



2014 Management Report

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Editorial committee

ISAGEN

Design and document layout

ArangoVieira

Info graphics and illustrations

ArangoVieira - Diego Villada

Photographs

ISAGEN File

Augusto Cartagena

CER - UNAB (PIPC) Consortium

Fotoeditores

Julkastro.com

Slide Depot 123RF

Zeiki

Testimony gathering

CER - UNAB (PIPC) Consortium

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Message from Management



▼
**Luis Ernesto
Mejía Castro.**
Chairman of
the Board.



▼
**Luis Fernando
Rico Pinzón.**
Chief Executive Officer.

Dear friends,

We are convinced that companies are in a great position to transform society. In our case we assume the commitment to make clean energy available to the country to drive development. This is supported by management that ensures the creation of value, to protect the environment and to contribute to the development of territories where we operate.

Our purpose is to achieve economic growth as a company designed to serve human beings, helping people to develop knowledge, behaviors and technology that favor the sustainability of our business and the groups where we are present in society. We take a firm stance in living up to this purpose by joining global initiatives that seek these same objectives such as the Global Compact, Business for Peace, Climate Care, the CEO Water Mandate, the Carbon Disclosure Project and the Sustainability Agreement promoted by the National Association of Public Utility and Communications Companies (ANDESCO).

We have also learned that we can positively impact our environment when we work together, benefiting from each other's abilities and learning from others, which is an absolute requirement if we are to have relationships built on trust. Accordingly, we commit to transparent management, and in this report we share our practices, results and lessons learned in 2014. It was a year of great challenges and achievements, one when we consolidated our position as the second largest generator in Colombia with installed capacity of 3,032 MW, of which 2,732 MW is hydroelectric and 300 MW is thermal generation capacity.



Machine station.
Sogamoso
Hydroelectric Power
Plant.

We completed the 2006-2014 expansion plan with the commercial start-up of the Sogamoso Hydroelectric Power Plant in Santander (820 MW), responding to expectations for growth and supporting development in the region. With this power plant, we increased our capacity to produce energy by 60%, delivering our nation close to 8.3% of the energy consumed by Colombians each year.

Another important milestone to highlight is the San Carlos Hydroelectric Power Plant's 30 years in commercial operation, which with 1,240 MW of installed capacity continues to be the largest in the country. Thanks to the effective execution of maintenance and modernization plans, today this power plant is in optimum conditions to maintain a strategic role in the Colombian electricity system. On the other hand, the Termocentro Power Plant generated 2,047 GWh, the most it had ever generated. This gave the Company an effective back-up for fulfilling its commercial commitments, despite the low rainfall recorded in the year.

Energy generation in 2014 was 2.7% up from 2013, thanks to 93.6% power plant uptime, a figure that is in the high averages for the global energy sector. This allowed the Company to generate revenue of \$ 2.33 trillion, 16% up from the same period in 2013.

Staying highly competitive and implementing sustainable development practices gives our management a sense of purpose. In 2014, ISAGEN remained in the Dow Jones Sustainability Index for emerging markets, which it entered in 2013, achieving the maximum risk management rating and becoming a global leader for the sector in this emerging markets category.

Machine station.
San Carlos
Hydroelectric Power
Plant.



As fundamental pillars of our Company, ethics and transparency were analyzed by Corporación Transparencia por Colombia (NGO Transparency for Colombia), which assessed these practices in 30 public utility companies, awarding our company with a 100/100 rating, never achieved by another company before. For the second consecutive year, we were also recognized by the Colombian Securities Exchange as one of the most outstanding companies in the country for good practices in disclosing information and investor relations.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



**TRANSPARENCIA
POR COLOMBIA**

CAPÍTULO TRANSPARENCIA INTERNACIONAL

These achievements would not have been possible without the support of the people groups we work with. Open conversation, aligning expectations and seeking points of interest in common were the main points of the dialogs held in 2014. In an environment of respect and trust we identified opportunities to learn how to improve our management and consolidate mutually beneficial relations, focused on collectively generating value.

In the power plant and project areas of influence we strengthened relations with community institutions and organizations, joining forces to create regions that manage their own development. Specifically, in the Amoyá River, La Esperanza Hydroelectric Power Plant area of influence, we continue to support the development of the Human Rights Observatory and Transparency

Roundtable, with the aim to safeguard for the local community's rights and freedoms. Despite terrorism that has affected infrastructure, the Company has managed to continue its normal operations in this power plant during complicated situations of civil unrest.

The 2014 results presented herein confirm coherence with the commitment to sustainably respond to the country's energy demand. Our efforts do not end here. In 2015, we will establish the new company strategic growth plan, which takes into consideration diversification of generation technologies, increasing geographical coverage, energy efficiency and exploring new business in the framework of the corporate purpose to continue our journey to generate smart energy that contributes to society's prosperity.

With your support and trust, we will advance in this direction, sustained by the ethics and corporate responsibility that characterize the Company to contribute to human wellbeing and the development of a sustainable environment.

Thank you very much,

ORIGINAL
DOCUMENT SIGNED

LUIS ERNESTO MEJÍA CASTRO
Chairman of the Board

ORIGINAL
DOCUMENT SIGNED

LUIS FERNANDO RICO PINZÓN
Chief Executive Officer

Management in Numbers

	Unit	2013	2014	Variation %
Financial Management				
Return on equity	%	13.4	12.6	-
Operating Profit	Millions of \$	581,014	624,229	7.44
Operating margin	%	29	27	-
EBITDA millions	Millions of \$	692,636	742,822	7.24
EBITDA margin	%	35	32	-
Net Profit	Millions of \$	433,966	436,583	1
Net margin	%	22	19	-
Financial leverage	Times	0.65	0.78	
Financial debt / EBITDA	Times	3.81	4.49	
Borrowing	%	40	44	-
Sales Management				
Revenue	Millions of \$	2,002,814	2,329,620	16
Customer satisfaction indicator	Points	4.76	4.84	-
Number of wholesale clients	Number of clients	19	33	-
Non-regulated market share	%	19.5	19.5	-
Industrial end clients	Number of clients	273	276	-
Energy Production				
Total generation	GWh	10,322.36	10,609.15	-
Hydroelectric power generation	GWh	8,707.73	8,562.64	-
Thermal power generation	GWh	1,614.62	2,046.51	-
Uptime	%	93.41	93.55	-
Market share in Colombia's National Electric Grid	%	16.97	16.49	-
Project Management				
Sogamoso Hydroelectric Power Plant Project progress	%	90.1	100	18.6
Other Indicators				
Legal transfers	Millions of \$	38,020	39,733	-
Environmental management plan contributions	Millions of \$	310,333	332,403	-
Social and biophysical investment	Millions of \$	17,040	13,667	-

Composition of the Board of Directors 2013 - 2015

Principal

Carolina Soto Losada*
Public Credit and National Treasury General
Vice - Minister
Ministry of Finance and Public Credit

Carlos Fernando Eraso Calero*
Vice - Minister of Energy
Ministry of Mines and Energy

Juan Carlos Esguerra Portocarrero
Independent

Luis Ernesto Mejía Castro
Independent

Juan Esteban Calle Restrepo*
Chief Executive Officer Empresas Públicas
de Medellín
Independent

José Fernando Isaza Delgado
Independent

Carlos Cure Cure
Independent

Alternate

Michel Janna Gandur*
Public Credit and National Treasury General
Director
Ministry of Finance and Public Credit

Orlando Cabrales Segovia
Independent

Luz Helena Sarmiento Villamizar
Independent

Jorge Humberto Botero Angulo
Independent

Jesús Arturo Aristizábal Guevara
Independent

Andrés Felipe Mejía Cardona
Independent

Juan José Echavarría Soto
Independent



To see the Board
Members' curriculum
vitaes [click here](#).

* The Extraordinary General Meeting of Shareholders in 2014 designated members to these seats in consideration of the position and not of the particular individual entrusted to it.

Management

Upper Management

Luis Fernando Rico Pinzón
Chief Executive Officer
Principal Legal Representative

Luis Fernando Londoño Mejía
Administrative Manager
Alternate Legal Representative

Diego León González Ochoa
Chief Production Officer

Armando Gómez Correa
Chief Internationalization Officer

Liliana María Zapata Madrid
Chief Commercial Officer
Alternate Legal Representative

Juan Carlos Rivera
Interim General Counsel 2014
Alternate Legal Representative

María Luz Pérez López
Generation Projects Manager

Gloria María Úsuga Yepes
Organizational Auditor

Juan Fernando Vásquez Velásquez
Chief Financial Officer
Alternate Legal Representative

Margarita Rosa Giraldo Gallón
Director of Corporate Relations



To see the curriculum vitae of the members of the Management Committee [click here](#).



Presentation of the Report

Report

Hereafter we provide the Company's 2014 annual integrated management report. The report provides a description of our organization, our convictions and the principles that guide our actions, business practices, result oriented operations, corporate management and stakeholder relations. It also presents impact on economic, social and environmental aspects of our business.

Preparing this report and the results presented herein represents an opportunity for us to demonstrate accountability, share lessons learned, define the focus of our work and strengthen dialog with our stakeholders.

Scope

All information associated with business management, in the Medellín headquarters, our regional offices and the project and power plant areas of influence.

Methodology

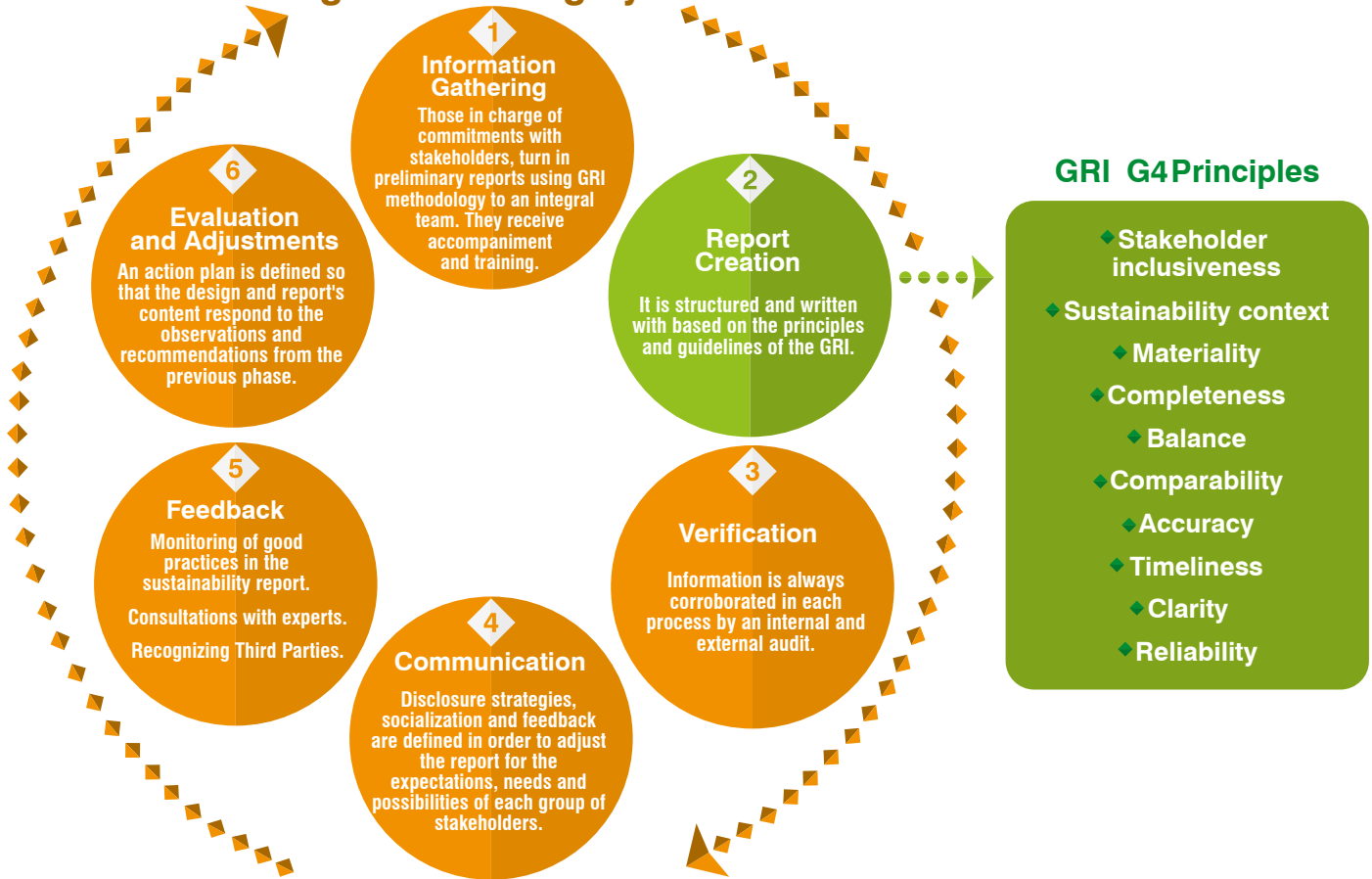
We defined structure and content in line with the Integrated Reporting Council (IRC) framework and guidelines of the international Global Reporting Initiative (GRI) Version G4 methodology, with its supplement for the electricity sector, according to the essential option indicated by this guide. This means that we will report at least one GRI indicator for each material aspect.

We also present relevant information on our commitment to global initiatives such as the Dow Jones Sustainability Index, the ten principles of the Global Compact, Business for Peace, the CEO Water Mandate, Climate Change and the Millennium Development Goals.

We used measurement techniques and calculation basis that ensure precision in the data compiled.

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 any distinction.

Report creation process Dialog and learning dynamics



Structure

The report is presented in three thematic blocks:

- 1. Our Company and Human Energy:** This section presents ISAGEN's company characteristics, strategic focus, philosophy, the work guiding its actions, corporate governance, corporate ethics and comprehensive risk management.
- 2. Business Performance:** This section presents sustainability practices and results from the construction projects, power plant operations, energy sales and financial results.
- 3. Management Practices:** This section presents actions undertaken throughout the year regarding our presence in the different regions, community management, protection of biodiversity and natural resources, supply chain, ISAGEN employees, stakeholder relations and commitment to human rights and global initiatives.

Exercise on materiality

The exercise on materiality at ISAGEN was carried out within the strategic planning process. In 2014 we made significant progress, given that in this period we more rigorously adopted the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.

Accordingly, material topics were defined in line with principles established around stakeholder participation, sustainability, materiality and completeness. The following steps were taken:

1. Identification

The objective of this phase is to establish the preliminary inventory of topics that are relevant for company and stakeholder decision making.

Input used to identify relevant information included: the internal corporate risk analysis, Company strategic planning and forecasting, energy sector characteristics and challenges, commitments to external initiatives and stakeholder perspectives and opinions.

- › To learn more about corporate risks, refer to the **Comprehensive Risk Management** chapter.
- › To learn more about global initiatives, refer to the **Global Initiatives** chapter.
- › To learn more about stakeholder dialogs and measuring company reputation and branding, refer to the **Sustainable Relations** chapter.

After analyzing all input, we came up with a preliminary list of 18 relevant topics.

2. Prioritization

In this phase we define material topics and the scope of the information that will be presented in the report.

We performed a qualitative and quantitative evaluation of the 18 topics resulting from the identification phase to determine the priority level of each one, which supports stakeholder decision making and company stability. Stakeholder groups in our value chain such as clients, investors, employees, communities and suppliers are considered in this phase. For these evaluations we correlated the influence of each topic in the stakeholders' evaluations and decision making and the economic, environmental and social impact of said topics on the organization.

Results were input in the matrix to compare these variables. In this manner, the priority was established for each topic in line with level of importance and need for decision making by at least one of the stakeholders. Repercussions on sustainability and company management projection were also taken into consideration. It is worth noting that if a topic was considered relevant for one single stakeholder, it was included in said matrix.

The first phases were executed by the Corporate Planning Group, which is comprised of a management team in charge of defining the direction of the business, and the Corporate Responsibility Group, which is comprised of management that is more directly in contact with stakeholders.

Fourteen relevant topics resulted from this process.

3. Validation

This phase was used to confirm the significance of the aspects identified in the previous phases. An internal exercise was used to evaluate scope, coverage and completeness of the information for each aspect to report.

Once material topics was defined, the same was used as the main guide to prepare this report. We collected the information related with each material aspect, and we report on it using indicators and basic content, which is appropriate for the whole organization.

It should be understood that all material aspects do not have the same level of importance. The breakdown of each one provided in the report reflects its priority level.

4. Review

Scope, coverage and reporting period were evaluated in the review. Additionally, the decision makers will approve the topics. In this phase the Upper Management Team validated the resulting material topics:

Material topics	Scope	External coverage	Internal coverage
Company concept based on the human being	<ul style="list-style-type: none"> › Project the Company to society › Company of human beings at the service of other human beings › Corporate Governance 	Communities	X
Comprehensive employee development	<ul style="list-style-type: none"> › Opportunities for human and professional development in the employees › Find balance between work and personal life › Recognize the complete human being 	Employees	X
Comprehensive water and climate change management	<ul style="list-style-type: none"> › Comprehensive Water Management › Basin management › Climate change › Carbon footprint › Water and climate change risks associated with the value chain › Organization of national water resources 	Clients, investors, suppliers and communities	X
Biodiversity management	<ul style="list-style-type: none"> › Natural resources › Protection of flora and fauna › Environmental Management Plans and complementary biodiversity management 	Suppliers and communities	X
Energy production and sales	<ul style="list-style-type: none"> › Energy Market › Regulation › Supply, demand and price › Service quality and reliability › Fees › Customer service › Energy Generation › Energy market: functionality, rules, defense and strengthening › Industry norms › Uptime › Sales Management › Quality of the services 	Clients and suppliers	X
Innovation and development of competencies for the management of industry-specific technologies	<ul style="list-style-type: none"> › Innovation › Knowledge management › Research and development of competencies, water, renewable energies, eco-efficiency and energy efficiency › Networks for collaboration › Science and technology 	Clients and Investors	X

Material topics	Scope	External coverage	Internal coverage
Development of new business opportunities	<ul style="list-style-type: none"> › Business growth › Market opportunities › Studies and execution of projects › Comprehensive Energy Management 	Clients and Investors	X
Corporate Ethics	<ul style="list-style-type: none"> › Ethics and Transparency › Risks of corruption and fraud in the value chain 	Investors and suppliers	X
Human Rights	<ul style="list-style-type: none"> › Peace Initiatives and Human Rights › Complying with and respecting Human Rights › Peace building and effective conflict resolution › Physical safety › Regional transformation › On national level 	Suppliers and communities	X
Sustainable relations	<ul style="list-style-type: none"> › Addressing requirements › Dynamics of dialog, collaboration and teamwork › Alliances and collaboration › Coordination with allies › Public policy › Academic, social and corporate relations 	Investors, suppliers and communities	X
Company value	<ul style="list-style-type: none"> › Financial strength › Corporate financial statements › Share trends › Sustainability risk management 	Investors	X
ISAGEN as an agent of change in the regions in which it operates	<ul style="list-style-type: none"> › Social Management › Institutional strengthening and coordination › Transfers required by law › More emphasis on determining the scope of ISAGEN › Self-training and development › Building skills in local workforce › Generation of local and regional employment › Positive transformation and planning in the territory › Sustainable territories › Contribute to territorial organization › Improve community relation building skills 	Communities	X
Occupational Health and Safety	<ul style="list-style-type: none"> › Risks in projects under construction › Labor conditions 	Suppliers	X
Supply chain	<ul style="list-style-type: none"> › Supplier management › Storage practices › Minimum sustainability requirements › Supplier Development › Risk Assessment 	Suppliers and communities	X

For some of the material aspects identified, there is not GRI G4 indicator for that specific information:

- › Company concept based on the human being
- › Sustainable networking
- › Development of new business opportunities.
- › Innovation and development of competencies for the management of industry-specific technologies

In 2014 there were no organizational changes that resulted in the need to modify, re-express or reformulate the information provided in previous reports. We also clarify that all entities listed in the financial statements are included within the scope of the report.

5. Verification

With the topics validated, the sustainability report was prepared and submitted to a third party for review to ensure trustworthiness of the information, compliance with GRI guidelines and to identify opportunities for improvement. For 2014, The Colombian Institute of Technical Standards and Certification (ICONTEC) objectively reviewed the content with the Company work teams that provided the information, taking into consideration the GRI G4 guidelines and the indicators resulting from the materiality analysis.

Then, the information was published and disclosed to stakeholders on the official websites of the Global Compact, Global Reporting Initiative and via Company virtual media. We carried out a review process through which stakeholders will determine the pertinence of each topic addressed in the report.



To learn more about ICONTEC's verification report [Click here](#).



The report as a tool for dialog

Every year we publish and disclose our management report on the official websites of the Global Compact, Global Reporting Initiative (GRI) and via Company virtual media following a communication strategy to stimulate feedback. There were 36,566 visitors, who clicked into the 2013 Management Report published on the ISAGEN website in 2014, and the most viewed topics were:

- › Company management focus.
- › Business performance including financial results and the most relevant aspects of sustainability in construction projects, power plant operation energy sales.
- › Management practices, actions and results in matters related with corporate governance, environmental protection and stakeholder relations.

Stakeholders can share their comments and raise questions through the different media sources, and they can also send them to the following email addresses:

! consultas-re@isagen.com.co

! webmaster@isagen.com.co

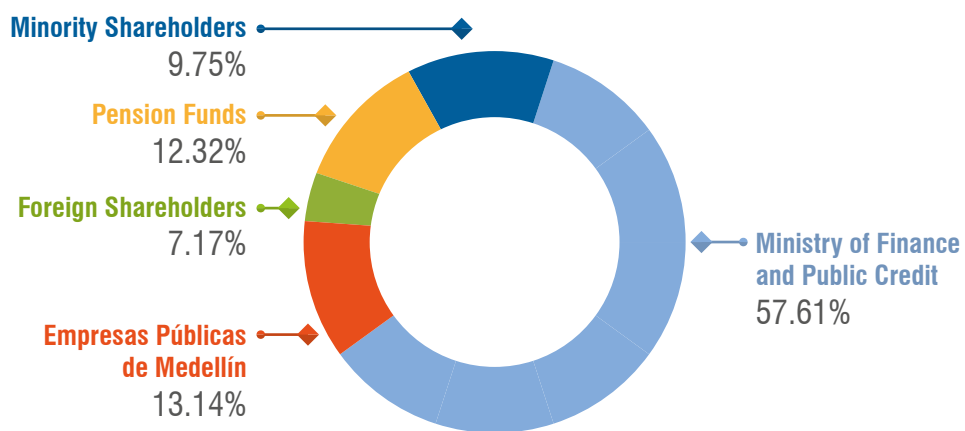


Our Company and Human Energy

We are a company that generates and sells energy, envisaged as a people group that seeks to satisfy the needs of other people groups and work together with them to bring about wellbeing and development for the country.

ISAGEN is a Colombian public utility trading company with both public and private capital. We are a for profit company, established to serve the people of our country.

Our majority shareholder is the Colombian government. At the end of 2014, our shareholder structure was as follows:

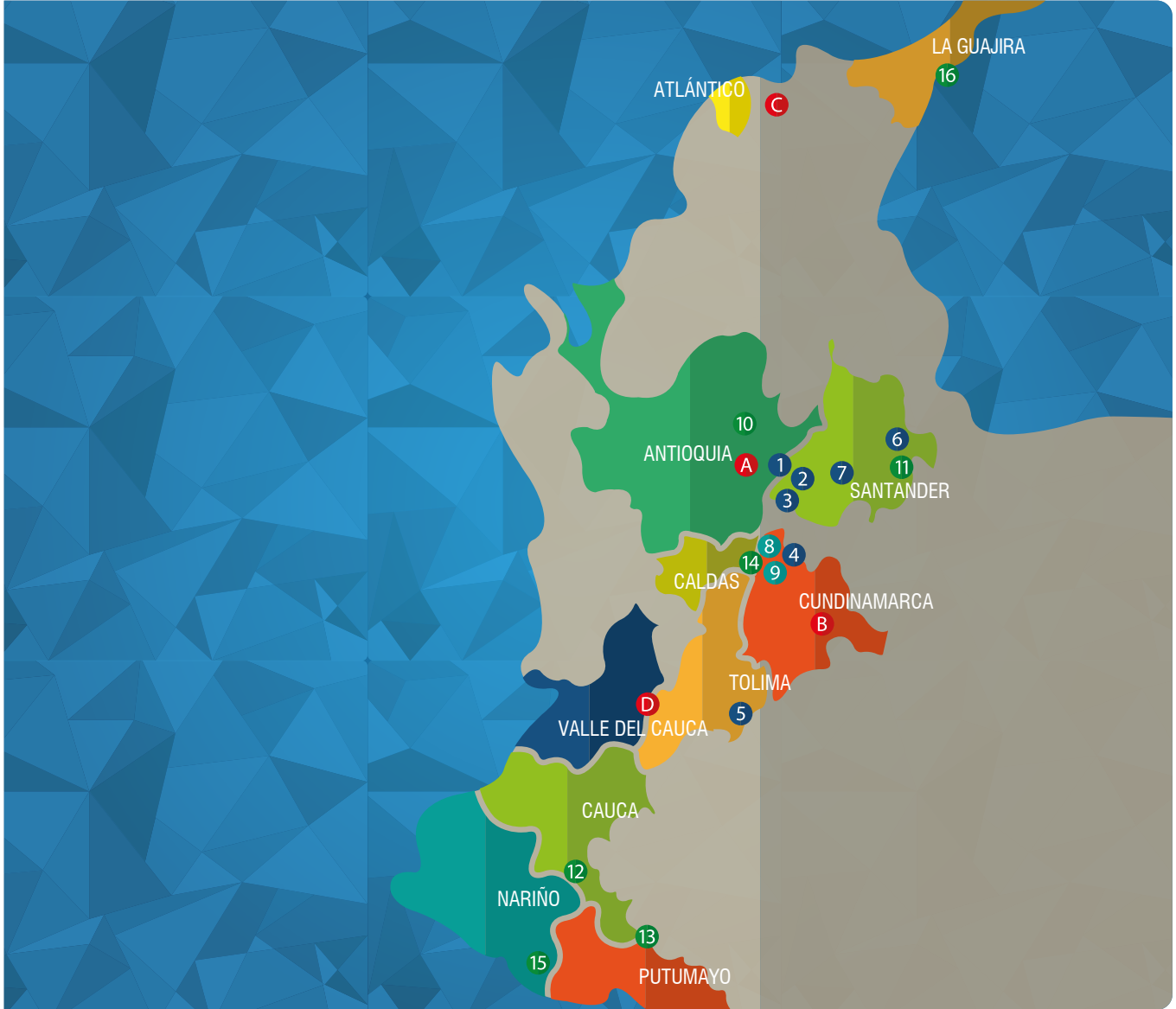


Our administrative headquarters is in Medellín. We have regional offices in the cities of Bogotá, Cali and Barranquilla. Our electric power plants and projects under study are located in different regions of the country, as shown in the following map:



For more information about investor relations [click here](#).





Power plants

Hydroelectric

- 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
- 6 Sogamoso 820 MW

Termoelectric

- 7 Termocentro 300 MW



Diversions

- 8 Manso
- 9 Guarinó



Projects being studied

Hydroelectric projects

- 10 Cañafisto 937 MW
- 11 Piedra del Sol 153 MW
- 12 Río Patía 1,650 MW
- 13 Andaquí 687 MW

Geothermal projects

- 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

Intelligent energy and prosperity

We accept the challenge of generating intelligent energy for the progress and wellbeing of the country, through behaviors, knowledge and technologies that seek to mitigate climate change, foster company competitiveness, promote sustainable human development and generate shared value for our stakeholders.



We generate energy using renewable sources such as water. We are carrying out studies using other alternative sources such as wind and geothermal energy.



We protect water as our main energy generation source and as a source of life and opportunities for all.



We measure our carbon footprint and work to off-set it by using initiatives aligned with the Clean Development Mechanism (CDM), by monitoring alerts, and using resources efficiently.

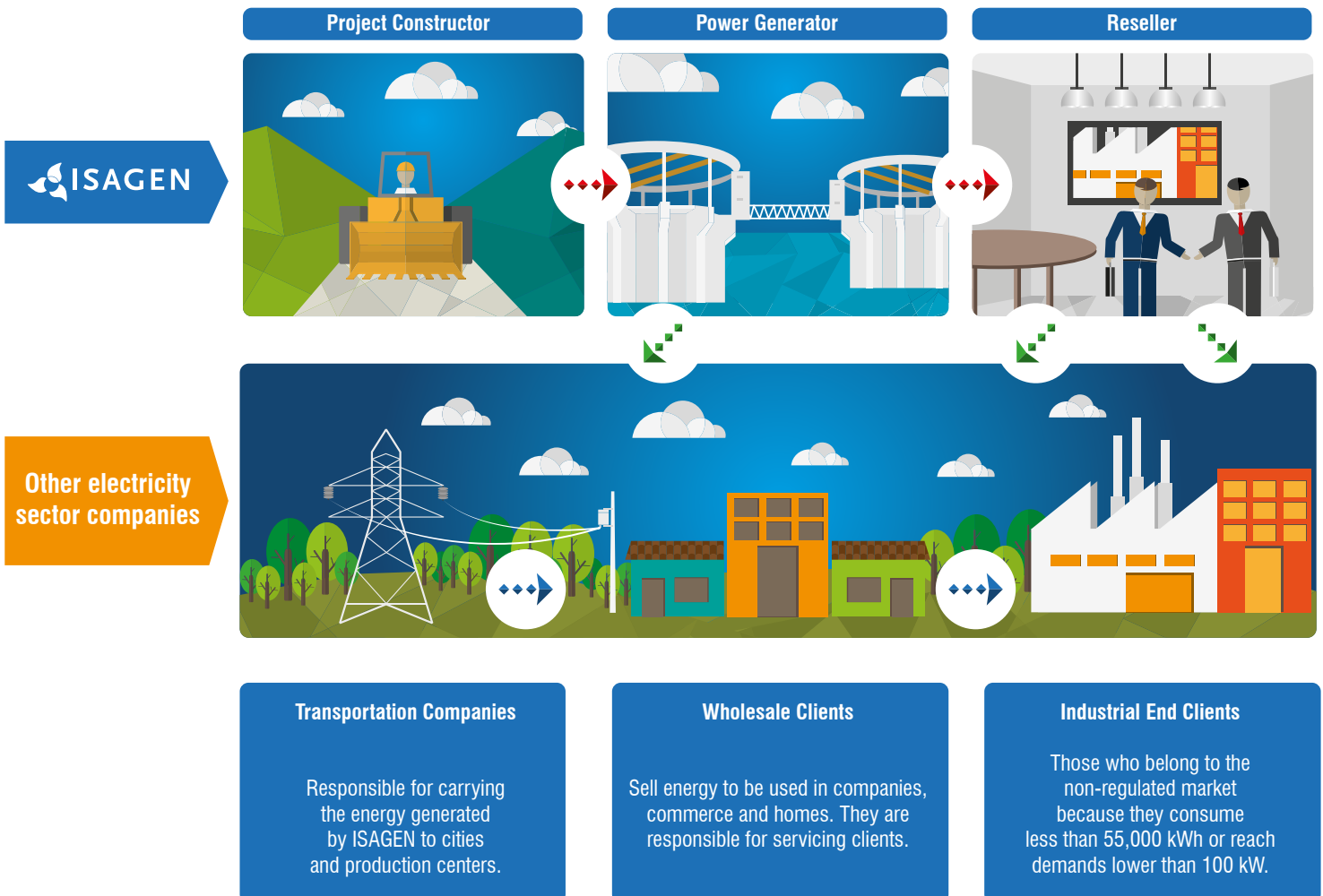


We promote the efficient use of energy and water, both by our company and by our customers, through developing programs that transform the corporate culture and processes.

We work and connect with others, with the aim of contributing to environmental protection, social development and economic growth.

We energize the energy market

We are the second largest generator in Colombia, with an installed capacity of 3,032 MW in total, comprising 2,732 MW of hydroelectric generation capacity and 300 MW of thermal generation capacity. We provide the market with seven electric power plants, which together contribute around 16% of the energy that our country needs.



The most important goals of our expansion plan were fulfilled when the Amoyá River, La Esperanza Hydroelectric Power Plant and the Sogamoso Hydroelectric Power Plant began commercial operations in 2013 and 2014, respectively. This increased our installed capacity by 900 MW, rising from 2,132 MW to 3,032 MW, which represents growth of 42.21%. We made progress in creating a renewable energy portfolio with hydroelectric, wind energy and geothermal projects under study. We also carried out studies on biodiesel and coal gasification.

We sell our energy to non-regulated and wholesale clients. We are also important agents on the spot market, where we trade our surpluses and shortages. We contribute to the progress of the sector through competitive business, contributions to regulation, and healthy competition.

As well as supplying energy, we offer our clients energy solutions that increase their productivity and competitiveness, and we offer Comprehensive Energy Management Programs for increased efficiency in consumption and reduction of CO₂ emissions.



▼
Intake towers.
San Carlos
Hydroelectric Power
Plant.

Our company concept is based on **the human being**

We connect with different groups within society as we carry out our activities, and our objective is to build long-term relationships based on dialog and collaboration.

We define commitments and identify relevant topics and indicators, with our stakeholders, to measure the impact of our relationships. This is fundamental input for defining the strategy and initiatives that contribute to the sustainability of the company.

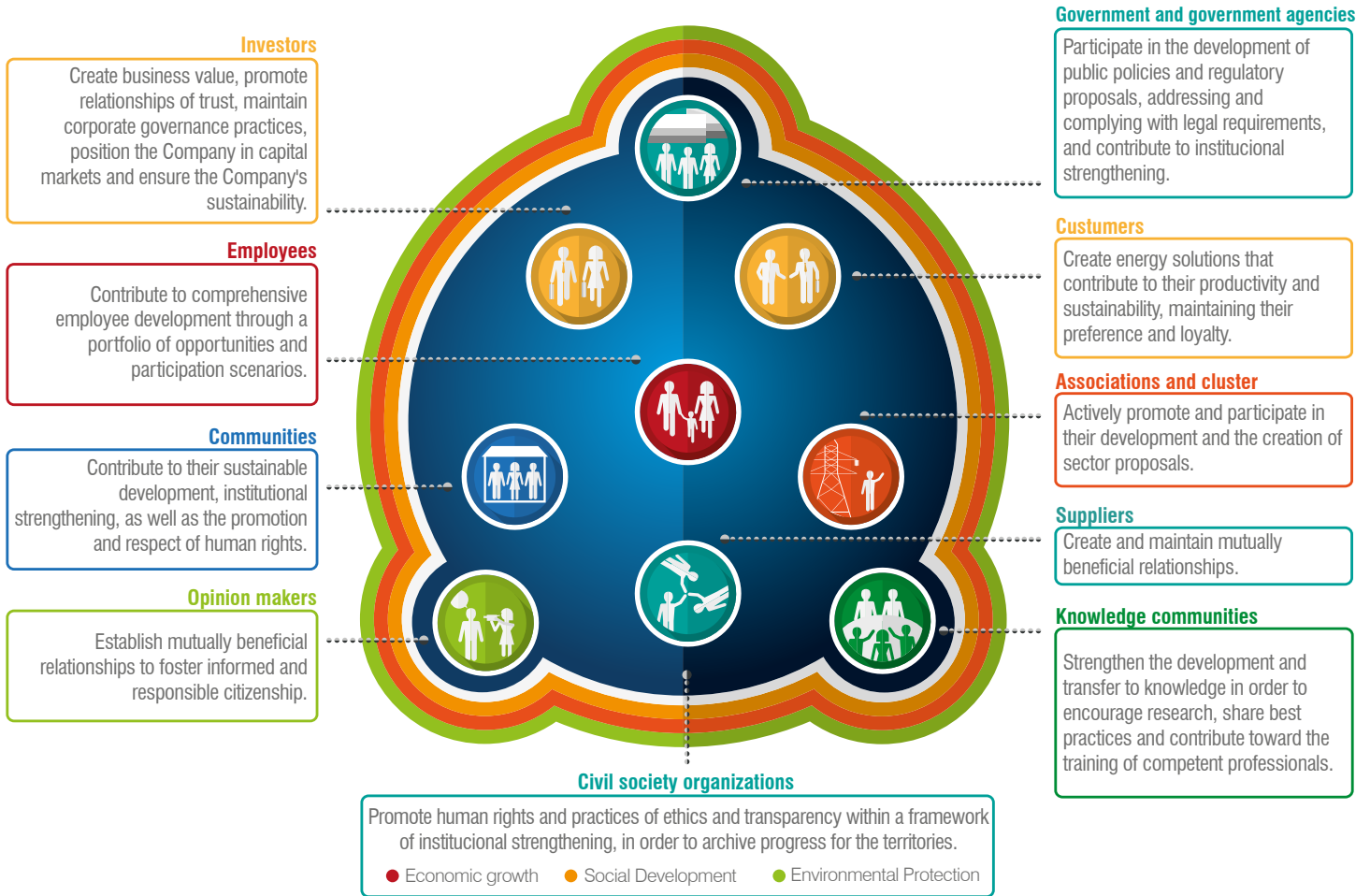
As such, we work with stakeholders on various initiatives focused on creating value for them, for society and for us.



Learn more [here](#).



Our Relations



We would like to clarify that for ISAGEN, supplier and contractor have the same meaning, and the two terms are used interchangeably throughout this report.

Management Practices

Our company concept, which is committed to people's wellbeing, facilitates the natural incorporation of sustainable development practices. These are enacted through policies, plans and programs that comprehensively seek competitiveness and business continuity, good relations with stakeholders, and the creation of a more prosperous society. Among these, we are especially proud of:

Corporate Governance and Corporate Ethics

We have transparency practices in place that preserve corporate governance as well as corporate ethics, and are consistent in our commitment to management quality and integrity in all our actions.



Learn more [here](#).

Comprehensive Risk Management

We focus our management on creating value for ISAGEN and manage risks by considering them to be key elements in decision-making aimed at minimizing their impacts and maximizing the opportunities they provide.



Learn more [here](#).

Knowledge Management and Innovation

One of our aims is to strengthen the skills of management and employees in the various strategic topics relating to business sustainability, including management of technologies specific to energy production, innovation, generation of alternative energy sources, relations with stakeholders, creation of shared value, social and environmental management, and project management.

In 2014, we adopted a more comprehensive and systematic focus for the management of innovation, envisaging it as a corporate, cross-cutting process. This focus can be seen in the definition of a formal process with several phases that promotes innovation aligned with the company strategy. It also stimulates generating ideas, and facilitates progressively selecting and prioritizing them, so they can mature and increase the probability of success.



Experiences from implementing this practice are presented in the following chapters:

[Energy Production](#)
[Energy Sales](#)
[Growth Management](#)

Supply chain

We identify the supply chains related to our business, the different suppliers that are a part of them and the various networking needs, and create management and development plans geared towards collaboration, competitiveness and sustainability.



Learn more [here](#).

Human Resources

We think of employees as dynamic, unique and important human beings, and focus our management on creating the necessary conditions for their comprehensive development and for them to contribute to achieving the company goals in a way that is aligned with their own life projects.



Learn more [here](#).

Economic Value Management

We provide impetus to our company strategy through the development of financial schemes that make our operation, growth and investment in sustainable initiatives possible.



Learn more [here](#).

Occupational Safety and Health

We implement occupational safety and health standards for the wellbeing of our employees, with a focus on both prevention and assistance. We reproduce these practices with our suppliers, who must duly comply with health and safety requirements per contractual agreements.



Learn more [here](#).

Environmental Management

We devise protection plans to foster promotion, research and knowledge of natural resources and biodiversity in our power plants' areas of influence. We adopt the principle of concern: if there is any doubt as to the effect one of our actions or activities may cause, we refrain from implementing it. We focus our business on the development of renewable energy sources, in saving water and in the efficient use of resources. We also carry out education and environmental awareness activities with our employees and other stakeholders.



Learn more in the following chapters:
Energy Production
Growth Management
Protection of Biodiversity
Transforming Role in the Regions

Transforming Role in the Regions

We know that when we build and operate our power plants, we become part of a community. As such, we commit to creating opportunities that contribute to a productive and sustainable appropriation of the territories and to the creation of spaces for participation, wellbeing and coexistence that contribute to the quality of life of the community members.



Learn more [here](#).

Human Rights and Peace

We are committed to respect for and promotion of Human Rights in all our actions. We have defined a policy on this matter, and we are focused on preventative actions, adhere to the Business for Peace initiative, and support initiatives that contribute to the construction of a society in which the dignity of all people is respected and promoted.



Learn more [here](#).

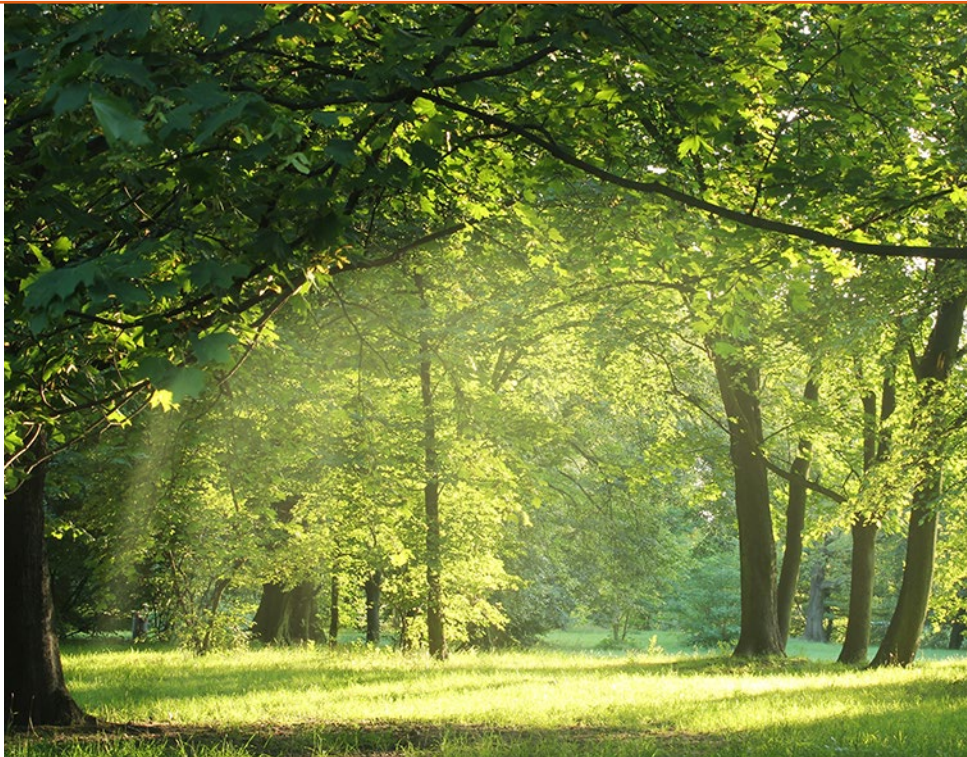
Global Initiatives

We join forces with initiatives that seek to work collaboratively on topics of global interest such as water, climate and peace. We learn from others, share what we do, and together widen our vision and scope for contributing more each day to the wellbeing of human beings and their surroundings.



Learn more in the following chapters:

Human Rights
Transforming Role in the Regions
Employee Wellbeing
Supply chain





Corporate

Governance and Corporate Ethics

- ▶ Corporate Governance
 - ▶ Ethics and Transparency
 - ▶ Fair Competition and Antitrust
 - ▶ Fraud Risk Management
-

Corporate Governance



Juan Carlos
Rivera

Interim General Counsel 2014

“Corporate governance guides our management model and establishes a series of principles, values and practices that promote transparency and clarity of purpose for the respect of shareholders’ rights, the disclosure of financial and non-financial information and relevant decision-making.”

Guidelines

We are constantly seeking to improve and to implement practices that allow us to confront the challenges before us. The company is guided by a Corporate Governance Code that includes guidelines on its framework for action, the management of conflicts of interest, fair treatment of shareholders, the governance structure, control mechanisms, transparency in disclosure and management of information and shareholder relations. We also take into consideration practices recommended by the different national and international organizations, such as guidelines of the Organization for Economic Co-operation and Development (OECD).



For more information about ISAGEN's **Corporate Governance practices** and documents [click here.](#)

Governance Structure

General Meeting of Shareholders: the highest management body. It is fully authorized to lead and decide on issues of utmost importance to the Company. Its ordinary meeting was held on March 25, 2014 and the quorum was more than sufficient to deliberate and make decisions. Shareholders voted freely. The Meeting was directly broadcast through our website and the minutes were drawn up and signed by the Chair, Secretary and members of the Approval Committee.

Board of Directors: the highest governing body. The Board of Directors guides the management of the Company's business, pursuant to guidelines established by the General Meeting of Shareholders. In 2014, all management relating to the Board of Directors was conducted in accordance with the regulations established in the Bylaws, the Corporate Governance Code and the Rules of Procedure for the Board.



General Meeting of Shareholders 2014.

Board of Directors Corporate Governance Practices and Results - 2014

➤ Composition

- 7 principal and 7 alternate members.
- Members reflect the share in the company's property and represent the minority shareholders.
- A seat on the Board of Directors is proposed by the minority shareholders.
- Its members were elected at the Ordinary General Meeting of Shareholders held in 2013. Terms last two years (April 2013 to March 2015). To fill vacant seats at the time, the Board of Directors was restructured at the Extraordinary General Meeting of Shareholders, held in November 2014.

➤ Characteristics of members as at December 31, 2014

- 43% between 30 and 50 years of age, and 57% over 50.
- 14% women and 86% men.
- No member of the Board belongs to an ethnic minority or other kind of minority group, which is not due to discriminatory criteria.
- Three members have senior government roles. One is the Chief Executive Officer of an important residential public utility company.
- No ISAGEN executives are members of the Board of Directors.
- They are elected by the General Meeting of Shareholders taking into account the proportional representation of shareholders and following the electoral quotient system established by law.
- They are professionals of high ethical and moral character, 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.

-
- **Percentage of shares held by Board members as at December 31, 2014**

 - 0.00006497% of total company shares.
 - One member is a shareholder.
-
- **Amount paid for meeting attendance in 2014**

 - The total amount paid to members of the Board for attendance was \$ 582,628,809.
 - Equivalent to 4.5 official minimum monthly salaries in force per meeting.
 - Approved by the General Meeting of Shareholders following comparison with companies similar to ISAGEN.
-
- **Meeting attendance for 2014**

 - 14 meetings.
 - 94.9% per seat on the board.
 - 90.8% principal members.
 - 63.3% alternate members*.
-
- **Independent Members**

 - 78.57%, which exceeds the 25% minimum established for issuers pursuant to the Colombian Securities Exchange Law.
 - The Chair and Vice-Chair are independent members.
-

* Taking into account that a principal seat was vacant from March until November 2014, the attendance percentage for principals plus attendance of the alternate member for the vacant principal seat was 90.8%. The attendance of alternate members remained at 63.3%. Likewise, there was a vacant alternate member seat throughout 2014 until the Extraordinary General Meeting of Shareholders of November 2014, in which the Board of Directors was restructured.

- **Functions and Responsibilities**
 - Approving the strategic direction (principles, values and short and long term policies).
 - Considering environmental, social and economic aspects, as well as ethical and transparent practices.
 - Approving the main results and challenges in terms of sustainability.
 - The Board of Directors duly fulfilled its functions and responsibilities.
-

- **Board Committees**
 - Made up of Board Members with the adequate training and experience to carry out their functions.
 - They reviewed the issues in greater detail and made the necessary recommendations to the Board of Directors.
 - Fulfilled all of their functions in 2014.
-

- **Corporate Risks**

The Board of Directors, the Audit Committee and the Management Team:

 - Approved the guidelines related to Risk Management.
 - Monitored the corporate risks on a monthly basis.
-

- **Addressing sustainability requirements**
 - In 2014, the Board of Directors assumed the role of setting guidelines related to the social, environmental and economic aspects of relations with stakeholders, while the Management and Corporate Governance Committee was responsible for monitoring and making recommendations on those issues. Meetings are held monthly to address these topics.
 - The Board of Directors must respond to proposals made by shareholders who hold 5% or more of the subscribed shares.
 - A group of shareholders that represents at least 10% of the shares can call an Extraordinary General Meeting.

- › For the other stakeholders, there are communication channels through which they can make recommendations on aspects of company management that impacts sustainability.
- › The Board Members received training from a sustainable management expert, in line with the concepts adopted by the international community on different global initiatives, agreements signed by Colombia to promote this type of management, and the role of Corporate Governance in sustainability issues.

› Board of Directors Evaluation

- › In 2014, the action plan resulting from the previous year's evaluation was carried out and the methodology for the evaluation of the Board's term in office was approved.
- › The evaluation was undertaken by Board members and managers.
- › The results were analyzed by the Management Committee and Corporate Governance, which proposed some improvement measures to the Board. These measures were approved.
- › High results (strengths according to the evaluation methodology; maximum score is 5):
 - › Contribution and commitment of members: 4.76.
 - › Performance of the Board of Directors as a team: 4.67.
 - › Performance of committees 4.84.



To learn about the remuneration criteria for the Board of Directors, the procedures by which the Board is formed and the experience required of its members, [click here](#).

Management Team: the highest internal steering body, which guides, plans and evaluates management to improve productivity and competitiveness and promote the generation of value. It establishes the strategy, approach and practices of sustainable management and the scope of stakeholder relations and ensures the achievement of corporate objectives.

It is comprised of the CEO, the managers of Generation Projects, Energy Production, Sales and Internationalization, Finance and Administrative managers, the General Counsel, the Chief Internal Auditor and the Brand Manager.



To learn more about the Board committees and the issues addressed during the year, [click here](#).

