.

There was an increase in taxes and contributions basically due to the COP 61,619 increase in income tax and COP 45,486 in the CREE income tax for a lower deduction for investment in income-producing fixed assets.

The legal stability contract signed between the Company and the Ministry of Mines and Energy remains in force, although it does not apply to the new CREE tax.

The contributions are distributed among the different oversight and control entities, such as: the General Comptroller of the Republic, the Gas and Energy Regulatory Commission and the Superintendence of Residential Public Utilities, among others.

FAZNI funds are used for plans, programs and projects to invest in energy infrastructure in unconnected areas in accordance with the regulations. However, these funds are not managed directly by ISAGEN.

ISAGEN does not receive subsidies from any entity, region, country or government. However, in accordance with the law, the Company collects and transfers 20% of industrial client energy consumption to residential clients in socio-economic classes 1, 2 and 3 as subsidies.

Note 4: Shareholders

In accordance with the shareholder structure, the value is distributed to the owners using the available profits or those subject to future distribution.

	2011	2012	2013
Net profit	479,112	460,903	433,966
Reserves	-266,325	-259,228	-273,635
Equity tax	121,286	-	-
Shareholder Total	**149,413**	**201,675**	**160,331**

Reserves include the legal reserve of Article 130 of the Tax Code and the reserve to maintain the Company's debt rating, in order to ensure funding of the investment plans and projects carried out thereby.

Note 5: Employees and Retirees

The following were distributed, among others: Salaries and retirement pensions, bonuses, vacation, training and social wellbeing allowance, sports and recreation expenses, travel allowance, social security payments, union dues, contributions to family compensation funds and occupational hazard insurance.

	2011	2012	2013
Work Benefits and Retirement Pensions	70,344	75,268	88,140
Contributions and Grants above Payroll	25,999	34,700	29,673
Employees and Retiree Totals	**96,344**	**109,968**	**117,813**

Labor obligations are adjusted at the end of each fiscal year based on the current legal regulations and labor agreements.

The company has an independent trust administered by FIDUCOLDEX S.A., to guarantee the payment of pension obligations to ISAGEN's current and former employees.

At 31 December, 2013, this independent trust was in the order of COP 35,666 and may reach a maximum equal to the amount of the actuarial calculation made as at December 31 of each year. In 2013, COP 5,650 were contributed to this fund.

Note 6: Financial Service Providers

Borrowings assumed by the Company from credit establishments, financial institutions or outstanding bond deposits. Financial liabilities increased 23.69% going from COP 2,133,243 in 2012 to COP 2,638,560 in 2013.

	Values	Percentage %
Short term	35,176	1%
Long term	2,603,384	99%
Total	2,638,560	**100%**

As is customary for this type of operation, the Company assumed a series of mainly financial and environmental commitments, At the end of 2013 and 2012, the Company had met all these commitments,

The interest from financing projects under construction is not displayed in the compensation of these stakeholders because these funds are registered as a higher value than the investment,

The net value between other income and other financial expenses, such as the revaluation of the investment portfolio at market prices, interests on accounts receivable, interests on borrowings and exchange rate difference, was taken into consideration, The following table shows the distribution of value for the financial entities:

	2011	2012	2013
Interest and commission	6,471	13,121	21,175
Exchange rate difference	1,317	-4,535	1,670
Financial service provider Totals	**7,788**	**8,586**	**22,844**

Note 7: Goods and Services Providers

It is important to point out the payments corresponding to security, supplies, equipment leasing, fees for financial, legal and administrative advice and the corporate insurance program,

	2011	2012	2013
Insurance, Security and other services	32,542	34,976	37,907
General and other	46,010	51,793	70,984
Goods and Services Providers	**78,552**	**86,769**	**108,892**

Different insurance policies have been acquired to cover the risk of material and financial damage, total losses due to damage and theft, civil liability, house fire; the coverage of risks related to the construction and assembly of the equipment associated with the Sogamoso, Amoyá, Manso and Guarinó projects, The Company has adequate insurance policies to protect its assets,

Note 8: Community

In 2013, ISAGEN made transfers under Law 99 to regional environmental authorities and municipalities in its areas of influence; made Environmental Management Plans for the development of social and biophysical investment programs; focused on community training and involvement in the areas of influence of its power plants and projects, and for the environmental improvement of the tributary basins that drain into its reservoirs.

	2011	2012	2013
Law 99 Transfers	39,897	35,885	38,020
Environmental Management Plan - Biophysical component	7,980	9,386	11,860
Social Investment	12,190	6,024	7,568
Biophysical Investment	1,102	1,400	2,128
Environmental Management Plan - Social component	1,925	1,316	939
Other costs- Prevention and service	1,310	-	-
Total communities in the area of influence	**64,404**	**54,011**	**60,515**

Note 9: Reinvestment

This refers to the value maintained by the Company to be able to carry on with its operations. This includes entries for the replenishment and maintenance of the production capacity of the energy generation plants, as well as the profits generated in 2013 that were not distributed that same year.

	2011	2012	2013
Reserves	266,325	259,228	273,635
Depreciation and amortization	108,995	109,042	111,622
Maintenance and repair	36,996	40,127	39,155
Equity tax	-121,286	-	-
Re-investment Total	**291,029**	**408,397**	**424,412**

The equity tax declared for this item in 2011 corresponded to the tax created by Law 1370 of 2009 affecting liquid equity held on January 1, 2011 at the rate of 4.8%, calculated with an additional surcharge equal to 25% of the tax. This amount was recorded to the equity revaluation account the same year it was declared.

Table of Contents of the Global Reporting Initiative

External Verification

INDEPENDENT REVIEW REPORT
Management Report 2013 ISAGEN S.A. E.S.P.

This report has been prepared for the exclusive use of ***ISAGEN S.A. E.S.P.***

We have examined the contents of 2013 ***ISAGEN S.A. E.S.P.*** Management Report according to the guidelines set forth in the Global Reporting Initiative (GRI) Sustainability Reporting Guide version G4 as well as those sustainability report verification procedures defined by the **The Colombian Institute of Technical Standards** and **Certification (ICONTEC, for the Spanish Original).**

The preparation, contents and self-declared Conformity with the guide in the **ESSENTIAL** option of the 2013 Management Report, is the responsibility of ***ISAGEN S.A. E.S.P*** management; as are defining, adapting and maintaining management and internal control systems from which the information is obtained.

We are responsible for providing an independent report based on the processes applied in our limited review. This was planned and carried out according to **Icontec's** Sustainability Report Verification Service, which is based on the GRI guidelines.

The scope of the verification was developed according to an agreement wtih **Icontec.** This includes the verification of a sample of developed social responsibility activities and a review of GRI Version G4 indicators that demonstrate sustainability compliance for the period Jan. 1, 2013 to Dec. 31, 2013.

We have carried out our revision and verification of the information contained in the 2013 Management Report which allows us to provide an opinion about the nature and the scope of compliance with the organization's transparency principles and an opinion about the reliability of their performance indicators.

The review consisted of collecting evidence and included interviews to confirm information of various company processes. Those interviewed are responsible for directing management and they participated in preparing the 2013 Management Report. We focused on the reliability of the information.

The verification was conducted between 3/11/2014 and 3/13/2014 in Medellín.

Analytical procedures and review tests performed on a sample of data, which were used to reach our conclusions, are described below:

- Reading and previous review of the 2013 Management report completed to review ISAGEN's actions regarding interested parties, such as the scope, relevance and integrity of the information included therein, as well as the company's understanding of the stakeholders requirements.
- Verification plan development was sent to the company 3/4/2014. Changes and modifications were made to this document for due to the availability of those interviewed.
- Analysis of the content adaptations from the 2013 Management Report to what appears in the GRI Version G4 Guidelines.
- Meetings with personnel responsible for the content of the 2013 Management Report to learn the management focus applied, and obtain the necessary information for the external review. Twelve interviews were held with the teamleaders responsible for the activities of each one of the processes, who were selected in our verification done between on March 11, 12 and 13 of 2014.
- Analysis of the processes of Management Report design, data collection and verification, as well as the review of information relating to the management approach applied to each indicator, carried out on March 11, 2014.
- Confirmation, via a sample, of the qualitative and quantitative information of the indicators included in the 2013 Management Report and confirmation of the indicators and report contents correspond with those recommended by said standard. Said confirmation included indicators in the following categories:

  - ✓ STRATEGY AND ANALYSIS: G4-1, G4-2
  - ✓ ORGANIZATION PROFILE: G4-3, G4-4, G4-5, G4-6, G4-7, G4-8. G4-9, G4-10, G4-11, G4-12, G4-13, G4-14, G4-15, G4-16.
  - ✓ MATERIAL AND COVERAGE ASPCTS: G4-17, G4-18, G4-19, G4-20
  - / STAKEHOLDER PARTICIPATION G4-24, G4-25, G4-26
  - ✓ REPORT PROFILE: G4-28, G4-30, G4-31, G4-32, G4-33
  - ✓ CORPORATE GOVERNANCE: G4-34, G3-35, G4-36, G4-37, G4-38, G4-39, G4-40, G4-41, G4-42, G4-43, G4-44, G4-45, G4-46, G4-47, G4-48-G4-49
  - ✓ ETHICS AND INTEGRITY: G4-56, G4-57, G4-58
  - ✓ MATERIAL INDICATORS: G4-EC1, G4-EN9, G4-EN10, G4-EN14, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN22, G4-EN23, G4-LA6, G4-LA7, G4-LA9, G4-LA11, G4-S01, G4-S08, G4-EU1, G4-EU2, G4-EU11 ,G4-EU30.
  - ✓ NON-MATERIAL INDICATORS: G4-EC7, G4-EC8, G4-EN1, G4-EN2, G4-EN3, G4-EN4M G4-EN5, G4-EN6.

- None of the relevant information provided by the company that we analyzed contradicted the contents of the 2013 Management Report.
- Meetings were held with the following stakeholder groups: Providers of administrative, maintenance and janitorial services and union presidents.

Conclusion

ISAGEN S.A E.S.P has a report development process that consists of collecting information, drafting the report, verifying, communicating, providing feedback, evaluating and adjusting the document. This process significantly contributes to the establishment and preservation of principles that guide the report's creation, as well as establish the material that will be included in the report.

Content and quality principles are applied throughout the report, demonstrating the frequency and balance of the information, as well as challenges and achievements. Nevertheless, it is important to better emphasize the application of content principles to achieve balanced, precise and comparable information. To ensure data comparability, more information could be provided for the measurements used, and changes compared to last years measurements noted.

Addressing indicators, it should be explained if the organization modified or omitted the GRI G4 guidelines. Defining this is important for accuracy and clarity.

As a result of our limited review we conclude that the ***ISAGEN S.A. E.S.P.*** 2013 Management Report has been prepared, in all significant aspects, in accordance with the GRI Sustainability Reporting Guidelines version G4, fulfilling the principles of its development and is accurate pursuant to the executed procedures. There is no information that would lead us to believe that the described aspects we reviewed contained significant errors.

The scope of a limited review is substantially less than an audit. Therefore, we will not provide an audit opinion about the 2013 Management Report.

Independence:

We carried out our verification based on our code of ethics, which requires, among other things, that the verification team members, as well the verification firm, are independent of the client, including those that have not been involved in writing the report. The code also includes detailed requirements to ensure the behavior, integrity, objectivity, professional competence, diligence, confidentiality and professionalism of the verifiers. Icontec International has implemented systems and processes to monitor compliance with the code and to prevent conflicts of interest.

Use and access restrictions:

This report has been prepared exclusively to **provide verification** of the contents of the 2013 Management Report of ISAGEN S.A. E.S.P, for the operating year ending 12/31/2013, compared to that indicated in the verification procedures of the sustainability reports created by Icontec International and may not be used for any other purpose.

Our report is for the sole and exclusive presentation to interested parties reading the 2013 Management Report and should not be distributed or used by others.