Fair Treatment of Shareholders

Shareholders participated in the deliberations of the General Meeting of Shareholders. The Company's books and papers were at their disposal so they could exercise their Right of Inspection, and they freely traded their shares over the year. Additionally, and in accordance with that decreed by the General Meeting of Shareholders of 2014, the dividends obtained the previous year were paid in a single installment on April 30 of that year.

We also provided the Financial Superintendence with relevant information about corporate management.



For further information [click here.](#)

Conflicts of Interest

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.



To review the procedures established by the Company for identifying and dealing with conflicts of interest [click here.](#)

Corporate Governance Practices Evaluation

The Board of Directors approves, evaluates and enforces fulfillment of the Company's Corporate Governance practices. The Audit Committee supports this process through the "Corporate Governance Practices Evaluation Report", which is shared with the Meeting of Shareholders. The evaluation is carried out by the Chief Internal Auditor's team, and the Statutory Audit evaluates the control mechanisms.

According to the 2014 report, the corporate governance practices we adopted were put into practice and strengthened.



For more information about the evaluation of compliance with the Corporate Governance practices [click here.](#)

Ethics and Transparency



Gloria María
Úsuga

Chief Internal Auditor

“Corporate ethics is the basis for corporate governance practices, but it is also the guiding principle of our actions as a people group that works to serve other people and that is coherent, behaves correctly and in good faith, respects institutional policy and external regulations, and recognizes the importance of the common good above that of the individual.”

We implement transparent practices related to the provision of complete, timely information to stakeholders; the maintenance of service and tracking systems for requests and complaints; maintenance and evaluation of the Internal Control System; and the existence, application and monitoring of compliance with the Ethics Statement, our code of conduct designed with participation of stakeholders.

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.

We have various mechanisms in place to ensure ethical and transparent management, including the Ethics Statement Support Group and Ethics Committee.

Ethics Statement Support Group: made up of employees voted in and company representatives, this group works toward action, review and dialog based on ethical participation. The following were this group's main actions for 2014:

- › We held six discussion sessions on situations that create ethical dilemmas and the possibility of their occurring in the organization. These were facilitated by an external expert and their outcomes were published on the Company Intranet. Suppliers participated in some of these sessions.
- › We held workshops with employees to review the Ethics Statement and update it through a participatory process. The updated version of this document will be published in 2015.
- › We carried out a voluntary survey* of employees to identify what they understand by ethics and to familiarize ourselves with the corporate ethics environment. The results reflected a healthy ethics environment and an understanding of ethics based on legal compliance, inclusion, and recognition and respect for others.

Ethics Committee: made up of three Company managers and an independent member elected by the Board of Directors. This committee advises and guides the Company on possible cases of non-compliance with the Ethics Statement.

Ethics Hotline: employees and the general public can communicate ISAGEN employee or third party actions or inappropriate activities that affect or could affect the interests of the company or its stakeholders by fax, email or telephone;



To read our **Ethics Statement** [click here](#).

* This survey was designed by Father Eduardo Schmidt of the Universidad Católica de Perú, who offered it to ISAGEN for our use. The results will be used in comparative studies between companies and countries in Latin America.



under the principles of service, investigation, justice, confidentiality, action, backup, support, non-payment and respect.

We analyzed and responded in a timely manner to 34 queries regarding apparently unethical situations. Two of these were related to the Ethics Statement and 32 were related to issues such as complaints, rights of petition, and contractual, labor and workplace harassment queries and concerns. Of these concerns, 33 cases were closed. The Ethics Committee determined that none of these corresponded to an ethical situation, given that none were in the framework of what ISAGEN considers to be a significant ethical principle: acting correctly and in good faith, promoting the common good above individual benefit and seeking to think, speak and act consistently.

We are also pleased to note that no complaints received over the Ethics hotline demonstrated ISAGEN to be in violation of the Human Rights of any of its stakeholders.

In our Handling Unethical Situations Manual, ISAGEN's position and the relevant framework for action is explicitly outlined. This framework includes intolerance of unethical situations, due diligence in terms of response and action, presumption of innocence and legality of actions, confidentiality, and a commitment not to pay compensation, gifts or benefits.



To read our **Manual for Handling Unethical Situations and Fraud Risk Management** [click here.](#)

Contribution to Political Parties

As addressed in the Ethics Statement, the company does not make contributions of any nature, or provide facilities, goods, services or resources to political parties, or to candidates or representatives thereof, or sponsor activities for the purpose of political propaganda.

Fair Competition and Antitrust

The way in which employees must behave to guarantee fair competition and antitrust practices are explicitly outlined in the Ethics Statement. Colombian legislation has laid the groundwork for fair competition policy, and the Energy and Gas Regulatory Commission (CREG, for the Spanish original) has the role of regulating monopolies in public services provision when the market has not achieved this through competition. Likewise, Law 142 establishes that the CREG must indicate when there is sufficient competition to allow the freedom to set prices, and prevent deals that lead to unfair competition being adopted by public utility companies. In 2014, there were no claims made or cases related to this aspect, and we did not receive any sanctions related to non-compliance with this regulation.

Fraud Risk Management

We have a Fraud Risk Management Program, which is a preventative component of the Corporate Ethics System and is managed based on regulatory compliance and conviction. We work in several areas to instill ethics as a fundamental value, and in terms of fraud risk, we have implemented best practices to protect against the risk of fraud with a focus on continuous improvement.

As for preventing, detecting and handling fraud risk, we made progress in:

- › Updating the corporate fraud risk matrix identifying the risk of exposing the processes to corruption (bribery or conflict of interest), embezzlement of assets, financial statement fraud, money laundering and financing of terrorism.
- › Evaluation of this risk within the 2014 Audit Plan. There were no cases of fraud or corruption.

- › Promotion of ethics and transparency practices to employees and stakeholders through openness and dialog on the topic, including:
 - › Training for 50 managers and 37 risk managers from all company processes on fraud, risk classification and identification and control mechanisms.
 - › Implementation of an internal campaign called, “Don’t defraud yourself”, which reached 664 company employees through company ads.
 - › Presentation of a fraud risk awareness conference in the Comprehensive Risk Management week, which was attended by employees and contractors.
 - › Publications, declarations, presentation of information, pamphlets, banners, and other types of ads.
- › Development of an internal protocol for fraud investigation.
- › Definition and execution of the anti-corruption program in compliance with Law 1474/12, which was made available to stakeholders on the website.

We also adjusted our Internal Audit and Risk Management System for Anti-Money Laundering and Combating the Financing of Terrorism to bring it in line with legislative requirements and other voluntary requirements.



To read the
**2014 Anti-Corruption
Plan click here.**

Evaluation by Third Parties

- › We received a score of 100/100 among the 30 public utility companies evaluated by Corporación Transparencia por Colombia, with the highest standards in transparency policies and mechanisms. This marks the first time in seven years that a company has achieved the highest possible score.
- › The Comptroller General’s Office of the Republic rated our management and results during 2013 as favorable, with a score of 98.10, which is higher than that obtained in 2012 (95.75).
- › The Comptroller General’s Office of the Republic, the Statutory Audit and the External Management and Results Auditors concluded that we maintained an adequate Internal Control System in 2014.
- › We published the survey on adopting Colombia’s Code of Best Corporate Practices (Código País) by the Financial Superintendence of Colombia. The survey reflects ISAGEN’s situation in terms of the recommendations established in the Código País, with relation to the best corporate governance practices. This year, there was no rating or ranking for this evaluation, as there had been in other years.
- › We participated by random selection in the survey entitled, “Analysis of Compliance with Principle 10 of the United Nations Global Compact for

Energy Sector Companies Operating in Latin America”, which was carried out by the Regional Support Center for Latin America and the Caribbean. We complied with 21 of the 22 elements evaluated in the survey, which placed us at a high level of compliance.

Teamwork

- › We signed the Transparency and Citizen Participation Network agreement to promote caring for public resources and the environment, citizen participation and the fight against corruption in the public, private and academic sectors.
- › We continued to participate in the Network of Auditors for important energy sector companies, with the aim of generating knowledge and synergy to strengthen governance, control and risk practices. The Network organized the 4th Conference of Effective Auditing in the Energy Sector, which had as its slogan, “We generate ideas that transform”, and had an emphasis on innovation.

Other Achievements

- › In 2014, we created the Compliance Management team, whose mission is to verify activities in progress to ensure compliance with Organization Regulations, under the framework of risk management, to contribute to the prevention of non-compliance risks to which ISAGEN may be exposed. An additional function of this team is to lead the Fraud Risk Management Program and verify the monitoring of compliance with the voluntary initiatives the company adheres to.
- › The employees carried out the annual self-evaluation on transparency practices with results that showed their knowledge and commitment on topics such as corporate ethics, handling conflicts of interest, prevention of money laundering, purchase and sale of the Company’s shares, and guidelines on fraud risk. Employees also carried out the annual confirmation of their commitment to these matters.
- › In the Organization Climate survey we take with our employees every two years, we included a study of ethical behaviors that encompassed transparency, psychosocial risk and workplace harassment. As part of this study, we explored the way in which employees perceive the measures taken by the company, and whether they are considered to be sufficient and adequate to prevent corruption. The results indicate that the majority agree that the ethics practices are adequate and sufficient, that personnel are familiar with them, and that they prevent the risk of corruption.
- › We continued the work of strengthening our transparency practices with stakeholders, and singled out the Technology Partner Network Ethics

Committee as an overseer of good practice among them. Our Engineering and Maintenance Service Provider and Communication Ally Networks moved forward in the implementation of practices related to corporate ethics.

- › The Audit Committee reviewed the Corporate Ethics Plan, the Fraud Risk Management Plan and the Internal Audit and Risk Management System for Anti-Money Laundering and Combating the Financing of Terrorism, and monitored their progress and compliance with practices outlined in the Corporate Governance Code.



2014 Challenges

- › Implement corporate governance in line with new trends in corporate sustainability. ✓
- › Monitor and identify new practices that ensure shareholder rights and analyze the need and relevance of their incorporation in the Company and its management. ✓



2015 Challenges

- › Implement a plan for the review and adoption of the new Código País guidelines.
- › Publish an updated version of the Ethics Statement and carry out a plan to circulate it, in order to maintain reflection and participatory dialog among employees.
- › Continue to work on raising the knowledge and appropriation of transparency practices among stakeholders.



Comprehensive

Risk Management



Juan Fernando Vásquez

Chief Financial Officer

“We focus our Comprehensive Risk Management on creating value for the company. It is a key element in decision-making, in reducing losses and maximizing opportunities. Its objective is to help protect the strength and sustainability of ISAGEN through the efficient management of risks on different levels of the company, the management of mechanisms to transfer risk, and the development of effective and efficient responses to events that put business continuity at risk.”

Our Comprehensive Risk Management System is the certified, systematic implementation of a set of actions to optimally manage all ISAGEN's risks. The system objective is to maintain stability and ensure sustainability of the company, at the level of tolerance defined for the risk, based on the interaction of the complementary components of Risk Management and Business Continuity Management.

In our risk management, we establish the context and identify, analyze, assess, deal with, monitor and communicate the risks related to the Organization's processes and strategy.

At ISAGEN, all employees are responsible for comprehensively managing the risks associated with their work. To incorporate this management into daily practices and establish it as part of the foundation on which employees work, we created the Corporate Comprehensive Risk Management Policy in 2014.

We regularly monitor and review the risks as part of their dynamic cycle to ensure the company has total coverage permitting us to identify and respond to said risks, carry out inspections and execute action plans.

Operational Risks are monitored by the organization's different work teams, while Corporate Risks, which are related to the strategy, are monitored by the Management Committee, Audit Committee and Board of Directors. Related situations are monitored with the goal of issuing warnings about the company's current situation and changes in the environment that may hinder the fulfillment of the strategic objectives.









In 2014, we updated the corporate risk inventory to include emerging risks, which we describe in the following chapters, outlining the practices used for managing them.










To learn more about our **Comprehensive Risk Management Policy** [click here](#).



The following are the corporate risks related to the material topics identified by the company in 2014:

Material topics	Corporate risk	Description of risk	Risk level
<ul style="list-style-type: none"> › Development of new business opportunities. › Innovation and development of competencies for the management of industry-specific technologies. 	Inadequate business portfolio management.	Decisions relating to business portfolio that result in value loss for the Company.	 Moderate
<ul style="list-style-type: none"> › Comprehensive employee development. › Innovation and development of competencies for the management of industry-specific technologies. 	Lack of personnel with adequate skills.	Situations that affect company productivity. In particular, those resulting from a lack of availability of sufficient staff with the knowledge and behaviors required by ISAGEN to achieve the Company's objectives.	 Moderate
<ul style="list-style-type: none"> › Company concept based on the human being. 	Inadequate corporate architecture.	Inadequate definition of and/or failure to adopt the policies, practices and mechanisms required to develop the corporate strategy, which affects the achievement of ISAGEN's objectives, operational efficiency and sustainability.	 Moderate
<ul style="list-style-type: none"> › Company value. 	Inadequate financial management.	Financial decisions that may impede or hinder normal business development and which affect the sustainability, strength and value of the company.	 High
<ul style="list-style-type: none"> › Company value. 	Inadequate or inappropriate responses to macroeconomic changes.	Inappropriate or insufficient reaction to the impact of macroeconomic volatility on the value of ISAGEN's assets and liabilities.	 High
<ul style="list-style-type: none"> › Energy production and sales. 	Unavailability of energy resources or generation sources.	Insufficient energy resources and/or significant increases in their cost, affecting the ability to guarantee sales commitments to the energy market.	 High
<ul style="list-style-type: none"> › ISAGEN as an agent of change in the regions in which it operates. › Sustainable networking. › Comprehensive employee development. › Human Rights. 	Inadequate social, political and security conditions, which affect operations.	Social conditions or malicious acts by third parties that put the security of ISAGEN's personnel or assets at risk, affecting company operations.	 Extreme
<ul style="list-style-type: none"> › Sustainable networking. 	Inadequate stakeholder engagement.	Refers to a failure to define adequate engagement criteria with stakeholders, to comply with the commitments formalized with each of them, and to appropriately tailor the engagement strategy to the actual situation of the Company.	 Moderate

Material topics	Corporate risk	Description of risk	Risk level
<ul style="list-style-type: none"> › Company value. 	Inadequate management of Information and Communication Technologies (ICT).	A situation in which the Information and Communication Technologies are limited in their ability to accommodate services with the degree of reliability, security and quality required by the Company.	 Moderate
<ul style="list-style-type: none"> › Corporate ethics. › Energy production and sales. › Development of new business opportunities. 	Non-compliance, lack of knowledge or instability with legal or regulatory norms.	Lack of compliance with or knowledge of laws or regulations that could result in decisions that are unfavorable to ISAGEN's interests. On the other hand, legal or regulatory instability may significantly affect the Company's ability to efficiently carry out its business and to adapt to change, and as a consequence, may result in a failure to comply with regulations.	 Moderate
<ul style="list-style-type: none"> › Energy production and sales. 	Insufficient institutional structure.	Failure to define mechanisms, lack of coordination between markets and institutions, or insufficient regulatory development in the energy sector, which affect ISAGEN's operations and strategy.	 Moderate
<ul style="list-style-type: none"> › Energy production and sales. 	Inefficient sales strategy.	Inadequately defined or executed sales strategy, which impedes or hinders objectives in terms of profits, sustainability of energy and related service sales and contribution to the Company's higher purpose.	 High
<ul style="list-style-type: none"> › Company value. 	Inadequate asset management.	Inadequate planning, execution, verification and action in the different phases of the assets life cycle, which hinders asset management and sustainability.	 Moderate
<ul style="list-style-type: none"> › Corporate ethics. 	Fraud.	Any illegal act, which is detrimental to ISAGEN's principles and interests. It may involve deceit, concealment or breach of confidence, and it may be carried out by employees or third parties to obtain money, goods or services, to avoid payment or to obtain personal or business advantage.	 High
<ul style="list-style-type: none"> › Comprehensive water and climate change management. › Protection of biodiversity. 	Risk to water supply and climate change.	Potential adverse effects of changes in water supply and climate on energy production.	 High

For material issues related to the supply chain and Occupation Safety and Health, operational risks related to labor issues are identified.

As well as defining the policy and inventory of corporate risks, we achieved the following in 2014:

- › We incorporated the Events, Incidents and Actions Plans Register module into the technological corporate access tool that leverages the Comprehensive Risk Management System, with the aim of increasing the culture of identification and documentation of risks and, subsequently, strengthening their ratings criteria.
- › We continued to seek mechanisms to improve our quantification of risks, developing strategies in 2014 to define Key Risk Indicators with the objective of working on the Comprehensive Risk Management System maturity and the sustainability cycles.
- › We worked continuously on corporate change management, which allows us to promote an organizational risk culture, with the view that Comprehensive Risk Management is a commitment for all.
- › We redefined the corporate risk appetite, which represents the scale and type of risk impact the organization is willing to accept.

Our business continuity management is a comprehensive and systematic process to identify potential impacts that may threaten the Company's permanence in the market, and is made up of three main elements: Emergency Response, Crisis Management, and Continuity of Operations.

To ensure the effectiveness of the interaction between these elements and guarantee a process of continuous improvement, we are establishing and developing recovery strategies, building effective and efficient responses in order to be prepared for impacts, and carrying out joint activities framed within the Business Continuity Management System, which is governed by national and international standards such as ISO 22301.

In 2014:

- › We implemented the Disaster Recovery Plan (DRP) with the backup data processing center to guarantee operations continuity for mission critical computing equipment.
- › We updated, formalized and communicated the Business Continuity Plans.
- › We undertook training, development, tests and desktop exercises relating to the Business Continuity Plans.
- › We began the design and implementation of the Power Plant Operating Information System security model in Jaguas and Termocentro.
- › We updated the Business Impact Analysis (BIA), and the Sogamoso, Miel and Termocentro Power Plants were incorporated as mission critical assets.

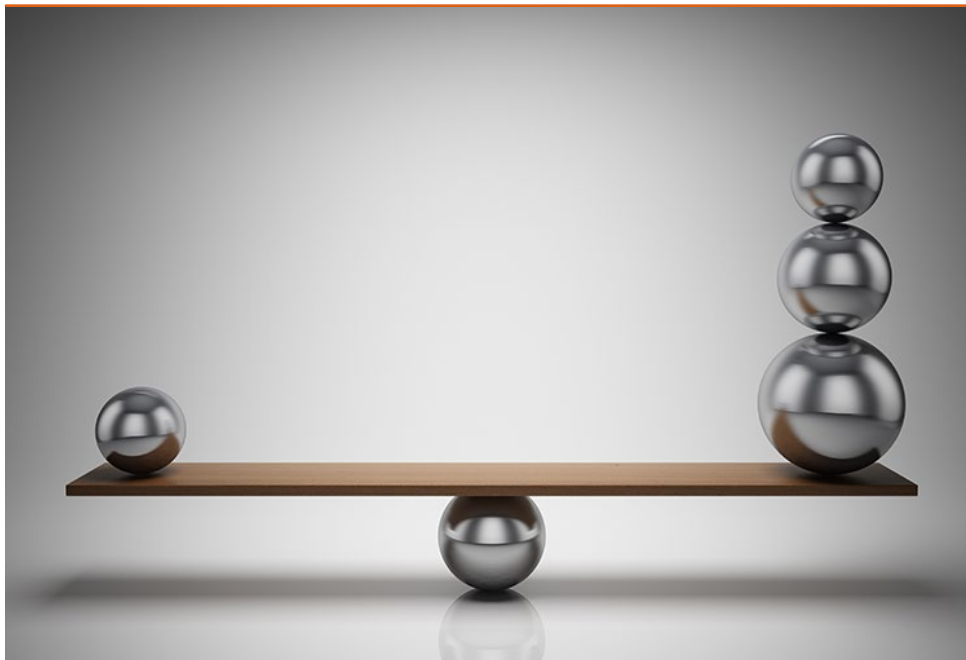


To learn more about our **Comprehensive Risk Management** [click here](#).



2015 Challenges

- › To strengthen the Comprehensive Risk Management culture within the organization.
 - › To define a sustainability structure for the Business Continuity Management System.
 - › To define and implement a methodology for the risk management of projects.
 - › To design a system for calculating the Comprehensive Risk Management maturity level.
-





Business Performance

- ▶ Energy Production
- ▶ Energy Sales
- ▶ Growth Management
- ▶ Financial Strength



Energy

Production

- › Operational Management
- › Maintenance and Modernization
- › Environmental Management
- › Knowledge Management

A portrait of Diego León González Ochoa, a middle-aged man with short grey hair, smiling warmly. He is wearing a dark blue suit jacket, a white shirt, and a yellow tie with a small dark pattern. The background is a blurred office interior with large windows.

Diego León González Ochoa

Chief Production Officer

“Operating and maintaining an electric power plant is much more than pressing buttons and moving machinery. It is responding to the country’s energy needs, complying with legal regulations and thinking toward the future. It is working at the cutting edge of new technologies and constantly improving processes to drive progress. Operating a power plant is becoming part of a region, understanding the responsibility the plant implies and the opportunity of its positive and sustainable transforming power represents for a territory.”

Energy production is a key aspect of our business. It involves operating the electric power plants, implementing maintenance plans, modernizing the facilities, appropriately administering the supply chain to support our efficiency and productivity, developing innovative processes and managing knowledge and supporting development and consolidation in the areas of influence. All this is achieved through an environmentally responsible business approach. Our practices and principle results are provided below:

Operation Management

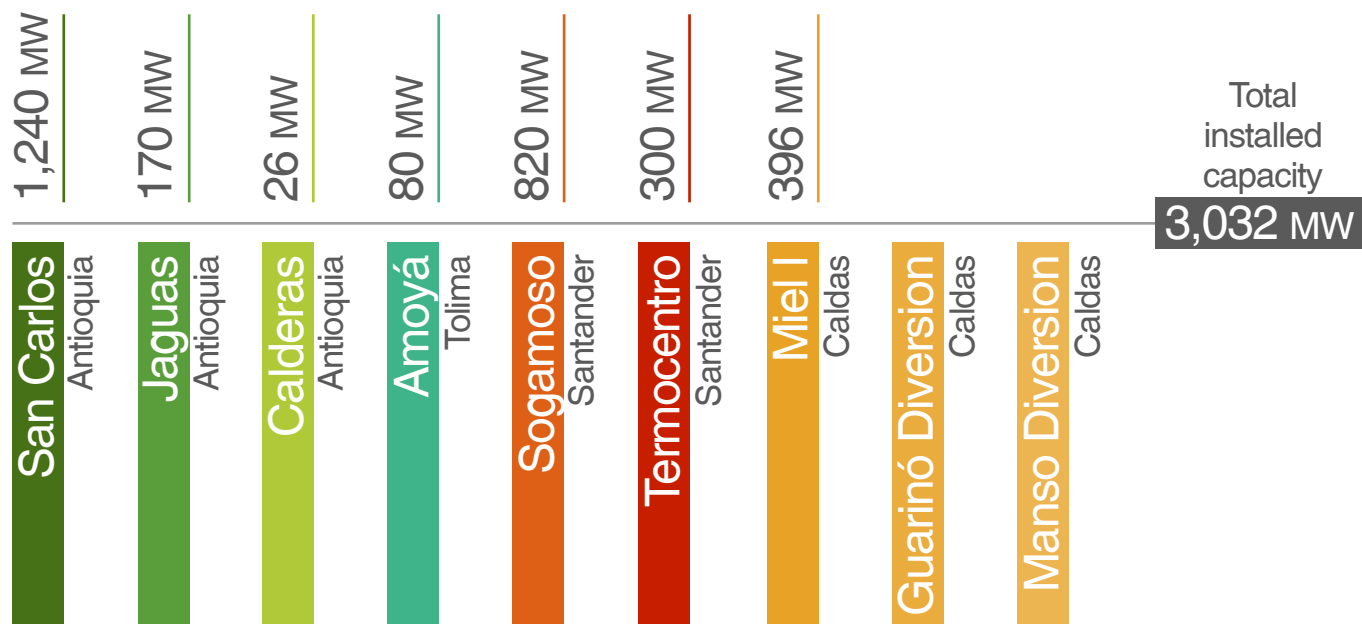
With the commercial start-up of the Sogamoso Hydroelectric Power Plant, which achieved maximum installed capacity of 820 MW on December 20, 2014, we increased our potential to produce energy by nearly 60%. We are now positioned as the second largest generator in the country with seven power plants and two diversions, which together bring our installed capacity to 3,032 megawatts (MW), with 2,732 MW of hydroelectric capacity and 300 MW of thermal capacity.

In 2014, the periods of low rainfall the reservoirs were effectively backed up by the Termocentro Power Plant, which generated the most electric power in its history at 2,046.5 GWh during the year, up 431.9 GWh compared to 2013.

Another important milestone was the anniversary of the San Carlos Hydroelectric Power Plant, which has the highest installed capacity in the country with 1,240 MW. Last year it completed 30 years of commercial operation in optimal operating conditions



To learn more about the location and technical information of our electric power plants [click here](#).



Operational Indicators

Annual Generation

In 2014, ISAGEN generated 10,609.15 GWh, 2.7% up higher than figures reported in 2013.

Energy type (GWh) / year	2012	2013	2014
Hydroelectric (GWh)	9,167.86	8,707.73	8,562.64
Thermal	515.73	1,614.62	2,046.51
Total	9,683.59	10,322.37	10,609.15

Availability by Type of Energy

Our power plant uptime was 93.55%, which was similar to the figure reported in 2013.

Uptime by type of energy (GWh)

	2012	2013	2014
Hydroelectric	94.7	94.2	93.71
Thermal	90.4	88.0	92.45
Total	94.1	93.4	93.55

Uptime (D)* by Power Plant (%)

	2012	2013	2014
San Carlos	95.30	95.09	95.17
Miel I	97.44	93.49	89.10
Jaguas	84.15	90.82	92.73
Amoyá	0.00	88.54	95.44
Calderas	92.47	94.94	95.55
Hydroelectric total	94.70	94.19	93.71
Termocentro	90.39	88.01	92.45
Thermal total	90.39	88.01	92.45
Total ISAGEN	94.13	93.41	93.55

ISAGEN's Net Generation by Power Plant

Termocentro generated the second most electric power for ISAGEN in the year, trailing the San Carlos Hydroelectric Power Plant.

ISAGEN's Net Generation by Power Plant

Power Plant	2012		2013		2014	
	GWh	Share	GWh	Share	GWh	Share
San Carlos	6,805.18	70.27	6,170.06	59.77	5,521.69	52.05
Miel I	1,473.00	15.21	1,506.88	14.60	1,540.13	14.52
Jaguas	810.47	8.37	694.22	6.73	702.11	6.62
Amoyá	0.00	0.00	259.67	2.52	402.07	3.79
Calderas	79.22	0.82	76.90	0.74	74.77	0.70
Sogamoso	0.00	0.00	0.00	0.00	321.87	3.03
Hydroelectric total	9,167.86	94.67	8,707.73	84.36	8,562.64	80.71
Termocentro	515.73	5.33	1,614.62	15.64	2,046.51	19.29
Thermal total	515.73	5.33	1,614.62	15.64	2,046.51	19.29
Total ISAGEN	9,983.60		10,322.36		10,609.15	

* This is not included in this table for the Sogamoso Hydroelectric Power Plant because in 2014 it was generating under test conditions.

* The following formula was used to calculate uptime:

$$D = \frac{(H_p - H_{pa})}{H_p} \times 100$$

H_p = hours in the period. H_{pa} = Hours of downtime

Termocentro Thermal Plant Average Generation Efficiency

	2012	2013	2014
Thermal efficiency* (η) %	44.99	46.20	46.35

ISAGEN's Share of Generation for the National Electric Grid (SIN)

Our total generation in 2014 met 16.49% of Colombia's demand for electricity.

ISAGEN's Share of Generation for the National Electric Grid (SIN)

	2012	2013	2014
Share of the SIN (%)	16.45	16.61	16.49

Additional Fuel for the Termocentro Power Plant and New Chemical Treatment

The Termocentro Power Plant increased its operating flexibility, receiving authorization from the National Authority of Environmental Licenses (ANLA) to use ACPM BO ULSD (Ultra Low Sulfur Diesel) as an additional fuel for its electric power generation process. Now this power plant can run on three different fuels (natural gas, Jet-A1 and ACPM-ULSD), offering increased backup to the National Electric Grid (SIN) when there is a shortage of natural gas.

* These measures were taken to comply with C.N.O Agreement No. 557, and the data reported for 2014 was verified by a third party. Thermal efficiency is in reference to the lower heating value of the fuel, and can be expressed as follows:

$$\eta = \frac{(P \times 3413.17)}{Q} \times 100$$

Where:

Q is the heat supplied with the fuel

Q = B * Qi, where B is fuel flow and pie 3 y Qi is the lower heating value of the fuel in BTU/pie3.

P = net power delivered by the Power Plant in KW.

A project was carried out in the power plant boilers and cooling tower to implement a new ANODAMINE chemical treatment. The new method poses no threat to the health of personnel or to the environment when waters are discharged, and it complies with international standards. Aside from increasing the useful life and reliability of the boilers, the deep wells and the cooling tower, savings of up to 50% are expected from consumption of water, electric energy and fuel. This project also helps to avoid implementing a new water recirculation system for periods when the power plant is not in continuous operation.

Effective and Sustainable Reservoir Management

The minimum water level that must be held in the Punchiná Reservoir during San Carlos Power Plant operation increased in 2014 with the goal of extending the useful life of the generation equipment and the civil works. This modification managed in coordination with the market operator (XM) and the National Electrical Operations Council (CNO), also produces immediate environmental benefits such as increased stability on the banks and lower sediment build up due to less variations in the reservoir water level.

Additionally, in 2014 the power plant availability was declared in line with the energy that was really available based on water in the reservoir. This was offered based on the demand curve with the objective of operating this hydroelectric power plant more effectively in light of reservoir level variations and to attend to National Electric Grid peaks in demand.

▼
Punchiná Reservoir.
San Carlos
Hydroelectric Power
Plant.



Last year progress was also made in developing protocol for removal, handling and management of reservoir sediment, which are considered to be aspects of environmental, social and operational importance for the electric power plants. The Calderas Hydroelectric Power Plant under sluices and their discharge gates were opened permitting the normal flow of sediment, which was monitored downstream from the dam site. Additionally, models were implemented to simulate and establish optimal conditions with minimal impact on the communities downstream from the discharge. In 2014 the sluice gates were scheduled to be opened a second time, and this was monitored to build reservoir management protocol for the Calderas Hydroelectric Power Plant.

Calderas and Jaguas Hydroelectric Power Plant Contingency Remote Control

As a result of integrating these power plants' management teams, we implemented a reliable system to permit remotely operating the Calderas and Jaguas Hydroelectric Power Plants. The definitive system will be available in 2015 in line with planned upgrade processes.

Comprehensive Energy Management (GIE)

We started a pilot Comprehensive Energy Management (GIE) project in the electric power plants to establish processes in line with the ISO 50001 standard, which is geared towards process optimization and reduction of energy



Machine station.
Jaguas Hydroelectric
Power Plant.

consumption, as well as the development of maintenance and operations based on energy efficiency. Implementing this initiative helps to strengthen the organizational culture and to adopt technology to optimize energy consumption. We used the San Carlos Hydroelectric Power Plant for the pilot project as the potential for optimizing consumption will have an impact on ISAGEN and could achieve savings of up to 25% in energy consumption and between 40 and 45% in maintenance optimization.

The project is broken down into five phases projected over a period of four years. For project phase 0, which is between 2014 and 2015, the primary objective is to manage change to achieve an energy efficient organizational culture both for activities carried out inside ISAGEN, and in the daily life of personnel, companies and stakeholders interacting with ISAGEN. Progress in this phase is 80%.

Incorporation of Sogamoso Hydroelectric Power Plant into Operations

The process of incorporating the Sogamoso Hydroelectric Power Plant as an operating power plant became a corporate objective, which affected all company processes requiring their commitment to ensure development continuity and plant start-up taking infrastructure, operation, maintenance and social and environmental management into consideration. Personnel training and development made it possible to initiate power plant service and finally proceed to commercial start-up on December 20, 2014.



▼
Sogamoso
Hydroelectric Power
Plant.

Maintenance and Modernization

The efficiency, reliability and security of our generation equipment, which in turn guarantees optimal power plant uptime and useful life, are determining factors that help us fulfill commitments made to the energy market. Maintenance management permits appropriate day-to-day operations, while modernization keeps our equipment and processes up-to-date with cutting edge technology, thus improving yield and ensuring optimal power plant performance in the long term.

At ISAGEN, we implemented the maintenance and upgrade plan in line with quality standards and a continuous 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.



Machine station.
San Carlos
Hydroelectric Power
Plant.

Modernization

In 2014	Benefits
<p>We finished upgrading the eight runners at San Carlos Hydroelectric Power Plant.</p>	<ul style="list-style-type: none"> ▶ This increases power plant reliability and uptime. It also ensures that maintenance on the generation units is more manageable. ▶ The San Carlos Hydroelectric Power Plant increased two percentage points, from 90% to 92%, in energy dispatch efficiency in the main energy dispatch zone. ▶ Up to 289 GWh/year savings on the energy available in the reservoir. ▶ Increased knowledge of cutting edge technology on manufacturing and operating Pelton runners. ▶ Reduced unit downtime related with runner inspection, which went from inspection ever 3 months to inspection every 18 months. ▶ Reduced safety risk to employees. ▶ Return on investment between six months and one year.
<p>We finished upgrading the supervisory control and data acquisition system for the Jaguas Hydroelectric Power Plant and are at 40% progress for the Calderas Hydroelectric Power Plant and its substation.</p>	<ul style="list-style-type: none"> ▶ Equipment was integrated into a supervisory and remote control center. ▶ Increased reliability and uptime in generation units operation. ▶ Ease of operations and technical control. ▶ Supervision in line with system specific variables. ▶ Timely availability of data used to analyze events. ▶ Reduced event response time. ▶ Reduced equipment maintenance response time. ▶ Ensured availability of responses.
<p>We finished upgrading the excitation control system for the Miel I Hydroelectric Power Plant generation units.</p> <p>We began the process to identify and select contractors for the San Carlos Hydroelectric Power Plant excitation system upgrade project.</p>	<ul style="list-style-type: none"> ▶ Increased reliability and generator uptime. ▶ Lower energy consumption in the start-up sequence. ▶ Ease of maintenance. ▶ Ease of operation, modeling and reactive power testing. ▶ Ensured availability of responses. ▶ Possibility to supervise in line with system specific variables.

Finished Upgrading the Eight Runners at San Carlos Hydroelectric Power Plant

Upgrading to the world’s leading technology at the San Carlos Hydroelectric Power Plant permits the company to guarantee business continuity, where in recent years our operation has benefited from upgrades to the coils and the *SCADA System*¹. The upgrades culminated replacing the runners, finalizing installation in September 2014. The new runners increase efficiency so much that the investment can be recovered in approximately one year. As a result, additional energy this will contribute over the year to the National Electric Grid is equivalent to three times that generated by the Calderas Hydroelectric Power Plant, half of that generated by the Amoyá River, La Esperanza Hydroelectric Power Plant and one-third of that generated by the Jaguas Hydroelectric Power Plant. This optimizes water used when generating, resulting in increased energy delivered to our country with the same water resource.

Maintenance

In addition to fulfilling 100% of the upgrade plan, we executed all planned maintenance projects, permitting the company to fulfill and improve cost, scheduling, uptime, maintainability and reliability indicators which continue to increase each year. Points of special interest:

In 2014	Benefits
We completed the first major phases of maintenance in the two Miel I Hydroelectric Power Plant units.	Maintenance of equipment to ensure it is in optimal operating conditions, ensuring uptime goals are achieved. Current quality system norms are followed during project execution.
General maintenance was carried out on the five units at the San Carlos Hydroelectric Power Plant, one unit at the Miel I Hydroelectric Power Plant, one unit at the Jaguas Hydroelectric Power Plant, two units at the Amoyá River, La Esperanza Hydroelectric Power Plant and two units at the Termocentro Power Plant.	The Termocentro Power Plant achieved 92.45% uptime and 7.59% downtime, of which only 0.9% was due to corrective maintenance.

The Termocentro Power Plant proudly complies with international standards for the type of technology installed there. Each year we plan and perform preventive and predictive maintenance on the equipment, and every five years we do efficiency testing as expected in this market.

¹ Supervisory Control and Data Acquisition System for the Energy Industry.

Environmental Management

We operate our power plants in compliance with the **Environmental Management Plan** as required by Colombian legislation to prevent, minimize, control and compensate for biotic, physical and social impacts. We also carry out complementary management in response to our voluntary commitment to help improve quality of life in the communities in the areas of influence. Our **Environmental Management System (EMS)**, is based on the NTC-ISO 14001:2004, norm.

In 2014:

- › We fulfilled all our goals in regards to managing permissions, licenses, Environmental Management Plans and complementary environmental commitments to ensure we keep plant uptime competitive.
- › We responded to technical and environmental requirements of the Overseas Private Investment Corporation (OPIC).
- › We executed supervisory and control programs for the conservation of biodiversity.
- › We made progress with the territorial actors in the joint construction of regional development proposals.

The main results of the physical (air, water, soil), biotic (flora and fauna) and social components in the different areas of influence of our power plants and generation projects is provided in the following chapters:



To learn more about Environmental Management Plan [click here.](#)



To learn more about Environmental Management System [click here.](#)



Protection of Biodiversity

Transforming Role of the Regions

Comprehensive Water and Climate Change Management



Knowledge Management

Integrating Knowledge and Work Teams

We created the Operations Management Work Team, which began working together at the beginning of 2014. This team is in charge of permanently interacting with the market operator and the regulatory bodies, monitoring energy resources and managing information systems that support the operation. In this way, it provides direct support to the power plants to ensure efficient and safe operation in line with regulations.

We also consolidated integration of the Jaguas and Calderas Hydroelectric Power Plants teams by way of a training and immersion plan in both power plants, which permitted transferring knowledge on the different technologies used. We also implemented a work dynamic that facilitates integrated operation and maintenance, as well as some integration of management, for the two power plants.

Finally, we made progress in building a 46-person team to operate the Sogamoso Hydroelectric Power Plant, which is comprised of management and different tech support and professionals of the technical, social and environmental areas from the Department of Santander. Together, they have the required know-how, experience and professional qualities to do the job.

The Importance of Sharing and Increasing Knowledge

We implemented the GENOMA strategy, which consists of creating spaces to share knowledge and experience on ingenious and innovative solutions to situations. Additionally, in 2014 technical workshops were held and 84 employees participated. These workshops includes two new themes touching on innovation and lessons learned. This space was created to share best practices in engineering, modernization, maintenance and environmental management.

Technical Innovation
Sessions 2014.



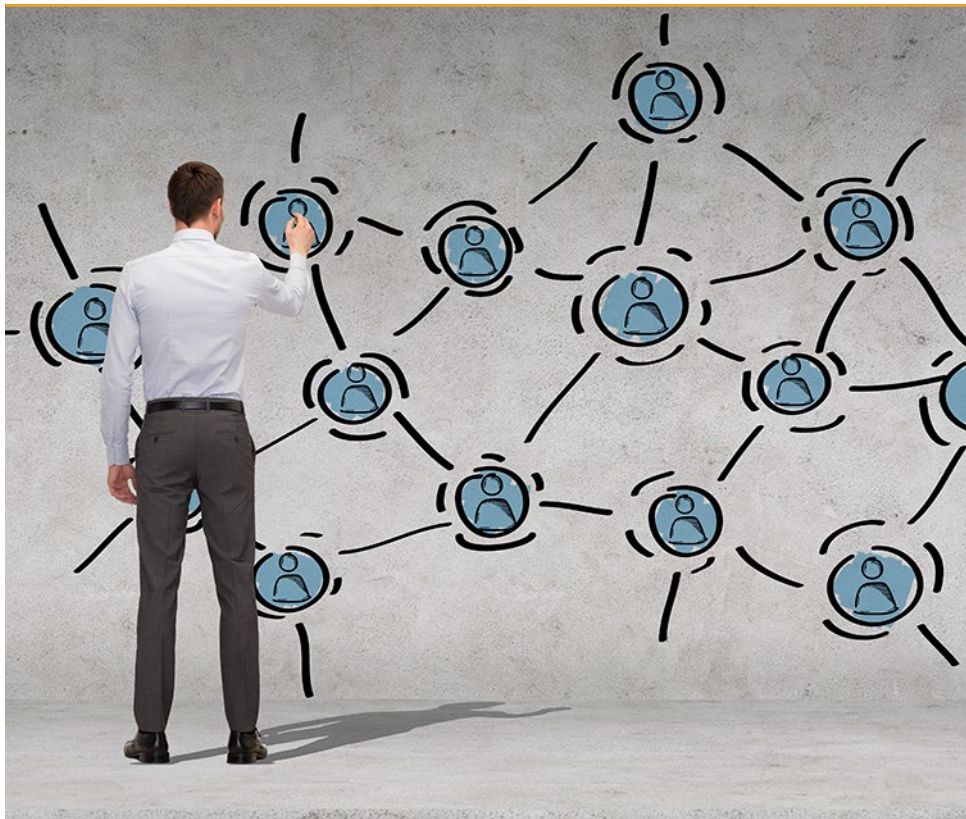
In parallel, we consolidated the School of Power Plant Operation and Maintenance, which seeks to preserve knowledge, while promoting and encouraging new learning.

Finally, we participated in the Latin American Energy Congress (INTEGRACIER) held in Punta del Este, Uruguay, celebrating 50 years of the Regional Energy Integration Commission (CIER). We presented two technical articles from November 10 to 12, 2014. The first was on Hydrology in Hydroelectric Power Plants, and it summarizes ISAGEN's experience in managing water resources with an emphasis on taking water measurements and the company's adaptation to the specific needs of each hydroelectric power plant, which is evidence of its continuous improvement through experience-based learning and ongoing research. The second was on the Reservoir Water Capacity for Energy Generation in Scenarios of Climate Change and Modified in Soil Usage and Coverage. It was evaluated the vulnerability of the water resource and potential impacts on runoff waters discharged after generation, taking into consideration changes due to variable climate and uses across all lands in La Miel River Basin. These studies were awarded as some of the best technical works presented at the Congress, and they demonstrate our business approach to seek external partners to achieve collective knowledge and growth in water management.

Company - University - State Relationship

As part of its work to develop protocol on removing, handling and managing reservoir sediment at the ISAGEN hydroelectric power plants, we carried out research projects at the Calderas and Miel I Hydroelectric Power Plants in 2014, with participation of the Centro de Ciencia y Tecnología de Antioquia (CTA), the Universidad de Medellín, the Escuela de Ingeniería de Antioquia and the Universidad EAFIT.

We also executed the agreement to generate the basic digital map of Antioquia in which we participated together with the Instituto Geográfico Agustín Codazzi (IGAC), the Antioquia Government, the Instituto para el Desarrollo de Antioquia (IDEA), the Metropolitan Area of the Valle de Aburrá (AMVA), the Municipality of Medellín and Empresas Públicas de Medellín (EPM).





2014 Challenges

- › Implement the sediment removal protocol at the reservoir to ensure the long-term operation of the Calderas Hydroelectric Power Plant.
- › Incorporate the Sogamoso Hydroelectric Power Plant into Operations.



2015 Challenges

- › Bring the Sogamoso Hydroelectric Power Plant Project up to operating phase, confronting technical aspects and finalizing the Environmental Management Program (EMP) as projected.
- › Implement remote operation for the Calderas and Jaguas Hydroelectric Power Plants
- › Modernize the Termocentro Power Plant supervisory control and data acquisition system, integrating operation from a control center from where the units can be remotely controlled.
- › Do major maintenance on Termocentro and Miel I Power Plants.
- › Upgrade the control systems at the San Carlos and Jaguas Hydroelectric Power Plants.
- › Maintain and strengthen the trust of the stakeholders through compliance with legal and additional commitments acquired by the company at the electric power plants.
- › Complete reinforcement work in the area below the San Carlos Hydroelectric Power Plant dam to improve conditions of stability.



Energy Sales

- ▶ Our Portfolio
 - ▶ Regulation and Market Management
 - ▶ Productive Solutions for Clients
-

A portrait of Liliana María Zapata Madrid, a woman with shoulder-length blonde hair, smiling. She is wearing a blue button-down shirt under a grey blazer. The background is a bright, out-of-focus indoor setting with large windows.

Liliana María Zapata Madrid

Chief Commercial Officer

“Our sales strategy hinges on increasing the efficiency of our customers, because we recognize the importance of appropriately using the energy resource for industry productivity and to ensure the viability of our planet. To achieve this, in addition to supplying energy we develop a series of technical services designed to meet our customers’ needs, with support from engineering firms that are Technology Partners with ISAGEN. Likewise, to supply the demand of our industrial and wholesale customers, we optimize resources offered by the market and the capacity of our power plants, which in turn secures a stream of revenue for the company.”

The sale of electricity, gas and technical services through different channels results in different methods of delivering our energy to the market and aims to meet the needs of industrial and wholesale clients, while diversifying risks, increasing stability and maximizing revenue. The following are the main results of our business management in 2014:

Our Portfolio

Optimization of commercial operations was key in 2014 to achieving our commitments to customers and the market in spite of low water levels in our the reservoirs and Sogamoso Hydroelectric Power Plant Project start-up after the projected date.

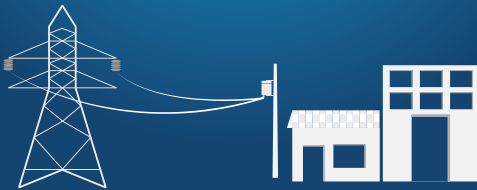
We hit 94.3% of the proposed sales target. This in large was thanks to natural gas supply locked in under innovative contractual schemes in times of scarcity and competition for the resource. This supply permitted continual generation at the Termocentro Power Plant, which supplied firm and clean energy ensuring our nation's energy security.

Coverage transactions, which consist of energy exchanges between generators in different periods of time and optimizing results on the Spot Market, are used to maximize the company's capacity to fulfill sales commitments delivering energy it generates or that generated by power companies when prices are low, and selling excess in peak demand times, which also contributes to these results.

ISAGEN sells energy to:

WHOLESALE CLIENTS

- ◆ Selling to the nation, which purchases through public tenders to supply the Regulated Market (clients that consume less than 55,000 kWh/month or have maximum demand of less than 100 kW). These, in turn, distribute electricity or are network operators, which transmit medium or low voltage electricity.
- ◆ Resellers that purchase energy through bilateral contracts to supply the Non-regulated Market (clients that consume a minimum of 55,000 kWh/month or have maximum demand equal to or greater than 100 kW).



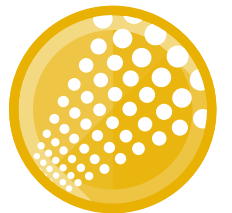
NON-REGULATED MARKET

- ◆ Clients that consume a minimum of 55,000 kWh/month or have maximum demand equal to or greater than 100 kW.
- ◆ The specific Non-regulated Market segment supplied by ISAGEN is comprised of end industrial clients, which mostly include companies from the manufacturing, intermediate goods and petroleum and gas sectors in Colombia. Said companies are highly intense users of energy including electricity.
- ◆ With an emphasis on Comprehensive Energy Management, we offer these clients a portfolio of personalized energy solutions, which are provided by a group of professionals in alliance with leading engineering firms and universities from our Technology Partner Network.



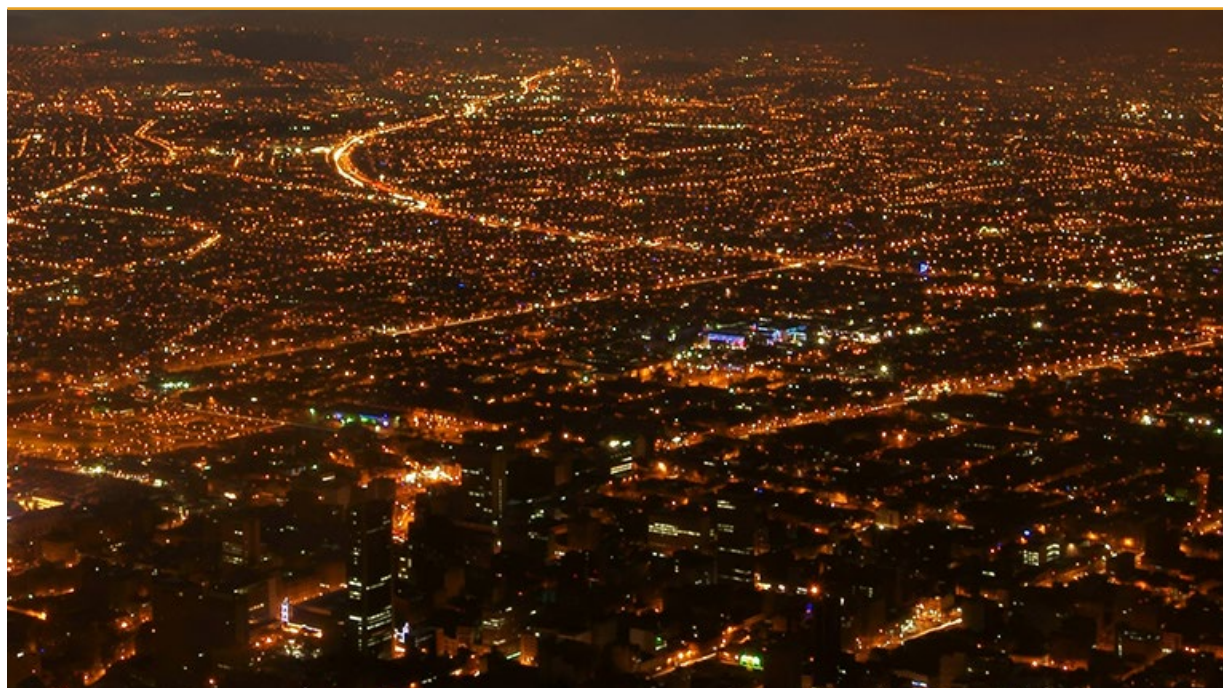
SPOT MARKET (ENERGY MARKET)

Market on which energy surplus or shortages of the generators and resellers is traded daily.