ICONTEC - Colombian Institute of Technical Standards and Certification

ADRIANA MARIA ALONSO ROZO
Regional Director, Antioquia
ICONTEC Antioqui

Date: March 13, 2014

BASIC GENERAL CONTENT

	Basic General Content	Page	External Assurance	Global Compact	ODM	Dow Jones
Strategy and Analysis						
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	7	X	X		
G4-2	Provide a description of key impacts, risks, and opportunities.	38 - 39	X	X		X
Organizational Profile						
G4-3	Report the name of the organization	24	X	X		
G4-4	Report the primary brands, products, and services.	24 - 27	X	X		
G4-5	Report the location of the organization's headquarters	29	X	X		
G4-6	Report the number of countries where the organization operates.	29	X	X		
G4-7	Report the nature of ownership and legal form.	24	X	X		
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	96	X	X		
G4-9	Report the scale of the organization (employees, operations, sales).	81 (Operation) 99 (Sales) 197 (Employees)	X	X		
G4-10	Employment indicators (# employees by gender, region and contract type).	196 - 201	X	X	X	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	190	X	X		X
G4-12	Describe the organization's supply chain.	175	X	X		X
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	17	X	X		
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		X			
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	17, 32	X		X	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:	78, 90, 146, 161, 162	X		X	
Identified Material Aspects and Boundaries						
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	204	X			
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	20 - 21	X			

BASIC GENERAL CONTENT

	Basic General Content	Page	External Assurance	Global Compact	ODM	Dow Jones
G4-19	List all the material Aspects identified in the process for defining report content.	18	X			
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	19	X			
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	19				
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	16				
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	17				
Stakeholder Engagement						
G4-24	Provide a list of stakeholder groups engaged by the organization.	31	X	X		X
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	127	X	X		X
G4-26	Report the organization's approach to stakeholder engagement.	127	X	X		X
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	132-138		X		X
Report Profile						
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	17	X	X		
G4-29	Date of most recent previous report (if any).	17	X	X		
G4-30	Reporting cycle (such as annual, biennial).	22	X	X		
G4-31	Provide the contact point for questions regarding the report or its contents.	22	X	X		
G4-32	GRI G4 Table	260 - 267	X	X		
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	21 - 22, 258	X	X		
Governance						
G4-34	Report the governance structure of the organization.	117	X	X		X
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	117 - 119	X	X		X

BASIC GENERAL CONTENT

Basic General Content		Page	External Assurance	Global Compact	ODM	Dow Jones
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	118 - 122	X	X		X
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	118	X	X		X
G4-38	Report the composition of the highest governance body and its committees.	117 - 119	X	X		X
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	117 - 118	X	X		X
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	117 - 122	X	X		X
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	124	X	X		X
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	117 - 122	X	X		X
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	116	X	X		X
G4-44	Report the processes for evaluation of the highest governance body's performance and report actions taken in response to evaluation.	122	X	X		X
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	121	X	X		X
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	118 - 119	X	X		X
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	121	X	X		X
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	119	X	X		X
G4-49	Report the process for communicating critical concerns to the highest governance body.	119 - 120	X	X		X
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body.	120		X		X

BASIC GENERAL CONTENT

	Basic General Content	Page	External Assurance	Global Compact	ODM	Dow Jones
G4-51	Report the remuneration policies for the highest governance body and senior executives.	118				X
G4-52	Report the process for determining remuneration.	188		X		X
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration.	128 , 132		X		X
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.	189		X		X
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees.	189		X		X
Ethics and Integrity						
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	30, 35	X	X		X
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	35	X	X		X
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	36, 126 (Link to Corporate Governance Code)	X	X		X