Income from Energy and Gas Sales

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Domestic Contracts	1,296,119.6	1,364,940.3	1,849,064.1	484,123.9	35.5
International contracts	128,351.0	198,467.0	6,962.6	-191,504.4	-96.5
Spot Market Transactions	160,391.5	286,050.4	260,319.4	-25,731.0	-9.0
Grid Exchange Market Transactions	0.0	0.0	0.0	0.0	0.0
Start-up and Shut-down	2,052.0	1,840.3	905.3	-935.0	-50.8
Frequency Regulation (AGC)	47,197.9	73,953.6	187,907.9	113,954.3	154.1
Reliability Premium	2,037.1	0,0	1,712.0	1,712.0	100.0
Reliability Premium Backup	4,161.5	4,598.7	9,867.4	5,268.6	114.6
Deviations	1,008.6	969.2	778.9	-190.3	-19.6
Technical Services	7,802.7	8,033.9	8,689.0	655.1	8.2
Gas	81,819.2	63,400.5	2,838.3	-60,562.2	-95.5
Other	597.8	560.1	574.9	14.8	2.6
Revenue	1,731,539.0	2,002,814.0	2,329,619.9	326,805.9	16.3



Expenditures from Energy and Gas Sales

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Domestic Contracts	0.0	0.0	57,822.6	57,822.6	100.0
International Contracts (VENEZUELA)	51.2	54.1	44.1	-10.0	-18.5
Spot Market Transactions	195,336.0	264,281.2	544,259.1	279,977.9	105.9
Grid Exchange Market Transactions	0.0	0.0	0.0	0.0	0.0
Start-up and Shut-down	29,842.7	29,880.5	21,159.0	-8,721.6	-29.2
Frequency Regulation (AGC)	388.3	0.0	0.0	0.0	0.0
Reliability Premium Purchases	83,170.0	106,272.5	94,886.7	-11,385.8	-10.7
Reliability Charge Backup	903.8	189.4	284.2	94.8	50.1
Deviations	114.8	648.7	543.4	-105.4	-16.2
Restrictions	73,690.6	55,650.5	17,762.7	-37,887.8	-68.1
NTS, RTS and LDS use	203,603.5	205,085.9	185,439.3	-19,646.6	-9.6
NTS Connection	19,148.0	23,834.5	12,627.4	-11,207.1	-47.0
Management services	7,259.4	7,994.3	9,512.8	1,518.5	19.0
Law 99/93 Contributions	35,885.7	38,019.5	39,731.7	1,712.2	4.5
FAZNI Contributions	11,386.1	11,822.5	12,095.9	273.4	2.3
Gas	170,110.6	252,064.1	254,762.8	2,698.7	1.1
Technical Services		9,218.5	9,969.1	750.6	8.1
Total Expenditures	830,890.8	1,005,016.2	1,260,900.7	255,884.5	25.5

Long-term Contracts

- ▶ We addressed the needs of 33 wholesale clients and 276 metering points of industrial end clients through long-term contracts. The total demand of our non-regulated and wholesale clients represented 18% of the total national demand (63.571 GWh).
- ▶ Total contract sales in 2014 reached 11,466 GWh/year, which is an 18.5% increase compared to sales in 2013. Similarly, we exceeded 2013 revenue by 19%, reaching \$1,865,894 million.

- › Total non-regulated market demand supplied by ISAGEN was down slightly (5%). Nonetheless, we continue to hold a significant share of this market, with 19.5% in 2014. In turn, reseller demand increased 10% compared to 2013.
- › Energy exports to Venezuela in 2014 were below budget because the contract between the two parts was suspended.

Long-term Contracts

	2012		2013		2014		Difference 2014-2013		Growth 2014-2013	
	Millions of \$	GWh	Millions of \$	GWh	Millions of \$	GWh	Millions of \$	GWh	%	%
Domestic Sales	1,296,120	8,585	1,369,539	8,958	1,858,932	11,442	489,393	2,484	35.7	27.7
Resellers	569,896	4,376	659,864	4,812	1,058,233	7,504	398,369	2,692	60.4	55.9
Major consumers	726,224	4,209	709,675	4,146	800,698	3,938	91,023	-208	12.8	-5.0
International Sales	128,351	478	198,467	715	6,963	24	-191,504	-690	-96.5	-96.6
Contract Sales Total	1,424,471	9,063	1,568,006	9,673	1,865,894	11,466	297,888	1,794	19.0	18.5
Contract Purchases Total	0	0	0	0	57,823	430	57,823	430	100.0	100.0

Spot Market Transactions

- › Energy sales on the market amounted to 1,285.6 GWh in 2014, or 24.1% less than that reported in 2013. This amount is 2.02% of the National Electric Grid demand. Revenue from these sales was 11.2% of total company revenue in 2014.
- › Energy purchases on the Market were 60.1% higher than 2013, reaching 2,295.6 GWh. This represented 43% of the cost of sales in 2014, compared to 26.3% in 2013. This is primarily because generation was below the budgeted amount, contributions from hydroelectric generation were down over the year, Sogamoso Hydroelectric Power plant started-up commercial operations after the planned date and for 10 months the price of energy on the spot market was higher than last year's price. In 2014, the results of commercial operations on the spot market were negative, given the company made more purchases than sales.
- › Figures below are in millions of pesos and GWh of energy sold on the electricity market in 2014, 2013 and 2012.

Electricity Market Transactions

	2012		2013		2014		Difference 2014-2013		Growth 2014-2013	
	Millions of \$	GWh	Millions of \$	GWh	Millions of \$	GWh	Millions of \$	GWh	%	%
Market Sales	160,391.5	1,747.1	286,050.4	1,693.3	260,319.4	1,285.6	-25,731.0	-407.8	-9.0	-24.1
Market Purchases	195,336.0	1,524.0	264,281.2	1,434.3	544,259.1	2,295.6	279,977.9	861.4	105.9	60.1
Net	-34,944.5	223.1	21,769.2	259.1	-283,939.7	-1,010.1	-305,708.9	-1,269.1	-1404.3	-489.9

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, for the Spanish original). For the 2013 - 2014 period, Firm Energy Obligations (OEF, for the Spanish original) for the power plants were allocated by an auction held in May 2008, in which 57 power plants participated.
- ▶ Reliability Charge revenue results from spot market transactions when generation is greater than or equal to each power plant's OEF. Revenue and refunds from 2014, 2013 and 2012 are presented hereafter:

Reliability Premium

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Revenue	2,037.1	-	1,712.0	1,712.0	0.0
Refunds	83,170.0	106,272.5	94,886.7	-11,385.8	-10.7
Net	-81,132.9	-106,272.5	-93,174.6	13,097.8	-12.3

In turn, the Secondary Firm Energy Market trades ENFICC backups between generators, in order to fulfill the OEF allocated to each agent. Income generated from this market throughout the year was \$ 9,583.1 million.

Fees for Participating in the Wholesale Energy Market (WEM)

The fees for participating in the WEM in 2014 were 19.1% lower than those reported in 2013. Reduced fees mainly corresponds to lower costs related with restrictions; as well as for use and connection to the National Transmission System (NTS). Other fees were also down, although not as much.

The reduction in restrictions was because energy prices on the electricity market were higher than the prices offered by some generators, requiring the backup energy. Reduction in fees for use and connection to the NTS is largely due to lower exportations to Venezuela and less generation from the ISAGEN power plants.

Restrictions correspond to the fee paid for the demand to remunerate electric power plants for the higher costs of operation, which are higher than the spot market prices for electricity that must be dispatched to ensure secure, high quality and reliable system conditions. This fee depends on the availability and conditions of the transmission and distribution systems, and it increases especially when electrical networks are at risk.

Fees for participating in the Wholesale Energy Market

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
NTS Use	97,038.0	102,203.1	81,617.0	-20,586.0	-20.1
RTS, LDS Use	106,565.5	102,882.9	103,822.3	939.4	0.9
Restrictions	73,690.6	55,650.5	17,762.7	-37,887.8	-68.1
NTS Connection	19,148.0	23,834.5	12,627.4	-11,207.1	-47.0
Management services	7,259.4	7,994.3	9,512.8	1,518.5	19.0
Law 99/93 Contributions	35,885.0	38,021.3	39,731.7	1,710.4	4.5
FAZNI Contributions	11,386.1	11,822.5	12,095.9	273.4	2.3
Total WEM fees	350,972.7	342,409.0	277,169.7	-65,239.3	-19.1

Fuel operations

- › In 2014, we implemented a commercial scheme that helped ensure a permanent supply of fuel to the Termocentro Power Plant to cover low levels of hydroelectric power generation. This positioned the power plant to generate more power than ever before, with 2,046.51 GWh/year up 27% over energy produced in 2013. In turn, gas purchases to back this generation were in the order of 16,677,826 MBTU.
- › By signing interrupted supply and transport agreements from La Guajira, we overcame the contingency due to the early termination of the agreement with ECOPETROL for transport from Cupiagua .
- › We signed firm gas supply agreements to back 50% of the firm energy obligations for the Termocentro Reliability Charge in 2015, thus permitting the company to free up firm energy backup from the Sogamoso Hydroelectric Power Plant so it can be traded on the Secondary Market with other generators.
- › We terminated the LTOII gas supply agreement with ECOPETROL early, and signed new contracts at lower prices with longer term coverage, optimizing firm fuel costs.
- › We secured backup for Reliability Charge income from the Termocentro Power Plant by contracting Jet A1 liquid fuel to ensure its availability.
- › We engaged in activities to participate in the new wholesale market gas sales scheme, which will be in effect starting in 2015 with the issuance of CREG Resolution 089/2013 and those that complement it.
- › Sales through bilateral contracts traded 168,696 MBTU, a 96% drop from 2013 gas sales. This difference is due primarily to increased gas available for use in Termocentro generation. Revenue from natural gas sales was \$2,838.3 million, down 95.5% compared to last year.

Revenue from Natural Gas Sales, 2014

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Wholesale Customers	34,360.2	37,925.1	2,144.4	-35,780.7	-94.3
Industrial end clients	47,401.2	25,475.4	693.9	-24,781.5	-97.3
Transportation transfer	57.8	0.0	0.0	0.0	0.0
Total Sales	81,819.2	63,400.5	2,838.3	-60,562.2	-95.5

In 2014 expenses related with gas supply and transport purchases for sales was \$4,327 million. This figure was 90.8% lower than the previous year.

2014 Expenses for Natural Gas Sales

	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Expenditures for supply purchases	55,824.9	37,569.3	1,734.9	-35,834.4	-95.4
Expenditures for transportation, distribution and development quota purchases	9,505.1	9,355.6	2,592.1	-6,763.5	-72.3
Total Expenditures	65,330.0	46,924.9	4,327.0	-42,597.9	-90.8



Market Management and Norms

Continuously tracking norms, actively participating in industry associations and permanently interacting with the regulatory bodies helps minimize the risks associated with possible changes to regulations and constantly develop the end industrial clients market.

To fulfill this goal we analyze, comment on and make recommendations for pertinent modifications to norms in place by the market regulatory agencies including: the Energy and Gas Regulatory Commission (CREG), the Ministry of Mines and Energy (MME), and the Superintendence of Residential Public Services (SSPD).

In 2014, there were lawsuits against ISAGEN due to monopolistic practices that impede free competition, and the company was compliant with regulations and voluntary codes for safety and health of products and services.

Electricity Sector Regulatory Changes

The Energy and Gas Regulatory Commission (CREG) published an analysis on Reliability Charge allotments with the objective of changing some aspects in the upcoming allotments, which shall be made by the management mechanism through the 2019-2020 period. Likewise, the CREG issued resolutions where it established the mechanism for re-assigning firm energy obligations when projects are not on schedule, and it offered flexibility to change fuel in the period while the fee is effective.

The CREG also issued the supply risk statute and its operating procedures, which establish regulations to intervene in Market operation when there are situations that put the reliable supply of energy to the electric at risk. It also issued the measurement code, which seeks to define measurement information market metering points.

Law 1715 was decreed, seeking to take advantage of non-conventional energy sources, primarily those that are renewable. It promotes investment, research and development of clean technology for energy production, energy efficiency

and response to demand, as part of the domestic energy policy. In relation with this law, decrees on self-regulation and response to demand were also issued.

For other links in the energy chain, documents were published to provide discussion on purposes and guidelines for compensating electric energy transmission and distribution in the 2015 -2019 fee period. Another document was published analyzing the methodology used to calculate the discount schedule for regulated transport activities in the National Electric Grid.

Internal processes were not implemented and we did not participate in the new ORM standardized substation scheme, because the CREG did not publish the corresponding norms. For that reason the ORM scheme was not used in operation in 2014.

Regulatory changes in international interconnections

With the completion of the Regional Electricity Market (MER) interconnection grid in October and with operation beginning in the last section of the SIEPAC line, which passes through Costa Rica, the possibilities are growing for Colombia to export energy to this market through the Colombia-Panama Interconnection, which according to ICP company plans should be entering into operation in the second semester of 2018.



On the other hand, in 2014 the Peruvian, Colombian, Ecuadorian, Chilean and Bolivian governments continued to develop their initiative for the Andean Interconnected Electric Grid (SINEA). They drew up a roadmap, which proposes to have the Peruvian and Ecuadorian electric grids connected between 2016 and 2017 and created a broader agreement for cooperation between these markets and Colombia. Around 2020 and 2021 the Chilean electric grid should also be connected, with the possibility of bringing Bolivia on also.

In line with the aforementioned, we continue to analyze opportunities that may arise from integrating electric systems in Mexico and Central America with Colombia and the Andean Community of Nations (CAN), both in terms of physical integration of the base transmission networks and in regulatory development to permit exploiting these infrastructures that promote development of electricity integration.

Regulatory Changes in the Natural Gas Sector

In 2014, the CREG continued to issue norms around the implementation of natural gas sales that started in 2013, and it chose the Colombian Securities Exchange to be the market manager, for which operations should begin in 2015.

Even though the market manager did not begin operations in 2014, ISAGEN continued studying and proposing regulatory changes with the goal of being prepared to participate in gas sales mechanisms in 2015, and ensure fuel supply for the Termocentro Power Plant.



Productive Solutions for Clients

We committed to build custom energy solutions for our clients to improve productivity and competitiveness, while reducing Greenhouse Gas Emissions. Our commercial relation is also based on collaboration, communication, responsibility and service quality.

We defined client segments based on geographical, technical and commercial data as well as on client behavior. We also have client databases where we store commercial, technical, consumption, services and relationship data, which permits us to analyze, forecast, follow trends and build relationship strategies which are highly accepted.

Technical Services

The provision of technical services is a fundamental part of our portfolio of productive solutions. It seeks to optimize productive processes for clients and contribute to protecting 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 due to failures in internal facilities or in the energy supply from the Network Operator networks.

In 2014, the activities to improve and promote the Technology Partner Network portfolio generated technical service sales to clients for a total of \$11,654.4 million. There were 1,001 services provided, reflecting growth of 1.4% compared to the previous year. All potential clients identified requested network services.

Technical Service Sales

Item	2012	2013	2014	Difference 2014-2013	Growth 2014-2013
	Millions of \$	Millions of \$	Millions of \$	Millions of \$	%
Service Invoicing	8,414.4	7,841.6	7,575.6	572.8	7.3
Agency Agreements	0.0	0.0	1,246.7	0.0	0.0
Invoiced by Partners (*)	2,965.4	2,659.6	0.0	305.8	11.5
Service Commission	274.6	192.6	227.0	82.0	42.6
Network Services Totals	11,654.4	10,693.8	7,802.6	960.6	8.98

As part of our value proposition to build productive solutions, over and above our electric energy and natural gas solutions, we deliver our customers a portfolio with four lines of complementary services: maintenance, expansion, efficiency and productive know-how. We also support them in drawing up supply contracts providing 24/7 emergency support, consumption management, representation before other agents in the chain, measurement support and consulting. All this is done with one single objective: ensure the productivity and sustainability of our clients.

In 2014 we are proud to have begun tracking and controlling energy, environmental and economic performance of the specific productive processes for a group of 13 end industrial clients. We also help them to identify and standardize good operating practices, which in turn helps them to optimize operating costs and reduce their carbon footprint.



Learn more about our technical services on our website in the [Clients/Productive solutions section](#).

Comprehensive Energy Management

Improve Control over Energy Performance, Reduce Operating Costs

The objective of Comprehensive Energy Management (CEM) is to develop a business culture among our clients to promote the efficient use of energy fluids and water. To achieve this we work with upper management to align their goals with these purposes, design and communicate an energy policy and incorporate energy performance indicators into their management.

This management requires that each client accepts and commits to define the necessary resources in line with internal priorities and potential benefits detected. ISAGEN supports them in this process offering its know-how and its training and motivation techniques on each level for the participating companies.



Learn more about our Technology Partner Network in the [Supply Chain section](#).

Long-term energy management improvement plans were structured in 2014 with 21 clients. This was done taking into consideration training and motivation plans to promote productive processes and the needs to upgrade technology. Also, the 70 clients enrolled in the CEM program since the second half of 2011 reported the following accomplishments in consolidating an Energy Management System:

- › They established corporate direction on efficient energy use.
- › They implemented energy performance control systems by cost center on a global level.
- › They quantified the potential for increased productivity levels and reduction of CO₂ emissions and implemented improvements.
- › They raised awareness of efficient energy use.
- › They increased technical competencies in energy management.
- › They fostered a culture of continuous energy management improvement.

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

Summary of Results, Companies Enrolled in CEM

Reduction of Electric Energy Consumption (GWh/year)	53.24
Reduction of Thermal Energy Consumption (m ³ Natural Gas x 1000/year)	76,287
Reduction of GHG Emissions (kg CO ₂ /year)	22,211,703
Productivity Increase	1.0 - 13.75 %

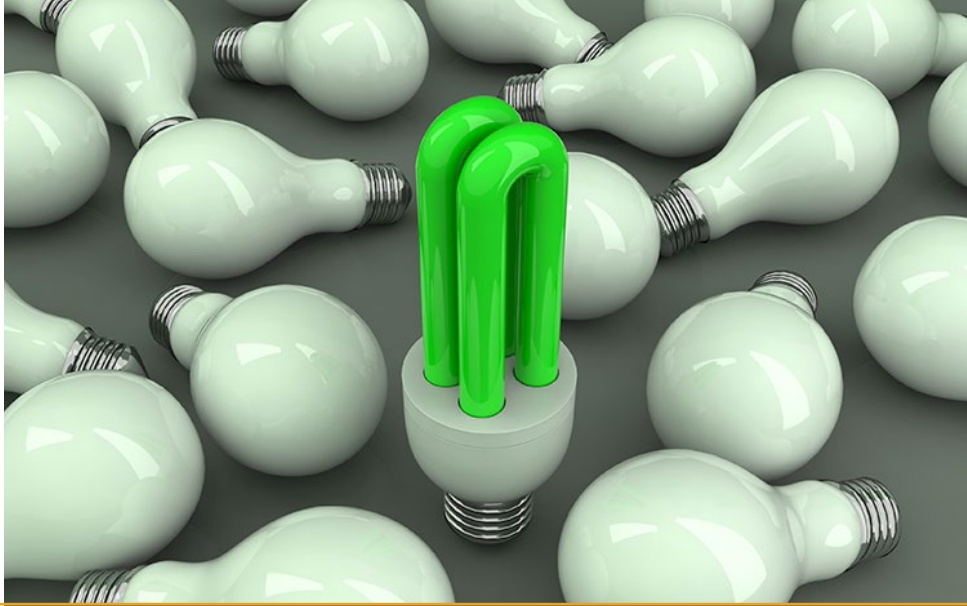
Results of clients that advanced to phases beyond phase 1 in 2014

Clients in the CEM program	16
Clients that completed the organizational alignment	10
Diagnostic plans structured and executed	21
Management and implementation of solutions requiring low and/or medium investment	15
Identification of high investment projects associated with energy efficiency and/or operational improvement	10
Structuring implementation projects with investment	6



To learn more about our **Comprehensive Energy Management program** [click here](#).

In 2014, the total investment in the Comprehensive Energy Management strategy was **\$869.160.205**.



Responsibility of the Service

We carry out activities with our clients to strengthen collaborative relationships and sharing practices. We also provided training opportunities:

Topics	Objective	Training Sessions	Assistants
Management tools - Phase 1 CEM	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.	72	576

We provide services in the client facilities, where possible risks of electrical security are identified and pertinent actions are determined together with the client. 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.

We do not sell services that are banned in the market or that are the subject of stakeholder questions or public debate. In 2014, there were no incidents reported of non-compliance with regulations or voluntary codes concerning

health and safety impacts of products and services. Additionally, there were no service user injuries or deaths reported, and there are no pending proceedings in process against ISAGEN for these reasons.

Information Management

We provide our clients with accurate, timely information about services provided and inform them of new regulatory developments and different norms of interest and their application.

Our client section on the company website is interactive and permits managing the supply contract and purchasing services online comprehensively. We provide relevant information to clients about services, the Technology Partners Network, regulation and market changes via email. There were no fines in 2014 due to failure to comply with the standards in relation to this topic or marketing communications.

Moreover, we faithfully complied with the provisions of the Personal Data Protection Law, Law 1581 / 2012, and Decree 1377 / 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 data security. In 2014, there were neither claims relating to privacy and client data leaks, nor did we detect any internal commercial or technical customer 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, 22 requests and 0 claims. 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.

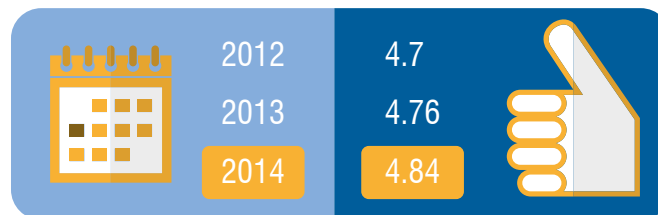
As part of this plan:

- › 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 we build turnkey solutions together with the Technology Partner Network to meet their needs.

- › 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 reduced losses in the national electricity system.
- › Among our clients, we foster a sense of respect for the electric grid, helping them to adjust their electrical facilities to ensure they are in line with the regulations in force, and to know their rights and obligations as active agents of the Colombian electricity sector.

2014 Satisfaction Survey Results

Through this survey we analyze topics of importance relating to our service promise such as: training, technical services, emergency response, programs and customer support.





The Voice of Our Clients

Danilo Ome

Head of Industrial Services
Team Foods Colombia S.A.



“We have been working with ISAGEN in the Comprehensive Energy Management Program for some time. In 2014 we had very good results, and 15 years ago we did not see such a significant change in our plant’s energy consumption. Energy sustainability forms part of our objectives.”



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 Organized Regulated Market standardized auction scheme.

The CREG did not issue new norms to that end, and therefore the Organized Regulated Market scheme did not go into operation during 2014.

- › 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.

The Market Manager did not begin operations in 2014, and therefore we continued studying and proposing regulatory changes with the goal of being prepared to participate in sales mechanisms in 2015.

- › Develop priority plans to strengthen the commercial management and review game rules in the framework of the Technology Partner Network's long-term planning.



- › Continue to consolidate the Comprehensive Energy Management (CEM) strategy, which implies carrying out 20 assessments, identifying five high-investment projects and executing two of them.





2015 Challenges

Develop synergy within ISAGEN's generation portfolio on the heels of incorporating Sogamoso, with the objective of optimizing commercial operation.

Contribute to regulatory management with a focus on finding alternatives to promote sustainable energy market and foster competitiveness in the Colombian productive sector.

Interact with the gas Market Manager in a way that favors sales operations through centralized platforms to manage data and carry out transactions on the primary and secondary natural gas market.

Regarding the Comprehensive Energy Management Program:

- › **Phase 1:** Help 10 clients complete internal energy efficiency organization.
- › **Phase 2:** Structure 15 diagnostic plans with the same number of end industrial clients.
- › **Phase 3:** Help implement 10 low and/or medium investment energy solutions, identify five high investment energy efficiency and/or operational improvement projects and structure the implementation of two investment projects.
- › **Phase 4:** Design the methodology and do pilot project with 1 end industrial client.
- › Develop high investment projects focused on improving the productivity, efficiency and environmental impact of our clients' productive processes.



Growth Management

- ▶ Sogamoso Power Plant Project
- ▶ Projects Under Study
- ▶ Exploring New Business



María Luz Pérez López

Generation Projects Manager

“Form many years we have been building generation projects that fuel growth and respond to our country’s energy demand. Each project brings its own challenges from the technical, environmental and social point of view. We take on these projects with purpose, joining forces with the communities and institutions in the region executing the projects with vision toward the future as an opportunity for development.”

As for technologies, hydroelectricity has been and will continue to be our priority, but we will explore other sources of renewable energy to diversify Colombia’s energy matrix, while caring for our planet’s atmosphere.”

Growth management focuses on studying and developing new energy generation projects in Colombia and seeking new opportunities in the international market. This chapter provides details on the final phase of the Sogamoso hydroelectric power plant project, progress in the study of other hydroelectric power plant projects, other sources of renewable energy and new business opportunities being explored.

Sogamoso Hydroelectric Power Plant Project



Commercial Operation in December 2014

Construction was completed on the Sogamoso Hydroelectric Power Plant Project, which reached its maximum capacity of 820 MW on December 20, 2014, fulfilling the commitment made to the Colombian electricity sector and creating development opportunity in the Department of Santander. This power plant makes nearly 8.3% of the energy consumed annually by the nation available to the Colombian market, increasing our installed capacity by 60% and positioning the company as the nation's second largest generator.

Main Works

This Power Plant uses water resources from the Sogamoso River to generate energy. The infrastructure comprises a 190 m high dam, a spillway with a 354 m long channel and an underground powerhouse with three of the largest generation units in the nation, weighing 2,618 tons each.

The reservoir, which stores water used in generating the electricity, covers nearly 7,000 hectares and holds a volume of 4,800 million m³. It has the highest water storage capacity in the country.



Topocoro Reservoir.
Sogamoso
Hydroelectric Power
Plant.



El Tablazo Bridge. 

Replacement Constructions

With an investment of over 856 billion pesos, we restored the infrastructure previously occupied by the reservoir, which included building 51.3 km of roads, 16 bridges built to better specifications than those they replaced and two tunnels, one 1,100 and another 200 m long.

2014 Project Milestones

- › On **June 7**, we began filling the Topocoro Reservoir.
- › On **June 13** the replacement roads between Lisboa and La Cananá and the Montebello and Peñamorada bypasses were open for service.
- › On **August 28** the Guillermo Gómez Ortiz Bridge was made available for service to the community, offering transportation between Girón and Zapatoca.
- › In **October** the main project construction was totally complete, and the reservoir was up to the required level to begin Power Plant operation.
- › In **November** testing began on the generation units.
- › On **December 1**, we fulfilled our commitment to the Colombian electricity market with the start-up of the first unit.
- › **December 20** was the official start-up of Sogamoso Hydroelectric Power Plant commercial operations with installed capacity of 820 MW.



To Learn more about infrastructure and social and environmental management results achieved during the Power Plant Construction Project [click here.](#)

Social and Environmental Management in the Sogamoso Hydroelectric Power Plant Construction

In construction of the power plant, the company implemented 21 programs comprising the Environmental Management Plan (EMP). Said programs were authorized by the Colombian Environmental Licensing Authorities and was designed to support the following: physical (water, air and soil), biotic (flora and fauna) and social (communities) components. Other programs and projects were also executed providing complementary management. Total investment was over one trillion pesos.

Visit the following chapters to learn more about social and environmental management in the Sogamoso Hydroelectric Power Plant area of influence in 2014:



Biodiversity

Transforming Role of the Regions



Projects **under study**



Hydroelectric Plants

Cañafisto Hydroelectric Power Plant (937 MW - Cauca River - Antioquia)

In October 2014 we submitted the Environmental Impact Assessment (EIA), which is required to obtain the environmental license to build and operate, to the National Authority of Environmental Licenses (ANLA). Over the year, we communicated broadly about the project in its area of influence¹, and we successfully consulted² the Afro-descendant community of San Nicolás, and signed the paperwork to formalize the process.

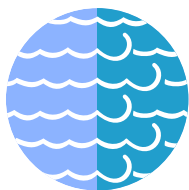


▼
Afro-descendant
community of
San Nicolás.
Cañafisto Project.

In total 150 meetings were held and attended by more than 4,625 people representing the communities of the 16 municipalities and 41 districts or sectors in the area. Governmental and non-governmental entities also participated. We also finalized the property and socioeconomic census, and we initiated a Cultural Heritage Protection (CHP) proposal for the properties that will be affected by construction. This project is in the pre-construction phase.

¹ The Cañafisto Project's area of influence includes the following municipalities in the Department of Antioquia: Ebéjico, Anzá, Betulia, Armenia-Mantequilla, Concordia, Fredonia, Jericó, Tarso, Salgar, Támesis, Titiribí, Venecia, La Pintada, Santa Fe de Antioquia, Olaya and Sopetrán.

² For the pre-project study, it is the fundamental right of the indigenous communities and other ethnic groups to participate when projects, construction works or other activities will be executed in their territories. This is in an effort to protect their cultural, social and economic integrity.



Piedra del Sol Hydroelectric Power Plant Project (156 MW - Fonce River - Santander)

We submitted information complementary to the Environmental Impact Assessment to the ANLA to obtain the environmental license to build and operate. We completed design of this run-of-river power plant, and the Project was reviewed by a group of international experts. This project is to be executed in alliance with HMV Ingenieros, and it is in the pre-construction phase.

Harnessing Hydroelectricity of the Patía River (1,650 MW - Departments of Cauca and Nariño)

This consists of four plants in series to harness the hydroelectric power of the Patía River between a descent from 560 to 75 meters above sea level. We continue to implement our public relations strategy executing an agenda with national, regional, local and church authorities forming a presence in 12 municipalities⁴ in the Patia I and Patia II area of influence throughout the Departments of Cauca and Nariño. We held meetings with the Community Councils and Community Action Boards (JAB) to communicate the Environmental Assessment of Alternative (EAA) studies. We also made progress with studies to analyze the sociopolitical environment and the relationship building processes with stakeholders. This project is in the pre-feasibility phase.

Andaquí Hydroelectric Power Plant (687 MW - Caquetá River - Departments of Cauca and Putumayo)

Due to the creation of the Serranía de los Churumbelos National Park and because one part of the part of the project reservoir is located in the park, the National Authority of Environmental Licenses (ANLA) issues special terms of reference for the Environmental Impact Assessment.

In the context of the inter-institutional agreement with the Natural Sciences Institute of the Universidad Nacional of Colombia, in 2014 we finished updating the biotic component of the baseline studies in the area of influence in line with the requirements of the Environmental Authorities. Said studies revealed the presence of sensitive ecosystems and ecological characteristics that require further review of the project.

³ The second does not have a reserve of water or a reservoir, rather it functions using the flow of a river's waters.

⁴ The Patía I and Patía II Project's area of influence extends across the following municipalities: Linares, El Peñol, Taminango, Los Andes (Sotomayor), Cumbitara, Policarpa, El Rosario, Leiva, Mercaderes, Bolívar, Balboa and Patía (El Bordo).

Studies to Identify New Opportunities (5,500 MW in Colombia)

We continue to pursue the studies to identify and evaluate hydroelectric projects in Colombia that could increase capacity by more than 5,000 MW in medium and large scale projects and by 500 MW in small power plants.

Small Hydropower Plants (SHP) in Peru (20 MW)

We made progress in analyzing the socioeconomic and sociopolitical environment surrounding this project, and developed relations with the communities and environmental authorities. In 2014 we were approved for the Water Availability Study and the Environmental Impact Assessment. This project is to be developed in alliance with HVM Ingenieros, and it is in the feasibility phase, awaiting the Environmental License.

Taking Advantage of Hydroelectric Power with Three Plants in Series (200 MW) in Peru

We finished feasibility studies in line with our commitment to the Peruvian Government. Nonetheless, there are other firms that are seeking concessions for the resource in this river basin. This project is to be executed in alliance with HVM Ingenieros.



Wind Projects

Wind Farm (Department of La Guajira)

We continue paperwork with the Environmental Authority to modify the environmental license and building relations with the three communities in the area. We updated the connection study by way of which we identified new alternatives to connect the Wind Farm to the National Electric Grid (SIN).

Wind Energy Study (Departments of Atlántico and La Guajira)

We installed towers to complement the areas where wind energy available is currently being evaluated. We are in the initial consulting processes with the communities, and agreements have been formalized. As a result of the studies we identified, located and sized a pre-feasibility project in La Guajira, with installed capacity of nearly 400 MW. We also identified the infrastructure necessary to build and operate the Wind Farm.



Geothermal Power Plants

Ruiz Volcanic Massif Project (Department of Caldas)

Pre-feasibility studies are complete, and we confirmed the possibility to proceed to exploration phase in one of the selected areas of the Ruiz Volcanic Massif. This area is not the Los Nevados National Park. We applied for the environmental license from ANLA, and we presented the corresponding Environmental Impact Assessment. The Environmental Authority issued an order to initiate the environmental licensing for the project.

Tufiño-Chiles-Cerro Negro Binational Geothermal Power Plant Project (Colombia - Ecuador border)

In 2014 progress was made in the basic pre-feasibility (geology, geochemistry and hydrogeology) studies in the Ecuadorian and Colombian areas of study. The ANLA issued terms of reference to carry out the Environmental Impact Assessment for the exploration and use of this Colombian geothermal resource.

Consolidated Investment for the Projects under Study

Project	Investment*		
	2012	2013	2014
Hydroelectric Power Plant Projects	4,103	11,103	9,541
Wind Farm	650	677	94
Wind Potential Study	485	317	726
Ruiz Volcanic Massif Geothermal Power Plant Project	1,347	681	518
Tufiño - Chiles - Cerro Negro Binational Geothermal Power Plant Project	267	352	1,850
Total	6,852	13,130	12,729

* In millions of Colombian pesos.

Other Renewable Energy Studies

Coal Gasification

The Universidad Pontificia Bolivariana and the Universidad de Antioquia, in an Agreement with the Medellín campus of the Universidad Nacional, developed regulatory standards for the gasification process control system in 2014. The experiment was reproduced and the initial synthesis gas classification was performed.

Biodiesel

In 2014 we made progress evaluating the behavior of two species under study in the two experimental properties. Likewise, motors were tested with biodiesel obtained through oil extracted from seed species under study, achieving positive results. This project was developed in agreement with the Medellín Botanical Garden.



To learn more about generation from renewable energy sources and our climate change management, click here:

[Renewable energy to benefit our plant](#)

[Comprehensive Water and Climate Change Management Chapter](#)



Exploring New Business



Armando
Gómez Correa

Chief Internationalization Officer

“Our position and experience in the national market allows us to strive to bring our business to other countries with the goal of gaining broader perspective and more possibilities to grow and learn from other market schemes, styles and cultures, while always conserving the essence of our human group established to serve other human beings. For that reason, as we do when developing generation projects in Colombia, when we cross borders we will maintain the firm intention to contribute to the wellbeing and progress of people through our sustainability practices, always staying sensitive to the specific realities of our business and the context of our work environment.”

In 2014 we continued to monitor Latin American markets to understand their dynamics and identify potential growth opportunities that are in harmony with our company concept.

To preserve this harmony, our international expansion plan clearly defines our preferences in regards to business types, countries, technologies and company characteristics that we would eventually plan to embrace in order to ensure we advance specifically towards opportunities that are in line with our Higher Purpose.

We also recognize that each country, where we evaluated opportunities, is exposed to different realities than that of Colombia. For that reason, we work with a Network of Consultants to provide a local and expert opinion on variables necessary to determine whether we are analyzing business that adjust to the parameters of our management in terms of sustainability, especially in terms of transparency and protection of environmental, social and Human Rights.

In 2014 management efforts, we visited Mexico and Guatemala, where we have developed prospecting plans with the objective of learning more about regulatory changes occurring in these markets and further evaluating certain opportunities identified. We also participated in competitive, bilateral processes to acquire generation assets in operation and/or under development in Latin America. At the same time we worked to define new investment vehicles and leveraging to facilitate investing in assets outside of Colombia.





The Voice of Our Communities

**Fabio
Hernández**

President of the Employment
Monitoring Committee

**Sogamoso Hydroelectric Power
Plant area of influence**



“The Sogamoso Hydroelectric Power Plant Project created high demand for labor. The inhabitants of the area of influence where the dam was to be built were given first priority, and a spiral method of hiring was applied in the case that it was necessary, visiting the town seats in the nine municipalities. If workers were not found there, they were then looked for at the departmental, national or foreign level.”



2014 Challenges

- › Complete construction of the Sogamoso Hydroelectric Power Plant and start-up the power plant at the end of the third quarter of 2014. ✓
- › Continue to process the Environmental License of 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 Binational Geothermal Power Plant Project on the border with Ecuador and process the environmental license for the geothermal plant in the Ruiz Volcanic Massif area in Caldas. ✓
- › Make progress to classify the potential wind energy on the north coast of Colombia. ✓



2015 Challenges

- › Finish the technical incorporation of Sogamoso and the Environmental Management Plan and Complementary Management Programs.
- › Further develop studies and continue the process to obtain construction licenses for the projects in our renewable energy portfolio.
- › Conduct studies required in the different phases of these projects, to make progress with non-conventional energy such as coal-fired gasification and biodiesel, maintaining options in our generation portfolio.
- › Make further progress on designs developed for construction of the Cañafisto Hydroelectric Power Plant and plan for property management.
- › Complete Environmental Assessment of Alternatives (EAA) for Patía I and Patía II and present them to the Environmental Authority.
- › Continue to monitor Latin American markets to identify and prospect potential acquisition, project development and additional demand business opportunities.
- › Structure investment and financing mechanisms for potential growth opportunities.



Financial Strength

- ▶ Macroeconomic Environment
 - ▶ Financial Statements
 - ▶ Financing
 - ▶ Share Trends
 - ▶ Investor Relations
-



Juan Fernando Vásquez V.

Chief Financial Officer

“ISAGEN financial management is backed by the company’s good practices, which permit it to leverage growth outlook. As a company our primary purpose is to create economic, environmental and social value for our stakeholders.”

Our financial strategy seeks to maximize value for the company and its shareholders. In this sense, financial management concentrates its efforts on responding to the economic expectations of the shareholders, maintaining the financial capability to leverage the investment plan, optimizing adequate capital structure, managing timely compliance with contractual obligations and strengthening relations of trust with shareholders and investors. The following are the relevant results in 2014.

Macroeconomic Environment

Economic evolution in Colombia in 2014 was considered acceptable in comparison with that of most of the world's economies, in spite of the petroleum crisis which has generated negative consequences in all the world.

Development of the financial markets is primarily explained by the liquidity report of the United States Federal Reserve, which in December of 2013 drastically reduced its bond purchase plan until the program completely ended in the month of October. This is better known as Quantitative Easing.

The Colombian peso was not unaffected by the stronger dollar and by decreased liquidity of the North American Central Bank (The FED). In 2014, the peso devalued 22.46% against the dollar going from a conversion rate of \$1,941 to \$2,377, and it was cited as one of the most devalued currencies in the world in this time.

The Colombian Consumer Price Index was 3.6% in 2014, settling in at 60 basis points above the mean for the range set as the goal by the Colombian Central Bank (between 2% and 4%) and 1.72 percentage points above the CPI reported in 2013 (1.94%).

With regard to economic growth, after having the results of the third quarter of the year (4.2%), it was expected that 2014 would close with a variation in GDP of close to 4.7%. Nonetheless, the falling price of petroleum worldwide and the devalued Colombian peso against the US dollar, caused a reduction in the projection. So much that the Central Bank warned that its forecast of 5.0% would not even be met.

The fixed income and equity markets were also shaken by the effects of a stronger dollar and the decrease in price of petroleum. The General Index of the Colombian Securities Exchange fell 11% from 13,071 points in January to 11,634 points in December.

The macroeconomic situation for 2015 is not very promising for the Colombian economy. On the one hand, raw material, especially petroleum, prices are expected to fall throughout the year. This will significantly affect economic growth and the Nation's revenue. On the other hand, the Colombian peso is considered to be in a deflationary trend which favors exporters, but negatively impacts importers, and applies bull market pressures on prices in general (CPI), eroding any room the Central Bank has for manipulating its monetary policy.



Financial Results

In 2014 we confronted complex situations. Water supply was difficult, and the Sogamoso Hydroelectric Power Plant start-up was later than expected. In light of these circumstances we contributed by establishing a financial strategy to mitigate the impact of these situations on the end results. This strategy sought strict business control, optimization of debt conditions in association with the expansion projects and appropriately managing risks, all contributing to business continuity and sustainability.

We achieved the goals set for 2014 in regards to implementation of best practices to ensure the veracity of financial information, defining financing mechanisms to pursue non-conventional energy sources and strengthening relationships with current and potential investors to position ISAGEN as an international financial asset.

Relevant Figures

	2013	2014	Variation %
Revenue	2,002,814	2,329,620	16
Cost of sales	1,305,374	1,587,100	22
Administrative Expenses	116,426	118,291	2
Operating Profit	581,014	624,229	7
EBITDA	692,636	742,822	7
Revenue Before Taxes	564,153	583,738	3
Income Tax Allowance	130,187	147,155	13
Net Profit	433,966	436,583	1

Amounts in millions of Colombian pesos

Financial Indicators

	2013	2014
Profitability of assets*	7.7%	7.3%
Return on Equity**	13.4%	12.6%
Operating Margin	29%	27%
EBITDA margin	35%	32%
Net Margin	22%	19%

* Includes total assets

** Equity without valuations

Operational and Non-Operational Results

2014 was a year of great business operation challenges. Low rainfall applied upward pressure on spot market energy prices, and it impacted our energy generation for the whole year. It even caused the start-up of the Sogamoso Hydroelectric Power Plant to be late. In spite of these circumstances, operating results beat projections thanks to sales management and internal optimization of resources.

Compared to 2013, revenue was up 16%, while costs and operating costs and expenses were higher than last year's mainly due to the need for more energy purchasing. Even with the three-month delay in start-up of the Sogamoso Hydroelectric Power Plant, its generation positively impacted profits in the month of December. As a result of the company made an Operating Profit of \$ 624,229 million and an EBITDA of \$ 742,822 million, each one 7% up from the 2013 results.

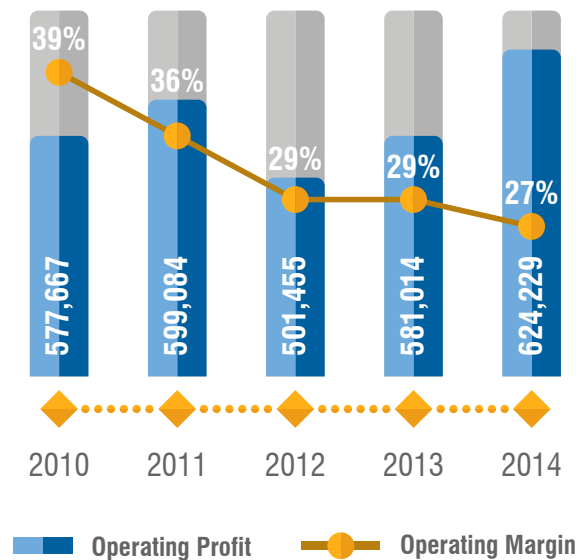
Operating margin and EBITDA went from 29% and 35% to 27% and 32%, respectively, in comparison to last year's results. This was because in 2014 operating costs and expenses grew more than income because of the costs and expenses necessary to start-up the Sogamoso Hydroelectric Power Plant.

Net profit was 1% up compared to 2013, impacted by entering interest on borrowings associated with the debt for building the Sogamoso Hydroelectric Power Plant, which was capitalized to assets until the third week in December. Net margin was 19% down compared to that reported in 2013. In addition to the previous explanation provided in operating results, the lower margin was also impacted by the CREE tax established in the Tributary Reform, and fixed at 9% permanent. Previously it was established to be 9% in 2014 as a transitional rate and to drop to 8% permanently from 2016 forward. The aforementioned generated a change in the accumulated deferred income tax calculation and that for the period, adjusting to a new permanent rate of 34%.

The Return on Assets in 2014 was lower than that obtained in 2013, because assets grew more than operating profit. Said increase was due to the start-up of the Sogamoso Hydroelectric Power Plant. Return on Equity in 2014 was also down compared to 2013 mainly due to the increased financial expenses which had an impact on net profit.

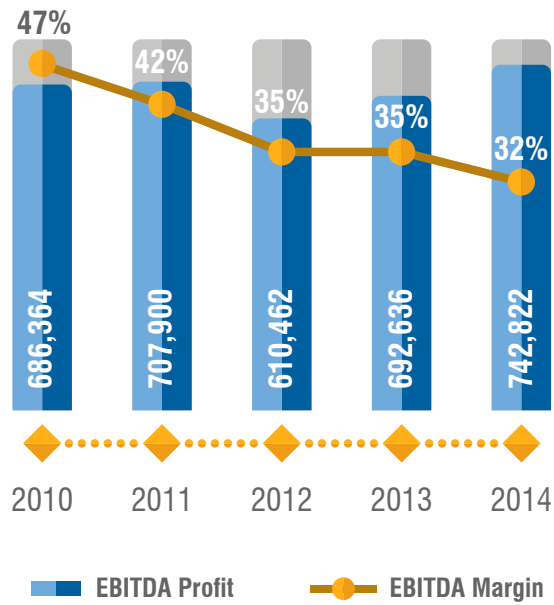
Below we present the last five years of data on Operating Profit, EBITDA and Net Profit.

Evolution of Operating Profit



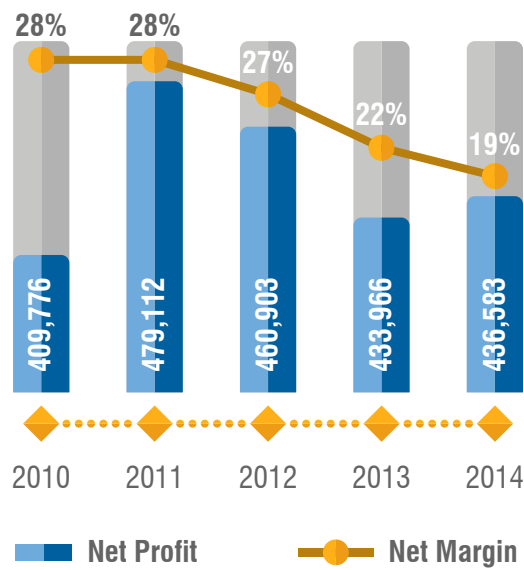
Amounts in millions of Colombian pesos

 Evolution of **EBITDA**



Amounts in millions of Colombian pesos

 Evolution of **Net Profit**



Amounts in millions of Colombian pesos

Balance Sheet

Assets

In 2014 assets were reported at \$ 8,560,230 million, representing an increase of 13% compared to \$7,555,341 million reported in 2013. Variation is mainly because of non-current assets which had a higher value than the hydroelectric power plants, especially due to recording the new Sogamoso Hydroelectric Power Plant in fixed assets. Current assets increased 22% because of advance payments for energy and account receivable from clients.

The figures are presented below:

Assets	2013	2014	Variation %
Current Assets	652,631	795,063	22
Non-Current Assets	6,109,626	6,972,549	14
Valuations	793,084	792,618	-
Total Assets	7,555,341	8,560,230	13

Amounts in millions of Colombian pesos

Liabilities and Equity

Liabilities were 22% greater than 2013 figures, reported at \$4,311,930 million. This increase was fundamentally the result of long-term loans disbursed to finance the final phase of the Sogamoso Hydroelectric Power Plant Project. Accordingly, current liabilities increased 32% compared to last year. This was due to commitments to suppliers and creditors for the project.

Greater equity of 5% was due to the temporary reserve and the statutory reserve required by Law as established in Article 130 of the Tax Code. We commend the five year effort made by company shareholders to build a \$ 949,189 million reserve to support the expansion plan execution, which made Sogamoso a reality today.

The following table summarizes variations in Liabilities and Equity.

Liabilities and Equity	2013	2014	Variation %
Current Liabilities	398,662	524,273	32
Non-Current Liabilities	3,127,229	3,787,657	21
Total Liabilities	3,525,891	4,311,930	22
Equity	4,029,450	4,248,300	5
Total Liability and Equity	7,555,341	8,560,230	13

Amounts in millions of Colombian pesos

In line with the foregoing, the financial results show a Company that is growing, which in spite of adverse circumstances confronted this year, fulfilled its challenging expansion plan. It continues to contribute to strengthen the country's energy market while holding a competitive market position through responsible financial management, focused on building a solid financial position and optimizing resources on a sustainable foundation build to ensure business continuity.



Financing

Part of the 2014 financial management was focused on maintaining the financial capacity of the company, and on optimizing its use of resources. Over the year, it secured additional resources required for the Sogamoso Hydroelectric Power Plant Project, it adjusted funding disbursement periods to meet cash flow requirements and it maintained the maximum local credit ratings continuing to rank in the international investment grade credit rating category.

In line with the aforementioned, loan agreements were negotiated and signed to complete the Sogamoso Hydroelectric Power Plant Project in 2014. The first for \$ 240,000 million was disbursed in June, and the second for \$ 250,000 million will be disbursed in 2015, depending on cash flow needs.

Through these measures, it increased the period available to request disbursements for the NEXI backed JBIC-BTMU loan and the loan with Banco Santander, which is guaranteed by the German Export Credit Agency, Euler Hermes, until May 31, 2015. This helped ensure the Company's cash flow requirements will be met and it modified the financial commitment limit associated with the NET DEBT / EBITDA indicator for the Banco Santander loan. All this was accomplished while maintaining local AAA and international BBB (Investment Grade) credit ratings.



On December 31, 2014, ISAGEN's debt composition was as follows:

Creditor	Currency	Current Balance (Millions)	Term (years)	Face Interest Rate	Matures
OPIC	COP	397,250	20	IPC + 5.25%	2025
Bonds 7	COP	198,856	7	IPC + 5.93%	2016
Bonds 10	COP	279,394	10	IPC + 6.48%	2019
Bonds 15	COP	371,750	15	IPC + 6.99%	2024
Club Deal	COP	1,515,923	12	IBR + 4.30%	2025
Empre 240	COP	240,000	12	IBR + 4.30%	2026
Leasing SIEMENS	COP	62,997	15	DTF + 4.10%	2029
Leasing IMOCOM	COP	16,757	15	DTF + 4.10%	2029
JBIC	USD	31.7	13	Libor + 2,85%	2025
BTMU	USD	15.7	6	Libor + 1,00%	2018
SANTANDER ESPAÑA	USD	57.3	19	Libor + 1,40%	2032
TOTAL COP		3,082,927			
TOTAL USD		104.7			

In the year \$ 23,812 million and USD 7.1 million in loans were amortized. Available credit of \$675,324 million corresponding to the Club Deal and Leasing and USD 4.3 million corresponding to contracts signed with JBIC and Bank of Tokio (BTMU) and Banco Santander España was disbursed.



Learn more about our credit ratings on our website in the [Investors section](#).

See our Financial Statements in the [Attachments](#).



Share Trends

Volatility in 2014 made it a complex year for share trading. This was witnessed by the 5.81% setback of the COLCAP Index. Nonetheless, we were proud to see international investor preference for papers listed on the Colombian market was favorable, taking into account that at the close of December the main buyers on the Colombian market were in fact, foreign investors.

At the end of the year, our share value dropped 8.77% to a closing price of \$2,965, average traded volume of \$3,661 million and 297,728,638 shares traded.

In the first semester of the year, ISAGEN shares were one of the most devalued securities on the market due to uncertainty related with the Colombian Government’s process of selling its holdings in the Company.

In August Company share value devalued 13%, dropping from \$3,215 to \$2770, in a single day when the Colombian Government announced its decision to postpone the sale of its holdings in the Company. Likewise, the share trend was affected in the second semester by the significantly reduced price of petroleum and the stronger dollar.



Weighting of shares in the Colombian Securities Exchange benchmark index, the COLCAP, from February 2014 to January 2015 was as follows:

Index	Feb - Apr	May - Jul	Aug - Oct	Nov - Jan
COLCAP	2.94%	2.72%	2.81%	2.35%

Main Share Indicators and Multiples

	2012	2013	2014
Market capitalization (COP millions)	6,828,810	8,859,734	8,082,803
Average Volume (COP millions)	3,405	3,297	3,661
Earnings per share (Colombian pesos)	169,07	159,60	160,40
Dividen yield	3,07%	2,14%	2,69%
Closing Price	2.505,00	3.250,00	2.965,00
Intrinsic value or carrying amount	1.331,97	1.495,38	1.558,65
P/CA-Price/carrying amount	1,88	2,20	1,90
P/E-Price/earnings	14,82	20,42	18,48
P/S-Price/revenue	3,94	4,42	3,47
EV/EBITDA	14,36	16,27	15,92
Free Float-%	29,4%	26,9%	29,4%
ROE*	12,7%	10,8%	10,3%
ROA	7,4%	7,7%	7,3%

* Equity including valuations.



Investors Relations

In 2014 we continued working to improve relations with investors through the different activities carried out to strengthen relationships with current investors and build them with potential investors.

For minority shareholders, we held the Shareholder Day celebration, which was attended by 146 shareholders in Medellín and 90 in Bogota. This space was used to educate and share our good practices. A group of 15 shareholders was also taken to see the San Carlos Hydroelectric Power Plant to learn more about the business.

We set up activities that permitted us to dialog with shareholders and share analysts seeking to validate the company's current commitment to these stakeholders.

As for international investors, we sought to learn more about them, focusing on those that are best aligned with the organization and which could become potential investors, building new relationship strategies that permit us to grow the database of international investors. Upon completing the work a list of investors was generated using specific criteria to help the company focus on investor relations.



Shareholder visit to the San Carlos Hydroelectric Power Plant.

We also continued helping strengthen our investor group's knowledge of the business. One event used to help develop investor knowledge was Analyst Day, in which a training workshop was lead by ISAGEN experts, who presented sessions on energy topics, ending the day with a time for questions and answers. The event could be attended on site or via web. Another effort to increase knowledge was the visit to the Sogamoso Hydroelectric Power Plant, which ISAGEN hosted for coverage stock analysts. With events like these, investors obtain tools that help them establish a fair value for the company shares.

As a result, as of December 31, 2014, the foreign shareholder participation was 7.17%, represented by 289 shareholders. This represents 11% growth compared to 2013, when ISAGEN had 261 foreign shareholders holding 7.42% of the company's shares.

Practices including the support of a permanent investor services team, the publication of up-to-date company information in Spanish and English, and the disclosure of quarterly financial information, are part of our information disclosure and investor relations management. The Colombian Securities Exchange (BVC) qualified both as some of the most outstanding in the country by granting us the IR (Investor Relations) Recognition award for the second year.



Learn more about our methods for communication and dialog with investors in the **Sustainable Relations Chapter**.





The Voice of Our Investors

Daniel Pérez

Equity Securities Strategy Manager
Bancolombia Asset Management



“ISAGEN’s entry into to the Dow Jones Sustainability Index is a very important occurrence for us as investors, since we are trying to purchase profitable companies, but it is very important for us to be present in companies that have an excellent management of environmental and social issues; we highlight this in the case of ISAGEN.”



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.



2015 Challenges

- › Define the ISAGEN 10-year growth plan.
 - › Optimize the cost of borrowing and structure non-conventional clean energy financing schemes.
 - › Implement international treasury management practices.
 - › Incorporate permanent asset management practices.
-



Management Practices

- ▶ Comprehensive Water and Climate Change Management
- ▶ Protection of Biodiversity
- ▶ Transforming Role of the Regions
- ▶ Employee Wellbeing
- ▶ Supply Chain
- ▶ Sustainable relations,
- ▶ Human Rights
- ▶ Global Initiatives



Comprehensive Water and Climate Change Management

- ▶ Comprehensive Water Management.
- ▶ Comprehensive Climate Change Management
- ▶ Promoting Water and Climate Care



Luis Fernando Rico Pinzón

Chief Executive Officer

“We are convinced that when energy is at the service of the people, it not only is available to drive progress and wellbeing, but also to protect natural resources. We recognize that water is not only our main source of generation, but that it also has the power to stimulate development in the regions through joint efforts for its conservation and appropriate management. We are also conscious of the impact climate change has had on the availability of the water needed to operate our business, and its effect on the environment. As a Company, we are putting our efforts into development that is in harmony with the environment.”

The main consequences of climate change are linked to water-related phenomena, especially in Colombia. For this reason, we are developing strategies to conserve water as a vital resource for human survival, and as a strategic resource for the energy generation business. With this awareness, we put forward programs for climate change mitigation and adaptation and for the rational use of resources. The following are the practices and progress made in 2014:

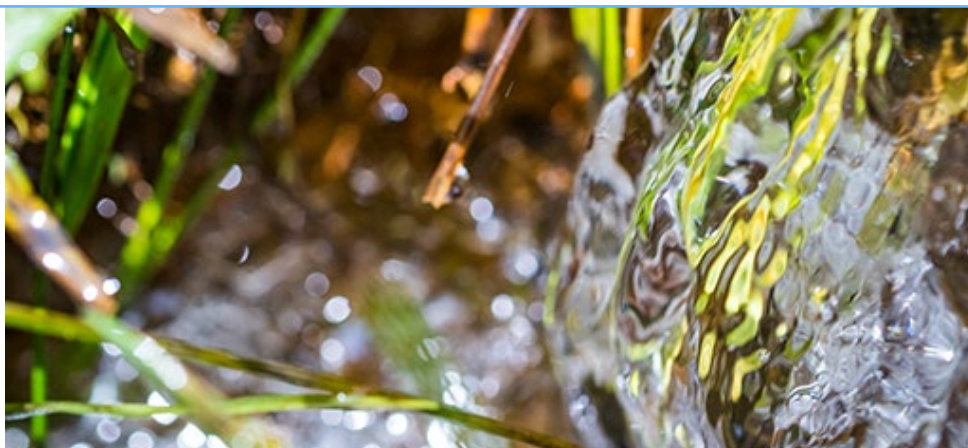
Comprehensive Water Management

In addition to being an energy Company based on hydroelectricity, we believe in the potential for progress offered by the water in our country. With a focus on conservation and on the sustainable use of water resources, we implement actions to monitor water quality, restoration efforts, and protection of basins and reservoirs. We also promote regulatory developments, public policies, educational and social actions, and productive and self-management projects in an environment of purposeful interaction with communities, institutions and other companies.

In 2014, 80.7% of the energy generated was hydroelectricity. The water used for energy generation is returned to the rivers without any alteration in quality, quantity or physical and chemical properties. Furthermore, we have an action plan to manage water risk, which is part of the corporate risks we identify.



To learn more about
[Comprehensive Water
Risk Management](#)
click here.

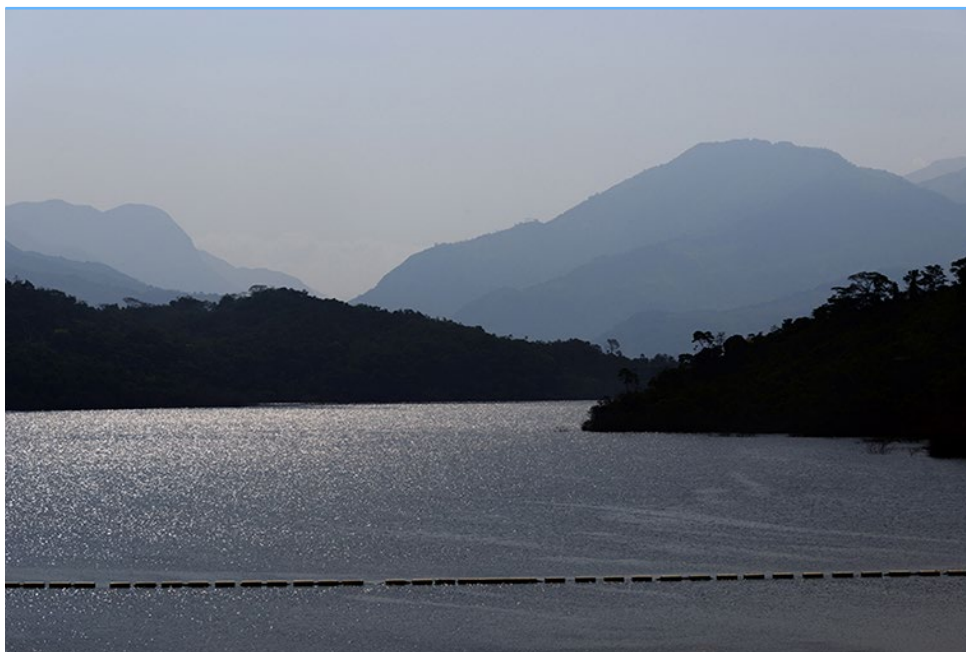


Comprehensive Water Management Agreement with the WWF

In 2014 we executed the first phase of the agreement with the WWF Colombia to develop a water custody, governance and water footprint reduction strategy that will allow us to complement our comprehensive water management and promote greater efficiency in the Colombian hydroelectric sector. During this first phase, all the power plants were assessed, and the policy for this resource was reviewed. We chose the San Carlos Power Plant basin as the pilot to assess the water footprint in 2015.

Water custody considers five fundamental phases: 1. Water awareness. 2. Knowledge of the impact and risks. 3. Internal actions. 4. Commitment by the stakeholders or collective action and influence on public policies. 5. Governance for comprehensive, efficient management of the resource with a cross-cutting activity focused on communication.

In 2014 we worked mainly on phases 1, 2 and 4 of the strategy at the San Carlos, Calderas, Jaguas, Amoyá River, La Esperanza and Miel I Hydroelectric Power Plants with its two diversions, as well as the Sogamoso Hydroelectric Power Plant.



▼
Topocoro Reservoir.
Sogamoso
Hydroelectric Power
Plant.

Comprehensive Action Plans (CAP) and Pacts for water and basins

The CAP, which define and execute actions for the environmental recovery of the Guarinó River and lower river basin, were created and coordinated by the territories' actors. In the case of Guarinó, it is aligned with the Classification and Environmental Management Plan (EMP), guaranteeing long-term actions, co-financing, land use planning, institutional involvement and participation from community representatives from the nine municipalities that make up the basin. It provides complementary environmental restoration activities and improved conditions for the inhabitants of the micro-basins or districts affected on the part of the environmental authorities, some institutions present in the region (including ISAGEN) and the communities themselves. This process is important because it is the first of its kind in the country and a benchmark of strategic alliance.

In the case of the La Miel River lower basin, the PAI - Miel process has been characterized by the broad participation of the four communities located in this sector of the river. This guarantees social legitimacy and a strong sense of belonging and shared responsibility for the river's sustainable management. Within this PAI, the multiple actions undertaken and the participation of the different entities involved have given the process a development plan focus where the socio-environmental topics are its connecting axis. The challenge is thus in working upstream from the basin to give the territory greater integration.



Charca de Guarinocito.
La Dorada, Caldas.

The Guarinó and La Miel Rivers PAI are part of the *Pacts for Water and Basins* that bring together public, private and civil society institutions from Caldas, Tolima and Antioquia to identify complementarities, create synergies and ratify the commitment with territory classification and natural resources management.

Application of the IHA protocol at the Miel I Power Plant and the Cañafisto Hydroelectric Power Plant

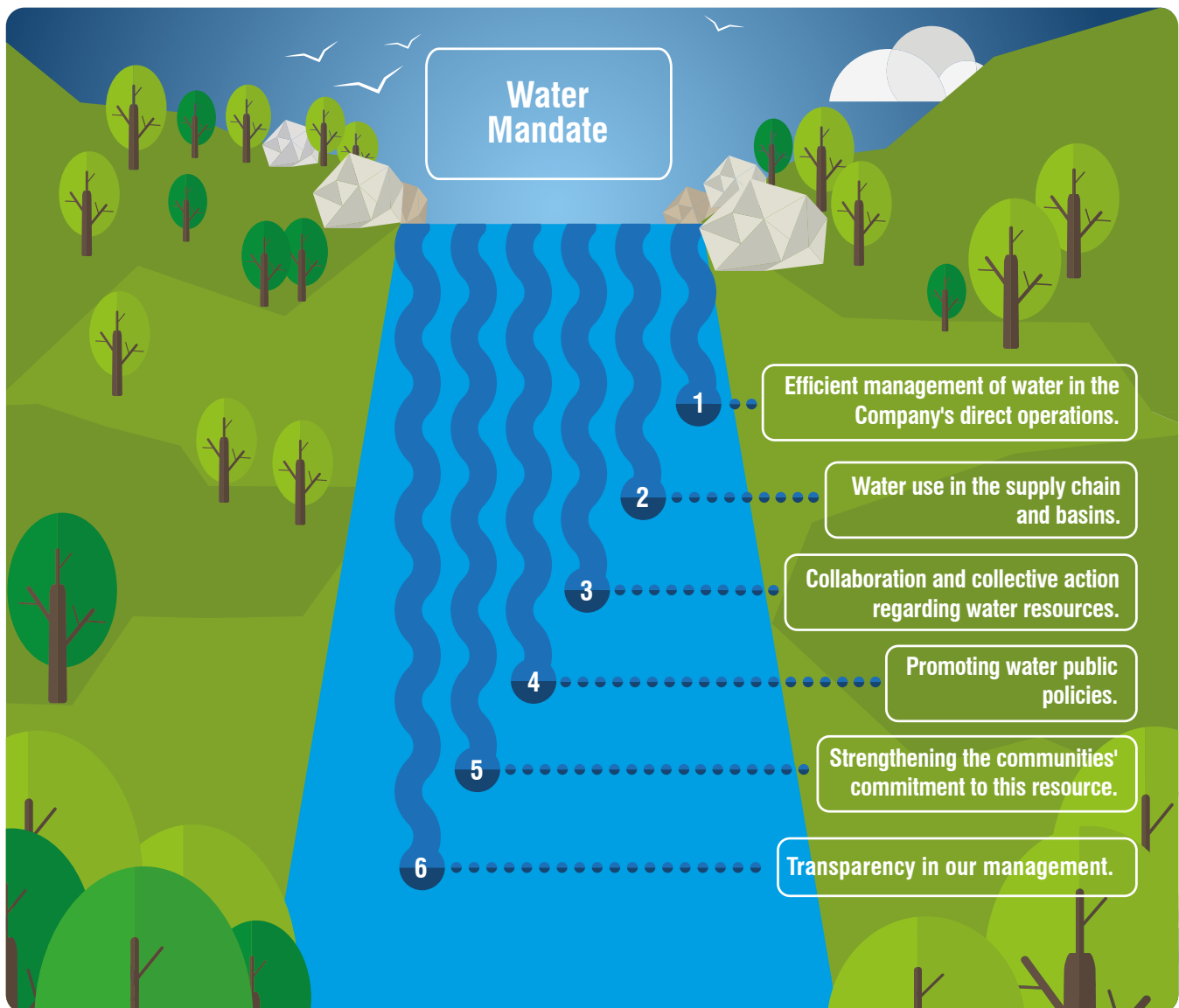
The *International Hydropower Association's (IHA) Sustainability Assessment Protocol* was implemented for the Miel I and Cañafisto Hydroelectric Power Plants with the aim of making an impartial and verifiable assessment of sustainability performance for the operation and preparation stages, respectively, based on international standards



▼
Dam and Reservoir.
Miel I Hydroelectric
Power Plant.

Water Mandate

We adhered to the United Nations' Water Mandate initiative, a pact that seeks to create an international movement of companies committed to the conservation of this vital liquid. The six aspects of development to be undertaken by the companies that adhere to the *CEO Water Mandate* initiative are:



In 2014 we also reviewed compliance with commitments and we proposed actions to complement our comprehensive water management plan. In keeping with this purpose, we took part in *World Water Week: Energy and Water* in the city of Stockholm. The central theme was the nexus between energy and water.

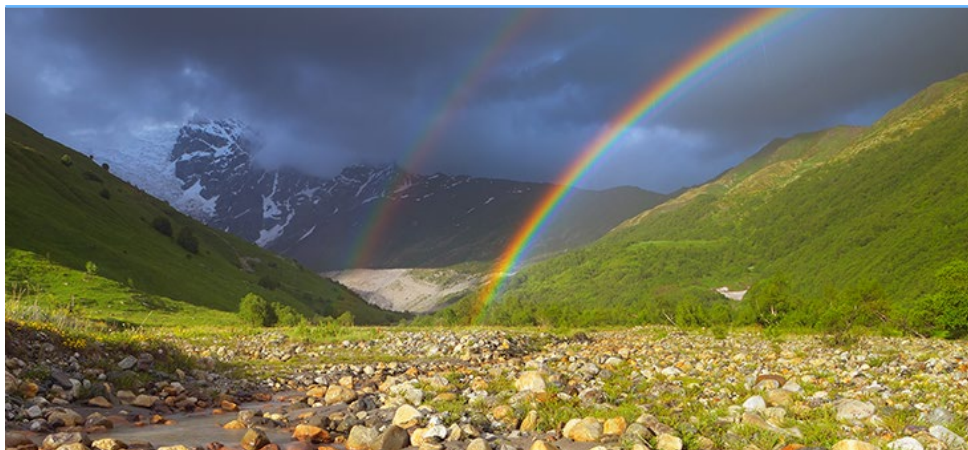
Comprehensive Climate Change Management

We developed climate change mitigation and adaptation programs with energy generation from water, developed other clean sources of energy, and implemented programs for environmental protection and the rational use of resources. We also measured our carbon footprint, rolled out reduction and compensation plans, and participated in initiatives with other institutions in the search for solutions for the planet's sustainability.

Carbon Footprint Update

We updated our greenhouse gases (GHG) emissions inventory and quantified the carbon footprint for 2013. The data collection and recording was improved, with which it was possible to consolidate the information for the 2014 inventory.

GHG emissions for 2014 totaled 1,149,718 tons CO₂e, with a growth of 23.43% compared to 2013 at 931,504 tons of CO₂e, due to the greater power generation at the Termocentro Power Plant (a historical record at the 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 Electric Grid.



The inventory is based on the guidelines 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	2012	2013	2014
Direct emissions or major sources in tons. ⁽¹⁾	280,448	788,777	1,101,688
Indirect emissions or minor sources in tons. ⁽²⁾	117,209	142,727	48,030
Total tons of CO ₂ e	397,657	931,504	1,149,718
Emissions tons CO₂e/MWh⁽³⁾	0.04106	0.09024	0.1084



To learn more about the [distribution of greenhouse gas emissions \(GHG\)](#) [click here.](#)

Our activities related to Greenhouse Gas (GHG) Emissions from major sources do not include the emission of SO_x, as we do not use fossil fuels that include sulfur. With regard to nitrogen oxide, its emissions are included in the calculations of equivalent CO₂ emissions at the Termocentro Power Plant. This power plant has a 300 MW capacity, operated in a combined cycle and closed cooling cycle with natural gas, and is equipped with low NO_x technology.

It is worth clarifying that in Colombia, permits or equivalents are not issued to emit CO₂ broken down by the Carbon-trading Framework, given that our country is not listed in Annex B of the Kyoto Protocol.

Finally, we would like to highlight that as part of our commitment to the Carbon Disclosure Project (CDP) initiative, in 2014 we published the results of the measurements of our carbon footprint for 2013, as well as other topics related to climate change management in the Organization.

1 These sources are related to power plant operations, administrative offices, and the construction of various projects. Includes scope 1

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

3 Severity of emissions. Includes emissions of scopes 1, 2 and 3.

Strategies to mitigate the effects of climate change

- ▶ We finished characterizing the Company's carbon footprint with the purpose of establishing a plan to reduce and/or compensate future emissions.
- ▶ We continued our activities to validate and register our projects candidates to become Clean Development Mechanisms, especially the Sogamoso Hydroelectric Power Plant Project.
- ▶ We conducted five Greenhouse Gases measurement campaigns, three of them while filling the Topocoro reservoir of the Sogamoso Hydroelectric Power Plant, applying the guide prepared by the IHA-Unesco and in agreement with the University of Antioquia to investigate greenhouse gases generation on the water surface. We also did a sampling of the vegetation and soil before filling the reservoir.
- ▶ We continued with the initiative *Managing Water Resources under Climate Change Scenarios* and joined top Colombian universities in undertaking various studies aimed at analyzing the behavior of water at ISAGEN Power Plants, as well as projects under study and water scenario models, considering the effects of climate change and climate variability in the future.





Photo Voltaic Cells.
ISAGEN Headquarters.

- ▶ We worked with the Medellín and Aburrá Valley Early Warning System to monitor and improve weather forecasts for the basins at the San Carlos, Jaguas, Calderas, Miel I Hydroelectric Power Plants with its two diversions.
- ▶ Our administrative offices in Medellín have been certified by the LEED Gold Category because they meet strict sustainability criteria, among which is the selection of a sustainable site, efficient use of water, the quality of the building's interior environment, energy efficiency and the use of ecological and innovative materials and resources. The following energy and water savings occurred during 2014:
 - ▶ Water savings (use of rainwater): was on average 698 m³ (approximately \$3,000,471)
 - ▶ Photo voltaic cell energy: 46.021 KWh (CO₂ 11,416,021 approximately) in measurements from August to December.
 - ▶ Energy from dimmerization* and shutdown KWh 1,347,010 (CO₂ 331,080,336 approximately) in measurements during the year.
- ▶ We conducted a Climate Change workshop headed by the *Klimaforum Latinoamérica Network (KLN)* network, lead by the Company's management personnel and workers in charge of reporting GHG emissions.
- ▶ We are committed to the United Nations *Caring for Climate* initiative and we have assumed the challenge of developing actions to reduce its carbon footprint, promote the adoption of this initiative among our stakeholders, and contribute to the development of public policies and mechanisms that contribute to reducing the effects of climate change. In this regard, our Climate Change Management Plan includes initiatives that ensure compliance with this commitment. In December 2014 we participated in the United Nations Forum in Lima, Peru.



To learn more about our progress in renewable energy sources projects, energy efficiency programs with our customers, and environmental indicators: [Growth Management Sale Environmental indicators](#)

* Dimerization: process of controlling the percentage of consumption of a lamp, which can reduce the amount of energy consumed. This means you can leave a lamp on at a certain percentage of its total capacity, which results in permanent energy savings.

Promoting Water and Climate Care

Management with stakeholders

In relating to our stakeholders through meeting spaces, training opportunities and our own media, we share content that promotes care of water and the environment. Of these, the Comprehensive Energy Development programs with customers, environmental education with employees and communities and the projects that promote minimum sustainability in terms of environmental management with suppliers stand out.



For further information, click on the chapter [Stakeholder Relations](#).

Third Water Conference: Solutions for Scarcity

Always considering the water's importance and the potential for progress that it offers Colombia, we held the Third Water Conference, *Solutions for Scarcity*, held in Bogotá on November 14 with the support of El Espectador newspaper and the international NGO WWF



Third Water Conference.

The topics discussed were the priorities of the Development Plan in national water management and green growth; social license and dialog between interested parties to address topics of governance, environmental licenses and use permits, as well as institutional strengthening, a goal for a new water outlook in Colombia, and the generation of knowledge, scientific evidence and information regarding our water resources.

Solutions and voluntary public and private agreements were proposed for these aspects, as well as commitments regarding comprehensive continental water management, bringing to light the different positions, thoughts and experiences of the most important actors in the public and private sectors, as well as academia, nongovernmental organizations and members of civil society. As part of the process before the Third Water Conference, dialogs to collect visions that would enrich the debate and the formulation of agreements.



To learn more about the [Third Water Conference](#) [click here](#).

A system of water solutions

Our vision regarding the governance of the water resource has been shared in this and other spaces by the Chief Executive Officer, who proposed the following five key actions:

1. Define a public information system to facilitate awareness of the water condition in the country, supply and demand, water quality and pollution, and climate impact, among others, with the aim of favoring decision-making regarding this resource.
2. Establish a top national water policy administrator, a fortified national body to provide guidelines, set priorities, manage funds and regulate its use.
3. Regulate productive activities that use water intensively: mining, tourism, energy, agriculture and others. The State must reconcile these impacts with the reality of the ecosystems before businesses act in the regions.
4. Strengthen institutionality by clarifying roles and responsibilities and the adequate use of resources, in addition to having qualified personnel.
5. Reconcile national, regional and local interests of various actors with figures such as land use and reservoir plans, which would facilitate their participation in the decision-making process.

The road to adaptation to climate change

We sponsored the BIBO event held by *El Espectador* newspaper, *The Road to the COP* of Climate Change*, held on October 7 in Bogotá with the participation of various experts and high-ranking national officials like the Minister of the Environment and Sustainable Development and the Director of Climate Change. Colombia's position on participating in Conferences of the COP 20 Parties in Lima and COP 21 in Paris was presented at the event. It was evident that a cross-cutting theme to the entire current discussion on climate change is adaptation more than mitigation.



* The COP is the Conference of the Parties at the United Nations Framework Convention on Climate Change (UNFCCC).



The Voice of The University

**Diana Catalina
Rodríguez**

Co-investigator
University of Antioquia



“The purpose of the joint project between the Universidad de Antioquia and ISAGEN is to quantify and determine the greenhouse gases in the Sogamoso Hydroelectric Power Plant reservoir. Progress is at around 50% and the idea in the future is to have measurement parameters for the gases emitted that will allow us to compare them with the data we have at a global level.”



2014 Challenges

- › 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 ✓
- › Carry out the evaluation of the Cañafisto Hydroelectric Power Plant, in its development stage, regarding the Sustainability Protocol of the IHA. ✓



2015 Challenges

- › Make progress on the process associated to the Certified Emission Reductions (CER) of the Amoyá River, La Esperanza Hydroelectric Power Plant.
- › Have a third party to verify the Greenhouse Gas (GHG) emissions inventory and the carbon footprint.
- › Coordinate with other organizations to share practices and undertake joint actions.
- › Establish the relationships that prioritized providers have with water, and if pertinent, elaborate actions with them.



Protection of **Biodiversity**

- ▶ Protection of Ecosystems
 - ▶ Strategies for the conservation of forests and species
 - ▶ Protection of water and fishing resources
-



Claudia Álvarez

Environmental Director
of Energy Production

“The natural resources so generously endowed by Mother Earth are our inheritance, to be enjoyed and managed with wisdom. Our commitment is to build a shared vision of the land, recognizing its riches, unrolling its needs and potential to chart the course together with the communities and institutions, to drive progress with responsibility and in balance with the environment.”

Biodiversity protection is part of the environmental management efforts that we are implementing with the communities in the areas of influence of our power plants. These are the practices and results of our efforts to conserve ecosystems, and their water resources, flora and fauna in 2014.

Protection of Ecosystems

The ecosystems located in the areas of influence where we operate are for the most part habitats of native flora and fauna species. We monitor the areas to learn the natural resources' dynamics and improve biodiversity conservation programs, including preservation, use and restoration, which are in line with the national ecological restoration policy.

In 2014 we worked to preserve forests in these territories, we updated the list of threatened endemic species that make their homes there, and we developed strategies to preserve the water resources and flora and fauna. We also moved forward with actions to disseminate this information.



Natural forests and areas undergoing restoration

In 2014 we worked to preserve and protect 146.41 Km² of natural forest and areas undergoing restoration located on ISAGEN property.



Type of cover

	2012	2013	2014
	Area in km ²		
Secondary forests (natural and artificial)	71.69	88.61	91.08
Brushwood	42.14	40.59	39.49
Pastures	25.57	14.55	15.84
Total	139.40	143.75	146.41

In 2014 we had 5.20 km² of restored areas and 0.32 km² of replanted areas¹ 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.

Threatened and Endemic Species

We found 68 threatened endemic² land animal species, including birds, mammals, reptiles and amphibians, as well as 24 fish species, totaling 92 threatened species in the Area of Direct Influence of our power plants. The result was below the figure for 2013 because at this time we only reported land animals registered in the official UICN³ list, and in the case of fish, we included those reported in the Red Book of Freshwater Fish of Colombia, 2012.

¹ Replanting: process that establishes plants, usually grasses, in an area that has had its original vegetation cover removed by a disturbance. Its aim is to begin to cover the soil and protect it.

² Endemic: a species found in a reduced geographical setting that is not found naturally in other parts of the world.

³ UICN: International Union for Conservation of Nature.



Caci que Candela.
Hypopyrrhus
pyrohypogaster.

On the other hand, we found 104 species of threatened and endemic flora registered in the official UICN list, in the Red Books and in Resolution 192 of 2014. The number of species with this condition was higher in comparison to the previous year due to the finding of additional species during monitoring studies at the San Carlos, Jaguas and Miel I Power Plants, and also the vegetation cover study carried out at the Calderas Power Plant and the areas of the Cañafisto Hydroelectric Power Plant Project and Ruiz Volcanic Massif Geothermal Power Plant Project.

Endangered Species

	2011	2012	2013	2014
Fauna	34	38	93	92
Flora	27	28	96	104
Total	61	66	189	196

The number of species reported with some level of threat fluctuated in comparison to 2013, due primarily to the annual classification based on the state of conservation and viability of the populations. The status of some species was changed by one threatened species higher or lower due to the population studies each country has.



To see the list of threatened and endemic species in our areas of influence [click here.](#)

Strategies for the conservation of biodiversity

In collaboration with the territory's other actors, such as academia, civic society organizations, and others, we have developed studies and monitoring in the different areas of influence where we are present:

Santander

We highlight the following results during construction of the Sogamoso Hydroelectric Power Plant in compliance with the Environmental Management Plan:

- ▶ Reservoir basin restoration, prior to beginning to fill the reservoir, in line with guidelines established by the National Authority of Environmental Licenses (ANLA). Removing vegetation from the reservoir implied felling and removing trees with a trunk diameter of greater than 10 cm in areas with less than 45% grade. Around 155 thousand m³ of timber was removed.
- ▶ Wild animals and insects were herded, rescued and relocated with the support of biologists, veterinarians, technicians, paramedics and beekeepers. Animals in good health were set free as soon as possible, and those needing veterinary attention were taken to animal care centers in the field. 4,223 animals were driven away, and 27,776 were rescued. Land animals will continue to be monitored during the Power Plant operation phase.
- ▶ We will continue to monitor this program to address the community's perception about the possible micro-climate changes that the reservoir could cause. It includes installing seven stations in 27 lots to measure climate characteristics, preparing lots for investigation and the setting up an agro-climatological model to study and understand the effect on crops. Studies will continue for five years in the Power Plant operation phase, from the time of the reservoir's filling.

Tolima

- ▶ Registration of 27 mammal species corresponding to 5.48% of the fauna in Colombia, eight species of reptiles and amphibians, and 122 species of birds. The river otter (*Lontra longicaudis*) and night monkey (*Aotus griseimembra*) are important species for conservation as they are included in the vulnerable category. In turn, the *Mazama americana zetta* deer is listed as being in danger of national extinction.

Magdalena Medio

- ▶ Design of a local biological corridor that permits movement, refuge, feeding and protection of the ocelot (*Leopardus pardalis*).

Eastern Antioquia

- ▶ Development of the second study to update fauna lists. We should point out the importance of the area for the sustainability of bird species populations like the guacharaca (*Ortalis columbiana*) and the cacique candela (*Hypopyrrhus pyrohypogaster*).
- ▶ Redistricting and zoning for important Bird Conservation areas (AICA for the Spanish original) in the reservoirs of the San Carlos and Jaguas Power Plants.
- ▶ Evaluation of the effect of the configuration of the landscape at the Jaguas and San Carlos Power Plants in three levels of biological organizations: genus, populations and communities of land vertebrates. Six publications of a scientific nature were published covering various aspects of the natural history of some of the endemic and/or threatened species. Noteworthy is the publication on the description of the *Pristimantis jagüensis*, a newly discovered species that is found on lots at the Jaguas power plant.



▶
Pristimantis jagüensis

Eastern Antioquia and Eastern Caldas

- ▶ We helped strengthen risk management in view of the occurrence of forest fires both inside ISAGEN and in the municipalities in the areas of influence. Overall we conducted four forest fire drills in the San Carlos, Jaguas, Termocentro and Miel I power plants. We also moved forward with five agreements in five municipalities in Eastern Antioquia, two of which were implemented in their totality during this term, and three began implementation, finalizing at the end of the year. We also executed two agreements with the municipality of Norcasia to work on this issue.

Eastern Caldas

- ▶ Registered species significant in the conservation of lots at the Miel I Power Plant and the Manso diversion: mammals, including a marsupial of the *Micoureus* genus; birds like the Sooty Ant-tanager (*Habia gutturalis*); amphibians like the clownfrog (*Dendropsophus ebraccatus*) and reptiles like the big-headed snake (*Imantodes inornatus*).
- ▶ Made progress in the ecological and genetic study of the neotropical otter (*Lontra longicaudis*). Results showed that the most representative diet are fish in the reservoir area, and characteristics of the habitat suitable for maintenance of the population were observed.
- ▶ Formulation of the Conservation and Valuation Plan of the tití gris (*Saguinus leucopus*) that includes the design of the biological corridor for the same area and the Selva de Florencia National Park. The Amani reservoir's protection



▶ Tití gris.
Saguinus leucopus

buffer zone at the Miel I Power Plant is connected to the large forest masses of the area, it has become a national reference for biodiversity and is part of the biological corridor that is actually used for this species.

- ▶ Continuation of the studies of populations of vertebrate species like the frog (*Pristimantis viejas*) and salamander (*Bolitoglossa lozano*) associated to the water sources on the alignment of the Manso River tunnel diversion.
- ▶ Dissemination of more than nine publications on mammals, birds, reptiles and amphibians as a result of monitoring wild vertebrate fauna.

Bio-commerce Initiatives

- ▶ Preparation of 25 local guides in Eastern Antioquia and design of a tourist corridor in the municipality of San Rafael (Antioquia) as part of the local business initiatives based on the use and utilization of biodiversity.
- ▶ The Tourist Planning Project of Eastern Caldas and Magdalena Caldense, which involves the municipalities of Marulanda, Pensilvania, Manzanares, Marquetalia, Samaná, Norcasia and La Dorada, was executed based on the agreement between ISAGEN and the Secretary of Economic Development of the Government of Caldas and the Corporation for the Development of Caldas (CDC, for the Spanish original). Phase 1 was developed in 2014. Valuation and validation of the attractions and tourist resources. Pending Phase II: Strategic Formulation, Phase III: Design of the Tourist Product and Phase IV: Promotion and Sale.
- ▶ Publication of the text *Sustainable Biocommerce: Chronicles of two regions under development*, which records the life experiences of biocommerce organizations present in Eastern Antioquia and Eastern Caldas that have generated positive results in the environment from their productive activities over four years' worth of work along this line..



To learn more about this publication [Click here.](#)



Protection of water and fishing resources



With the protection of water and fishing resources we sought to improve key environmental aspects for the conservation of tributary basins to our reservoirs, sustainable use of natural resources, and improved quality of life for the communities. Highlights:

- ▶ Made progress in the biological and reproductive study of the pataló fish (*Ichthyoelephas longirostris*) to achieve production of fry or seed fish in captivity, thereby contributing to its conservation, handling and production as an endemic Colombian species reported as being in danger of extinction.
- ▶ Consolidation of productive projects with two fishermen associations and two townships in the area of influence of the Miel I Power Plant. Restocking with 200 thousand bocachico fry (*Prochilodus magdalenae*) in the La Miel River in the framework of the Fishing Management Plan of the La Miel River lower basin.
- ▶ Participated in the creation of Fishing and Environmental Management Plan (COPA in the Spanish original) for the Amaní reservoir and the La Miel River lower basin as a result of joint efforts with the National Aquaculture

and Fishing Authority (AUNAP in the Spanish original). Developed studies to assess fishing equipment at the La Miel River and evaluate the pataló fish status at the Amani reservoir. These tools will direct fishing and species conservation activities.

- ▶ Formulated two community fishing agreements for ISAGEN's Punchiná and San Lorenzo Reservoirs and Empresas Públicas de Medellín Beaches located in Eastern Antioquia, thanks to having characterized the problems identified regarding artisanal and sports fishing by fishermen, who presented proposals to address them.
- ▶ Signed an agreement with Cornare to strengthen the Protected Areas System of the Eastern Antioquia reservoirs and executed the first phase of the Environmental Management Plan of the Protective Forest Reserves of Punchiná and San Lorenzo. Consolidation of the Protected Areas Regional System of the reservoirs indicates that it is one of the most effective conservation strategies for forests and basin protection because it produced clear results and had a direct impact on caring for the natural resources in Eastern Antioquia.
- ▶ Joint actions with Corpocaldas and Cortolima for comprehensive management of the La Miel and Guarinó river basins in Eastern Caldas and northern Tolima. Accomplishments: four bioengineering and productive reconversion projects, construction of 66 efficient stoves and timber gardens, 18,950 linear meters of wetlands, 46 hectares of new enrichments and reforestations and 168 hectares of maintenance for them, construction of 19 sanitary solutions, 108 previously installed sanitary booths and a community strengthening program executed in the prioritized micro-basins.



▶
San Lorenzo Reservoir.
Jaguas Hydroelectric
Power Plant.

- ▶ Promote the creation and strengthening of Administrative Boards of Rural Water Lines (JAAR in the original Spanish) through alliances with corporations that have ample experience in these processes. There is evidence of improvement in the water quantity and quality, as well as continuity of the provision of service.
- BanCO2 is a Payment for Environmental Services that allows companies, institutions and the general public calculate and compensate for their carbon footprint, through its portal at www.banco2.com, thereby promoting conservation of natural forests in the region and improving the quality of life for the peasants that live there. In partnership with Cornare, we joined the strategy to support 21 families living in the basins of the Calderas and Tafetanes Rivers in Antioquia, who will be paid for environmental services in an amount proportionally based upon the quantity of forest areas protected. Initial agreement execution will occur over 14 months, and will seek compensate peasants for the cost/opportunity value generated by the area's great natural richness and all the eco-systemic services provided to humanity by protecting the forests and other areas of interest.

We highlight the following results during construction of the Sogamoso Hydroelectric Power Plant in compliance with the Environmental Management Plan:

- ▶ Stocking of 20 million bocachico (*Prochilodus magdalenae*) and Tilefish fry (*Sorubim cuspicaudus*), 19 in the lower middle basin of the Sogamoso River and one (1) million in the tails of the Topocoro reservoir during Project construction and filling of the reservoir. We supported improvements to the San Sivestre Fish Farming Station in Barrancabermeja and conducted studies on native species.



- ▶ Supported actions to collect fishing and social information and also awareness raising to formulate the Fish Classification Plan of the lower Sogamoso River (downstream from the dam), which is designed to strengthen artisanal fishing taking advantage of sustainable Sogamoso River resources through regulations formulated jointly with the community and the competent authority. We worked together with fishing associations, the National Aquaculture and Fishing Authority (AUNAP), Fundación Humedales and the Development and Peace Corporation of Magdalena Medio (CDPMM).
- ▶ Restoration and protection of 256 hectares of forests along the Sogamoso River bank in 2014 for a total of 300, to better support habitats and fish. Signed 51 agreements with owners of lots to be restored and for the installation and strengthening of nurseries. Installed and improved six greenhouses downstream from the dam.
- ▶ Monitoring Sogamoso River water quality and other aspects related with migratory species and their routes, diversity, abundance, sizes, reproductive cycles and feeding patterns. In 2014 a total of 10 monitoring activities were conducted and the results showed that fish continue to thrive.
- ▶ Work was done to ensure the El Llanito Swamp to ensure the swamp maintains the necessary water level to support and maintain fish life therein, and also to keep up proper habitats for growing and developing fish populations that are economically and ecologically interesting.



El Llanito Swamp.
Barrancabermeja

- ▶ 1% Investment for Water Use framed in the compliance with Decree 1900 of 2006, published by the Ministry of the Environment and Sustainable Development. A total of \$ 18 billion were invested during construction of the power plant, and the following were completed in 2014:
 - ▶ Delivery of nearly 1,250 hectares for conservation at the Serranía de los Yariguíes National Park.
 - ▶ Improved the sanitary conditions and quality of life for 476 families, 33 schools and one healthcare center.
 - ▶ Recovery of around 2,000 hectares of land protecting water sources, construction of 135 efficient stoves, and set up of agro-forest projects.



For more information, click on:

[Results of the Sogamoso Hydroelectric Power Plant Construction Project.](#)

[Comprehensive Water and Climate Change Management](#)

[Environmental indicators](#)



▼
Serranía de los Yariguíes National Park.
National Parks



The Voice of Our Communities

Rubiela Ascanio

Beneficiary of Productive Project
**Sogamoso Hydroelectric Power
Plant area of influence**



“They trained us for three months. The benefits are the knowledge of how to raise fish for personal sustenance, how to sell the product and how to focus it in order to form a business and a livelihood for our families, and how to provide assessment for others.”



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. ✓
- › Make progress with the target for the ecological restoration of 8,000 hectares as an offset measure of the Sogamoso Hydroelectric Plant and continues activities to comply with the program to conserve and protect thirteen endemic or endangered flora and fauna species. ✓



2015 Challenges

- › Creation of the guidelines for the Fish Classification Plan (POP in the Spanish original) of the lower Sogamoso River with the participation of fishermen associations and the National Aquaculture and Fishing Authority (AUNAP in the Spanish original).
- › Stocking five million fry downstream from the dam site and at the Sogamoso Hydroelectric Power Plant reservoir.
- › Identify and implement environmental research projects to contribute to the Company's environmental management and to the development of scientific knowledge.



Transforming Role in the Regions

- ▶ Community Participation and Information Program (PIPC)
- ▶ Community Development Program (CDP)
- ▶ Job creation
- ▶ Inter-Institutional Cooperation
- ▶ Human Rights
- ▶ Peace Initiatives

Ana María Gómez

Environmental Director
of Energy Production



“Growing in community means building relationships of trust based on dialog, and entering into agreements with the premise of the common good. As a company, this is our commitment to the regions wherein our projects and power plants are located, because progress is only possible when you are willing to share, learn and give your best, working together to help communities take the lead in their own development.”

We implemented development programs and impact assessment efforts in all the areas of influence of our generation plants and construction projects, and we also facilitated community participation plans. In this chapter we present the major social management practices and results that contributed to Sustainable Human Development of the different areas of influence.

Community Participation and Information Program (PIPC)

Our Company made possible spaces for information, consultation and learning that strengthened relations with the community in the areas of influence of the projects under construction and power plants in operation, in turn enabling participation and decision making processes. We conducted 234 informative meetings with 7,991 participants on topics such as Environmental Management Plans, complementary management, land development, job creation, and payment of Legal Transfers, to name a few.

We kept the community informed regarding topics of interest related to the Company's management through the ENCOMUNIDAD media channels, which include radio, television, wall newspapers and printed bulletins. We also conducted guided visits to the power plants and the Sogamoso Hydroelectric Power Plant during its construction phase.



To learn more about relations with the community in the areas of influence of our generation plants and projects: [Sustainable relations.](#)

Community Development Program (CDP)

The Community Development Program (CDP) began in 2000 and includes training through the Community Development School and implementation of projects to put the lessons learned into practice. By means of a comprehensive and participatory exercise, training cycles seek to strengthen communities in knowledge and skills to head projects and enterprises that focus on Sustainable Human Development. The following are the main results of our Program in 2014.

Community Development Program



Scope

4 departments: Antioquia, Caldas, Santander and Tolima.
16 municipalities.
107 community organizations, including 4 new ones.



Leadership training

1,882

Community leaders trained.

Topics

Agro-environmental education, civic training, marketing, project training, and community training.



Community Projects

93

Community projects implemented.

Lines

preventive health care, promoting education, recreation, culture, sports and productive initiatives.

85

New projects formulated for 2015 with ISAGEN's guidance.



Highlights

Administrative and accounting constitution and strengthening of Revolving Funds 1 of 14 community organizations in the municipalities of Alejandría, San Carlos, San Rafael and San Roque

1. Revolving funds: initiatives of a community nature, based on projects and donations from public and private entities, or an initiative by the communities themselves, aimed at mobilizing local resources to provide loans to a population that finds it hard to access a normal banking system, thereby helping to improve the quality of life of the rural and/or urban populations.

During execution of the Community Development Program (CDP) two Community Action Boards from the Granada and Puerto Berrio municipalities in Antioquia withdrew from the Program. The organizations showed a low performance in PDC and following analysis of the participation requirements, in common agreement with the community, withdrawal was seen as the best alternative.

National Institute for Food and Drug Monitoring Certification for sugar mill producers

Since 2008, in the municipality of San Rafael we have been supporting the Coomineros Association in a process of economic reconversion from mining to unrefined sugar cane bricks, in coordination with the Secretary of the Environment and Municipal Unit of Agricultural and Livestock Technical Assistance Unit (UMATA in its Spanish acronym). Since 2010 we have also assisted the El Diamante Community Action Board in this municipality, in strengthening this same productive activity.

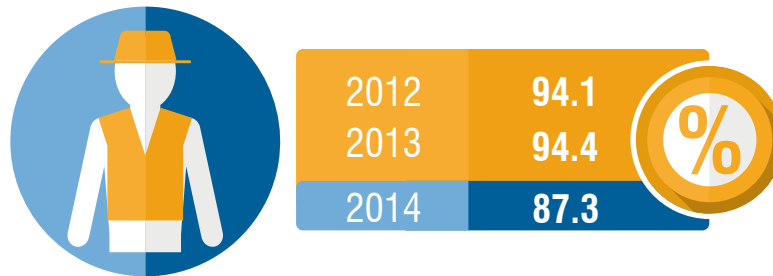
The foregoing included assistance in legalizing lots, establishing crops, building the sugar mill and adjustments to Resolution 779 of 2006 which in 2014 helped attain a favorable ruling from INVIMA for both sugar mills. In this way, 22 families from the municipality are producing 90 loads of unrefined sugar cane bricks (8,640 kilos) per months, engaged in a legal and sustainable economic activity.



▼
Gardens for Panela
(unrefined cane sugar).
San Rafael, Antioquia.

Training for communities that self-manage their Sustainable Human Development

Self-management training is understood as the learning obtained by the communities through implementation of the Community Development School and formulation and execution of community projects. The measurement taken of a sample of 663 people from the communities in the area of influence that took part in the Community Development Program was 87.3%, exceeding the established target of 85%, and remaining within the high performance ranking.



This reduction in the results, compared to the two previous years, is because the indicator's structure was adjusted for the 2014 measurement to include new elements in the search for greater precision in the information requested. Additionally, the sample size increased by 40.7% compared to the 2013 size.



Job Creation

In hiring the workforce, we established strategies to give priority to employees and suppliers that live in the power plants' area of influence.



Power Plant / Project	Local	Regional	National	Total
San Carlos Power Plant.	192.30	70.07	17.24	279.61
Calderas Hydroelectric Power Plant.	53.43	62.35	16.90	132.68
Jaguas Power Plant.	23.12	135.87	29.09	188.08
Miel I Hydroelectric Power Plant	324.89	41.45	54.77	421.11
Termocentro Power Plant	62.88	20.14	2.78	85.80
The Amoyá River, La Esperanza Hydroelectric Power Plant	71.34	3.58	23.10	98.02
Total Power Plants*	727.96	333.46	143.88	1,205.03
Sogamoso Hydroelectric Power Plant	2,654	1,099	1,922	5,675
Total power plants and projects**	3,381.96	1,432.46	2,065.88	6,880.03

* Employment person per year, local, regional and national:

$$\text{Local Person/Year: } \frac{\text{Number of days worked} \times \text{local employees}}{360}$$

$$\text{Regional Person/Year: } \frac{\text{Number of days worked} \times \text{regional employees}}{360}$$

$$\text{Nacional Person/Year: } \frac{\text{Number of days worked} \times \text{national employees}}{360}$$

** Employment figures include the total skilled and unskilled workforce.



A total of 7,338 people were employed in the construction of the Sogamoso Hydroelectric Power Plant. To stimulate contracting of a local workforce, in coordination with the community and institutions in the area, we implemented a mechanism to offer equitable and transparent labor opportunities. This included: An Employee Workgroup, an Employee Monitoring Committee, and an Office for Employee Management. On average, 60% of the personnel who worked on Power Plant construction and 50% of the 650 firms involved in this phase were from Santander.