BASIC SPECIFIC CONTENT

	Material Indicators	Page	Omissions	External Assurance	Material Aspects	Global Compact	ODM	Dow Jones
Economy								
G4-EC1	Report the direct economic value generated and distributed.	249		X	Financial performance			
G4-EC9	Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation.	175			Supply			X
Environment								
G4-EN8	Report the total volume of water withdrawn from various sources.	206			Water and climate change management	X	X	X
G4-EN9	Report the total number of water sources significantly affected by withdrawal.	209		X	Water and climate change management	X	X	X
G4-EN10	Percentage and total volume of water recycled and reused	206		X	Natural resources and biodiversity	X	X	X
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	52 - 79			Natural resources and biodiversity	X	X	X
G4-EN12	description of most significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas, derived from the activities, products or services.	89 142 - 145 219-220			Natural resources and biodiversity	X	X	X
G4-EN13	Habitats protected or restored	142 - 145			Natural resources and biodiversity	X	X	X
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	143 - 144 222-224		X	Water and climate change management	X	X	X
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	150 - 152 218		X	Water and climate change management	X	X	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2).	150 - 152 218		X	Water and climate change management	X	X	X
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	150 - 152 218"		X	Water and climate change management	X	X	X
G4-EN18	Greenhouse gas (GHG) emissions intensity.	151		X	Water and climate change management	X	X	X
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	109 - 110 150 - 152		X	Water and climate change management	X	X	X
G4-EN20	Emissions of ozone-depleting substances (ODS).	210		X	Gestión del agua y cambio climático	X	X	X

BASIC SPECIFIC CONTENT

Material Indicators		Page	Omissions	External Assurance	Material Aspects	Global Compact	ODM	Dow Jones
G4-EN21	NOX, SOX and other significant air emissions.	151 210		X	Water and climate change management	X	X	X
G4-EN22	Total water discharge by quality and destination .	208		X	Water and climate change management	X	X	X
G4-EN23	Total weight of waste by type and disposal method.	213-214		X	Natural resources and biodiversity	X	X	X
G4-EN24	Total number and volume of significant spills.	215			Natural resources and biodiversity	X	X	X
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	216			Water and climate change management	X	X	X
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	52 108 140 219-220			Management of renewable energy sales and energy efficiency	X	X	X
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	216			Ethics and transparency	X	X	X
G4-EN31	Total environmental protection expenditures and investments by type.	15			Financial performance	X	X	X
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	135			Natural resources and biodiversity	X	X	X
Labor practices and decent work								
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	191 - 193		X	Personal development			X
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	191 - 193		X	Personal development			X
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	186 - 188		X	Personal development	X		X
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	188		X	Personal development	X		X
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	132			Ethics and transparency			

BASIC SPECIFIC CONTENT

	Material Indicators	Page	Omissions	External Assurance	Material Aspects	Global Compact	ODM	Dow Jones
Human Rights								
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	172 - 173			Supply	X		X
G4-HR12	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	36 132 - 135			Ethics and transparency	X		X
Local Communities								
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	156 - 167 221		X	Regional development			
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	156 - 167			Regional development			
G4-SO4	Communication and training on anti-corruption policies and procedures.	35 - 36			Ethics and transparency	X		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	112	X		Ethics and transparency			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	132 - 135			Ethics and transparency			
Product Responsibility								
G4-PR5	Results of surveys measuring customer satisfaction.	112 - 113		X	Sales management			X
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	112			Energy Market			

SUPPLEMENTAL SECTOR CONTENT

Material Indicators		Page	Omissions	External Assurance	Material Aspect	Global Compact	ODM	Dow Jones
Economía								
G4-EU1	Installed capacity broken down by primary energy source and by regulatory system.	82			Energy accessibility, availability and acceptability			X
G4-EU2	Net energy production broken down by energy source and by regulatory system.	83			Energy accessibility, availability and acceptability			X
G4-EU5	Assignment of permissions or equivalent to emit CO2, broken down by the carbon business framework.	151			Renewable energy and energy efficiency	X	X	X
G4-EU10	Planned capacity in contract to long-term projected electricity demand, broken down by energy source and regulatory system.	82 - 85			Energy growth, accessibility, availability and acceptability			X
G4-EU11	Average efficiency in thermal plant generation, broken down by energy source and by regulatory system.	85			Energy accessibility, availability and acceptability			X
G4-EU13	Comparison of the biodiversity of habitats compensated by the biodiversity of affected areas.	283 - 285			Natural resources and biodiversity	X	X	X
G4-EU18	Percentage of contractors and sub-contractors that have received relevant health and safety training.	171			Supply	X		X
G4-EU22	Number of persons displaced and physically or economically compensated, broken down by energy source and regulatory system.	63			Growth and regional development	X	X	
G4-EU30	Average availability factor for power plants, broken down by energy source and by regulatory system.	83			Energy accessibility, availability and acceptability			X