In the area of influence of the San Carlos, Jaguas and Calderas Power Plants there is a Local Employment Management Plan included within the Environmental Management Plan for these Power Plants. In the rest of the Power Plants, employment management is not a legal requirement.



Inter-Institutional Cooperation

We developed joint initiatives with local and regional institutions from the various areas of influence:

Eastern Antioquia

- › We worked on sexual abuse prevention, together with the municipality of San Carlos, with a focus on children and youth, and concentrated on 35 rural schools, parents, and the health committees of the Community Action Boards. One of the objectives of this work was to create a municipal network and attention route for these types of cases.
- › We continued to coordinate with the municipality of Alejandría to build and start-up multi-district water lines for the communities of San Miguel and El Respaldo, which will provide service for 115 families.
- › We worked together with the Concepción Municipality to continue strengthening a cultural and environmental management initiative on the adequate management of water resources.
- › We made progress on the agreement with Fundación Integrar to promote educational inclusion in four municipalities in Antioquia and one in Santander, by empowering the actors that participate in the development of students with learning disabilities and/or social participation issues. Access for adults with disabilities is also included through strengthening the Municipal Committee for Disabilities Care, Associations of Persons with Disabilities, and Institutions that work directly with this population.

Tolima

- › We culminated the process of working together to prepare the Development of the Las Hermosas Township Development Plan. We communicated the results to the community, regional institutions, and agencies listed with the UN.
- › Working together with ASOHERMOSAS, we developed the project *Strengthening the Integration and Social Fabric of the Communities Through Cultural and Sporting Events at the Township - (Fortalecimiento de la integración y del tejido social de las comunidades a través de actividades culturales y deportivas en el Corregimiento, in the Spanish original)*. Some outstanding achievements include strengthening the social fabric, the community's capacity for self-management, and increased trust in the Company.



Municipality of Chaparral, Tolima. Amoyá River, La Esperanza Hydroelectric Power Plant, area of influence.

- ▶ We signed two agreements with the Chaparral City Hall. The first was to develop the project *Strengthening the Integration and Social Fabric of the Communities Through Cultural and Sporting Events at the Township - (Fortalecimiento de la integración y del tejido social de las comunidades a través de actividades culturales y deportivas en el Corregimiento in the Spanish original)*. The second sought to improve the urban road network and maintenance for tertiary roads at the township of Las Herosas.
- ▶ We worked with the San Juan Bautista Parish to develop the project *Rural and Territorial Pastoral (Pastoral rural y de la tierra, in the Spanish original)* that seeks to recover the human fabric through community organization and agro-ecological work done by the communities at the districts, strengthening family bonds and food safety.

Magdalena Medio

- ▶ We joined efforts with the Community Action Board of the La Primavera district in Cimitarra (Santander) to execute the project *Creating Culture Through Recreation (Recreándonos creamos cultura, in the Spanish original)* that promotes opportunities for cultural integration to strengthen the development of motor and artistic skills in children and adolescents in eight districts.
- ▶ We worked with Fundación de Niños Especiales del Carare (FUNIESCAR) in the execution of project *Inclusion of the Population with Disabilities of the Municipality of Cimitarra in Local Education and Production (Inclusión de la población con discapacidad del municipio de Cimitarra en el entorno educativo y productivo local in the Spanish original)*.
- ▶ We concluded the agreement with the municipality of Puerto Berrío through which we supported the creation of the *Sports Initiation and Training School* to strengthen development of children's motor skills. In addition to its creation, the school was equipped with sporting gear, and received training in various disciplines.

Eastern Caldas

- ▶ We signed an agreement with Fundación Universidad de Antioquia to conduct the *Study of the eco-epidemiological risk of infection for Leishmania through the Program of Studies and Control of Tropical Diseases (PECET for its Spanish original)*. With support from the Caldas Regional Health Office (DTS for its Spanish original).
- ▶ 150 rural homes in eight municipalities of the Department of Caldas were electrified in agreement with the Departmental Committee of Coffee-growers of Caldas. We joined efforts with this committee to support the initiative *Education for Competitiveness*. This valuable alliance benefited 681 students and 21 educational institutions in Eastern Caldas, allowing the expansion of educational coverage, access to higher education at the technological level, and enrollment in productive units.
- ▶ We worked on improving the “panela” (unrefined sugar cane bricks) production system in the township of Berlín in the municipality of Samaná (Caldas) through coordination with the *National Federation of Panela Producers (Fedepanela for its Spanish original)*. Notable achievements include: improved infrastructure of the community sugar mill COOMUBER, optimized energy efficiency at the sugar mill’s furnace, and comprehensive technical assistance to comply with legal environmental requirements

Santander

- ▶ The objective of this institutional improvement program is to strengthen the administrative and technical capacity of the municipalities in the areas of influence so they can adapt to changes in the territory that may occur due to the presence of the Sogamoso Hydroelectric Power Plant. Some of the activities implemented and



action lines under development include: elaboration of a population census in the area around the construction site, and oversight of immigration; quality of life study, investments in complementary management; support for update of land use systems and plans in agreement with the Government of Santander to revise and update the Land Use Plans of the municipalities of Betulia, Zapatoca and San Vicente de Chucurí, and urban plans for the La Playa, Tienda Nueva and El Peaje districts. Also guidance and training on Legal Transfers and payment of Industry and Commerce Tax and Law 56.

- ▶ The Reservoir Classification Plan, in coordination with the authorities and the community in the area of influence, helps define access and alternative uses other than energy generation that will be made of this water resource. This will help guide the potential reservoir uses which have been identified including artisanal fishing, water transportation, conservation of biodiversity and cultural and eco-tourism, among others. The Plan was formulated with participation from the National Authority of Environmental Licenses (ANLA), the Autonomous Corporation of Santander (CAS, for the Spanish original), the Autonomous Regional Corporation of the Bucaramanga Plateau (CDMB, for the Spanish original), the National Aquaculture and Fishing Authority (AUNAP, for the Spanish original), and the Ministry of Transportation and the Department of Tourism.
- ▶ Execution of the Psychosocial, Sexual and Reproductive Health Care in Agreement with the Barrancabermeja Diocese and Program for Development and Peace in Magdalena Medio (PDPMM), benefiting the population of employees, women, children and youth in the Project's construction site.
- ▶ Development of the *Diploma in Leadership for Local Territorial Development* focused on the members of three Motor Groups and/or community leaders of the areas of influence upstream, construction sites and downstream of the Sogamoso Hydroelectric Power Plant, established in the framework of work tables created for the project. It is supported by the Program for Development and Peace in Magdalena Medio and University of La Paz UNIPAZ.



To learn more about the Sogamoso Hydroelectric Power Plant Construction Project balance (2009 - 2014), [click here](#).

Other Initiatives

In the areas of influence of the projects and power plants, we showcase the following social programs and their results:

- ▶ In 2014 we held three health brigades in three municipalities in the power plants' areas of influence (Chaparral, San Rafael and La Dorada) in partnership with the Alas para la Gente Foundation. Specialized medical services were provided for communities from the urban and rural areas, and a total of 3,908 consultations and procedures were performed.

- ▶ 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. A total of 640 young people from the Company's areas of influence benefited from loans for undergraduate, technical and university studies in different educational institutions in Colombia.
- ▶ Together with educational institutions in the Sogamoso Hydroelectric Power Plant and other power plants, we implemented Environmental Education Programs that aim to raise awareness about the use and conservation of natural resources, and to foster respect for the environment in the communities.
- ▶ We provided 13,801 school kits to 1st - 5th grade elementary students enrolled in educational institutions in the different areas of influence.
- ▶ In 14 municipalities of the Company's areas of influence we worked with the Museum of Antioquia to put together the project *Biography of the Territories* (*Biografía de los Territorios, in Spanish*) aimed at training cultural leaders to strengthen identity, heritage, and cultural memory, helping each municipality identify its cultural resources. We also provided access to web 2.0 tools.
- ▶ We continued the coordinated work with Mahavir Kmina Artificial Limb Center, Corporation, providing lower limb prostheses to 28 persons in the Company's different areas of influence. We are also in the process of designing and setting up a traveling museum to raise awareness about self-care.



- ▶ We support Colciencias' ONDAS Program, which is operated by the Antioquia Technology Center (CTA in the Spanish acronym). We promoted and fostered the investigative spirit of children and youth at urban and rural educational institutions in eight municipalities and in a township of Antioquia. Through investigative groups, the children participated and presented their experience in municipal and departmental fairs, and one child was able to attend the National Fair in the city of Manizales.
- ▶ In the Sogamoso Power Plant area of influence we finalized the relocation of 100% of the families included in the Program to Restore Living Conditions for Relocated Communities, taking into account the families that lived in the sectors that will be occupied by the reservoir and needed for the power plant's work, identified according to a land and socioeconomic census. It included delivery of a lot equivalent to the families current lot with a minimum of five hectares, a new or improved home, a production project, legal and psycho-social counseling, social infrastructure and access roads. In 2014 we finished construction of all the houses (88), relocation of 100% of the families (185), and implemented and strengthened productive projects planted (152). Progress in implementation of productive projects is at 75%.
- ▶ We continued to provide training courses in partnership with SENA to members of 1,430 family units located downstream from the dam site, which were identified through a census made in 2010. In 2014 we provided a total of 17 training courses, 426 people were certified in training cycles, and assisted 86 productive units. The areas of these works were: fish-farming, fowl (broilers and laying hens), transformation of dairy and beef, bread and pastry making, pig-farming and production of seedlings in greenhouses.



Program to Restore
Living Conditions for
Relocated Communities.
Santander.



- ▶ We culminated the restoration and improvement of schools. We built five schools and we improved four more in the municipalities of Betulia, San Vicente de Chucurí, Girón and Lebrija, benefiting 295 students. New schools are equipped with 160 m2 of classrooms, hookup to public utilities and basic supplies for operation.
- ▶ We continued to support 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.

Management for Growth

We supported this program of the Administrative Department of Science, Technology and Innovation of COLCIENCIAS, which focuses on science and technology to contribute to improving the quality of life of impoverished communities in Colombia.

The second round of the competition called Pacifico Region Pure Energy was called in 2013 on the topic of Energies, directed at communities in the departments of Chocó, Valle, Cauca and Nariño, with the aim of providing innovative solutions with clean, renewable energies. In 2014 we participated in committees to make the final decision on solutions formulated by the national scientific community, non-profit organizations, and the productive and technological sector, which will be funded and implemented in the framework of the agreement. These committees included representatives from local authorities, regional autonomous corporations, the Institute of Planning and Promotion of Energy Solutions for Non-interconnected Areas (IPSE in the Spanish original), and expert evaluators in clean and renewable energy projects, as well as leaders from the prioritized communities. This initiative also has support from the Inter-American Development Bank (IDB).

Human Rights

Our Human Rights Policy and other guidelines, along with training efforts for employees and contractors most at-risk of affecting these rights, resulted in a management respectful of the rights and freedoms of communities living in the areas of influence, and consequently, there were no reports of human rights violations from the communities to the ethics hotline.

As a preventive measure, we kept clauses that explicitly prohibit the employment of child labor and minors in activities prohibited by Law, in the execution of Company agreements and contracts, and require contractors to report any complaint related to human rights or fraud.



To learn more about the [Human Rights Policy](#) click here.

Training

- ▶ In the framework of the Community Development School, we conducted the Civic Training School module with 92 communities. This way 885 people in our area of influence received their certificates for participating and passing at least 75% of the module activities.
- ▶ We included an illustrated booklet about the Universal Declaration of Human Rights with the school kits given to all the children in the schools of the areas of influence of each of the power plants.



- › Considering the risk for people who live in ISAGEN's areas of influence of injuries from anti-personnel mines and unexploded ordnance, we support development of training workshops for trainers who certified the nine competencies of 23 volunteers in these matters, and raised awareness for 541 people from the 17 communities most at risk of this danger.
- › We developed a 120-hour certificate on Human Rights and International Humanitarian Law with academic guidance from ESAP through an institutional cooperation agreement between ISAGEN, MANSAROVAR and the Center for Regional Studies of Magdalena Medio (CER). A total of 120 community leaders from the Community Action Boards from the areas of influence graduated.
- › We signed an agreement with Vida Justicia y Paz Corporation and the Human Rights Office Association of Eastern Antioquia for the Psycho-social and Legal School Project for members of victims organizations from the reservoir area in Easter Antioquia. We signed another agreement in the municipality of Chaparral in Tolima to set up mobile justice houses in rural areas.
- › We signed an agreement with Colombia Social Foundation for the Disciplinary Right and Fiscal Control event in state hiring at the Provincial Prosecuting Attorney's office of Eastern Antioquia in which 392 public officials of the area participated.

Coordination with others

We collaborated with communities, institutions and civil society organizations with the aim of conducting periodic follow-up regarding the Human Rights situation and of strengthening the institutions in charge of guaranteeing and protecting them.

Transparency Round Tables and Human Rights Observatory

We helped develop two sessions of the Human Rights Observatory and two Transparency Round Tables in Amoyá River, La Esperanza Hydroelectric Power Plant's area of influence, with nearly 250 participants. These instances were set up by the Governor of Tolima and the community since construction of the power plant. The goal is to ensure respect for the human rights of the region's inhabitants by addressing reports of human rights violations and defining commitments with the competent agencies.

Human Rights Round-table 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 2014, we attended eight Round-table sessions that included civil society organizations, associations of human rights offices of Eastern Antioquia, representatives of the human rights Unit of the Government of Antioquia, and Eastern Catholic University, to name a few.

Ethnic communities

We believe that any intervention in an ethnic territory deserve information, participation, and the support of the communities, as well as coordination with the competent authorities. In 2014 we conducted two prior consultation processes with communities from the Department of La Guajira to set up two wind measurement towers and assess the wind potential. We conducted a prior consultation process with an Afro-descendant community in Antioquia, in the framework of the environmental liscence request for the construction of the Cañafisto Power Plan, which concluded with the formalization of agreements that will only be implemented if the construction actually takes place. In 2014, no complaints were received by the ethics hotline for human rights abuses of indigenous or Afro-descendant populations.



Socio-political Risk Studies

We updated the Study of Socio-political Risks and Impacts and Human Rights in the area of influence of our power plants in Eastern Antioquia, Magdalena Medio, and Eastern Caldas, which comprise 71% of ISAGEN's electric power plants (5 power plants). These studies are updated every four years. We also continue with monitoring processes performed by third parties in the areas of project studies, development and construction. The studies did not reveal any occurrence of impacts on Human Rights or International Humanitarian Law on the part of ISAGEN.

Regardless, there are still armed actors in the Company's areas of influence, so we have identified risks and we will continue to maintain and reinforce our management efforts to prevent actions against human life and integrity, forced recruitment of minors, extortion, and sexual exploitation of minors, to name a few.



Peace Initiatives

In keeping with the commitment that we took on with the United Nations Business for Peace initiative and the conviction that companies are generators of change, we helped to create solid cultural foundations for the construction of peace and, where required, humanitarian aid.

Over 15 years ago we made a commitment to Programs for Development and Peace that allow regions to create their own self-images and definitions, according to their unique characteristics. In 2014 we continued to support the following programs:

- ▶ Program for Development and Peace in Eastern Antioquia (Prodepaz), with presence in 23 municipalities in the region. Its efforts to strengthen 38 organizations and the Network of Local Inhabitants deserves recognition.
- ▶ Development Program for Peace in Central Magdalena (PDPMC) with advances in its strategic lines of a culture of peace, comprehensive sustainable development, citizenship, and State. Furthermore, public debate on community participation in the development of major infrastructure projects played an important role.
- ▶ Network of Programs for Development and Peace (REDPRODEPAZ), which resulted in the legal creation of the REDPRODEPAZ Foundation and positioned different Programs for Development and Peace before the National Government in the framework of peace dialogs.

We also highlight the signing of agreements with civil society organizations to reconstruct the historical memory and social fabric in the framework of the armed conflict.



To learn more about these initiatives [click here.](#)



To see the list of threatened and endemic species in our areas of influence [click here.](#)



The Voice of Our Allies

Patricia
Gaviria

Exiting Director
Fundación Integrar



“ISAGEN has always been very aware of the community’s needs and has been very prudent in terms of the types of projects that are really going to impact quality of life. The purpose of this project (Training of teachers and communities in the inclusion of persons with disabilities) is to ensure that all children in the municipal capital and the districts are not just attending the rural educational center, but are going through a process of academic, social and emotional enrichment.”



2014 Challenges

- › 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.
- › Address the management measures resulting from the updates of risk and impact studies on human rights.



2015 Challenges

- › Strengthen Cooperation Agreements and Peace Initiatives from the outlook of civic training, human development, and post-conflict management.
- › Maintain and strengthen the trust of the stakeholders in the compliance of legal and additional commitments acquired by the Company.



Employee Wellbeing

- ▶ Comprehensive Human Management Model
- ▶ Hiring
- ▶ Performance Management
- ▶ Interactions
- ▶ Human and Professional Development
- ▶ Knowledge Management
- ▶ Management of Potential
- ▶ Wellbeing and Occupational Health and Safety

A portrait of Luis Fernando Londoño Mejía, Chief Administrative Officer. He is a middle-aged man with dark hair, smiling, wearing a light blue striped dress shirt and a dark blue patterned tie. The background is a blurred office setting with teal and grey tones.

Luis Fernando Londoño Mejía

Chief Administrative Officer

“Our Company concept is based on the “human being”. We expect our initiatives to have a positive impact on our employees through the creation of opportunities for their development. We also hope to achieve coherence to enable our workers to display their human sensitivity when they interact with our stakeholders in representation of the Company. We acknowledge our employees as unique, dynamic and responsible human beings, and for that reason we are committed to respecting differences and creating spaces to help them reconcile their personal and work lives. We would like to think that at ISAGEN, the life of each employee does not stop, that it coordinates harmoniously with corporate objectives.”

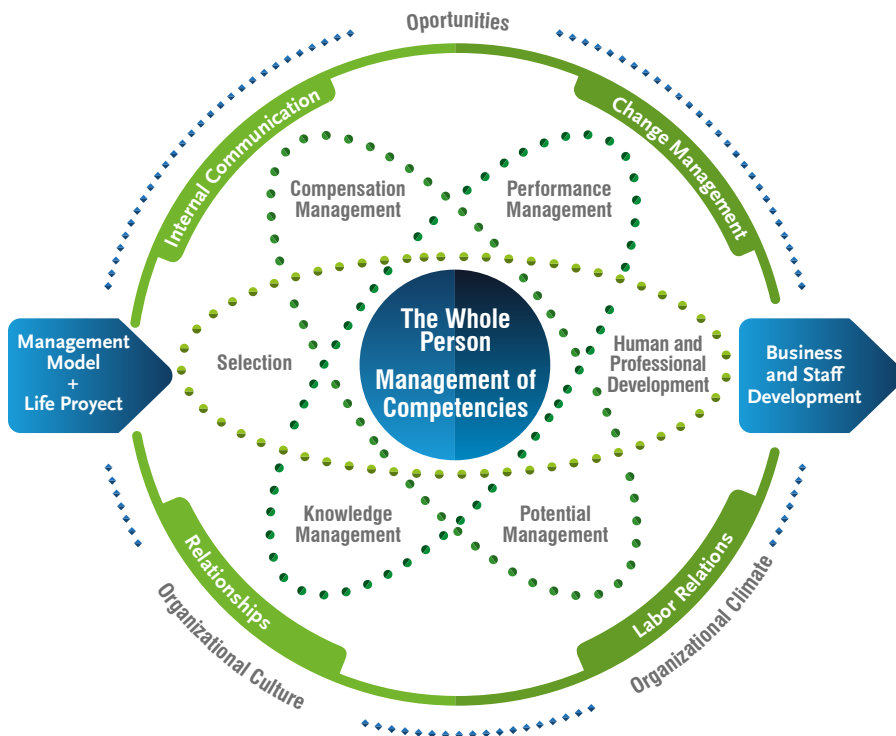
We make ourselves strong as a group of people serving other groups of people, and to meet this challenge of serving with efficiency, commitment and responsibility to society, we must begin at the conception of the employee as a comprehensive human being, and create the conditions for his or her wellbeing and development. In this chapter we present the major practices and results of managing the Human Capital in 2014.

Comprehensive Human Resource 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, for the Spanish original), which: respects diversity, seeks coherence between performance and corporate objectives, ensures transparency and respect for human and labor rights, and facilitates self-development for employees.



To learn more about the Comprehensive Human Resources Model [click here](#).



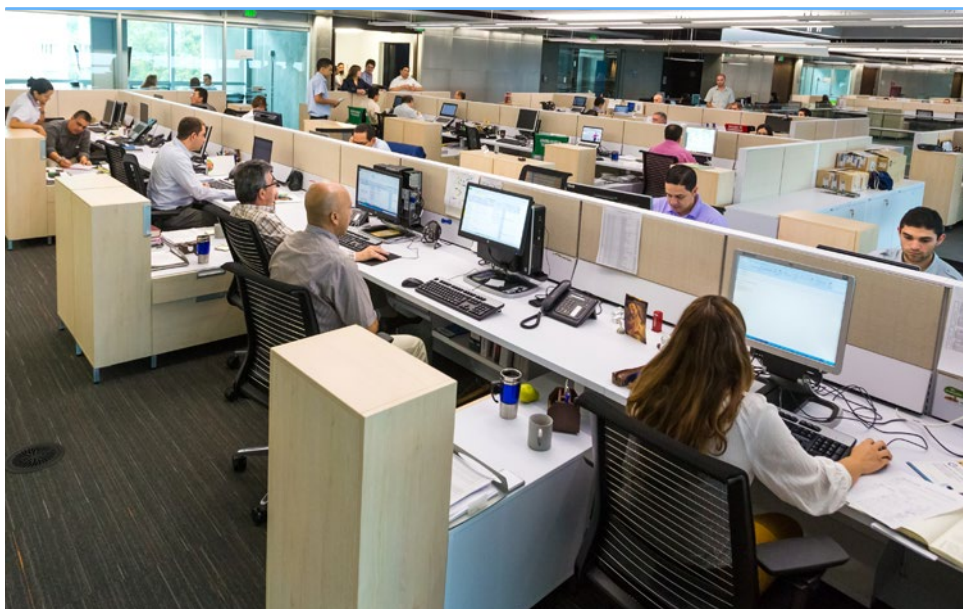
The following are the most significant Human resources achievements in 2014:

Selection

Our selection processes facilitate the incorporation and promotion of Human Capital with fair and transparent criteria and procedures based on people's competencies. We begin our selection process with internal candidates, to provide opportunities for development and reduce costs of recruitment, orientation and training. In mixed processes, internal candidates have priority when several candidates meet the requirements.

In 2014, 48 new employees joined the Company and 29 internal workers moved to other positions, totaling 77 selection processes in which 171 people were evaluated. As of December 2013, the company staff totaled 635 employees, and by December 2014, it had increased by 4.25% to 662 workers.

	2012	2013	2014
Employees promoted	33	51	29
Outside associates	36	49	48
Personnel evaluated	220	366	171



Of the external associates, 8% (4 individuals) belong to one of the vulnerable groups targeted in Law 1429 for job creation: people under the age of 28 or women over 40 that have been unemployed for the last 12 months.

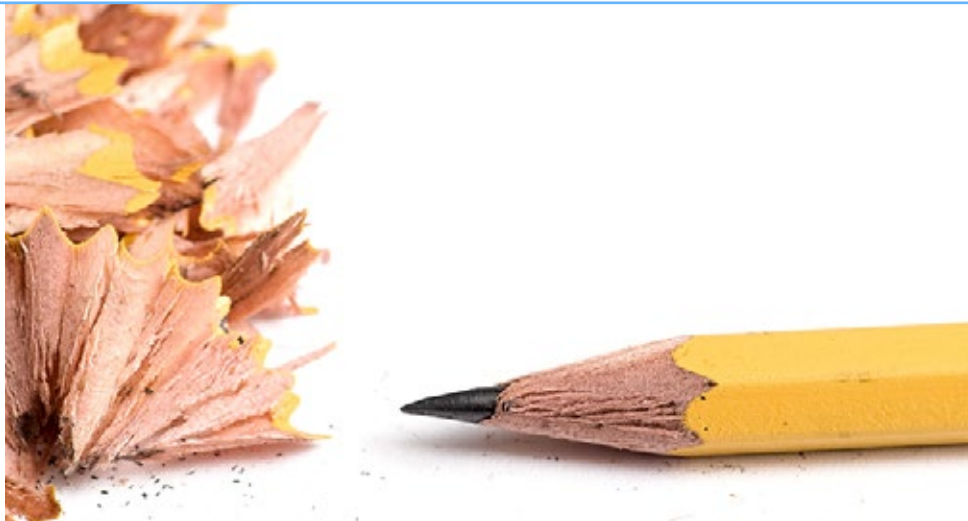
In addition, we assessed the skills of 79 employees in order to formulate individual development plans. These assessments completed the first cycle of the project, which evaluated the skills of every Company employee.

Personnel on a Mission, SENA Apprentices, and University Interns

We use the figure of personnel on a mission, which is supported and regulated by Colombian law, to address specific work needs for a specified period. Moreover, in compliance of the law and with the aim of driving development for new technicians and professionals, we sponsor the practices of SENA apprentices and university students, who help perform certain special tasks or new projects.

During the year we selected and hired:

- ▶ 31 employees on a mission on a monthly average
- ▶ 48 SENA apprentices
- ▶ 85 university students, after evaluating 240 applicants.



Performance Management

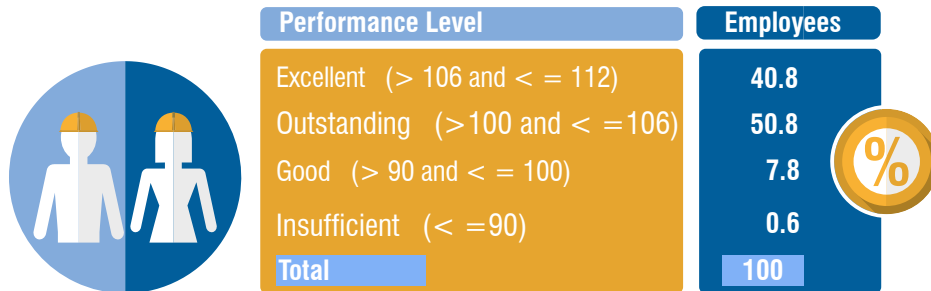
In facilitating personal and professional development for our employees, and in aligning their contribution to our corporate purposes, we implemented a performance management system by skill, aimed at personnel development that supports the planning, monitoring and assessment of the work commitments and results, knowledge, and individual conduct of the employees. These challenges include topics such as business sustainability, human rights and relations with stakeholders.

The evaluation and definition of commitments is done every year between the employee and his or her immediate supervisor, with 100% participation by employees who have been with the Company for 6 months or more. Under this criteria, in 2013, 603 employees defined performance commitments that were evaluated at the end of the year. The final qualifications obtained placed them in one of the following ranges: Excellent, Outstanding, Good or Insufficient. Employees who achieved qualifications in the Excellent or Outstanding ranges were given a monetary bonus by the Company.

Of the 603 workers evaluated, 552 obtained a monetary bonus for their performance results, while 51 were in the Good or Insufficient ranges and did not receive this bonus:



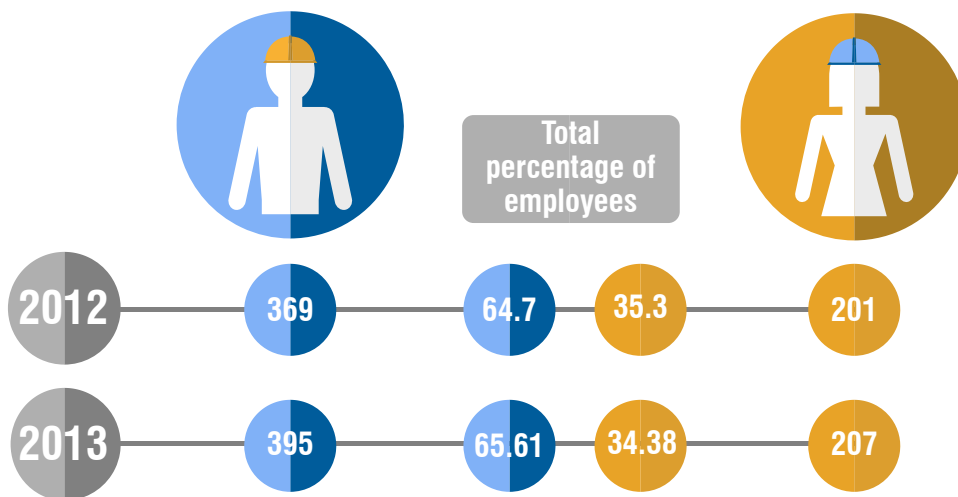
Performance Level



Performance commitments include both knowledge and conduct challenges, as part of the Company’s commitment to comprehensive personnel development.

The performance evaluation for 2014 is currently underway and will conclude on March 31, 2015. Data will be available by April 2015.

Employees with performance evaluation by gender 2012 and 2013



Inter-relations

The Inter-relations initiative has as its main purpose to promote the recognition of people as holistic, individual, unique and dynamic human beings with the capacity to develop and transcend. The strategy to achieve this is through the development of conversational skills.

This initiative addresses all the work teams in different phases, with Ontological *coaching* strategies that are developed from levels of awareness-raising, tool-based support, delving deeper in the construction and enhancement of conversational networks, and the consolidation of a culture that fosters trust as the basis for a collective construction.

In 2014 we provided assistance to 21 work teams (278 employees) in the different phases, with 90% of the scheduled group workshops.



It should be noted that the Company’s Executive Management Team began a conversational skills strengthening program in 2014 in keeping with this initiative. We also began assisting three managers in the process of developing leadership skills.

Inclusion

We carried out an assessment to identify facilitators and barriers to make our Company an inclusive entity. In this line we defined action plans to create five profiles for positions to hire people with disabilities, and we hired three university interns with disabilities.

Organizational Climate

At ISAGEN, managing the organizational climate is a process that includes four assessments: work climate, psycho-social factors, psychological harassments, and ethical behaviors. The correlation of these four variables makes it possible

to join efforts in building and executing action plans. These efforts are a continuous process that is developed in several phases: measurements, delivery of results, constructing action plans, and verification of achievements.

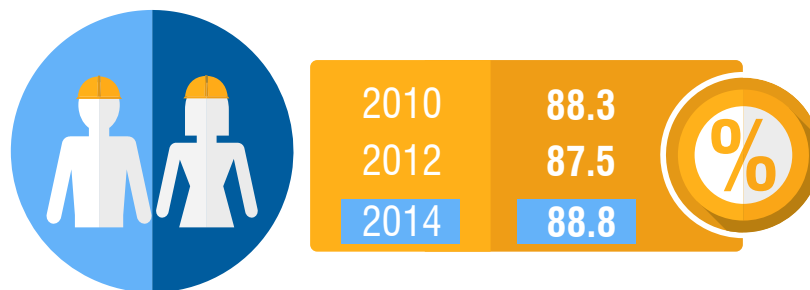
The measurement is made every two years, and it provides a series of reports broken down by organizational area, type of position, seniority in the Company, age and location. All this information is used to identify aspects that require intervention to improve or maintain the organizational climate.

Delivering results and building action plans is an activity that supports all the work teams to help them build their own plans, integrating aspects of the work climate and psycho-social risks. In that regard, each manager is responsible for the execution and implementation of his or her work team or group.

With the results of the general work climate indicators at ISAGEN, there is evidence of continuous improvement, to the point of achieving recognition in 2014 from the Centro de Investigación en Comportamiento Organizacional (The Center for Research in Organizational Behavior) as the second best company in organizational climate. The result was obtained from among 73 Latin-American organizations with over 100 employees analyzed between October 2012 and September 2014. This recognition, the first we have received in this category, is the result of management that for several years has been focusing its efforts on valuing human beings as unique, responsible and important, with their wellbeing and comprehensive development being our priority.

Similarly, the Study of Ethical Behavior conducted in 2014 included a general exploration of how employees see the measures taken by the Company to prevent corruption, and whether these are sufficient and adequate. The results of this measurement indicate that the majority of the people agree that the Anti-Corruption Plan is adequate and sufficient and that personnel are familiar with it. This is very favorable because it provides positive perceptions about this work-related aspect.

As part of the benefits that worker development bring the business, we can list improved organizational climate indicators, which is evident in the evolution of this index. The following table shows the behavior of this indicator in recent years:



Human and Professional Development

ISAGEN provides spaces and opportunities to effectively utilize and deploy employee skills, experience and interests, through joint identification and development of the following initiatives:

- ▶ English for everyone: we opened 15 study groups with 87 employees.
- ▶ Competition for graduate studies abroad: we held the first competition with 16 employees in participation. They postulated their jobs in accordance with the defined methodology. Two of the jobs evaluated were pre-selected.
- ▶ Internal internships: we conducted two internal internships as a mechanism to transfer knowledge and improve processes.
- ▶ We began putting together a group of volunteers which in principle seek to come up with a structure work plan for 2015.
- ▶ Flexwork: we continued to strengthen a flexible work policy that includes two types:
 - ▶ Flexi-time: possibility to modify work schedule.
 - ▶ Flexi-place: possibility to work from home.

This practice is voluntary on the part of employees, and it requires compliance with certain job requirements in order to be used. As of December 31, 2014 we had trained 345 workers who had requested this option, of which 40 made use of Flexi-place and 176 of Flexi-time.

Human Rights Practices

We respect our employees' rights and freedoms in accordance with Colombia labor law and the ILO's Declaration of Fundamental Principles and labor rights. In that respect, the most important values that drive the actions of people in the Company are respect and ethics.

We respect freedom of association and we provide the resources and spaces needed to exercise this right freely and peacefully. We work consistently in the collective construction of an excellent organizational climate, and under no circumstance do we allow discrimination of any human being, regardless of his or her skin color, political preference, etc. We do not subject anyone to forced labor or mistreatment, and we do not hire minors.

Training

We maintain the civic training program, which aims to raise awareness and provide tools needed for dignified, respectful treatment of human beings.

	People
Human rights and business administration virtual course	Level 1: 393
	Level 2: 328
	Level 3: 322
	ISAGEN employees
Workshops on extortion and kidnapping risks	68
Workshops to Prevent Accidents with anti-personnel mines	82

We celebrated National Human Rights Day with a talk by the Colombian Agency for Reintegration on the reintegration of former combatants to civilian life, with 145 employees taking part. Also as part of the celebration we had a conversation about the effects of the conflict and the importance of reconciliation from the perspective of the regions, in which 116 employees participated.

During the year, no complaints were received by the ethics hotline for human rights abuses of employees.



Knowledge Management

We have different practices for employee development in all dimensions, which are executed in the framework of the different sub-processes of the Comprehensive Human Resources Model. Based on the profile of the position held by each employee, the knowledge maps identified for each management office in the Company, and the corporate challenges defined every year, work challenges are defined in the framework of the performance management process to develop behavioral and knowledge acquisition skills for each worker, which are developed throughout the year by each one with on-going support from his or her immediate supervisor.

We developed various initiatives that propitiate the transfer of knowledge by developing the skills necessary to be shared and used by our employees, and to be appreciated and assimilated by external sources. The following are the relevant management aspects of our management in 2014.

Corporate University

Facilitates the development of our employees and stakeholders in tune with corporate objectives. It is comprised of the following schools.

- ▶ **Corporate School:** This school is focused on the training and development of employees in topics of corporate interest. In 2014, it offered 24 courses on corporate themes and personal and professional development for a total of 182 hours of group training with 436 participants. Average employee satisfaction rating was 4.78 out of 5. Work was begun on the following virtual courses: Maintenance and Compensation Management at ISAGEN as a complement to the virtual Corporate School.
- ▶ **Executive School:** busca Seeks to train managers on the leadership profile identified by the Organization, which considers the skills of adaptability (initiative, flexibility and innovation), Improvement Management (efficiency and excellency), Leadership (growth, encouragement and development

of others), Self-awareness in management and systemic approaches. In 2014, it offered 4 modules in the following themes: etiquette and protocol, leadership, management and conversations, values schools and leadership that adapts to transformation, for a total of 120 hours of group training with 197 participants. Average satisfaction rating was 4.81 out of 5.

- › **Operations and Maintenance School:** This school focuses on capitalizing and transferring knowledge in a structured and systematic manner among the technical personnel at the power plants. In 2014 the governance policy for the school was defined, and pilot topics were identified.
- › **Civic Training School:** Aims to inform employees and their families of social, economic and geopolitical realities and trends on the local, regional, national and international levels. In 2014 it provided three modules: the Colombian electoral system, state and citizenship, and sustainable development. The courses were 30 hours long and 215 employees participated.

Included in the Corporate University's projection is the expansion of virtual and in-person courses offered, to reach other stakeholders in the organization, and to join international corporate training networks and academic institutions.

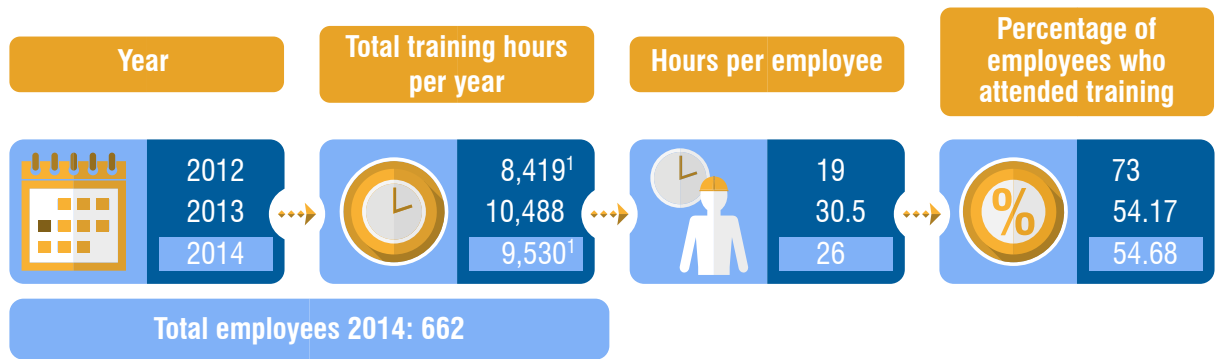
Other Knowledge Management initiatives:

- › We conducted the third edition of the Technical Energy Production and Innovation Sessions. Various workshops and activities produced 11 technical documents, 10 innovative ideas, and two lessons learned.
- › We conducted the Transparency Sessions in the Corporate Integration Management process with the goal of sharing the challenges of the process for the current years, and identifying connections between the teams and seeking effectiveness for the processes completed.
- › We strengthened our corporate practice to identify lessons learned with training and tools to define actions and make decisions based on this learning in six teams.
- › We organized and sponsored the First Knowledge Management Congress held in the city of Medellín. The objective was to generate knowledge management skills in Colombia as a key factor of the culture of innovation.

The proposed theme was framed in innovation, communities of practice, and corporate universities. At the end of the event, knowledge over coffee sessions were held to complement the training obtained in the various presentations.

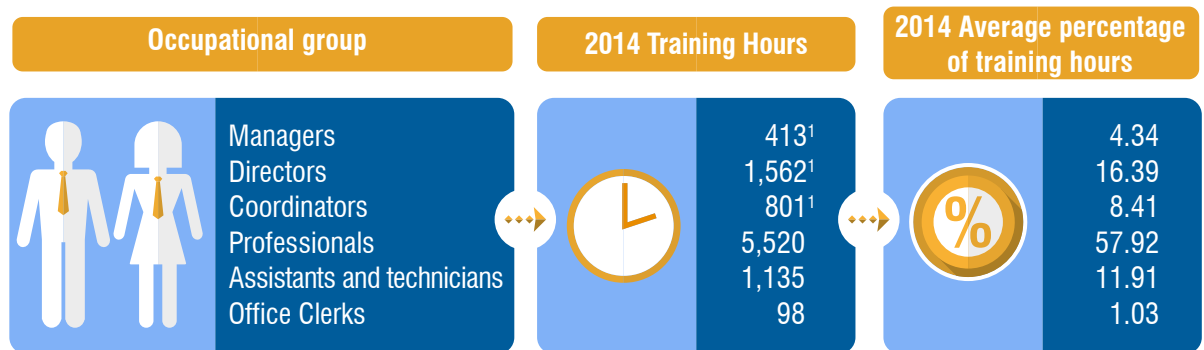
Outside training

We provide the technological and cultural conditions necessary to apply knowledge on job requirements. These conditions result in high performance and strengthen corporate competencies.



1. Este valor no incluye las horas de capacitación realizadas en las escuelas corporativas.

Training hours per occupational group



1. Este valor no se incluyen las horas de formación de la Escuela de Directivos.

Management of Potential

We seek to ensure the continuity of our operation by identifying and training backup employees for critical positions, and by identifying and developing employees with high technical or managerial potentials. The following activities were carried out in 2014:

Critical positions

We looked at the day-to-day operation and identified 40 critical positions and backup employees with the abilities required to occupy these positions at a given time. For these workers, who we call backup employees, we defined transfer of knowledge and experience strategies to close any gaps regarding the critical position that they may come to hold.

Potential Managers

We identified employees with the potential to act as Company managers in the short or medium term, through the application of a methodology that starts with recognition of said employees on part of their colleagues and supervisors and concludes with the evaluation of their behavioral skills in regards to that set forth for ISAGEN management. These employees participate in training and education sessions that seek to strengthen their behavioral skills such that they can take on a management role in the future. In 2013 and 2014, 29 employees were identified as potential managers.

Key Talent

We identified 57 employees with specific abilities and skills that give them a great potential to technically enrich the positions they currently hold, or others they will be assigned to in the future. In addition, we designed strategies for their development and a training program with academic support from the University of La Sabana.

Orientation

The goal of this program is to equip the employee with the knowledge and information needed to carry out all the responsibilities of the position in a harmonious and efficient manner.

In 2014 we conducted three orientation processes for 49 non-management employees, a re-orientation process for nine internal managers, and two orientation processes for 85 interns.

Wellbeing and Occupational Health and Safety

We have an Occupational Safety and Health System, certified under the OHSAS 18001 international norm, to encourage employees' well-being, health and integrity. The following are the most significant achievements in 2014:

Health: primary source of wellbeing

Self-care



- ◆ Selection and training of a group of 38 self-care sponsors at the Termocentro, San Carlos and Jaguas-Calderal power plants.
- ◆ Physical training plans for employees.
- ◆ Healthy food at the cafeterias of the power plants.

Promotion and prevention



- ◆ Promotion and prevention of cardiovascular risk, breast cancer, and prostate cancer.
- ◆ Monitoring exposure to professional diseases risk factors.
- ◆ Health management cardiovascular risks, absenteeism, mental health, public risk, vision and auditory care, location risk and ergonomic risks, designed according to the risks. Depending on the results, actions are defined and their execution is monitored.
- ◆ Vaccinated 486 Employees.

Care



- ◆ Availability of a medical coordinator specializing on occupational safety and health.
- ◆ Health care services with qualified personnel at the administrative offices and generation power plants: 2716 consultations, 44% for employees, 49% for contractors, and 7% for the community (care for contractors, the community and visitors in special cases).
- ◆ Added medical services from Healthcare Provider Sura, ARL and the hospitalization and surgery policy for affiliates.
- ◆ Annual occupational exams for 615 employees.
- ◆ 98 executive medical checkups were carried out.

Life Project

We conducted six workshops to increase awareness in employees' families of the importance of building a life project and achieving goals. We also provided comprehensive psychological, legal, and family counseling.

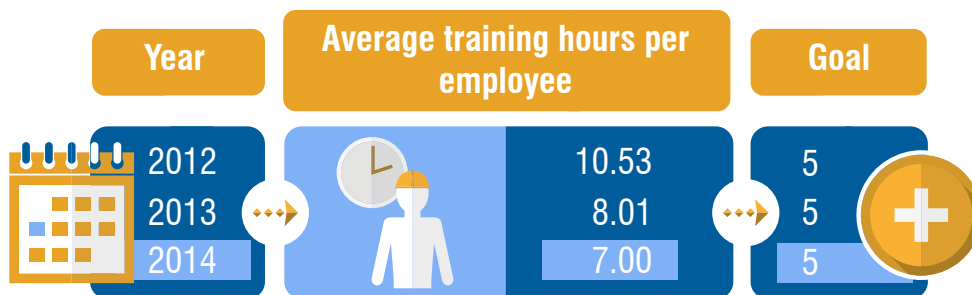
Mental Health

We performed another psychosocial risk assessment of employees in line with Ministry of Social Protection standards and began to disseminate and formulate intervention plans.

Measuring the psychosocial risk revealed a low risk level at ISAGEN, continuing with the trend of the most recent measurements, which indicates that the efforts undertaken in managing the psychosocial risk has had a positive impact.

Training

Training sessions were held in 2014 on topics related to Occupational Health and Safety, including work safety in altitude, training emergency brigades, comprehensive management of chemical substances, high-risk work, electrical risks, first aid, road safety, recommendations for safe deployments, self-care, internal and external legal requirements and civil liability, to name a few.



Employee Occupational accidents

Work-related accidents and incidents are reported and measured at each worksite, and consolidated at the organizational level every month as part of the Balanced Scorecard, with monitoring by the Board of Directors, Management Team, and Process Teams.

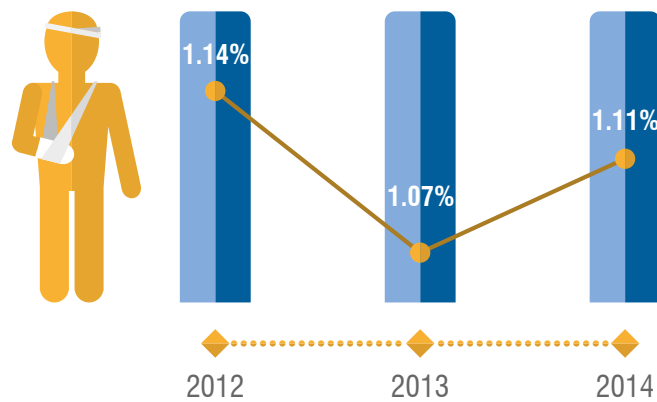
In 2014 there were eight occupational injuries in an average of 721 employees. This number includes direct employees, interns and SENA apprentices. Of these injuries, two were a result of a sporting practice during electric sector games. The accident rate was 1.11%. This rate is calculated as TA= number of accidents / average annual number of ISAGEN employees.

Accident investigations revealed that non-identification of risks prior to engaging in the activities and in some cases excess confidence could have been possible causes of the injuries. To this effect, the corresponding action plans were defined, particularly to strengthen controls related to falls at the same level.

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

ISAGEN Employee Accident Rates in recent years:

ISAGEN 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.

$$\text{Severity Index (IS)} = \frac{\text{Number of days of disability due to occupational injuries in the period} \times 200,000}{\text{Manhours worked in the period}}$$

Goal

Defined compliance ranges for the indicator as per the results of calculating the severity index of previous years.

	2012	2013	2014
Severity Index	13.34	5.23	62.52
Number of accidents reported in the period	7	7	8
Number of days lost or charged due to occurrence of accidents	63	23	361

Although the number of accidents in the last three years has remained stable, the Severity Index in 2014 was higher than previous years due primarily to three occupational accidents: one from participation at a sporting event, and two from falls at the same level, which caused fractures. Intervention plans were formulated for each of the accidents reported.

The incidence or risk of diseases at ISAGEN in carrying out employees activities is not high. In 2014 there were no high-incidence diseases in the regions where the Company has offices.

Wellbeing Plans

In 2014 the Company conducted 215 events at the power plants, regional offices and Corporate office in Medellín, with the participation of 6,667 participants at sporting events, 12,054 in recreational programs, and 5,252 at events and celebrations, including employees, contractors and family members. Participant satisfaction was 96%, and compliance of the established plan was 96.5%.



For more information about this topic click here:

[Labor indicators](#)

[Wellbeing and Occupational Health and Safety Practices](#)





The Voice of Our Employees

Natalia Ruiz

ISAGEN Employee



“The extended maternity leave is wonderful, because I was able to personally take advantage of it. This is an option provided by ISAGEN and we are among the few people who can enjoy it. The benefits are being able to take advantage of having more experiences with our children and family, while balancing occupational responsibilities.”



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 perform measurements of work environment and psychosocial risk factors. ✓
- › Declare and inform employees of the formal mechanisms to make complaints, requests or claims ✓



2015 Challenges

- › Maintain the integration and coherency of the elements of ISAGEN's Comprehensive Human Resources Model.
- › Evaluate the implications of the generational change in the Organization.
- › Consolidate the development of conversational skills.



Supply Chain

- ▶ Supply Chain
 - ▶ Supplier Relations
 - ▶ Minimum Sustainability
 - ▶ Supplier Development
-

A photograph of Luis Fernando Londoño Mejía, Chief Administrative Officer, sitting at a desk in an office. He is wearing a light blue striped shirt and a dark green patterned tie. He is looking at a laptop screen and smiling slightly. The background is a bright, out-of-focus office environment.

Luis Fernando Londoño Mejía

Chief Administrative Officer

“Our suppliers support us in achieving our objectives. What matters to us in this relationship, in addition to successfully furnishing a product or a service, is to do our work together, united in the same principles, and with the premise of contributing to society. It’s about learning together, building together, and multiplying opportunities for development in the regions. We work tirelessly with our suppliers to ensure that our companies’ qualifications bring wellbeing to the communities in which they thrive.”

Improving the supply conditions within organizations is important, because they are directly related to the corporate objective, but it is not enough. It is important to provide spaces based on knowledge and trust in which to create long-term relationships aimed at co-creating and generating value. In this way, we implement programs of relationships and development with our suppliers that point to this objective. The following are the main practices and principles for our management in 2014

Supply Chain

The supply chains at companies like ours are facing increasingly demanding challenges in terms of compliance, geographical diversity, information flow, costs, and risks.

The energy generation business depends more on an adequate Asset Management (in projects and operation) and on the reliability and flexibility that characterizes other industries.

That is why it is important for us that the supply chain management considers its design from beginning to end. Any proposed solutions must minimize the cost of the life cycle, balancing capital and operating costs. Moreover, the structure of the relations with partners or chain agents must minimize environmental, contractual and operating risks.

We classify suppliers according to their predominant activity and attributes, which has enabled us to recognize different implications in the relationship, and understand the dynamics, grouping them in different chains.



- › In project construction, relationships are long-term but single occurrence.
- › For scheduled activities like energy production scenarios, the relationship is measured per performance and productivity.
- › For routine activities, the relationship is measured per compliance of different business and technical conditions.

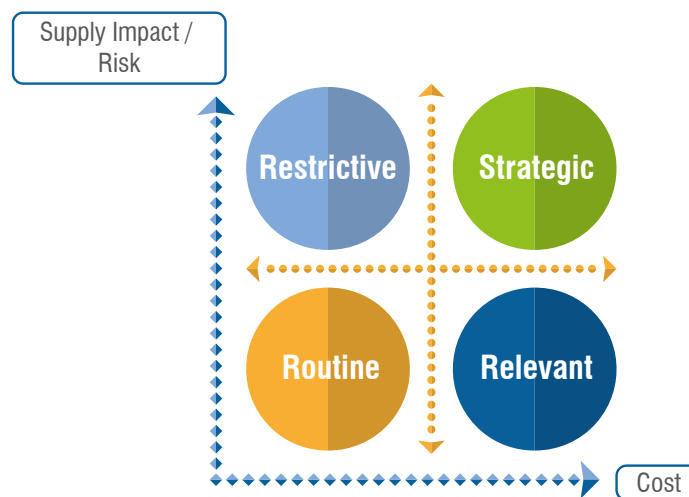
Strategic Management

We are implementing a strategic supply project that will be able to control the supply risk, contribute to good maintenance costs management, and to the availability of power plants.

The project has three phases:

- › First: a supply model was defined based on an analysis of the purchases at one of the electric power plants.
- › Second: the model was applied to 400 materials randomly from the Jaguas Hydroelectric Power Plant in order to test and refine the model.
- › Third: the model will be implemented in 2015, and the focus will be to obtain an adjusted model to apply it to all the materials at all the electric power plants.

The model intends to place all the materials at one of four quadrants:



Once the materials have been classified in each of the quadrants described above, a supply risk analysis will be made to refine the classification and to establish supply strategies with each material or group of materials, in accordance with the classifications obtained after application of the model.

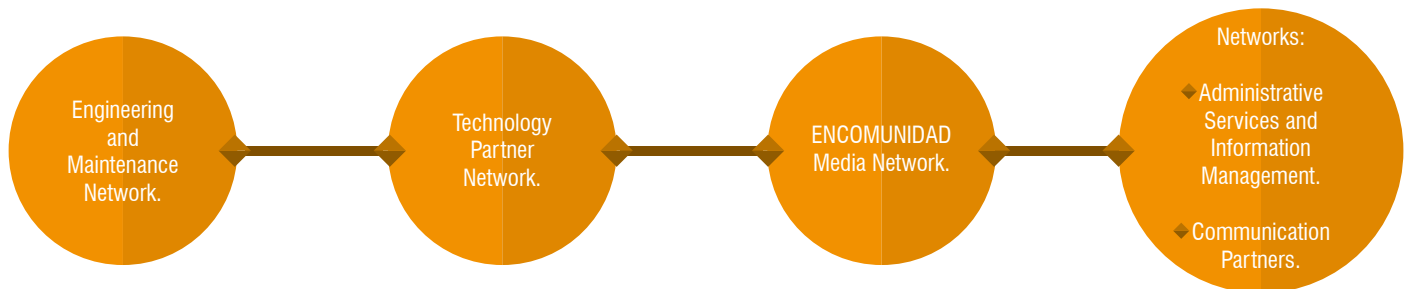
Suppliers classification at ISAGEN

SUPPLIERS

Individual or corporation that provides goods or services and is fully prepared to forge harmonious and productive relations with ISAGEN based on trust and mutual cooperation.



Supply Strategies with Collaboration Networks.



We integrated competencies to promote development and contribute to sustainability.

Supply Chain Results and Indicators

In 2014 we made progress in consolidating the Supply team, which assumed the challenge of structuring the Company's strategic and comprehensive supply process. This includes the operation, maintenance and modernization of the electric power plants, and relations and interaction with the suppliers management teams, standardized good and services, and the Engineering and Maintenance Suppliers Network.

At the end of 2014 we had active contractual relations with **2,135** suppliers.

Type of suppliers	Suppliers	Total Amount of purchases ¹ (in millions of COP)
International	147	4.34
Local ¹	228	16.39
National	1,760	8.41

¹ Local suppliers are those that meet the criteria of proximity, accessibility, and level of service regarding the area of coverage of an electric power plants, and which are registered in the corresponding territorial Chamber of Commerce.

We defined all the electric power plants as significant locations of operations, which are located throughout the country.

Department	Suppliers	Total Amount of purchases in 2013 (in millions of COP)	Total Amount of purchases in 2014 (in millions of COP)
Antioquia	92	14,801	3,532
Boyacá	1		401
Caldas	61	7,911	5,649
Santander	39	19,247	3,793
Tolima	29	675	2,150

Supplier Relations

We have a Suppliers Relations Policy comprised of a set of principles and commitments to strengthen relations of trust and mutual benefit, aimed at the comprehensive development of skills, competitiveness for companies and regions, and contributing to sustainability.



Check the suppliers section on our website to find out more about our [Suppliers Relations Policy](#).

Minimum Sustainability

We seek to solidify responsible, ethical relationships that improve the quality of life, conserve the environment and contribute to economic growth. Therefore, ISAGEN, with its suppliers sets the legal requirements and minimum commitments they must meet in terms of sustainability, which include ethical, labor, human rights and environmental topics.

By using a self-evaluation mechanism, 164 of our suppliers and potential suppliers assessed their progress regarding these practices in 2014. The results of six of these were validated by a third party. The following are the relevant results of this process and associated actions to manage each aspect.

Environment

Minimum Sustainability Assessment	%
Aware of the environmental impacts caused by company activity.	79.88
Have an environmental impacts mitigation plan related to the company's activity.	64.63
Have some type of environmental management system.	44.51
Have an on-going training plan for employees.	74.85



- › Based upon the environmental results obtained in the self-evaluation of sustainability minimums, and in coherence with commitments to environmentally sustainable conditions in our supply chain. We invited a group of suppliers to take part in a sustainable production and consumption project in collaboration with other entities. The initiative was disseminated to 19 suppliers, and 11 of them joined the project, which resulted in the identification of relevant environmental variables in the productive processes of these companies.
- › We carried out 128 oversight evaluations of suppliers with active contracts in the area of influence of our electric power plants to verify their control of significant environmental impacts. These evaluations found that four significant negative environmental impacts had occurred.

Human Rights

Minimum Sustainability Assessment	%
They are aware of and respect the rights and liberties contained in the Universal Declaration of Human Rights.	88.41
They have mechanisms that help them to disclose the existence of bribes and extortions.	71.17
They understand and act in accordance with the provisions of ISAGEN's Human Rights Policy.	84.66

At this time we do not have a direct measurement of Freedom of Association and Collective Bargaining issues. We believe we will have an opportunity to carry out this measurement in 2015, including the matter in the sustainability minimums and as part of the contract monitoring matrices.

Training for Suppliers on Human Rights Issues

We extend our Human Rights Policy to our suppliers through contractual mechanisms, training, communications and self-diagnosis tools. This result of the reflection of the on-going activities we carry out to transfer good practices to suppliers.

The risk and impact studies carried out in 2014 did not show evidence of any impacts or negative consequences to Human Rights arising from the supply chain.

In 2014, we carried out the following activities as follow-up on the results obtained in risk studies:

- ▶ We made sure that 236 individuals that provide services associated with supervision and safety received training on Human Rights issues.
- ▶ In regards to the Police Force, according to reports from the National Army a total of 6,220 people who serve in ISAGEN's areas of influence were trained in these topics, under the supervision of this institution's School of Human Rights and International Humanitarian Law.
- ▶ A total of 333 contractors who provide their services in the areas of influence of the electric power plants participated in workshops on the prevention of accidents with anti-personnel mines and unexploded ordnance.
- ▶ And finally, 11 contractors took part in workshops on the guidelines to manage the risks of extortion and kidnapping, and 82 attended the dialog sessions on extortion and kidnapping.

In 2014 we received four complaints or claims related to work climate issues with suppliers, which were investigated, resulting in resolutions which were mutually agreeable to the parties.

Child Labor

85.98% of the suppliers that completed the self-assessment claimed to have a mechanism to prevent child labor. Understanding the seriousness of children's rights abuses, we decided on a zero-tolerance approach to our suppliers that have identified or evidenced practices related to child labor.

In every agreement, we included a clause that expressly prohibits the use of child labor as defined by the Law, since it has been found that the risk of child labor may arise in the rural communities with which we arrange agreements for the support of community development programs.

Social Policies

At the time of contract signing, verification is made of all suppliers to ensure that they are not formally tied to money laundering or Financing of Terrorism activities, have not illegally obtained funds from the public, and are not included in criminal risk lists administered by Governments, organizations, or domestic or international entities. These verifications are carried out periodically.



Labor Rights

Minimum Sustainability Assessment	%
They comply with all contractual obligations regarding salaries and social protection.	97.55
They have mechanisms to follow an appropriate work schedule as established in legislation, including weekly rest and paid annual vacations.	93.79
Social Security payments are up to date.	96.95
They provide safe and healthy working conditions for all employees.	96.30
They communicate occupational and safety health plans objectives and policies to their employees.	93.29

The results are high, although there are opportunities for improvement which are addressed through our Supplier Development Program.

Non-discrimination

87.80% of the suppliers report that they have mechanisms to ensure equal opportunities to their staff. Companies that failed to report these mechanisms may not participate in Supplier Development Program trainings.

In addition to the practice of self-assessing sustainability minimums at the pre-contractual stage, we monitored 138 instances of contracts at significant operation locations.

Ethics

Minimum Sustainability Assessment	%
They act under some sort of Ethics Statement.	85.37
They notify their employees of mechanisms to prevent and report unethical situations.	87.80
They have implemented some type of mechanisms where employees can report situations where they feel that their rights have been violated.	87.20
They have mechanisms to prevent or resolve conflicts of interest throughout the organization.	89.02

- › The Communication Allies Network comprised of suppliers that address communication needs created their Ethics Committees by establishing basic relationship parameters.
- › In July we held a discussion session about ethics as a fundamental component of the business world. 14 of our suppliers and 26 employees took part in a joint reflection space about the importance of transparency and honesty in contracting.

Sustainability risk analysis

Because our supply needs are so diverse, it is necessary to classify our suppliers in order to disclose sustainability-related risks, establish work guidelines for development programs, and implement controls. In 2014 we classified and evaluated 1,076 suppliers and obtained relevant measurements of economic, social and environmental risks.

We evaluated 1,076 of the 2,135 suppliers, or 50.39%.

	Economic risk	Social risk	Environmental risk
% of High Risk Suppliers	2.23	5.95	11.43
Criteria Evaluated	<ul style="list-style-type: none"> › Business Continuity › Supplier Specialty › Standardization 	<ul style="list-style-type: none"> › Occupational Risk › Damages Image / Reputation 	<ul style="list-style-type: none"> › Environmental Impact

Sustainability risk analysis allows for definition and prioritization of the activities of the suppliers' development programs. It also allows ISAGEN, through third party, to define the criteria for the verification of sustainability minimums for each supplier.

First Contract Pilot

As an example of University-Company-State integration, we engaged in an exercise with academia (students and professors at Eafit University) and our suppliers in order to generate a preliminary contract with Global Compact principles, and support understanding and application of topics like human rights, labor and environmental rights and anti-corruption issues, which resulted in what we called "First Steps".

The objective is to promote and transfer good practices in companies and their supply chains, which consisted of two phases. Ten of our suppliers participated in the first phase, and six companies took part in the second, working hand in hand with a total of 47 students who contributed their knowledge to reach the objectives set forth regarding Global Compact principles.



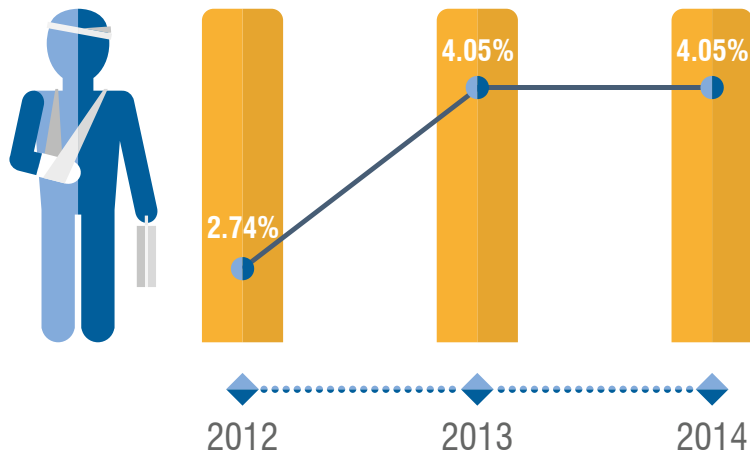
Occupational Safety and Health practices

In 2014, there were 46 contractor work accidents in an average of 1,135 employees. The accident rate was 4.05% with no fatalities. This rate is calculated as $TA = \text{number of accidents} / \text{average annual number of contractor employees}$.

Contractor accident rate



Contractor accident rate



Contractor accident rate was the same as that for 2013. The work-related accidents were investigated accordingly, and an action plan was proposed and monitored. Investment plans are also defined in accordance with criteria set for contractors who show an increase in their accident rate.

We keep an additional record, which is the accident rate for contractors at projects under construction, which is not regulated in the Management System but helps us to monitor our operations with contractors. We did not provide occupational safety and health training for contractors in 2014.

Supplier Development

We framed our action lines with suppliers in the recognition of the human being as the focus of our relations, which based on his or her own development, creates conditions to generate value for society. In this way, we implemented a line of training aimed at developing the BEING, KNOWING, and DOING of the participants.



To learn more about our supplier networks [click here](#).



BEING: Training in the personal sphere, integral aspects of the human being.



Suppliers School

Promotes personal development in aspects of being, knowing and relating inherent to the business management.



70 people participated in these modules:

- ◆ Workplace Harassment
- ◆ Human Rights
- ◆ Labor Rights
- ◆ Corporate Governance
- ◆ EVA

Two suppliers completed 100% of the modules and were accredited with the certificate given in joint agreement with CEIPA University.



KNOWING: Transfer of knowledge regarding corporate management.



Development Programs

Improves the management capacity and transfers relevant, sustainable practices.



PDP Tolima: eight participants, four meetings. Topics: ethics and teamwork.

PDP Santander: nine participants on average, four meetings and a relations roundtable.

Progress On: an assessment to identify gaps with these suppliers. Additionally, with external consulting an improvement plan was developed and executed, and this plan was reinforced through training.

PDP Eastern Antioquia: an average of five participants received assistance in assessments and trainings to close identified gaps.

PDP Medellín - Sponsor Plan: seven participants and seven direct interaction spaces under the roundtable methodology.

Chamber of Commerce of Medellín trainings: Strategic Planning, marketing, accounting and finance, human development, operations, research and development, internationalization and computer technology.



DOING: Activities that foster joint creation of value.



Suppliers Networks

Seek to integrate skills.



More than 21 roundtables with four networks comprised according to their level of evolution:

- ◆ Engineering and Maintenance Network
- ◆ Communication Allies Network
- ◆ Administrative Services and Information Management
- ◆ ENCOMUNIDAD Media Network

Joint work with the Technological Partner Network.

Technology Partner Network

This is our ally in the provision of technical services to customers, and consists of 29 companies included in the top engineering firms in the country, and four universities and organizations like CIDET and the Cleaner National Production Center. All these entities are aligned with our strategy, have transparency practices coherent with ours, and have extensive technical knowledge. This network is at a Share Value evolution level, in keeping with the levels described in our model, which can be consulted at the Network Multimedia - website.



To Consult [click here](#).

Major Achievements 2014:

- ▶ We defined a corporate responsibility work baseline, including 27 of the 29 network members, and a pilot to develop individual action plans in 2015 which will serve to test the work methodology designed to guide the progress of Technology Partners in the seven fundamental topics of the ISO 26000 Guide.
- ▶ We conducted a three-year strategic planning exercise (2015-2017) which will guide its medium- and long-term development actions
- ▶ The PREAPROBADOS strategy launched in 2013 helped us to consolidate the network autonomy model. This innovation allows technology partners to reach clients directly to submit offers, achieving a better match between the solutions proposed and the business needs, and quickening the service cycle. Almost 62% of the bids presented to our clients were done through this mechanism.
- ▶ We continued working on the Technology Partner Network governance plan, which is comprised of three entities:
 - ▶ The Steering Committee: defines and monitors Network development strategic plans.
 - ▶ The Ethics Committee: promotes ethical practices, analyzes and decides on specific unethical behavior cases.
 - ▶ Regional Commercial Committees: operate commercial and ethical guidelines defined in the two other committees. Steering and Ethics Committees.

- › We conducted a joint client visit pilot among the partner sales forces and ours that intend to disseminate the new Technology Partner Network value proposition and deepen the knowledge of the needs of the industrial plants served by the Company.
- › Our clients' rating of the services provided by the Technology Partner Network was 4.90 on a scale of 5 points, and the level of loyalty of our clients stayed at 99.95%.



To learn more about the processes that support the Technology Partner Network with our clients [click here](#).

Engineering and Maintenance Network

We continued to strengthen the Engineering and Maintenance Network comprised of 20 suppliers which has advanced from recognition and trust to the opportunity to collaborate, allowing the construction of shared knowledge through the development of corporate competitiveness and productive articulation. This network is at a collaboration evolution level, according to the levels defined in our model.

Major Achievements 2014:

- › This network has consolidated a Shared Projects Office (OPC in the Spanish original) wherein member suppliers cooperate to manage and develop joint business endeavors.
- › Furthermore, considering the proposed goals, the network has defined different work committees, including the ethics commission which has made progress in managing its own Ethics Statement.

Communication Allies Network

In the process of developing the Communication Allies Network, which was created two years ago, we bet on transparency in knowledge among its members.

The network is comprised of 21 of our suppliers which specialize in communication activities. They have advanced in the definition and implementation of governance, ethics and communications committees. Today the initiative of creating work committees has materialized a goal in the first versions of the Ethics Statement. This network is at a Recognition evolution level, in keeping with the levels described in our model, which can be consulted at the Network Multimedia website.

Administrative Services and Information Management

We began to structure the Administrative Services and Information Management Network with the goal of empowering the skills of the members and offering effective answers to the market's needs through collaborative work.

Today this network is comprised of 33 companies that work step-by-step on the relationship levels in the network, beginning with recognition and trust to launch future collaboration activities that can achieve concrete joint actions through innovation. This network is at a Recognition evolution level, in keeping with the levels described in our model.

ENCOMUNIDAD Media Network

Considering the experience obtained in the creation, development and strengthening of the aforementioned networks, we managed the consolidation of the Encomunidad Media Network. At this time there are 13 members that make up the network conceived to empower the development of communication companies to facilitate spaces for integration and interaction with the communities. This network is at a Recognition evolution level, in keeping with the levels described in our model.



To learn about the results of the dialog and communication spaces with our suppliers [click here](#).



▼
Encomunidad Media Meeting.



The Voice of Our Suppliers

Jorge Alonso
Botero

Chief Executive Officer
Miro Seguridad



“The relationship with ISAGEN is more than a working friendship and joint growth. The self-assessment of sustainability minimums allows us to evaluate ourselves and to understand the ISO 26000 standards and certain international norms that have been voluntarily adhered to.”



The Voice of Our Technology Partners

Ernesto Gallo

President
Transequipos S.A.



“Customers buy not only energy, but also all associated or complementary services, such as reliability and asset management. Hand in hand with ISAGEN, we have learned to work as a team and to provide services of the very highest quality. This has implied making efforts to ensure that our standards are at the level required by ISAGEN.”



2014 Challenges

- › Define the risks-based methodology to establish a sampling of suppliers whose minimum sustainability will be checked on-site.
- › Define contractual demands for minimum sustainability requirements to go beyond voluntary requirements.
- › Formalize the Engineering and Maintenance Network ethics code.



2015 Challenges

- › Deepen and expand the self-assessment of sustainability minimums on issues such as:
 - › Measure freedom of association and the right to collective bargaining.
 - › Measure episodes of forced labor in our supply chain.
- › Set up and launch the Company's strategic and comprehensive supply model.



Sustainable Relations

- ▶ As human beings, we relate to one another
- ▶ For responsible journalism
- ▶ Communication, participation and dialog mechanisms



Margarita Rosa Giraldo Gallón

Director of Corporate Relations

“We strongly believe that companies are comprised of human groups who exist to meet the needs and expectations of other human groups, which together form a society. For that reason, we not only engage in good management practices that create economic value, we also emphasize the process and seek to relate to others in the best way possible by putting ourselves in their shoes. We propitiate spaces for dialog and build collaboration networks as we all contribute to improving the reality we share.”

We consider sustainable relations to be those that seek to contribute to a process of progressive change in the quality of life of our stakeholders in environmental, social and economic terms, in addition to creating value together. To achieve this purpose, we identify those groups in society that impact us or are impacted by our work. We recognize their characteristics, diversity, needs and expectations, and we seek to engage in two-way communication. The following are the most relevant practices and progress made in 2014.

As human beings, we relate

Aware of the importance of generating an environment of harmony and congeniality with the stakeholders we relate to, and in keeping with our corporate concept based on the human being, in 2013 we defined and began implementation of a Stakeholder Relations Policy that promotes a corporate culture aimed at service for people groups that helps to build responsible, productive and harmonious relationships with them.

This policy attempt to create relationships that will transcend dialog or interaction and are complemented by processes of growth, creating value together, and self-management for each of our stakeholders and for the Organization as well. The determination to transmit the essence and principles of our endeavors represents the commitment to sustainable development at all levels.

In 2014 we continued its implementation. Following are the major results:

A team to manage relations

With the goal of having an internal structure that would facilitate compliance of the corporate definitions set forth in the Stakeholder Relations Policy, we gave the Corporate Relations team the mission of transcending the brand communication and positioning work to integrate and coordinate stakeholder relationships, articulating their needs and expectations with ISAGEN's, and having sustainability and environmental dynamics as the basis.



To learn more about our [Stakeholder Relations Policy](#) [click here](#).


 Dialog with
 Communities of
 Knowledge.



Let's talk about our differences

We met with members of stakeholders groups to talk about the relationships we have built with them, to find out how they perceive the commitment, what their topics of interests are, and to have information to measure the impact of the relationships, with the desire to listen and learn in order to strengthen our practices in the creation of bonds of trust and shared value.

A total of 16 meetings were conducted with 347 participants, using a standardized methodology to stimulate intimate, confidential conversations. As stakeholders opened up, we obtained very valuable information that led us to conclude that relevant commitments and topics respond to stakeholders' expectations, that they trust the Company and recognize that our efforts support society and its wellbeing.

These meetings helped us find out how to strengthen relationships. Moreover, information from the results was used for the corporate planning process, to identify initiatives that favor coordinated work, and to systematize the learning in a way that would contribute to the creation of collective knowledge.



To learn more about the methodology applied in the dialogs [click here.](#)

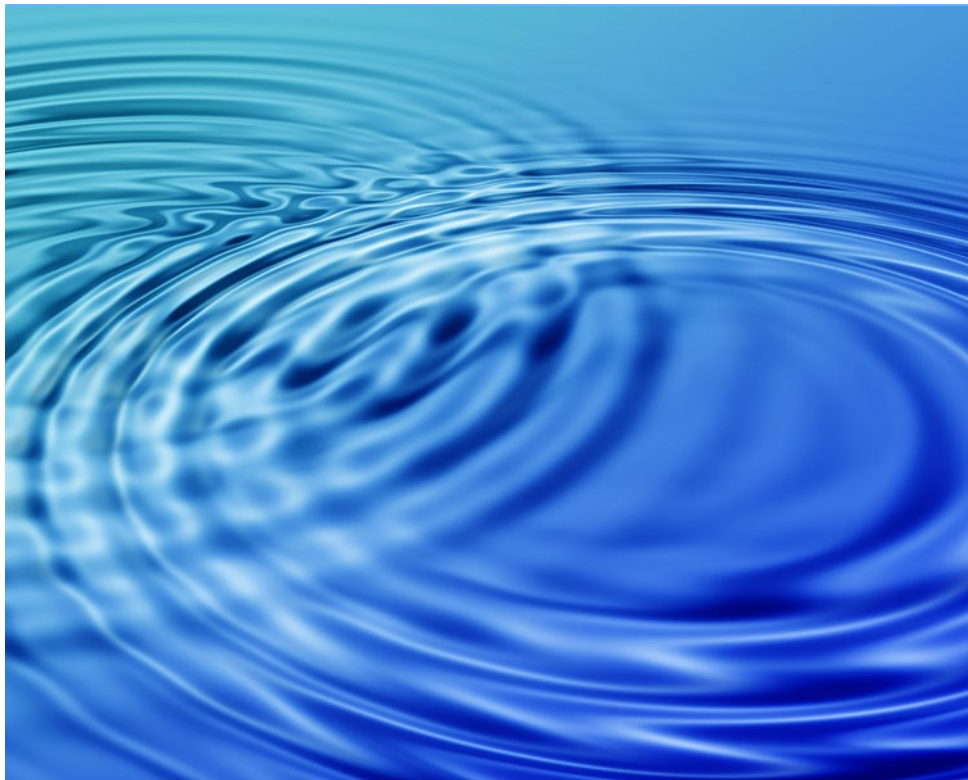
Relationships, reputation and corporate brand: an integrated study

In 2014 we obtained the results of the integrated brand and reputation study designed especially for ISAGEN, which in addition to assessing the level of knowledge about the Company and its positioning, focuses on measuring

the quality of stakeholders relationships on the Company (*Brand Equity Audit Methodology*). The study also measures stakeholders level of appreciation about the Company's management in the areas of leadership, social, financial and environmental performance, and corporate governance and ethics.

The brand indicator was at an overall average of 62 points on a scale of 100, which according to the methodology is at the Very Good range. The relationships indicator, with a 80.9 score, contributed the most to the final score. Employees, customers and suppliers are the groups that gave the best ratings, and media, the market and society gave it the worst, but they all placed at a scale of very good.

Our reputation ranked at levels of excellence (87.5%) both at the global level and with stakeholders and dimensions. Worthy of mention is their willingness to maintain long-term relations with the Company, and their recognition of our leadership, corporate governance, and financial, social and environmental performance as significant variables.



United for Responsible Journalism

Colombian Business Council for Sustainable Development Agreement (CECODES)

In 2014 we continued with the inter-institutional agreement with CECODES to train journalists and communicators from the Network of Journalists for Sustainable Development on sustainability issues.

Over 300 journalists from around the country were trained, and communication and training strategies were created which included digital communication campaigns, participation in events, training and discussion sessions.

Relationship with the media

We provided information and addressed Requests for information from the media about various topics related to our corporate endeavors.

In addition, new dialog spaces were set up with national, regional and local media at various meetings where it was possible to establish trust and understanding of the Company's situation compared to the situations that came up during the year.

We held a dialog with national and regional media in Bogotá and another one in Medellín with local media. The results helped us to refocus our commitment

with this stakeholders group in terms of Establishing mutually beneficial relationships to encourage citizens to be informed and responsible and to redefine the stakeholders groups as Opinion generators.

Also during the year we conducted three meetings to encourage the creation of a collaborative network of community media, with excellent results and support from the Suppliers Management team, which would become one more collaboration network driven by ISAGEN.

Virtual media, opinion generators

We implemented a virtual communication strategy aimed at sharing business information with our stakeholders, to find out what they are saying, to strengthen relationships and dialog, to build collaborative networks, to solidify the Company's visibility and online reputation, and to position and humanize the brand. In 2014 we consolidated the interaction through our digital media: website, Facebook page, YouTube channel and electronic newsletter. We also analyzed new trends and good practices in digital media and made progress in improving usability, accessibility and user experience. We monitored and followed up on Company mentions in official and non-official social networks.

ISAGEN, a well-known brand

We received the Well-Known Brand award from the Superintendence of Industry and Commerce, which means that we have achieved a high level of acceptance and recognition among the consumer public that uses our products or services. Our brand is thus recognized in commerce as a distinctive mark, entirely capable of clearly conveying the Company from which it originates.



Dialog Mechanisms

Mechanisms for communication, participation and dialog

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	Participation and Dialog Mechanisms	Dialog Topics
Employees	<ul style="list-style-type: none"> › Intranet: 479,911 visits › Corporate Meeting: 3 › Executive meetings: 8 › ENISAGEN Magazine: 3 editions › Tele-magazine: 4 broadcasts › Yammer corporate social network: 543 members and 43 groups created › Internal communication inbox: 155 replies to requests or concerns › Ethics discussion sessions: 6 discussion sessions and 9 workshops to jointly review the Ethics Statement › Human resources Management at the Power Plants: 5 visits 	<ul style="list-style-type: none"> › Expansion Plan › Opportunities for employees offered by the Comprehensive Human Management Model › Interactive ethics › Sogamoso Power Plant Project › Assessment of the year and the challenges for next year › Efficient use of resources (water, paper, transportation, carbon footprint)
Investors	<ul style="list-style-type: none"> Investors section on the website › Email › Conventional mail › Shareholder chat › Shareholder Service Office and Hotline › Shareholders' Meeting: 619 attendees with 91.44% of the shares represented › Shareholder Day › Journey to the Center of a Power Plant Contest › Requests for information: 9,210 › Requests: 3,098 received › Complaints: 14 received › Claims: 10 received › Other: 21,765 › Total needs served: 34,097 	<ul style="list-style-type: none"> › 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.

Stakeholders	Participation and Dialog Mechanisms	Dialog Topics
Qualified Investors	<p>Investors section on the website</p> <ul style="list-style-type: none"> › Reporting and presentation of quarterly financial statements. › Corporate presentation. › E-mail and conventional mail. › Teleconferences. <p>Participation in investors' conferences One-on-one Meetings Training for analysts Analyst Day Guided visits to projects and production centers for analysts Foreign shareholders: 289 shareholders with a shareholding of 7.17%</p>	<ul style="list-style-type: none"> › Corporate financial statements › Expansion Plan › Corporate Governance › Financial situation
Clients	<p>Línea Viva (Live Wire) Magazine: 6 editions Annual convention Regular visits Service hotline: 29 requests received and resolved Requests: 22 Claims: 0 received and processed Invoice Client Satisfaction Survey: 4.84</p>	<ul style="list-style-type: none"> › Ethics › Creating Shared Value › Project Management › Energy Indicators › ISO 50001, Asset Management › Leadership › Global Economic Panorama › Energy Efficiency › Comprehensive Energy Management › Alternative Energy › Corporate Social Responsibility
Suppliers (Goods and services)	<p>Aliados Newsletter 3 Supplier Day: 170 participants</p>	<ul style="list-style-type: none"> › Requirements in Sustainability › Ethics and collaboration › Sustainability Practices
Financial Service Suppliers	<ul style="list-style-type: none"> › Website › Teleconferences › Corporate presentation › One-on-one meetings: 84 › Training sessions: 5 › E-mail and conventional mail › Due Diligence Processes. › Reporting and presentation of quarterly financial statements 	<ul style="list-style-type: none"> › 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

Stakeholders	Participation and Dialog Mechanisms	Dialog Topics
Communities in areas of influence	<ul style="list-style-type: none"> › 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. <p>Project Communities: Requests for information: 726 received and processed. Regarding requirements received:</p> <ul style="list-style-type: none"> › Environmental: 64 › Social: 96 › Labor Aspects: 59 › Human Rights: 1 › Total received and processed: 220 Closed: 167 › Open: 53 <p>Power Plant Communities:</p> <ul style="list-style-type: none"> › Requests for information: 448 received and processed › Requirements: 46 received and answered on environmental topics 	<ul style="list-style-type: none"> › Impacts of the projects and power plants in service › Environmental Management Plans › Complementary Management › Legal Transfers › Community Development Program. › Energy Prices, Coverage and Service Quality › Service Quality. › Request to visit projects and power plants
Trade unions and Cluster	<ul style="list-style-type: none"> › Meetings with associations related to the energy industry: 87 › Addressing requirements: 100% 	<ul style="list-style-type: none"> › National Development Plan › Gas fuel supply policy › Gas sales › Shortage bylaw › Method for remunerating transmission and distribution fees › Regulations related to reliability charge › Intelligent networks, › Self-generation and respond to demand
Opinion Generators	<p>Website: 595,990 visits Facebook: 1,317,588 views of the content, and 8,723 “likes” YouTube: 234,135 video plays and 387 “likes” Electronic newsletters: 630,140 sent 2013 Management Report visits: 36,566 Requirements: 428 mails received and resolved PRESS RELEASES: 18</p>	<ul style="list-style-type: none"> › Corporate Management and Growth Outlooks. › Sustainability Practices. › Comprehensive Water Management. › Protection of Biodiversity. › Company Relations.

Our stakeholders assessed the perceived quality of our own media regarding content, accessibility, format, scheduling, and design. The overall indicator was 4.53 out of 5, which represents a very good level. We identified an opportunity to strengthen media communications with the Society, Market, Media, and Investors stakeholders.

Other Meeting Opportunities

Below are some of the spaces in which we met with the stakeholders to deal with topics of common interest in 2014:

Third Water Conference - Solutions for Scarcity: 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. Approximately 320 people participated in the event.



To learn more about this meeting [click here.](#)

Supplier Day: The event was held on September 16 and 17, and it kicked off with a relationship roundtable that was attended by a total of 39 suppliers as exhibitors. Of the meetings held during the roundtable, 54% led to a successful contact, creating real opportunities for collaboration. The academic event was held on the second day, and innovation was the main theme, with the slogan Sharing Knowledge Strengthens Networking, which was explored in theoretical and practical workshops. 170 people attended, and the majority rated the organization of the event and the topics presented as excellent.

Supplier relations Conferences

- ▶ Medellín: The relationship building workshop provided a space for nearly 300 meetings between suppliers, ISAGEN employees and outside guests.
- ▶ Santander: In the relationship building workshop, 106 meetings were organized and over 50 potential suppliers were identified. They were encouraged to join a new Development Program.



Communication Allies Network Meeting.

Network of Peers

To make true on our commitment of establishing Sustainable Relations framed in the principles of collaboration, diversity, coherence and openness, we began the process of creating the Network of Peers. This initiative responds to the need of sharing knowledge with other companies and institutions that just like we do, recognize the value of having close relationships with suppliers, and work to empower their productivity and competitiveness. Additionally, our peers have formal supply processes, teams focused on supplier development, and are counted among the largest 500 companies in Colombia. We were able to raise the awareness of 23 of our peers about the importance of generating spaces for recognition, and today we have the experience of two meetings focused on identifying common needs and opportunities.

Networks Group

This initiative is lead by the Energy Cluster in the city of Medellín, and is focused on generating synergies with suppliers and contractors. In 2014 we participated in the pilot project with suppliers and contractors in the business of construction and assembly of energy transmission lines.

ISAGEN's Thirteenth Annual Convention - An energy market willing to take on sustainability challenges: Every year we provide this meeting to our clients, Technology Partners and Network Operators. 134 people participated in 2014. Topics like competitiveness in the energy market and its contribution to national competitiveness, the challenges of sustainable energy development, and adequate interaction in the electricity supply chain were the guiding thread for debates, discussions and reflections. Additionally, a workshop was held



Network of Peers Meeting.

about shared value, in which participants put their concerns, expectations and perceptions on the table concerning the value chain and the gaps between what the customer expects and what the market offers.

Journey to the Center of a Power Plant: Once again we held competition on our website with questions about the Company and we awarded the winners (15 shareholders in total) with a visit to the Jaguas Power Plant to learn more about the power generation process and our environmental management.

Shareholder Day: We met with our shareholders on October 17 in Medellín and on October 18, 2014 in Bogotá to explain our approach to social and environmental management, teach them to analyze financial results and to dialog with them to share opinions and learn about their expectations for the relationship with ISAGEN. We were accompanied by 146 shareholders in Medellín and 90 in Bogotá.

Community Fair: A space for communities to showcase to ISAGEN employees the different jobs they have been carrying out through our Complementary Management programs. The event is held every two years to exchange experiences, knowledge and products. The United Nations declared 2014 as the year of Family Agriculture, under the slogan Feed the World, Care for the Planet. For two days we held social events, tourism opportunities, dialogs and meetings.



Community Fair.



The Voice of Our Allies

**Sergio
Mauricio
Rengifo**

Social Capital Director

CECODES Sustainable Development



“We see the relationship with ISAGEN as a strategic partnership that has helped to strengthen the area of sustainability in Colombia. ISAGEN supported us in creating a network of journalists for sustainable development, in which we seek to transmit knowledge regarding corporate responsibility and sustainability.”



The Voice of Our Community Journalists

Orlando
González

Manager

89.4 Radio and the RTP Channel



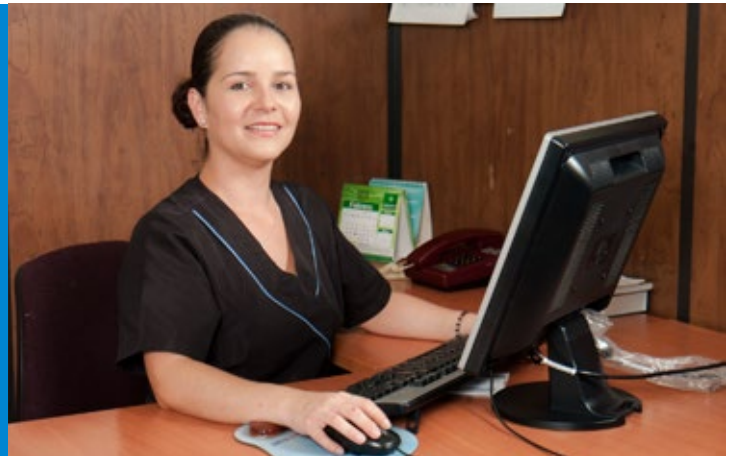
“The relationship has always been cordial, direct and two-way. We are part of the Community Media Network, in which we are invited to meetings and we discuss topics of interest. ISAGEN supports us by giving us the opportunity to work with the company, as well as training us and strengthening us to provide higher quality, more responsible service.”



The Voice of Our Virtual Community

Celia María
Ospina

ISAGEN Social Network User



“I view and rate the relationship with ISAGEN as excellent. I communicate with them online, where they are continually updating publications. They have great contests and I have won several of them. I love it! They provide immediate response to questions and suggestions, they keep us in mind and take into account the ideas that we give them.”



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.



2015 Challenges

- › Design a stakeholder relations management system.
 - › Strengthen the Responsible Journalism Network to have more informed citizens.
 - › Analyze new trends and good practices in digital media in usability, inclusion and accessibility.
-



Human Rights



Margarita María Díez

Environmental Manager
of Energy Production

“Respect for the rights and freedoms of all persons is a fundamental pillar of a society at peace that recognizes diversity, respects human dignity, provides equal opportunities, and focuses its efforts on healthy coexistence. With this firm conviction as our foundation, we adhere to global initiatives like the United Nations Business for Peace and others that promote Sustainable Human Development.”

Working with various actors of society through collaborative efforts, we promote transformations that contribute to finding a balance between economic growth, social development, and environmental protection. In the following we present the main practices and results for 2014.

Human Rights Management

We have a Human Rights Management policy that aims to foster and promote respect in the development of corporate activities among our stakeholders. It is included in our daily practice, and is widely disseminated through Company media and information spaces directed at employees, suppliers, communities in the areas of influence, the Police, and other publics. Its frames of reference are:

- ▶ The Political Constitution of Colombia and Colombian laws.
- ▶ The Universal Declaration of Human Rights.
- ▶ International Humanitarian Law (IHL).
- ▶ The guiding principles of the United Nations for business and human rights.
- ▶ Guides on Human Rights and International Humanitarian Law in Colombia.
- ▶ Voluntary Principles on Security and Human Rights.

We have three internal management mechanisms:

Public Risk Committee	It provides strategic orientation to promote respect for human rights
Corporate Responsibility Committee	Proposes actions and monitors them
Ethics Committee	Tracks concerns, complaints and grievances received through the ethics hotline



To learn more about our [Human Rights Policy](#) [click here](#).

Prevention is our main focus

We develop risk and impact studies on security and Human Rights, the environment, organizational climate, and fraud and reputation risks that enable us to monitor the environment of our operations.

We include clauses in contracts and agreements that prevent child labor and oblige contractors to report complaints related to human rights violations or fraud.

We engage in continuous monitoring of the Human Rights situation through the Early Warning System (SAT in the Spanish original), inter-institutional meetings, the Community Awareness and Participation Program (PIPC), consultations with indigenous communities, meetings with suppliers, and the ethics hotline.

We include the conclusions of impact assessments of our internal processes, we monitor the efficacy of our management efforts, and we disclose it in reports and at meetings for dialogs with all our stakeholders.



Partnerships for Sustainable Development

Energy Mining Committee for Security and Human Rights (CME in the Spanish original): It promotes top performance in the private sector and human rights and safety institutions. It is comprised of State agencies, companies from the energy and mining sector, and civil society organizations. Leadership and promotion of this scenario is under the Presidential Program for Human Rights and International Humanitarian Law. In 2014 we conducted a regional workshop on the guidelines to manage the risks of extortion and kidnapping. We also participated actively in work groups

Colombia Guides on Human Rights and International Humanitarian Law: promotes respect for human rights in companies and their stakeholders. This initiative is comprised of the Presidential Advisor on Human Rights, the Presidential Agency for International Cooperation of Colombia, and civil society companies and organizations. In 2014 we actively participated in work groups and we obtained approval of the *Guide for the Purchase and Acquisition of Land Rights and Right to Use and the Guide for Decent Work*.

The momentum and maturity achieved by Guías Colombia, due to the effort of all those involved in it, has led the office of the High Commissioner for Peace to seek an alliance with this initiative to make this the work platform for all companies and for peace in the post-conflict time.

Disseminating good practices

- ▶ We participated in corporate events like the Global Compact Course, organized by the local network of this global initiative, to disseminate our human rights management practices.
- ▶ In agreement with REDEPAZ, we supported programs for the dissemination of human rights in the city of Medellín, in the framework of the commemoration of emblematic days and Week for Peace in September.



To learn more about promoting respect for human rights with our stakeholders, visit the following chapters:

[Sustainable Networking](#)
[Transforming Role of the Regions](#)
[Supply Chain](#)
[Employee Wellbeing](#)



Global Initiatives

Joining a global initiative enables us to learn from the experience of national and international pacesetters, to share our knowledge and practices, to measure our management efforts based on high standards, and to reinforce our commitment to the planet's sustainability. We present the various initiatives we are committed to and how we manage our Company as a result of our enrollment therein.

Global Compact

This United Nations initiative recognizes that the development of humanity depended mostly on achieving a sustainable global dynamic based on universal principles that contribute to the construction of a more prosperous society. We joined this initiative in 2005, and we adopted its ten principles of human rights, labor standards, the environment, and anti-corruption, in our management. Since then we have actively participated in actions of the local Global Compact network, and we promote the adoption of these ten principles among our stakeholders.

In 2014 we participated in the design and execution of the Global Compact Course in Medellín. Its goal was to raise awareness and train professional on issues of comprehension and application of the principles, in order to seek their implementation in organizations that represent and foster multiplication in their supply chains. This course had approximately 20 expert lecturers and panelists from business, academia, international organizations, and representatives from the highest levels of the National Government. As a results, 100 participants from different companies received a certificate from EAFIT University and the Colombian Network of the Global Compact.



Leadership Model in Corporate Sustainability

This Global Compact initiative aims to maximize companies' potential in society by incorporating the current and emerging leadership practices of companies to build new opportunities that will provide an effective response to both requests to reach higher levels of sustainable performance. It encompasses the implementation of the 10 principles of the Global Compact in strategies and operations, the commitment to the Global Compact and the adoption of measures to support a greater variety of United Nations goals and themes.

Millennium Development Goals

These eight human development goals of the United Nations encourage countries to commit to fight poverty, and to promote education, gender equality, the environment and collective Wellbeing. In 2014 we contributed to improving the quality of life of the communities in the areas of influence of our power plants and projects, and we facilitated programs to help communities manage their own development with training cycles and the implementation of productive projects. We also participated in the consultation about Sustainable Development Objectives, and we are committed to the post-2015 agenda to achieve their compliance.



Business For Peace

The Global Compact initiative Business For Peace is based on the role of companies as generators of change and transformers of conflict in opportunities for peace and harmony, in the areas in which they operate. In 2014 we continued to promote peace, stability and social development. We supported initiatives to raise awareness and teach about respect for human rights, the reconstruction of the historical memory of victims of the conflict and prevent the forced recruitment of minors.



CEO Water Mandate

This initiative of the Global Compact invites corporate leaders to comprehensively manage the water resource in their operations, the supply chain and river basins. It also promotes public policies, strengthening of the commitment to communities in regards to this resource, collective action and transparency in management. In 2014 we made progress in our commitment to develop joint solutions with different organizations to protect water with the awareness that this is the source of life for current and future generations.

The CEO Water Mandate

Caring For Climate

A United Nations initiative that provides companies a strategic plan to deal with climate change. In 2014 we continued to assume the challenge of reducing and neutralizing our carbon footprint in all our activities, and developing new renewable energy projects that can become a Clean Development Mechanism.

Transparencia por Colombia

This civil society initiative is centered on fostering ethics and transparency, encouraging citizens to be active, strengthening institutions, and consolidating our democracy. At ISAGEN we act with coherence between what we think, what we say, and what we do, promoting the common good over individual. In 2014 we made progress in our transparency practices and we obtained a rating of 100 out of 100.



ANDESCO Sustainability Agreement

This commitment involves companies from public utilities and communications sector, and it merges the interests, duties and rights of society as a whole for sustainable development. In June 2014, we joined this trade union initiative that seeks to provide a balanced economic, social and environmental development. We signed this agreement recognizing that public utility and communications companies affect the construction of ethical, innovative and responsible businesses that drive progress in Colombia, and we are committed to the implementation of good practices aimed at fulfilling this Agreement.



For further information about this initiative [click here.](#)



To learn more about the practices that point to compliance of the Global Compact principles and other global initiatives, visit the following chapters:

- [Corporate Governance and Corporate Ethics](#)
- [Supply Chain](#)
- [Employee Wellbeing](#)
- [Comprehensive Water and Climate Change Management](#)
- [Protection of biodiversity](#)
- [Transforming role in the regions](#)



We also participated with associations and organizations that promote sustainable practices.



For further information [click here.](#)



2015 Challenges

- › Manage cooperation agreements with State and civil society institutions with the aim to safeguard respect for the people's rights and freedoms.
 - › Make an analysis of the Sustainable Development Objectives and its connection to corporate management.
 - › Support the second cycle of the Global Compact Course to promote good practices in the areas of Human Rights, the Environment, Labor Practices and in the Fight Against Corruption.
-



Appendices

- ▶ Labor Indicators
- ▶ Environmental Indicators
- ▶ Financial Statements
- ▶ Independent Auditor's Report
- ▶ Company's Legal Representative and Accountant Certification
- ▶ Distribution of value to Stakeholders
- ▶ External Verification
- ▶ Table of Contents of the Global Reporting Initiative



Labor Indicators

We present the results of the 2014 labor indicators, which are comprised of aspects that contribute to our employees' all-round development. They include information about: personnel, work relations, payment, human resources and occupational safety and health practices.

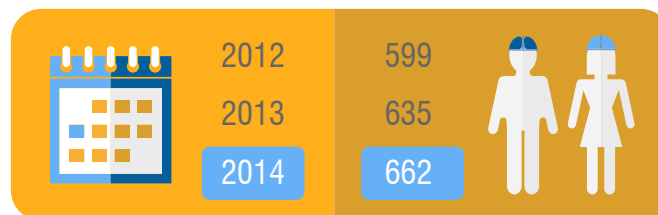
Personnel

Over the last three years, our personnel has grown by an average of 5%; mainly because of the start-up of the Amoyá and Sogamoso Hydroelectric Power Plants.

In personnel selection, we do not distinguish between candidates' gender, as we give priority to them fulfilling the position's requirements.

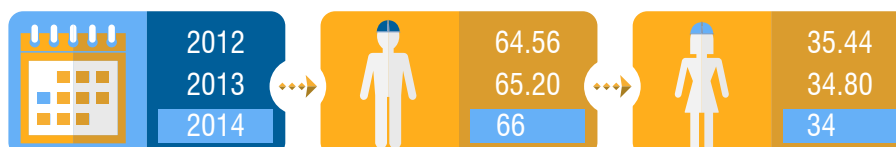
Below, we present the general data of all employees, with their information regarding gender, age, contract duration, age, location and time working at the company.

Total Number of Employees



In 2014 ISAGEN reached an EVA of COP 363,962 million, which considering the total number of employees at December 2014 (662 employees), corresponds to a generation of value for human capital investments of COP 549.79 million.

Percentage of Employees by Gender



Employees by Contract Duration

	2012		2013		2014	
	Number	%	Number	%	Number	%
Undefined	597	99.67	633	99.69	661	99.85
Fixed	2	0.33	2	0.31	1	0.15

Employees by Contract Duration and Gender 2014

	Men		Women	
	Number	%	Number	%
Undefined	440	67	221	33
Fixed	0	0	1	0.15

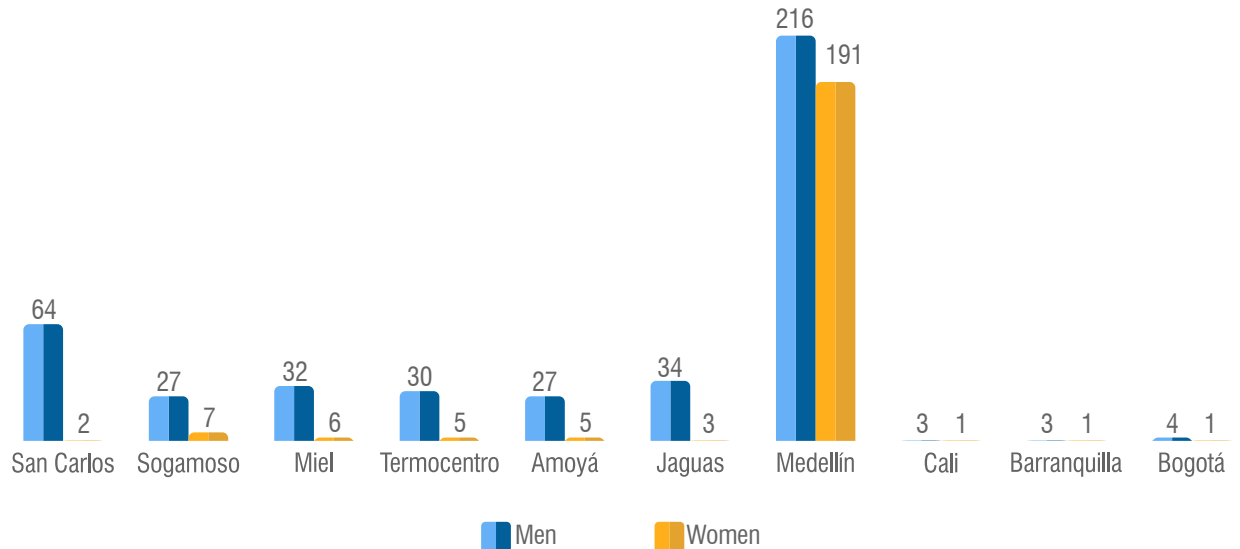
Employees by Age Group

Age Group	2012		2013		2014	
	Number	%	Number	%	Number	%
20-30	88	15	94	15	92	14
31-40	224	37	236	37	248	37
41-50	172	29	175	28	184	28
51-61	115	19	130	20	138	21
Total	599	100	635	100	662	100

Average Age by Gender

Age Group	Male	Female
20 to 30	42	50
31 to 40	160	88
41 to 50	128	56
51 to 60	110	27
Over 60	0	1
Total	440	222

Employees by Location and Gender



Time at the Company (Average in Years)



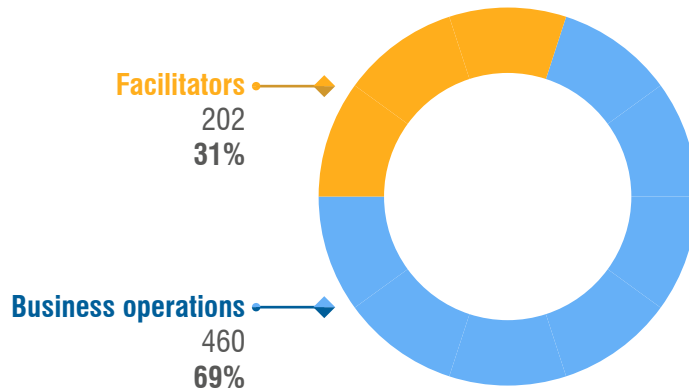
Personnel and Work Organization

Our work organization is established in two kinds of organizational units, as follows:

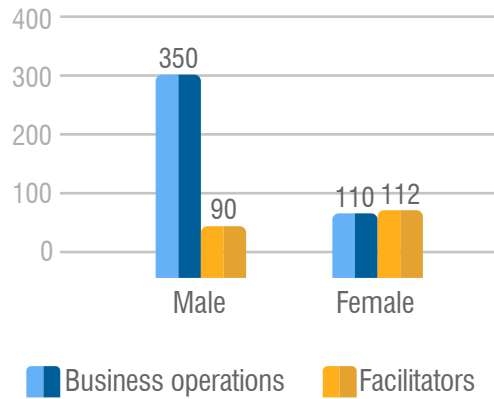
Business operations: Geared towards fulfilling our mission and directly involved in the transfer of products and services to clients.

Facilitators: Responsible for assisting the operating prices to activate the Company’s management and establish corporate conditions that facilitate management.

 **Number and Percentage of Employees by Process in 2014**



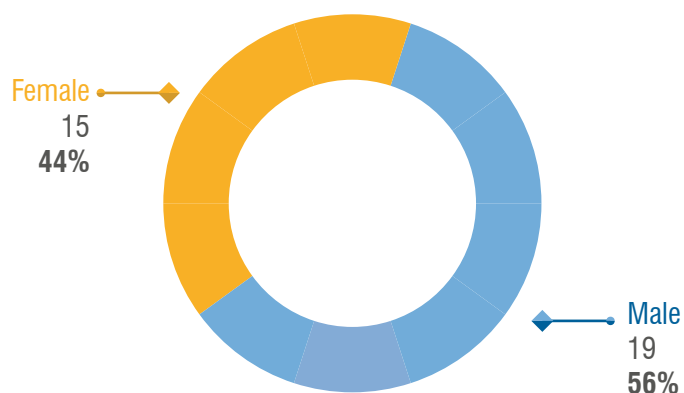
 **Number of Employees by Process and Gender in 2014**



External Employees

Our management includes hiring external employees who enter the company as personnel with the mission to address specific work needs for a certain period. This is supported and regulated by Colombian regulations.

Number of External Professionals by Gender 2014



Educational Level of Employees

Educational Level

	2012	2013	2014
Secondary	0	4	4
Technical	51	38	33
Technological	129	131	148
Undergraduate	233	239	235
Postgraduate	147	164	180
Masters	38	57	59
Doctorate	1	2	3
Totales	599	635	662

Number of Students

	2012	2013	2014
National Training Service (SENA) apprentices - academic stage ¹	6	7	6
SENA apprentices - productive stage ²	27	34	34
University students	83	77	85
Totales	116	118	134

1 1SENA students who received funding from ISAGEN for one academic semester before starting their corporate internship (Students on apprenticeships as at December 31, 2014)

2 SENA students who have completed their corporate internship (Students in productive stage as at December 31, 2014)

Labor Relations

Our labor relations are developed through dialog and agreement processes, mainly with the trade union groups that operate inside the Company. This activity is regulated by the collective agreement bylaws and the trade union permits negotiated with the Company.

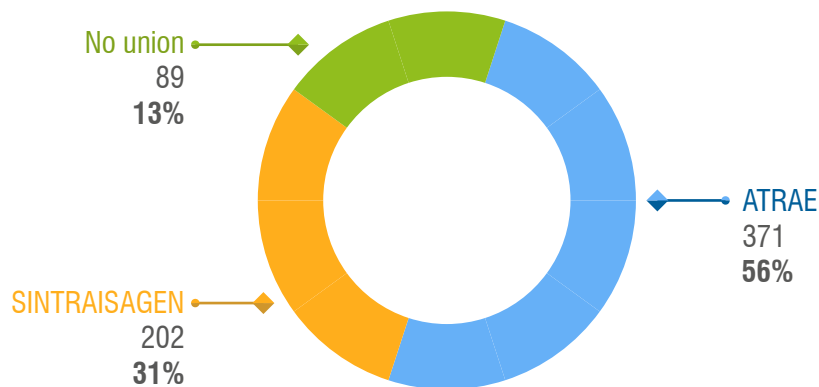
The SINTRAIISAGEN (1995) and ATRAE (Energy and Energy Industry Employees Association) (2013) trade unions represent the employees in defense of their rights and negotiation of labor conditions.

Consequently, the social contributions offered to employees are included in the collective agreements and apply to all the employees of the different offices and buildings. Healthcare, pension and solidarity, health, education, health insurance and special provisions (marriage, childbirth and death) stand out.

As of December 2014, 3.93% of all personnel had used trade union permits in 2014.

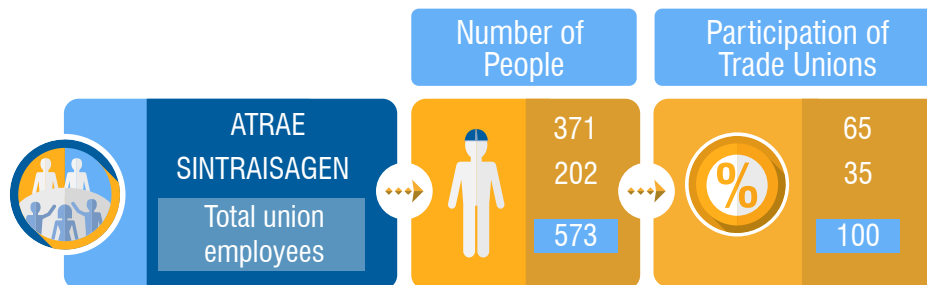
Participation of ISAGEN employees in labor unions is presented in the following graphic:

Trade Union Participation in 2014



Distribution of ISAGEN union employees is presented in the following table:

Participation of Trade Unions



Decision-making that directly affects employees is carried out with the representation of SINTRASAGEN and ATRAE, which use the legal mechanisms for negotiation.

Management convenes said representatives to analyze, comment and propose items that complement regulations on labor relations about issues including: solidarity health fund, vehicle maintenance vouchers, education provisions, housing loans, and work sessions.

In 2014, the collective bargaining representatives participated in the review of the manual on how to manage housing loans and the manual for the management of availability, compensation and paid vacations.

In the same period, 54 labor claims were fully resolved.

Compensation Management

Compensation management is part of equality and salary competitiveness. We use it to seek recognition of individual and collective employee contributions in the short, medium and long term, according to our business model and environmental labor conditions.

With the aim to incorporate best practices into this management, we hired expert compensation consultants with the support of the Board of Directors, who established the fixed and variable pay according to internal analyses such as assessment of positions and salary structure, and external analyses with market standards.

Total compensation is comprised of fixed pay, variable pay and benefits, which are understood as follows:

Fixed Pay: aims to maintain the employees' acquisition power and remunerate individual contributions according to the level of responsibility and impact of each role in the Company. It is defined using the Hay Group methodology.

Variable Pay: aims to align employee efforts with the Company's strategic objectives, rewarding collective results according to the goals established in the Institutional Development Plan; specifically in the Balanced Scorecard. The Board of Directors defines variable pay with the support of consulting firms.

Every year there is a general raise for senior management roles, comprised of the CEO, Process Managers, General Counsel and Chief Internal Auditor, which is established and authorized by the Board of Directors. Similarly, as part of in-position salary development, special criteria are established that fairly ensure their retention, and business continuity, with the aim to maintain their salary competitiveness regarding market standards and development of individual skills.

Additionally, there are two levels of variable pay: short term and long term. Long-term variable pay or long-term incentives are geared towards aligning Senior Management with the aim to create long-term economic value, giving them similar benefits to those of shareholders.

This pay is based on the value creation of the past three years.

Some salary indicators in 2014:

- ▶ The **ratio of the annual total compensation** for the Organization's highest-paid individual to the average annual total compensation for all employees is 7.42*. In other words, the highest-paid individual received 7.42 times more than the average of all the employees in 2014.
- ▶ The **ratio of the annual total compensation** of the Organization's highest-paid individual to the median annual total compensation for all employees is 8.60**. In other words, the highest-paid individual received 8.60 times more than the median of all the employees in 2014.
- ▶ The **ratio of percentage increase in annual total compensation** of the highest-paid individual to the median percentage increase in annual total compensation for all employees, excluding the highest-paid individual in the Company, is -1.02%***. In other words, the median total income of employees increased more than the income of the highest-paid individual in the Company. This is in line with the application of salary adjustment according to skills and internal movement of employees resulting from replacements due to retirement, resignations and covering new posts.

Other Salary Indicators

Minimum Salary in ISAGEN Compared to the Official Minimum Salary in Force in Pesos per Hour in 2014

	Minimum Legal Salary in Colombia	Minimum Legal Salary in ISAGEN
	\$	\$
Monthly	616,000	1,199,000
\$/Hour	2,567	4,996

The minimum salary in ISAGEN is 94% higher than the official minimum legal salary in force in Colombia.

	Minimum Legal Salary in Colombia	Minimum Legal Salary in ISAGEN	Salary Ratio*
Sexo	\$	\$	%
Female	616,000	1,199,000	1.95
Male	616,000	2,138,000	3.47

The difference in the minimum average salary broken down by gender corresponds to the greater presence of male employees in the operating areas, who have the greatest impact on the business and therefore, receive greater salary compensation.

In ISAGEN, local refers to the areas of influence where its electric power plants and projects under construction are located. 62.5% of ISAGEN's senior managers are from these areas.

The social contributions offered apply to all the employees of the different offices and buildings. Healthcare, pension and solidarity, health, education, health insurance and special provisions (marriage, childbirth and death) stand out.

* The total annual income of employees who worked full-time in 2014 and the average annual income of personnel in 2014 were used to calculate this indicator. We have excluded remuneration for students on internships.

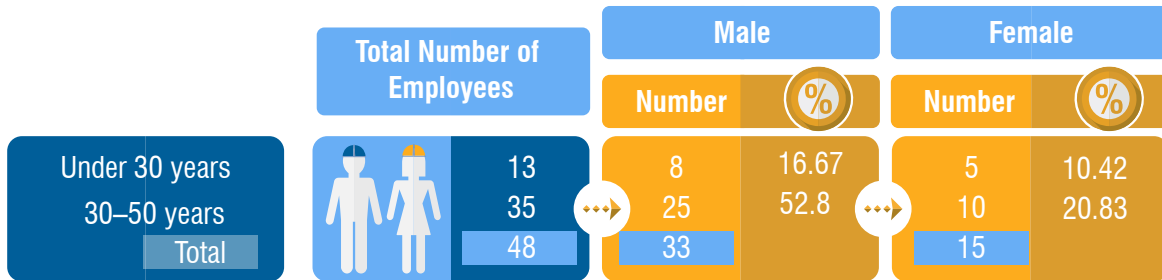
** The total annual income of employees who worked full-time in 2014 and the median annual income of personnel in 2014 were used to calculate this indicator. We have excluded remuneration for students on internships.

*** The total annual income of employees who worked in 2013 and 2014 and the median of annual income of personnel in the last two years were used to calculate this indicator. We have excluded remuneration for students on internships.

Number of New Contracts in 2014

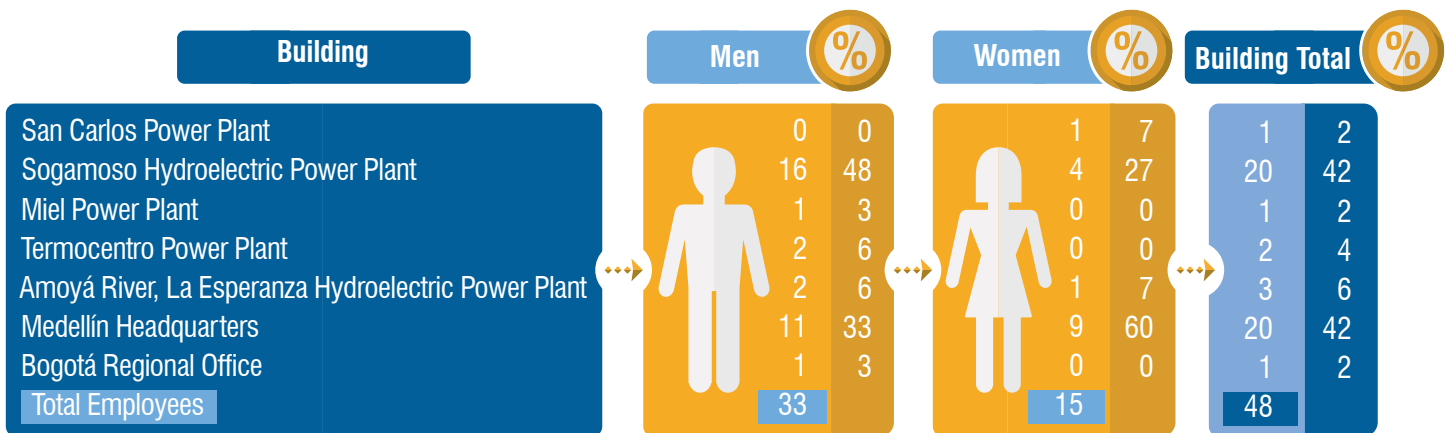
The total rate of contracts is 7.26%, as broken down below:

Age and Gender

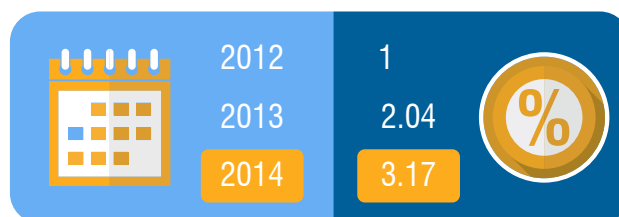


Applicants for vacancies to work in electric power plants are mostly male.

Building



Rotation %



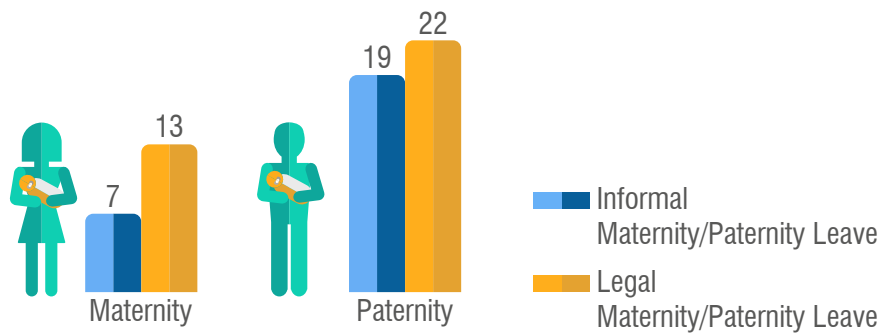
(1) Calculated as follows: (Number of retired employees/total number of employees) * 100.

Rotation is below 6%. Therefore, rotation data is not presented by age, gender and occupational group.

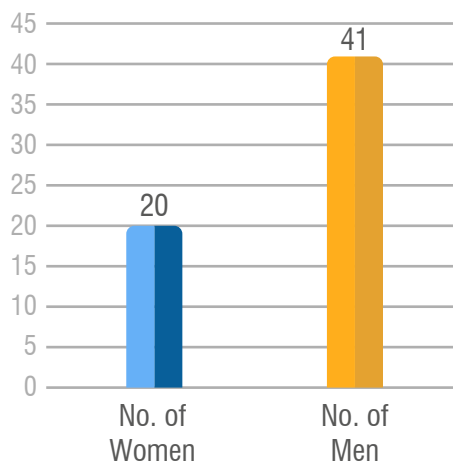
Human Development

Parental Leave

Maternity and Paternity Leave Granted in 2014



Maternity and Paternity Leave by Gender

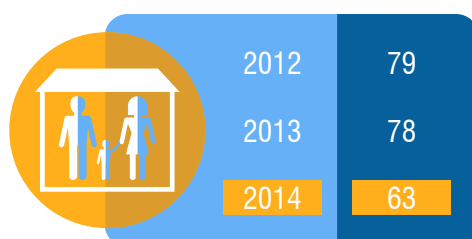


There were 62 people who returned to the company after their parental leave ended. In other words, all employees who took this leave returned to the Organization. Furthermore, they all remained in the Company for the following 12 months.

Percentage of Employees Entitled to Retire in the Next 5 to 10 Years

Professional category	2012		2013		2014	
	5 year	10 years	5 years	10 years	5 years	10 years
Office Clerks	0.0033	0.01	0.78	1.73	0.6	0.76
Assistants	0.017	0.0033	2.04	5.82	1.96	4.98
Professionals	0.023	0.0183	4.24	8.81	4.23	6.34
Coordinators	0	0.0017	0.15	0.78	0.45	0.76
Directors	0.00833	0	1.10	1.88	1.21	0.92
Managers	0.0033	0.0017	0.47	0.62	0.76	0

Number of Families who Received the Housing Loan



The housing loan was approved for 98% of employees who applied for it. However, only 67% requested the payment in 2014.

Number of Employees and Pensioners who Received the Education Provision

	2012		2013		2014	
		%		%		%
Secondary	109	18.20	86	21.39	135	18.47
Pre-school	93	15.63	99	24.63	116	15.87
Primary	96	16.03	103	25.62	106	14.50
Undergraduate	114	19.03	114	28.36	447	61.15
Total	412	68.78	402	100.00	731	100.00

Occupational Safety and Health

Employee absentee rate

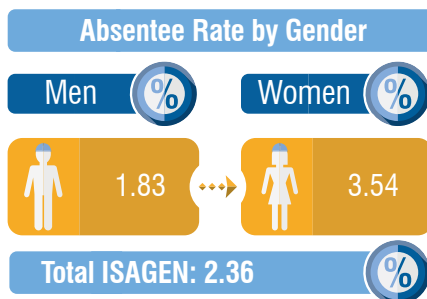


*This indicator is calculated

Absentee Rate

$$\frac{\text{No. days of incapacity}}{\text{No. of employees} * 365 \text{ days a year}} \times 100$$

Building	Absentee Rate
Medellín and Regional Offices	2.12
San Carlos Power Plant	3.36
Jaguas-Calderas Hydroelectric Power Plant	4.31
Miel Power Plant	1.35
Termocentro Power Plant	3.81
Amoyá River, La Esperanza Hydroelectric Power Plant	2.5
Sogamoso Hydroelectric Power Plant	0.56
Total ISAGEN	2.36



Employees Represented in Formal Health and Safety Committees



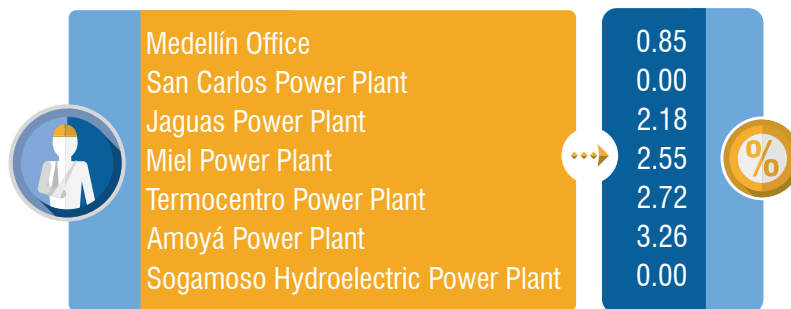
Type and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Number of Work-Related Fatalities, by Region and by Gender



(does not include occupational incidents or minor accidents that do not result in work incapacity)

Accident Rate by Building

We have a regulatory document for reporting and researching accidents. The aim is to report and research incidents that occur in ISAGEN or in representation of the Company with the aim to establish preventative and/or corrective actions.



Workers with High Incidence or High-Risk of Diseases Related to Their Occupation

Not applicable, as the Company does not have employees with a high risk of disease.

Health and Safety Topics Covered in Formal Agreements with Trade Unions

- › Contributions to health promotion companies
- › Healthcare plan: Collective health insurance policy
- › Provision for health expenses: payment of 50% of total contributions that correspond to employees
- › Incapacity: 100% of the salary from the first day
- › Health solidarity fund
- › Special tests and appointments with specialists
- › Work uniform and footwear



Environmental Indicators

Below we present the environmental management indicators on topics including water and energy consumption, emissions, discharge, waste management and environmental education, which are applicable to our projects under construction as well as our power plants in operation.

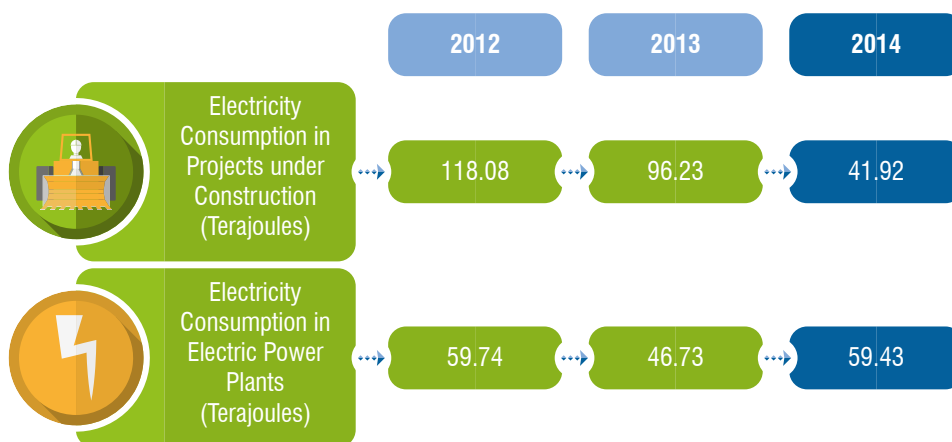
Energy

Energy resource management is essential for our business. Efficient use of energy allows us to reduce our carbon footprint and comply with environmental policy, and environmental principles and agreements.

In 2014, we started a project to establish comprehensive management of energy efficiency in accordance with the ISO 50001 standard.

Additionally, ISAGEN's new headquarters were designed and operate as energy-efficient facilities, aiming to reflect our principles and corporate philosophy, based on environmental sustainability and coherent with human resources based on human beings.

Energy Consumption within the Organization



Consumption at the Miel I Power Plant increased due to the commercial operation of the Manso River Diversion throughout the year, compared to 2013 when it only operated in the second semester. Additionally, consumption at the Amoyá Power Plant increased in 2014, because in 2013, it only operated from the middle of the second quarter. Regarding projects, the completion of

some parts of the Sogamoso Hydroelectric Project construction enabled the reduction of energy consumption.

We have not yet quantified energy consumption outside of the organization from business activities, understood as the amount consumed by suppliers and contractors.

Energy Consumption at Headquarters



* Taking into account that the headquarters has been used by employees and contractors since 2013, we reviewed the energy consumption reports in detail, showing that there was an error in the calculation of the data reported for 2013. Therefore, this report presents the correct data.

There has been a decrease consumption in the last two years, due to adjustments made to lighting, because the time when lights are on during the day was reduced in some areas. Additionally, the desired temperature values of air conditioning were adjusted so that the building is cooled less, without affecting the levels of comfort.

Energy Intensity

Energy intensity, understood as energy consumed per person, is calculated by dividing the electricity consumption of the headquarters in Terajoules by the number of people who visited them. That is to say: 10.08 Terajoules / 31,713 people recorded in the building in 2014 = 0.000318 Terajoules / person.

For the future calculation of energy intensity, we are studying and adjusting the methodology to establish the number of people who visit us, the time they remain and their equivalence to employees and contractors throughout the work day.

Reduction of Energy Consumption

We started a pilot Comprehensive Energy Management (GIE) project in the electric power plants to establish processes in line with the ISO 50001 standard, which is geared towards process optimization and reduction of energy consumption, as well as the development of maintenance and operations based on energy efficiency. Implementing this initiative helps to strengthen the organizational culture and to adopt technology to optimize energy consumption.

We used the San Carlos Hydroelectric Power Plant for the pilot project as it has significant potential for optimizing consumption in ISAGEN and it could achieve savings of up to 25% in energy consumption and maintenance optimization between 40% and 45%.

Water

Water is the main resource for our energy generation and therefore, its care, conservation and rational use are fundamental pillars of our environmental management.

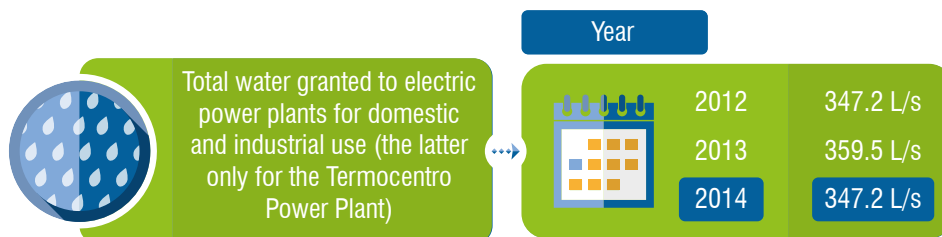
We joined international initiatives to protect the resource such as the United Nations' Water Mandate, which aims to create a movement of companies committed to the conservation of this resource.

Similarly, we establish partnerships and agreements with different kinds of institutions to contribute to economic progress around water basins, based on improving the quality of life of the communities and protection of the environment.

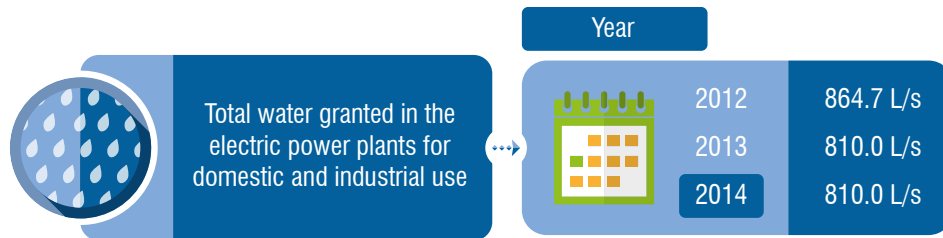
Indicators related to water management are part of the environmental management system indicators implemented and certified in ISAGEN, including those that report consumption of water for domestic and industrial use, flows and quality of discharge, affected water sources, and water quality as a habitat for animal and plant species.

Total Water Withdrawal by Source

Water for domestic use in power plants and projects is harnessed from surface sources. However, the resource is captured from underground sources at the Termocentro Power Plant. The data as at 2014 are provided below:



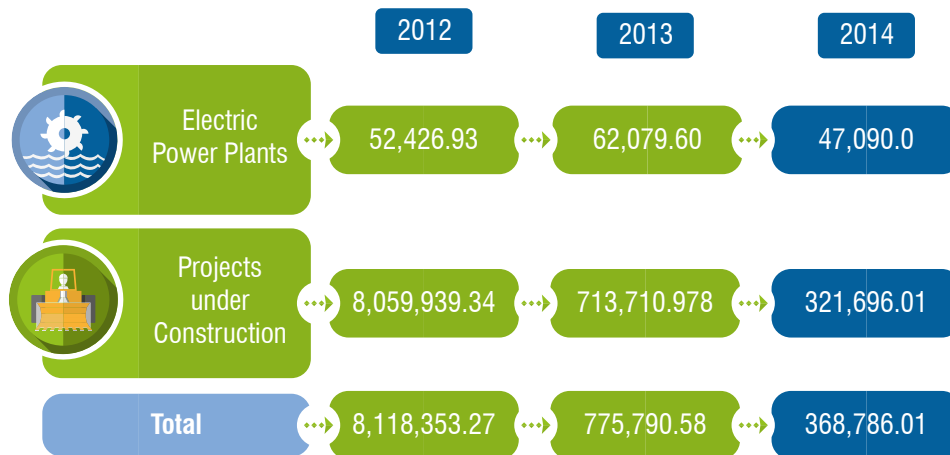
Concessions for electric power plants have remained relatively stable in the last few years, because there have not been substantial changes to the offices, buildings and other facilities constructed inside the power plants.



Taking into account the new version of the GRI G4, we have adjusted this indicator's values from 2012 to 2014 in electric power plants. The reduction of the granted water flow in these years was due to the start-up of the Amoyá Power Plant and Manso diversion in 2013, because there were concessions for the projects' construction stage. In the specific case of the Sogamoso Hydroelectric Power Plant, there have not been changes in the concessions granted by the National Authority of Environmental Licenses.

Water Consumption for Domestic and Industrial Use

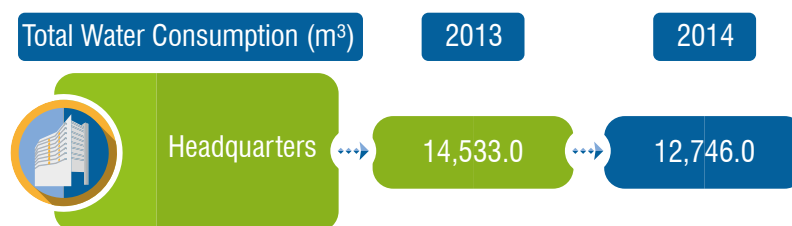
Total Water Consumption (m³)



An important reduction was achieved in the electric power plants' water consumption. We have been implementing the plans for saving and efficient use of water in all the power plants. In particular, the measures implemented in the Miel I Power Plant stand out, which allowed a 43.7% reduction from consumption in 2013.

Water consumption in the power plant projects decreased from 2013, due to the progress in construction of the Sogamoso Hydroelectric Plant and the completion of some of construction work.

Headquarters

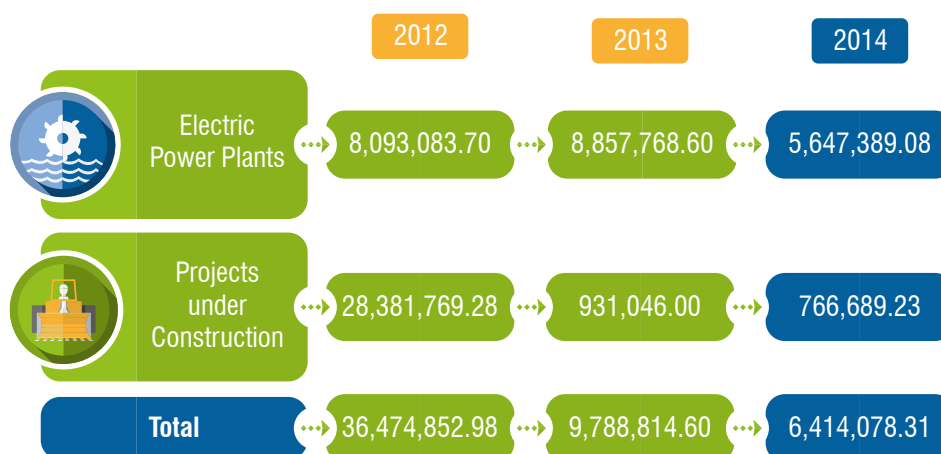


There was a reduction in the headquarters' water consumption due to greater use of rainwater for sanitation in the months of the year with the highest rainfall (September to December). The Headquarters have a Gold LEED certificate. The building's infrastructure allows the use of rainwater or the water supply network for some purposes according to availability of the resource.

Total Discharge and Effluent Quality

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

Volume Discharged (m³)



In 2014, the volume discharged (cubic meters per year) was reported as the amount delivered to receiving sources (soil and/or water). In the electric power plants, there was a reduction in discharge of domestic wastewater, because four buildings in the San Carlos and Jaguas Hydroelectric Power Plants were

unused for part of the year. Additionally, there was a significant reduction in consumption of water for domestic use in the Miel I Power Plant, resulting in less discharge. Regarding projects, the reduction in discharge flow is also in line with the decrease in water consumption.

Removal Efficiency of Wastewater Treatment Systems



We carry out different kinds 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 behavior of the domestic and industrial wastewater treatment systems at the plants remained constant, because of some improvements and significant changes to the systems made in 2013. In the Sogamoso Hydroelectric Power Plant Project, some septic systems had deficiencies due to intermittent use because of changes in work during the construction of both replacement and major work. However, the final concentrations of the measured parameters did not represent a risk for the environmental quality of the receiving sources.

Water Sources and Related Habitats Significantly Affected by Withdrawal of Water

Due to the fact that we only use the water resource of concession sources, we take into account habitat and resource sustainability criteria, so we will not continue to report this indicator. Additionally, we implement activities that promote the conservation of resources including: programs for saving and efficient use of water, physical-chemical and hydrobiological monitoring, monitoring of consumption, preventative maintenance and network corrections.

Emissions

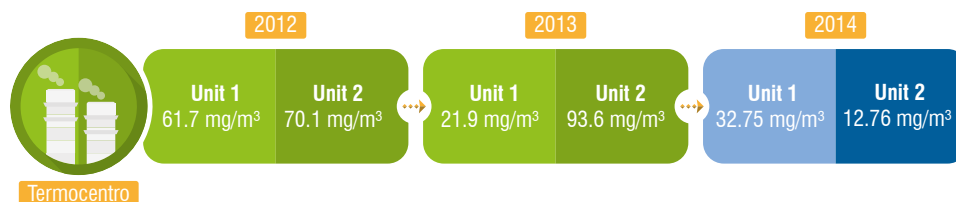
Emissions of Ozone-Depleting Substances

We participated in a project of the Technical Ozone Unit (TOU) and the United Nations Development Program (UNDP), through which we replaced the chillers of the Jaguas Hydroelectric Power Plant that used ozone-depleting substances (ODS). Approximately 1.5 tons of R-11 refrigerant gas were removed during the project, which was delivered to an authorized entity to manage its treatment and recovery.

This project consisted of disassembling two existing centrifugal-compressor water coolers that used R-11 refrigerant gas, and replacing them with two screw-compressor water coolers with frequency control and R-134 refrigerant gas. To establish the specification of the new equipment to install, a study sponsored by the TOU was carried out to assess the ventilation and air-conditioning system of the Jaguas Hydroelectric Power Plant, and to establish the current calorific value inside the room. With this information, high-efficiency equipment was established with lower energy consumption, and refrigerant gases authorized by the current regulation were used.

Nitrous Oxides (NOx) and Other Significant Air Emissions, by Weight

Termocentro is ISAGEN's only power plant that produces NOx. The following table presents the emissions of each Unit of the Power Plant over the last three years.



In all cases, the emission values comply with Resolution 909/2008, which limits maximum concentration to 120 mg/m³.

GHG distribution by each source*

Greenhouse gas emissions and the intensity of the emissions from direct and indirect sources are described in the Management Report chapter called Comprehensive Water and Climate Change Management. Greenhouse Gas distribution is presented below by each source* 2013 and 2014:

GHG Sources

	2013		2014	
	Tons de CO ₂ e	%	Tons de CO ₂ e	%
CH ₄ and N ₂ O/ Waste management	188	0.020	221	0.019
CH ₄ / Wastewater	79	0.009	54	0.005
CO ₂ / Energy consumption	5,201	0.558	4,232	0.368
CO ₂ / Fossil fuels from ISAGEN transportation	116	0.012	459	0.040
CO ₂ / Fossil fuels from contractor transportation	66,902	7.182	15,911	1.384
CO ₂ and CH ₄ / Emissions from reservoirs	0	0.000	107,824	9.378
CO ₂ / Thermal electricity generation	788,328	84.630	987,938	85.929
CO ₂ / Leaks of extinguishing agent	5	0.001	3	0.000
CO ₂ / Leaks of refrigerant gas	202	0.022	421	0.037
SF ₆ / Medium and/or high voltage equipment	0	0.000	667	0.058
CO ₂ / Paper consumption	7	0.001	7	0.001
CO ₂ / Cement consumption	70,476	7.566	31,981	2.782
TOTAL	931,504	100	1,149,718	100

* The 0.0% percent values do not necessarily mean that there were no GHG emissions, but that minimal results were obtained.

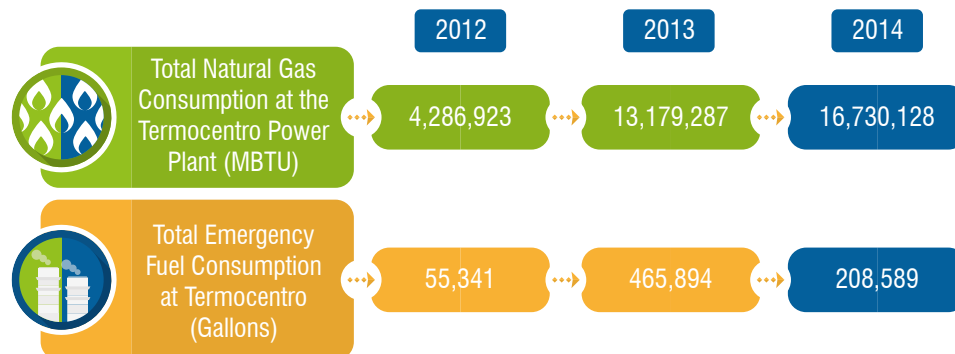
Supplies used in the Productive Process

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 electricity. Turbine water is water that has gone through the turbines (from the reservoir itself), and that is returned to the water sources without causing environmental impact.



Natural Gas



The increase from 2013 is due to the increase in electricity generation during the year of the report.

In Power Plant Construction:

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



For the conversion of gallons of diesel fuel to Terajoules, the following conversion factor was used: 0.000145590 Terajoules per gallon of Promigas Diesel. There was a reduction in the consumption of diesel fuel due to the completion of construction work on the Sogamoso Hydroelectric Project.

Comprehensive Waste Management

Total Weight of Waste by Type and Disposal Method

Comprehensive waste management 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 competent environmental authority.
- ▶ Inert: Final disposal in landfill.

Total Generation of Non-Hazardous Waste

The total weight of non-hazardous waste generated in 2014 is presented below in tons.

	2012	2013	2014
Electric Power Plants	305.39	247.75	277.69
Electric Power Plant Projects	1,984.90	259,823.16	2,099.55
Medellín Headquarters	-	-	27.87
Total	2,290.30	260,070.91	2,405.11

Amount of Waste Recovered

Indicator	2012			2013			2014			
	Power Plants	Power Plant Projects	Total	Power Plants	Power Plant Projects	Total	Power Plants	Power Plant Projects	Headquarters	Total
Total aprovechado (toneladas)	247.9	1,242.55	1,490.45	217.32	165,276.08	165,493.4	246.67	1,557.65	10.37	1,814.69
Porcentaje promedio de recuperación	81.20%	62.60%	65.1%	87.7%	64%	64%	88.8%	74.2%	37%	75.5%

In 2014, the expected annual goal of recovering a percentage equal to or greater than 65% of common and special solid waste generated at electric power plants continued to be met and it increased, because of the good practices of separating at the source and using products that generate less waste.

The percentage of waste recovered in the projects under construction increased, because of more accurate secondary separation activities and the type of work and construction carried out during the year of the report.

Generation of Hazardous Waste

Waste in kg	2012	2013	2014
Hospital waste	7,995.60	91.87	506.80
Regular batteries	314	407.40	465.45
Electronic scrap	980	1,046.30	1,261.80
Solvents	1,629.00	6,025.09	12,994.63
Impregnated waste	166,604.05	22,630.15	96,252.00
Ink cartridges	43	7,716.90	563.30
Substance containers	3,639.00	1,211.60	811.80
Used oils	172,217.15	72,690.91	383,584.72
Batteries, acid and lead	3,206.00	6,148.75	7,356.10
Light bulbs	1,422.00	1,016.19	1,577.66
Other	152,561.00	20,089.35	162,913.20
Total	510,610.80	139,074.51	574,341.46

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

All the hazardous waste generated in 2014 was managed with third parties duly authorized by the environmental authorities.

There was an increase in the generation of hazardous waste because of the major maintenance work carried out during the year in some power plants. The assembly and installation of electromechanical equipment in the Sogamoso Hydroelectric Power Plant also generated significant amounts of hazardous waste.

Inventory and Management of PCBs in Equipment

Comprehensive environmental management of equipment and waste that consist of, 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 2014:

- ▶ Information and the technical details of the electromechanical equipment immersed in dielectric oil were collected for the PCB inventory, pursuant to Resolution 0222/December, 2011 from the Ministry of the Environment and Sustainable Development.
- ▶ We will keep managing these substances with Stages 2 and 3 of the action plan designed for that purpose, which have the following scopes:

Stage 2	Taking oil samples and marking and labeling equipment	2015 to 2017
Stage 3	Replacement of equipment with PCBs, final disposal and new labeling	2016 to 2018

Total Number and Volume of Significant Spills

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

Incidents and Fines or Non-Monetary Sanctions for Non-Compliance with Environmental Laws and Regulations

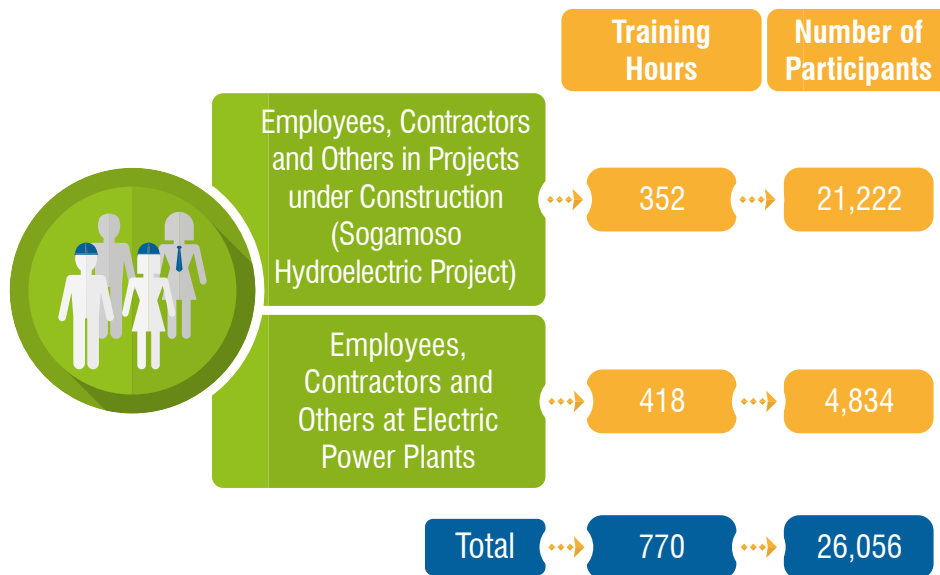
No fines or sanctions were received for non-compliance with environmental laws and regulations.

Significant Environmental Impacts of Transportation

We will not keep reporting this indicator, because the relevant impact of transportation refers to the emission of Greenhouse Gases (GHG), which is presented in the distribution table of the GHGs by each source.

Environmental Education

The training topics covered in 2014 included: comprehensive management of chemical substances, general aspects of the environmental management system, comprehensive management of solid waste, and saving and efficient use of water. With the training sessions, we promote the adoption of good environmental practices among employees, contractors and other stakeholders in order for said practices to be applied in everyday life and contribute to sustainable development.



The large number of employees who participate in the Sogamoso Hydroelectric Project construction is reflected in the positive impact of generating an environmental culture in its area of influence.

Employees and contractors can take part in more than one of the training sessions offered throughout the year.



Financial Statements

Balance sheets

as at December 31, 2014 and 2013

(amounts expressed in millions of Colombian pesos)

Assets	Notes	2014	2013	Liabilities and Equity	Notes	2014	2013
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	7	244,301	229,155	Borrowings	14	51,044	35,176
Investments	8	84,522	20,335	Accounts payable	15	386,712	233,629
Accounts receivable	9	322,096	282,205	Labor obligations	16	14,184	12,388
Inventories	10	95,427	89,434	Estimated liabilities	17	36,967	67,877
Other assets	12	48,717	31,502	Other liabilities	18	35,366	49,592
TOTAL CURRENT ASSETS		795,063	652,631	TOTAL CURRENT LIABILITIES		524,273	398,662
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Investments	8	519	513	Borrowings	14	3,282,424	2,603,357
Accounts receivable	9	53,634	77,780	Accounts payable	15	1,145	57,322
Property, plant and equipment	11	6,688,432	5,838,541	Estimated liabilities	17	67,650	64,980
Other assets	12	229,964	192,792	Other liabilities	18	436,438	401,570
Other assets - revaluations	13	792,618	793,084	TOTAL NON-CURRENT LIABILITIES		3,787,657	3,127,229
TOTAL NON-CURRENT ASSETS		7,765,167	6,902,710	TOTAL LIABILITIES		4,311,930	3,525,891
TOTAL ASSETS		8,560,230	7,555,341	EQUITY (see statement of changes in equity)		4,248,300	4,029,450
MEMORANDUM ACCOUNTS	29			TOTAL LIABILITIES AND EQUITY		8,560,230	7,555,341
Debtors		5,054,777	2,814,955	MEMORANDUM ACCOUNTS	29		
Creditors		9,699,075	8,446,434	Creditors		9,699,075	8,446,434
				Debtors		5,054,777	2,814,955

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

John Jairo Lache Chacon
Statutory Auditor's professional
License No. 45041-T
Appointed by Deloitte & Touche Ltda.
(See attached report)

Statement of **Income**

for the years ended December 31, 2014 and 2013

(amounts expressed in millions of Colombian pesos)

	Notes	2014	2013
REVENUE	23	2,329,620	2,002,814
SALES AND OPERATING COSTS	24	1,587,100	1,305,374
GROSS PROFIT		742,520	697,440
ADMINISTRATIVE EXPENSES	25	118,291	116,426
OPERATING PROFIT		624,229	581,014
NON-OPERATING INCOME			
Interest	26	18,115	17,908
Portfolio yields		1,168	66
Exchange rate differences		633	1,699
Miscellaneous	27	19,161	28,551
		39,077	48,224
NON-OPERATING EXPENSES			
Interest	26	52,307	34,281
Portfolio yields		-	981
Exchange rate differences		4,042	3,369
Miscellaneous	28	23,219	26,454
		79,568	65,085
PROFIT BEFORE TAXES		583,738	564,153
INCOME TAX AND CREE		105,065	107,105
Current	17	42,090	23,082
Deferred	18	147,155	130,187
NET PROFIT		436,583	433,966
EARNINGS PER SHARE (*)		160	159

(*) Expressed in Colombian pesos

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License no. 37982-T
(See attached certificate)

ORIGINAL
DOCUMENT SIGNED

John Jairo Lache Chacon
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 December 31, 2014 and 2013

(amounts expressed in millions of Colombian pesos)

	Notes	2014	2013
FINANCIAL RESOURCES GENERATED FROM OPERATIONS:			
NET PROFIT		436,583	433,966
ADJUSTED FOR EXPENSES (INCOME) THAT DID NOT AFFECT WORKING CAPITAL:			
Depreciation	11	116,574	106,785
Amortization of deferred charges and other assets		5,740	7,494
Amortization of actuarial valuation of retirement benefits	17	3,207	5,419
Bond issuance premium amortization	18	(6,308)	(6,308)
Deferred income tax (net)	12 and 18	42,090	23,082
Recovery of the allowance of accounts receivable	9	-	(2,949)
Recovery of the allowance for impairment of property, plant and equipment	11	42	(4,501)
Loss from sale or retirement of property, plant and equipment or other assets		165	189
Allowance (recovery) for impairment of investments	8	(6)	6
		598,087	563,182
FINANCIAL RESOURCES GENERATED FROM OTHER SOURCES:			
Increased borrowings	14	729,100	557,520
Increase in long-term accounts payable	15	-	2,598
Decrease in long-term accounts receivable		24,146	127,852
Transfer of fixed assets to inventory		9,572	13,884
		762,818	701,854
TOTAL FINANCIAL RESOURCES GENERATED DURING THE YEAR		1,360,905	1,265,036
FINANCIAL RECOURSES USED FOR:			
Acquisition of property, plant and equipment	11	1,012,075	1,018,807
Dividends paid		217,267	188,918
Increase in other assets	12	4,345	18,347

	Notes	2014	2013
Equity tax		-	30,321
Reclassification of short-term borrowings		53,684	38,181
Decrease in long-term accounts payable	15	56,177	-
Decrease in estimated liabilities	17	536	5,725
TOTAL FINANCIAL RESOURCES USED DURING THE YEAR		1,344,084	1,300,299
INCREASE (DECREASE) IN WORKING CAPITAL		16,821	(35,263)
DETAILS OF CHANGES IN WORKING CAPITAL			
INCREASES (DECREASES) IN CURRENT ASSETS:			
Cash		15,146	50,829
Investments		64,187	20,270
Accounts Receivable		39,891	(91,081)
Inventories		5,993	4,843
Other assets		17,215	(114,303)
		142,432	(129,442)
DECREASES (INCREASES) IN CURRENT LIABILITIES:			
Borrowings		(15,868)	14,708
Accounts payable		(153,083)	116,102
Labor obligations		(1,796)	(1,575)
Estimated liabilities		30,910	(54,470)
Other liabilities		14,226	19,414
		(125,611)	94,179
INCREASE (DECREASE) IN WORKING CAPITAL		16,821	(35,263)

The accompanying notes are an integral part of these financial statements

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Statement of Cash Flow

for the years ended December 31, 2014 and 2013

(amounts expressed in millions of Colombian pesos)

	Notes	2014	2013
CASH FLOWS GENERATED FROM OPERATIONS:			
NET PROFIT		436,583	433,966
ADJUSTED FOR EXPENSES (INCOME) THAT DID NOT AFFECT WORKING CAPITAL:			
Depreciation	11	116,574	106,785
Amortization of deferred charges and other assets		5,740	7,494
Amortization of actuarial valuation of retirement benefits	17	3,207	5,419
Deferred income tax	12 and 18	42,090	23,082
Recovery of allowance for impairment of accounts receivable	9	(1,976)	(2,949)
Recovery of the allowance for impairment of property, plant and equipment	11	42	(4,501)
Bond issuance premium amortization		(6,308)	(6,308)
Allowance (recovery) for impairment of investments	8	(6)	6
Allowance (recovery) for impairment of inventories	10	965	(442)
Profit from sale or retirement of property, plant and equipment, inventories and other assets		165	189
		597,076	562,741
CHANGES IN NET ASSETS AND LIABILITIES:			
Accounts Receivable	9	(42,123)	93,377
Other assets		(19,260)	96,457
Inventories	10	2,614	9,482
Accounts payable	15	96,906	(143,825)
Labor obligations	16	1,796	1,575
Estimated liabilities	17	(31,447)	48,745
Other liabilities	18	(14,228)	(19,414)
NET CASH GENERATED BY OPERATING ACTIVITIES		591,334	649,138

	Notes	2014	2013
CASH FLOW OF INVESTMENT ACTIVITIES:			
Acquisition of property, plant and equipment		(936,053)	(884,869)
Acquisition of other assets		(1,263)	(500)
NET CASH USED IN INVESTMENT ACTIVITIES		(937,316)	(885,369)
CASH FLOW FOR INCREASED BORROWINGS:			
Increased borrowings	14	680,397	549,137
Payment of borrowings	14	(37,815)	(52,889)
Cash dividends		(217,267)	(188,918)
NET CASH PLANNED FOR BORROWINGS		425,315	307,330
INCREASE OF CASH AND EQUIVALENTS		79,333	71,099
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR		249,490	178,391
CASH AND EQUIVALENTS AT THE END OF THE YEAR		328,823	249,490
Cash and cash equivalents at the end of the year include:			
Cash		244,301	229,155
Temporary investments		84,522	20,335
		328,823	249,490

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

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Statements of Changes in Equity

for the years ended December 31, 2014 and 2013

(amounts expressed in millions of Colombian pesos)

	Share Capital	Share Premium 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, 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 Meeting of Shareholders	-	-	288,338	(288,338)	-	-	-	-
Increase in properties revaluations	-	-	-	-	153,344	-	-	153,344
Cash dividends (\$69.30* per share)	-	-	(16,353)	(172,565)	-	-	-	(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
Appropriations made by the General Meeting of Shareholders	-	-	239,133	(239,133)	-	-	-	-
Decrease in properties revaluations	-	-	-	-	(466)	-	-	(466)
Cash dividends (\$79.70* per share)	-	-	(22,434)	(194,833)	-	-	-	(217,267)
Income for the year	-	-	-	436,583	-	-	-	436,583
Balances as at December 31, 2014	68,152	49,344	1,807,208	436,583	792,618	1,113,794	(19,399)	4,248,300
Notes:	19		20		13	21	22	

* Figures in Colombian pesos

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

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Notes to the financial statements

- ▶ As at December 31, 2014 and 2013 and for the years ended December 31, 2014 and 2013

(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 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
- AmoyáRiver, La Esperanza Hydroelectric Power Plant, which entered into operation in May 2013
- Termocentro Combined Cycle Thermal Power Plant
- Sogamoso Hydroelectric Power Plant.

Upon completion of the construction period, which began in 2009, the Sogamoso Hydroelectric Power Plant began commercial operation on December 20, 2014.

2. Basis for the Presentation of Financial Statements

General purpose financial statements must be submitted to the General Meeting of Shareholders 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 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, the materiality was determined with respect to, among other things; 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, 2014 or 2013.

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 Services (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.

This accounting model is valid through December 31, 2014, after which on January 1, 2015 the International Financial Reporting Standards, which are described hereafter, will be adopted as the new accounting framework. Consequently, the financial statements as at December 31, 2014 will be the last financial statements presented in compliance with the accounting standards established by Colombia's General Accounting Office, through the Public Accounting Regime.

Notwithstanding the aforementioned, for tax purposes said accounting regime will be utilized together with the current norms of the Colombian Tax Authorities for a period of four more years counted from January 1, 2015 through December 31, 2018.

International Financial Reporting Standards (IFRS)

In compliance with the provisions established in Resolution 743 / 2013 by Colombia's General Accounting Office, ISAGEN is required to adopt the new accounting framework established through Decree 2784 / 2012 and its modifications, which incorporate the International Financial Reporting Standards (IFRS) in Colombia.

In our case, the IFRS convergence period ended on December 31, 2014, and the first IFRS comparative financial statements must be issued on December 31, 2015.

Notwithstanding the aforementioned, as previously communicated to shareholders, since 2011 ISAGEN has been preparing financial statements in line with the IFRS, thus ensuring its ability to comply with the new legal norm. Accordingly, from 2015 forward, the Financial Statements prepared in line with the IFRS will be the Company's official financial information. The foregoing is ratified by Article 2 of Decree 3024 / 2014, which establishes that: *"...Those preparing financial reports for Group 1 companies, which use the IFRS prior to the convergence period date and submit their financial statements to an external user in which they explicitly and without reservations declare compliance with the IFRS for the fiscal year closing immediately prior to the date of first application in Colombia, will not be required to prepare an opening statement of financial position again. In this case, the statement of financial position used to initiate the process of applying the IFRS in Colombia will correspond to the beginning of the convergence period, which is January 1, 2014 as established in the schedule provided in this decree on financial information in line with the IFRS presented to external users."*

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 assets 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, temporal investments are considered to be cash equivalents given that can easily be 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 taking the present value of their future flow of capital and interest, discounted to the market interest rate calculated according to regulations of the Financial Superintendence of Colombia.
- ▶ Share investments or capital shares with low or minimal marketability, or those that are not listed on the Colombian Securities 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 portfolios 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, employees 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 good or service 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.

Based on the technical evaluation, the Company allocates allowances to protect it against the risk of losses. 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 they are in condition to be used.
- › 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, adjusted net cost and allowances, if applicable, 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	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 temporal 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 productive 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.
- › The value of finance lease 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 issues. 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.
- › The present value of future payments on finance lease agreements.

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 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, contingency provisions for legal proceeding that are highly likely to occur, loyalty contingency provisions and unconsolidated social contributions.

The income tax and CREE provisions are 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 recording 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 are calculated based on shares issued and outstanding as at December 31, 2014 and 2013, which were at 2,726,072,000.

o) Recording revenue, costs and expenses

Revenue 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 Services 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 contingencies related with legal proceedings 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 estimate 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.

A passive contingency is recorded as an estimated liability, affecting the year results, when the ruling of a proceeding is against the Company in first instance or when the legal advisors consider there is a very high probability ruling will be against the Company, whichever occurs first.

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.

Active contingencies (in favor of the Company) are recorded to memorandum accounts and revealed in the notes to the financial statements when a legal proceeding is initiated by the Company, and these are only recorded to the statement of income when funds are received.

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 2013 financial statements have been reclassified for purposes of comparing with the 2014 financial statements. Said reclassifications are not material.

6. Transactions in Foreign Currency

Current 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 of Colombia. Colombian Peso to US dollar exchange rates used for preparing these financial statements on December 31, 2014 and 2013 were \$2,392.46* and \$1,926.83*, respectively.

* Amounts expressed in Colombian pesos

Assets and liabilities denominated in United States dollars and Colombian pesos as at December 31 were as follows:

	2014		2013	
	USD (thousands)	\$ (millions)	USD (thousands)	\$ (millions)
ASSETS				
Cash (1)	4,498	10,761	3,250	6,262
Accounts receivable (2)	178	426	2,340	4,509
	4,676	11,187	5,590	10,771
LIABILITIES				
Borrowings (3)	104,721	250,541	107,492	207,119
Accounts payable (4)	28,475	68,125	7,222	13,915
	133,196	318,666	114,714	221,034
LIABILITY POSITION IN FOREIGN CURRENCY	(128,520)	(307,479)	(109,124)	(210,263)

(1) Bank accounts with J.P Morgan Chase Bank N.Y., Banco de Bogotá Miami and Bank of America Miami, Florida USA. .

(2) In 2014 advances paid in US dollars were fully amortized. These were mainly paid to Mitsui & Co. Plant System, Automatización e Ingeniería Andina, RbcLubron 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.

The balance in US dollars (USD) corresponds to the advance paid to the Syr. Whistler - Vrton Consortium to carry out feasibility studies for the Tufiño-Chiles-Cerro Negro Binational Geothermal Power Plant Project on the Colombian/Ecuadorian border where the Department of Nariño and the Province of Carchi meet.

- (3) Corresponds to the facility agreements in U.S. Dollars signed with Japan Bank for International Cooperation (JBIC), Bank of Tokyo-Mitsubishi UFJ Ltd, Banco Bilbao Viscaya Argentaria S.A., guaranteed by Nexi, the Japanese Export Credit Agency; and the Banco Santander de España guaranteed by the German Export Credit Agency, Hermes, to finance the Sogamoso Hydroelectric Power Plant Project (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:

	2014	2013
Cash on hand, in banks and in corporations		
On hand	43	79
Bancolombia (*)	98,180	152,009
Banco GNB Sudameris	42,739	4,008
Helm Bank	33,068	264
BBVA	23,694	43,834
Banco de Bogotá	10,375	8,597
Banco de Occidente	7,876	11,932
J.P. Morgan Chase	6,042	1,421
AV Villas	4,705	251
Citibank	4,632	61
Banco de Bogotá Miami	4,600	4,744
Davivienda	4,494	261
Corpbanca (antes Banco Santander)	3,331	443
Banco Agrario de Colombia	256	492
Bank of America Miami Florida USA	120	96
Corficolombiana	89	7
Colpatria	57	656
Banks and corporations	244,258	229,076
Total Cash	244,301	229,155

(*) Includes \$215 (2013 - \$212) 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 3.90% AER (2013 - 4.04% AER).

8. Investments

Investments as at December 31 consist of:

Investments for Liquidity Management

	Interest Rate (AER)2014	2014	2013
Debt securities (1)			
Certificate of deposit (CD) (2)	4.80 - 4.85%	80,157	-
Securities issued by the Government (TIDIS)	N/A	-	17,084
		80,157	17,084
Participating securities			
Mutual funds (3)	2.81% - 3.79%	4,365	3,251
Total current investments		84,522	20,335

Equity investments in uncontrolled entities

	Economic activity	Ordinary shares	Share %	2014	2013
Participating securities in shares					
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				(1,991)	(1,997)
Total non-current investments				519	513

(1) The guidelines issued by the Financial Superintendence of Colombia are used as the valuation method.

(2) Corresponds to three CDs that mature in March 2015 held by Banco Corpbanca Colombia S.A. as follows:

Counterparty	Value	Buy date	Term (Days)	Maturity Date	Rate (%)
Banco Corpbanca Colombia S.A.	30,077	12/12/14	90	12/03/15	4.85
Banco Corpbanca Colombia S.A.	25,040	19/12/14	90	19/03/15	4.80
Banco Corpbanca Colombia S.A.	25,040	19/12/14	97	26/03/15	4.85
Total	80,157				

(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 backing. For 2014 this breaks down as follows:

Counterparty	Rate (%)	2014	2013
Corredores Asociados	3.13	934	451
Fiduoccidente	2.81	911	873
Corficolombiana	2.79	715	599
Fiduciaria BBVA	3.79	480	456
Credicorpcapital	2.99	473	207
Valores Bancolombia	3.34	339	206
Fidubogotá - Sumar	2.85	284	239
Fiduciaria Bancolombia	2.96	229	220
Total		4,365	3,251

(4) The last intrinsic value reported by Gensa S.A. E.S.P. was \$0.79* per share, thus generating an allowance of \$1,985 (2013 - \$1,989).

(5) The last intrinsic value reported by Electricaribe S.A. E.S.P. was \$42* per share, which is equivalent to the cost of acquiring the investment.

(6) The last intrinsic value reported was \$917.53* per share, thus generating an allowance of \$7 (2013 - \$9).

* Amounts expressed in Colombian pesos

None of the investments are subject to restrictions in 2014 and 2013.

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	
	2014	2013	2014	2013	2014	2013
Accounts receivable from clients (1)	297,314	262,328	-	-	297,314	262,328
Minus: Allowance (2)	-	(1,976)	-	-	-	(1,976)
	297,314	260,352	-	-	297,314	260,352
Advance payments						
Taxes(3)	4,625	11,186	-	-	4,625	11,186
Suppliers (4)	14,971	4,191	25,452	53,805	40,423	57,996
	19,596	15,377	25,452	53,805	45,048	69,182
Other accounts receivable						
Miscellaneous (5)	4,994	6,287	26,386	22,135	31,380	28,422
Past due accounts (6)	-	-	1,435	1,435	1,435	1,435
Minus: Allowance (2)	-	-	(1,435)	(1,435)	(1,435)	(1,435)
	4,994	6,287	26,386	22,135	31,380	28,422
	321,904	282,016	51,838	75,940	373,742	357,956
Funds delivered in management (7)	192	189	1,796	1,840	1,988	2,029
Accounts Receivable Total	322,096	282,205	53,634	77,780	375,730	359,985

(1) The balance of this account is comprised as follows:

	2014	2013
Energy sales		
Regulated clients	137,413	91,566
Non-regulated clients	101,275	98,174
Electricity market	57,317	47,636
	296,005	237,376
Gas sales		
Regulated clients	196	20,645
Non-regulated clients	79	1,687
	275	22,332
Technical Services	1,034	2,620
	297,314	262,328

(2) The balance of this account is comprised as follows:

	2014	2013
Energy sales (*)		
Energy contracts	584	2,560
Other accounts receivable	851	851
	1,435	3,411
Minus: Current portion	-	(1,976)
Non-current portion	1,435	1,435

(*) Includes allowance for account receivable from Aluminio Reynolds Santo Domingo S.A. \$484 (2013 - \$484), Megaproyectos S.A. \$271 (2013 - \$271), Britilana Benrey S.A. for \$94 (2013 - \$94), Siderúrgica Colombiana S.A. for \$114 (2013 - \$114), Municipality of Caloto \$401 (2013 - \$401), other \$72 (2013 - \$72). In 2013, this included the allowance for EMCALI in the amount of \$1,976, which was paid in 2014.

Activity in the allowance for accounts receivable from clients and other debtors follows:

	2014	2013
Opening balance	3,411	7,447
Recovery (*)	(1,976)	(4,036)
Final balance	1,435	3,411

(*) Recovery of the allowance was recorded to the account receivable from Empresas Municipales de Cali E.I.C.E. E.S.P. \$1,976 (2013 - \$3,062). In 2013, this included recovery of the allowance for Texpinal of \$974. (See note 27).

(3) The balance of this account follows:

	2014	2013
Sales tax receivable	1,396	2,745
Income tax pre-paid	2,797	8,418
Advance payment or tax credits for Industry and Commerce Tax	432	23
Final balance	4,625	11,186

(4) Advance payments to suppliers is comprised as follows:

	2014	2013
Sogamoso Hydroelectric Power Plant	24,053	48,740
Gas purchases	14,971	3,872
Equipment automation in the San Carlos Power Plant	-	1,461
Replacement part purchases	-	304
Amoyá River, La Esperanza Hydroelectric Power Plant	-	210
Other advance payments	1,399	3,409
	40,423	57,996
Minus: Current portion	(14,971)	(4,191)
Final balance	25,452	53,805

(5) Primarily includes:

	2014	2013
Home loans to employees (a)	21,827	19,263
Vehicle loans to employees	4,117	3,924
FEISA loans - Democratic Shareholding Program (b)	2,676	-
Loans to ex-employees and retirees	828	498
Other loans to employees (a)	309	643
Ministry of Mines and Energy (c)	-	1,504
Federal Public Utilities Regulatory Commission (d)	-	1,145
Other minor	1,623	1,445
	31,380	28,422
Minus: Current portion	(4,994)	(6,287)
Total non-current portion (e)	26,386	22,135

(a) The interest set for employee loans ranges between an annual equivalent rate of 6% and 7%.

(b) Balance on the loan made to the Employee Fund (FEISA) in January 2014, so said financial entity could make loans to employees, so they could purchase shares in the Nation's transfer schedule for \$3,240, broken down in shareholder loans of \$286, to be paid back in 5 years at an AER of 4% and incentive loans in the amount of \$2,954 to be paid off in 6 years, interest free.

(c) In 2013, there was a credit in ISAGEN's favor for energy contributions recognized by the Ministry to be returned to Grupo ICT (an energy customer).

(d) Account receivable to be collected from the Superintendence of Residential Public Services as a result of the lawsuit ruling in favor of ISAGEN, for the contribution paid to said institution in 2007.

(e) The expiration of long-term accounts receivable from various clients and debtors in the upcoming years will be as follows:

Expiration year	Value
2016	3,459
2017	3,459
2018	3,459
2019	3,459
2020 and later	12,550
	26,386

(6) The balance of this account is compromised as follows:

	2014	2013
Non-regulated clients by energy sales	856	856
Other accounts receivable	579	579
	1,435	1,435

(7) The balance of this account is compromised as follows:

	2014	2013
Health Solidarity Fund (*)	1,245	1,170
Metropolitan Area Agreement (**)	651	770
Capital Reduction Trust	92	89
	1,988	2,029
Minus: Current portion	(192)	(189)
Total non-current portion	1,796	1,840

(*) The Health Solidarity Fund (the "Fund") was established to respond to serious health situations that affect employees who benefit from the Collective Agreement 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.

(**) Resources paid to the Valle del Aburra Metropolitan Area for administration in the agreement executed between Empresas Públicas de Medellín, the Metropolitan Area and ISAGEN to, "join technical, logistical and economical forces to implement, operate and maintain the early warning system in the Valle del Aburra and the surrounding region." ISAGEN's investment was \$1,177. The balance for said contributions corresponds to values not yet used in the scope of the agreement.

The classification by ages for the accounts receivable balances as at December 31, 2014 is as follows:

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	297,197	117			297,314
Past due accounts	-	-	-	1,435	1,435
Advance payments	45,048	-	-	-	45,048
Other accounts receivable	31,359	20	1	-	31,380
Admin. deposits	1,988	-	-	-	1,988
Allowance	-	-		(1,435)	(1,435)
	375,592	137	1	-	375,730

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 July of 2014 the Company collected the last installment for payments agreed with Empresas Municipales de Cali E.I.C.E. E.S.P., for which a trust was 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:

	2014	2013
Supplies and materials	77,867	73,594
Spare parts	17,609	14,918
Goods in stock – Land (1)	950	950
Other inventories	268	274
	96,694	89,736
Minus allowances (2)	(1,267)	(302)
Total Inventories	95,427	89,434

(1) 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 Companies distributed its assets among creditors. ISAGEN owns approximately 7.61% of the common property. These lots are up for sale.

(2) Activity in the allowance for inventories follows::

	2014	2013
Opening balance	(302)	(744)
Allowance (*)	(965)	-
Recovery	-	442
Final balance	(1,267)	(302)

(*) Corresponds to adjusting the value of inventories to their net value of recovery when this exceeds their cost.

11. Property, Plant and Equipment

The following chart shows the composition of property, plant and equipment as at December 31:

	2014	2013
Power plants (1)	8,110,966	4,074,976
Constructions and buildings	246,992	178,090
Land (2)	139,738	155,076
Machinery, furniture and equipment	100,607	99,582
All operational assets	8,598,303	4,507,724
Under construction and being assembled (3)	65,264	3,194,321
	8,663,567	7,702,045
Total fixed assets		
Accrued depreciation		
Power plants	(3,304,789)	(3,101,732)
Constructions and buildings	(79,787)	(69,762)
Machinery, furniture and equipment	(73,075)	(68,517)
Deferred depreciation	1,486,696	1,380,645
Total accrued depreciation	(1,970,955)	(1,859,366)
Minus: Allowance (4)	(4,180)	(4,138)
Total property, plant and equipment	6,688,432	5,838,541

In 2014, assets were acquired and construction projects were undertaken in the amount of \$1,012,075 (2013 - \$1,018,807) and assets amounting to \$5,151 (2013 - \$12,977) were retired.

The charge for depreciation throughout the year recorded to the statement of income was \$116,574 (2013 - \$106,785).

(1) With the start-up of the Sogamoso Hydroelectric Power Plant on December 20, 2014, assets in operation increased as shown below, and consequently assets under construction reduced:

Power plants	3,990,880
Buildings	39,597
Camps	20,346
	4,050,823

The Amoyá River, La Esperanza Hydroelectric Power Plant, located in southern Tolima within the jurisdiction of the municipality of Chaparral, launched commercial operations in May 2013, increasing the power plant's 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 2014, 3 lots were recorded on the books (1 Amoyá and 2 Miel) for \$233; for the Sogamoso Hydroelectric Power Plant, 11 lots were transferred from the assets under construction account for \$1,500; 8 lots under commodatum agreements for the Sogamoso Hydroelectric Power Plant were reclassified for \$2,948; 27 lots for the Sogamoso Project Resettlement Plan were retired for \$13,986; and 2 lots were reclassified to commodatum agreements for \$6,266.

In 2013, 11 lots were added for the Sogamoso Hydroelectric Power Plant Project, 12 lots for the Miel I Hydroelectric Power Plant, corresponding to the Manso Diversion, and 6 lots for the Amoyá River, La Esperanza 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	818	\$137,142
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.	100	\$649
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.	44	\$1,947
Subtotal			144	\$2,596
Total Lots			962	\$139,738

- (3) The main construction and assembly projects are works pending execution for the Sogamoso Hydroelectric Power Plant in the amount of \$22,256 (2013 - \$3,128,973), for the Amoyá River, La Esperanza Hydroelectric Power Plant \$19 (2013 - \$9,146) and other renewable energy projects in the development phase for \$42,989 (2013 - \$30,005).

(4) The details of the allowance for property, plant and equipment follow:

	2014			2013		
	Commercial Value	Net carrying value	Allowance	Commercial Value	Net carrying value	Allowance
Machinery and equipment	29,131	32,207	(3,076)	31,739	34,815	(3,076)
Communication and computer equipment	6,787	7,891	(1,104)	9,005	10,067	(1,062)
Total	35,918	40,098	(4,180)	40,744	44,882	(4,138)

Activity in the allowance for property, plant and equipment follows:

	2014	2013
Opening balance	(4,138)	(8,639)
Allowance for the year (*)	-	(4,138)
Penalty and write-offs	(42)	-
Recovery (**)	-	8,639
Final balance	(4,180)	(4,138)

(*) 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, based on the latest valuation performed.

To protect its properties, ISAGEN S.A. E.S.P. has subscribed various insurance policies, including:

Insured Property	Risks Covered	Insured Value	Matures
a) Civil works, equipment, buildings, contents, warehouses and lost profit	All material damage risks and lost profits (combined single limit USD 500 M)	1,196,230	June 20, 2016
b) Company Equity	Civil liability for directors and management.	40,000	June 21, 2015
	Financial risks and infidelity	30,000	December 21, 2015
	Non-contractual civil liability	35,000	December 21, 2015
	Money and securities management	250	November 30, 2015
c) Machinery (loaders, graders, bulldozers, etc.)	All machinery risks	4,068	November 30, 2015
	Non-contractual civil liability	750	November 30, 2015

Insured Property	Risks Covered	Insured Value	Matures
d) Vehicles	Total losses from damage and theft	831	November 30, 2015
	Non-contractual civil liability	3,000	November 30, 2015
e) Boats	All risks to boats	1,601	November 30, 2015
	Non-contractual civil liability	500	November 30, 2015
f) Multi-risk policy for minor assets such as: wind energy measurement towers, hydrometric stations, magnetotelluric equipment and satellite equipment in storage)	All material damage risks	10,682	September 17, 2015
g) Employee debt balances	Death by any cause and full, permanent disability of the indebted employee	23,860	June 30, 2015
h) Employee homes with loans	House fire and earthquake	20,749	June 30, 2015
i) Sogamoso Hydroelectric Power Plant	Malicious acts by third parties, strikes, riots, violent protests and civil unrest	106,506	May 29, 2015

As at December 31, 2014, one claim on the Comprehensive Construction and Assemblies Risk Policy was being processed for the Sogamoso Hydroelectric Power Plant. The claim value is \$9,384 for damages during the power plant construction.

12. Other assets

Other assets as at December 31 include:

	2014	2013
Finance leases (1)	113,747	76,103
Expenses paid in advance (2)	57,175	38,246
Movable property on loan(3)	35,796	32,613
Actuarial financial reserve (4)	35,324	35,666
Deferred charges (5)	30,431	33,978
Intangibles (6)	5,855	6,911
Trust rights	288	712
Other	65	65
Other Assets Total	278,681	224,294
Minus current portion		
Expenses paid in advance	(42,536)	(21,113)
Actuarial financial reserve	(5,893)	(9,677)
Trust rights	(288)	(712)
Total current portion	(48,717)	(31,502)
Non-current portion	229,964	192,792

(1) Corresponds to rights in finance lease agreements for machinery and equipment from Leasing Bancolombia for the Sogamoso Hydroelectric Power Plant. The agreement stipulates that payments be made over time and in advance during equipment construction. The contact's amortization deadline commences from the date that said assets are delivered. See note 14 as well.

(2) Expenses paid in advance as at December 31 include:

	2014	2013
Insurance for combined material damage (*)	34,602	15,175
Credit guaranties (**)	19,924	20,559
Surgery and hospitalization insurance	1,504	1,449
Civil liability insurance	467	497
Personal life and accident insurance	363	312
Financial risk and fidelity insurance	91	65
Performance bonds	64	111
Other insurance	160	78
	57,175	38,246

(*) The combined material damage policy will expire on June 20, 2016.

(**) Corresponds to the balance for premiums paid in advance to guarantee international loan agreements signed with Bank of Tokyo-Mitsubishi UFJ Ltd; Banco Bilbao Viscaya Argentaria S.A., guaranteed by the Export Credit Agency, NEXI, for an amount of \$1,257 (2013 - \$1,593); Banco Santander de España, guaranteed by the German Export Credit Agency, Hermes, for an amount of \$14,559 (2013 - \$15,386); Power Finance Trust backed by the Colombian Government; and the OPIC Policy in the amount of \$4,106 (2013 - \$4,798).

- (3) The Company made progress in registering deeds to formalize the temporal ownership of properties for the benefit of the community. Previous owners used the lands for agriculture, livestock and forestry exploitation in zones that were acquired for power plant project building and operation before the reservoir was filled.

To date all lands acquired are overseen and controlled by ISAGEN, including the 33 properties, which still have the note in the land registries. Looking to 2015, deeds were signed and this was registered to cancel the annotation in land registry folio for each property.

- (4) 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 2014, \$2,000 (2013 - \$5,280) were contributed to this fund, thus reaching 50% funding.
- (5) Includes indirect costs associated with construction for the Sogamoso and Amoyá Plants, and Manso and Guarínó Diversions for \$14,686 (2013 - \$17,358). This also includes \$13,362 for the premium in the legal stability contract (2013 - \$13,363) and \$1,976 for deferred income tax on the bad debts allowance (2013 - \$2,849).
- (6) Includes licenses for \$2,604 (2013 - \$1,917), software for \$223 (2013 - \$640) and easements for \$3,028 (2013 - \$4,354).

The record in the statement of income for deferred charges and intangibles for the year was \$5,740 (2013 - \$7,494).

13. Valuations

The balance of assets and equity as at December 31 includes the following revaluations for property, plant and equipment:

	2014	2013
Power plants	728,539	728,980
Constructions and buildings	51,781	51,781
Land	12,106	12,106
Machinery, furniture and equipment	192	217
Total valuations of operating assets	792,618	793,084

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. Conpropiá S.A.S. performed the economic valuation of 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.

Details on the property, plant and equipment valuation follow:

	2014			2013		
	Commercial Value	Net carrying value	Valuation	Commercial Value	Net carrying value	Valuation
Land	151,844	139,738	12,106	167,182	155,076	12,106
Power plants	6,919,002	6,190,463	728,539	3,030,837	2,301,857	728,980
Constructions and buildings	261,899	210,118	51,781	197,226	145,445	51,781
Machinery, furniture and equipment	2,440	2,248	192	1,135	918	217
Total	7,335,185	6,542,567	792,618	3,396,380	2,603,296	793,084

14. Borrowings

The balance of the borrowings at December 31 includes:

	2014 Interest Rates	2014	2013	Matures
Banking Club Deal (168)	IBR+4.30%	1,515,923	1,084,250	2025
Power Finance Trust Limited (2)	IPC+5.25%	397,250	421,062	2025
Bonds 15 (3)	IPC+6.99%	371,750	371,750	2024
Bonds 10 (3)	IPC+6.48%	279,394	279,394	2019
Bank Loan (468)	IBR+4.30%	240,000	-	2026
Bonds 7 (3)	IPC+5.93%	198,856	198,856	2016
Santander España(5)	LIBOR+1.40%	137,171	106,716	2032
Financial leasing (6)	DTF+4.1%	79,754	76,103	2029
JBIC(7)	LIBOR+2.85%	75,898	60,241	2025
Bank of Tokyo-BBVA (8)	LIBOR+1%	37,472	40,161	2018
Total borrowings		3,333,468	2,638,533	
Minus – Current portion		(51,044)	(35,176)	
Non-current portion (9)		3,282,424	2,603,357	

- (1) Corresponds to the local facility agreement signed in 2010 with 10 banks for \$1,545,000 to finance the Sogamoso Power Plant Project. At close of December 2014, \$1,515,923 of said credit had been disbursed.
- (2) Corresponds to the loan from Power Finance Trust Limited in 2005 with a term of 20 years, a grace period of 5 years, and amortization in 30 semi-annual installments with a Government guarantee and OPIC (Overseas Private Investment Corporation) policy.
- (3) Corresponds to internal public debt bonds of \$850,000 to finance the Sogamoso Hydroelectric Power Plant Project. Securities are administered by Deceval S.A. and bonds are issued with a AAA rating from Fitch Ratings Colombia.
- (4) Corresponds to the local facility agreement signed in June 2014 with Bancolombia and Banco de Bogotá for \$240,000 to finance the Sogamoso Hydroelectric Power Plant Project. Credit agreement conditions include: 12-year terms, 3-year grace period and an interest rate of IBR (Banking Reference Indicator) + 4.30%.

- (5) Corresponds to amount of USD 73,000 paid against the facility agreement executed in 2012 to finance the Sogamoso Hydroelectric Power Plant Project 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.
- (6) Corresponds to finance lease agreements with Leasing Bancolombia S.A. acquired in 2010 to finance equipment for the Sogamoso Hydroelectric Power Plant Project by suppliers IMOCOM 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 manufacturing progress of the equipment. (See note 12).
- (7) Corresponds to the amount paid for Round A against the USD 66,000 facility agreement signed in 2012 to finance the Sogamoso Hydroelectric 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.
- (8) Corresponds to the amount paid for Round B against the USD 66,000 facility agreement signed in 2012 to finance the Sogamoso Hydroelectric Power Plant generators. In Round B, ISAGEN can draw up to USD 26,400, equivalent to 40% of the facility agreement 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.
- (9) The expirations for non-current borrowings in upcoming years are as follows:

Expiration year	Value
2016	251,940
2017	234,853
2018	248,186
2019	540,880
2020 and later	2,006,565
	3,282,424

In 2014, \$37,815 of borrowings was paid (2013 - \$52,889).

The company's borrowings are guaranteed as follows:

- ▶ Semi-annual income collateralization for \$39,283 (2013 - \$35,390) 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.
- ▶ Promissory note signed with Banco de Bogotá maturing in February 2026.
- ▶ Promissory note signed with Leasing Bancolombia S.A. to guarantee the finance lease agreements to acquire the Sogamoso Power Plant equipment supplied by SIEMENS S.A. and IMOCOM S.A. through the end of March 2029.
- ▶ Promissory note signed with Power Finance Trust Limited until December 2025 and a letter of credit to back the semi-annual payment.

The Company has a loan with Banco Davivienda for \$250,000 to finish the Sogamoso Hydroelectric Power Plant Project, which has not been disbursed. Likewise, it has \$21,285 (2013 - \$24,987) in leasing agreements and USD 26,997 in guarantees with Export Credit Agencies that have not yet been disbursed.

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 2014, availability Clauses were modified to condition disbursements through May 2015 associated with the loans from Japan Bank for International Cooperation, Bank of Tokyo-Mitsubishi UFJ Ltd, Banco Bilbao Argentaria and Banco Santander España. Likewise, for the Banco Santander de España loan guaranteed by Hermes, the German Export Credit Agency, the borrowing limit was modified based on the NET DEBT/EBITDA ratio.

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 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 record the respective impact to the statement of income in the period when said change occurs. As at December 31, 2014, said impact was seen as the result of an expenditure of \$68,903(*). Nonetheless, as the value will depend on the market interest rate, these should be calculated on the date they take place.

As at December 31, 2014, 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:

	2014	2013
Suppliers (1)	193,741	125,735
Deposits received as collateral (2)	74,428	59,990
Interest payable	45,493	35,355
Creditors(3)	44,871	14,175
Withholdings	14,197	10,548
Taxes, contributions, and fees (4)	8,548	40,163
Funds received in management (5)	6,579	4,985
Accounts Payable Total	387,857	290,951
Minus: Current portion	(386,712)	(233,629)
Non-current portion (6)	1,145	57,322

(1) The balance of this account is comprised as follows

	2014	2013
Energy purchases	72,652	24,192
Investment projects	65,266	50,171
Gas purchases	21,848	20,067
Usage and connection charges	17,668	17,706
Acquisition of goods and services	13,253	11,208
FAZNI	1,355	1,120
SIC	1,030	609
Other	669	662
Total Suppliers	193,741	125,735

As at December 31, bank guarantees had been established with Ecopetrol for \$16,873 (2013 - \$16,536) and Chevron Petroleum Company for USD 1,508 to guarantee gas supplies. They have also been established with TGI in the amount of \$19,867 (2013 - \$17,913) to guarantee gas transport.

In order to ensure compliance for transactions made on the Spot 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. for \$110,000 (2013 - \$75,000).

To comply with CREG Resolution 061 of 2007, guarantees were established to cover the reliability premium of USD 80,200 (2013 - USD 64,774) and \$34,917 (2013 - \$34,917) 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 River, La Esperanza Hydroelectric Power Plant of \$370 (2013 - \$370).

(2) Corresponds to accounts payable for contractual withholdings from contractors working on productive projects, as a guarantee. The amount of these withholdings will be returned upon the satisfactory completion

of the project. The Company also received \$3,622 (2013 - \$3,738) from BIOMAX to guarantee the supply of Jet A1 liquid fuel for Termocentro Power Plant generation.

- (3) This includes the account payable to the Colombian Government for the premium of the legal stability contract signed in 2010 for \$4,998 (2013 - \$8,781), the combined material damage insurance policy for \$34,783, the non-contractual civil liability insurance policy for \$336, contributions to pension funds for \$1,481, contributions to social security for \$1,050 and parafiscal contributions for \$886.
- (4) The balance of taxes, contributions and fees at December 31 includes:

	2014	2013
Contributions	8,519	9,797
Municipal taxes	29	44
Equity tax (*)	-	30,322
	8,548	40,163

- (*) The Company calculated the equity tax for \$121,286, based on the tax 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 was made in eight equal installments in May and September of 2011, 2012, 2013 and 2014. The 100% of the equity tax and its surcharge, was recorded to the equity revaluation account in 2011.

In 2014, \$30,322 was paid in equity tax (2013 - \$30,322).

- (5) Includes resources for the Solidarity Health Fund for Employees administered by the Company \$1,245 (2013 - \$1,170) (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 power plant for \$2,600 (2013 - \$1,592). The deposit from CELEC EP – Ecuador for the agreement with ISAGEN to start pre-feasibility studies for the Tufiño - Chiles - Cerro Negro Binational Geothermal Power Plant Project located on the border between Colombia and Ecuador, in the Department of Nariño and the Province of Carchi for \$2,734 (2013 - \$2,222).
- (6) The non-current portion corresponds to the solidarity health fund for \$1,145 (2013 - \$1,070). In 2013, there were also contractual withholdings of \$56,252.

16. Labor obligations

The balance of labor obligations as at December 31 includes:

	2014	2013
Vacation and vacation bonus	6,358	5,813
Severance packages and interests on severance packages	5,046	5,132
Payroll	776	180
Pensions payable	471	606
Healthcare provisions	1,533	657
Total Labor Obligations	14,184	12,388

17. Estimated liabilities

The balance of estimated liabilities as at December 31 includes:

	2014	2013
Provision for retirement pensions (1)	69,201	71,728
Income tax provision(2)	25,075	51,591
Provision for salaries and social benefits	4,948	4,849
Provision for contingencies (3)	4,342	2,929
Client loyalty points (4)	756	916
Provision for Industry and Commerce Tax	295	844
Total Estimated Liabilities	104,617	132,857
Minus: Current portion (5)	(36,967)	(67,877)
Non-current portion	67,650	64,980

(1) Activity in the retirement pension follows:

	2014	2013
Opening balance	71,728	73,217
Payments	(5,734)	(6,908)
Increase in the year (*)	3,207	5,419
Retirement pensions	69,201	71,728

(*) 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:

	2014	2013
Pension readjustment rate (*)	2.41%	2.99%
Real technical interest rate (**)	4.80%	4.80%
Number of people covered (***)	137	139

(*) Corresponds to the weighted inflation average for 2011, 2012, and 2013 with the following weights: 2013 with three points, 2012 with two points and 2011 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 113 retirees with shared pensions, 18 retirees expecting a Colpensiones pension, 4 life annuity substitutions and 2 active employees that have fulfilled requirements with the Company and who are expecting Colpensiones pension.

(2) The tax regulations applicable to the Company stipulate, among others, the following obligations:

Current income tax

To calculate the income tax provision, the following criteria were taken into consideration, among others:

- Taxable income is recorded at 25%.
- 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 Tax Code, 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 finance lease agreements with the irrevocable purchase option, ISAGEN decreased ordinary liquid income for the period by \$270,399 (2013 - \$258,720).
- 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 transaction tax.
- The Tax Code Reform 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 2014, the Company did not have to limit this value for any item.

Income tax for equality (CREE)

- The applicable rate is 9% for the years 2013 to 2015. Law 1739 / 2014 establishes that this tax will continue permanently.
- 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 special deductions not expressly cited in the legislation, may not be eliminated from the base taxable income.
- It establishes a minimum taxable base of 3% on net taxable assets for the previous year.

Equity tax

The tax paid for this item in 2014 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 was levied on the revalued equity account in 2011.

Other Taxes

Discount on VAT for importing or acquiring heavy machinery for basic industries. The estimated discount for this concept generated in 2014 was \$2,797 (2013 - \$4,472).

Due to change resulting from Law 1739 / 2014, which permanently imposed a CREE tax rate at 9%, the Company proceeded to adjust the deferred income tax using tax law current at the close of the fiscal year. The adjustment made was for \$11,116.

Information about how the ordinary income tax was calculated at December 31 is presented below:

	2014	2013
Profit before the income tax provision	583,738	564,153
Plus non-deductible expenses and taxable income:		
Allowance	9,653	8,324
Other non-deductible expenses	30,981	33,496
Non-deductible expense from the Miel arbitral award	-	2,661
Other revenue	104	965
Minus non-taxable income and deductible expenses:		
Non-taxable income from recoveries	3,657	14,378
Deductible allowances	3,965	524
Greater expense for tax depreciation	106,177	87,904
Inflation adjustment for withdrawing inventories	79	173
Deduction for real productive fixed assets	270,399	258,720
Other deductible expenses	1,753	-
Other non-taxable income	981	1,398
Profit from sales of fixed assets	-	35
Taxable liquid income	237,465	246,467
Tax rate	25%	25%
Ordinary income tax	59,367	61,617
Taxable irregular income	-	18
Tax rate	10%	10%
Tax on irregular income	-	2
Current Income Tax Total	59,367	61,619
Tax withholdings and balances	(48,502)	(37,347)
Tax deduction	(2,797)	(8,418)
Balance to pay	8,068	15,854

Information about how the income tax for equality (CREE) was calculated at December 31 is presented below.

	2014	2013
Taxable liquid income	237,465	246,467
Plus special deductions:		
Deduction for real productive fixed assets	270,399	258,720
Deduction for tax allowance	-	219
Minus non-taxable income		
Interest presumed	104	1
CREE taxable base	507,760	505,405
CREE minimum base	73,823	68,528
Tax rate	9%	9%
CREE tax	45,698	45,486
CREE self-withholdings	(31,471)	(18,167)
Balance to pay	14,227	27,319

The amount recorded to the statement of income for income tax and CREE is presented below:

	2014	2013
Income tax	59,367	61,619
CREE	45,698	45,486
	105,065	107,105

The relationship between accounting equity and tax equity as at December 31 is presented below:

	2014	2013
Accounting equity	4,248,300	4,029,450
Plus:		
Allowance to protect inventories, accounts receivable, investments and property, plant and equipment	19,215	19,386
Deferred income tax credit	408,033	366,857
Equity difference for fixed assets	237,124	237,209
Minus:		
Deferred income tax debit	1,976	2,849
Deferred depreciation	1,486,696	1,380,645
Valuations	792,618	793,084
Other assets	13,362	13,363
Tax equity	2,618,020	2,462,961

The 2009 tax return is under review by the contentious jurisdiction. See note 29.

With regards to the 2014 tax year, the Company's management believes that the amount declared as a provision for taxes is sufficient to meet any liabilities that may be established for said year. The 2014 tax return must be filed by April 27, 2015 at the latest.

2014 TAX REFORM

Law 1739 / 2014 imposed additional tax payment responsibilities such as:

› Creation of the wealth tax:

- › Individuals and legal persons possessing more than or equal to \$1,000 as of January 1, 2015 are required to pay this tax.
- › This tax liability is charged on January 1, 2015, January 1, 2016 and January 1, 2017.
- › The taxable base for 2016 and 2017 cannot be less than that established for 2015, adjusting 25% for inflation.
- › The applicable rate for ISAGEN will be 1.15%, 1% and 0.4% for the years 2015, 2016 and 2017, respectively.
- › Law permits recording the tax against equity reserves.
- › It shall be paid in two equal installments:
- › The estimated value of the tax is \$30,065 for 2015, \$26,144 for 2016 and \$10,534 for 2017.

› Increased CREE tax and advance payment:

- › This applies for 2015, although an advance payment equivalent to 100% of the value of the same was established, based on the CREE tax resulting from the previous year's taxable base.
- › For CREE taxpayers with income greater than or equal \$800.
- › The applicable rate for ISAGEN will be 5%, 6%, 8% and 9% for the years 2015, 2016, 2017 and 2018, respectively.

› Changes to the CREE tax:

- › The CREE tax rate will be 9% permanently.
- › Starting in 2015, it is permitted to compensate tax losses and minimum base excess, taking into consideration the same regulations used for the ordinary income tax.
- › A general remission from the regular income tax standards is established:

› Other Norms:

- › A VAT tax discount equivalent to 2 VAT points was established for acquiring capital assets.

- › A VAT tax discount equivalent was established for acquiring heavy machinery in the national territory for basic industries.
 - › The gradual application of non-deductible expenses for cash payments was pushed back to 2019.
- (3) Among other things, this corresponds to the provision to cover loss contingencies for nullification and reestablishment of rights proceedings 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.
- There are also provisions for solidarity responsibility in labor processes with Coopaneleros for \$1,758 (2013 - \$536). Provisions of \$426 (2013 - \$426) for imposing electrical energy easements in the Amoyá River, La Esperanza Hydroelectric Power Plant and allowance for the severance fee retroactive payment processes for \$1,111 (2013 - \$625). Costs for legal proceedings with Mundial de Seguros for \$660 resulting from the ruling against the Company in the second instance. In 2013 this also included the solidarity provision with Grupo ICT for \$821, which was recovered in 2014.
- (4) Corresponds to the provision 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 provision for income tax and CREE of \$25,426 (2013 - \$51,591), the provision for social contributions of \$4,948 (2013 - \$4,689), customer loyalty points of \$756 (2013- \$916) and the estimated portion to be paid in the short term for retirement pensions of \$5,893 (2013- \$9,677).

18. Other liabilities

The balance of other liabilities as at December 31 includes:

	2014	2013
Deferred income tax (1)	408,033	366,858
Advance payments by clients (2)	28,697	42,832
Bond issue premium (3)	34,637	40,946
Other	437	526
Other Liabilities Total	471,804	451,162
Minus: Current portion	(35,366)	(49,592)
Non-current portion	436,438	401,570

- (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 statement of income recorded to the statement of income is presented below:

	2014	2013
Deferred income tax payable	41,218	23,204
Deferred income tax receivable	872	(122)
	42,090	23,082

(2) Client advances for future energy delivery. The main balances are to Energéticos S.A.S. E.S.P. \$9,377, Proeléctrica & Cía. S.C.A. E.S.P. \$6,871, Generarco S.A.S. E.S.P. \$4,774 (2013 - \$1,532), Ruitoque S.A. E.S.P. \$3,052 (2013 - \$1,383), Centrales Eléctricas de Nariño \$1,570 (2013 - \$11,615), Distribuidora y comercializadora de Energía \$932, Quimpac de Colombia S.A. \$808, Empresa de Energía del Bajo Putumayo \$638 (2013 - \$1,316) and Durman Colombia S.A.S \$472. In 2013 this also included Corporación Eléctrica Nacional S.A. – CORPOELEC S.A. \$15,370, Energéticos S.A. E.S.P. \$4,821, Empresas Municipales de Cali E.I.C.E. E.S.P. \$2,878, Proeléctrica & Cía. S.C.A. E.S.P. \$1,532 and GRUPO ICT II S.A.S. \$1,468.

(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 2014 was \$6,308 (2013- \$6,308), leaving a balance of \$34,637.

19. Share Capital

The share capital subscribed and paid at December 31 was as follows:

Shareholder	Number of Shares	2014	
		Value	%
The Government	1,570,490,767	39,262	57.61
Empresas Públicas de Medellín - E.S.P.	358,332,000	8,958	13.14
Fondo de Pensiones Porvenir	152,555,521	3,814	5.60
Fondo de Pensiones Protección	89,577,492	2,239	3.29
Minority shareholders*	555,116,220	13,879	20.36
Total Share Capital	2,726,072,000	68,152	100.00

Shareholder	Number of Shares	2013	
		Value	%
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 Porvenir	133,639,132	3,341	4.90
Fondo de Pensiones Protección	109,235,240	2,731	4.01
Minority shareholders*	558,318,628	13,958	20.48
Total Share Capital	2,726,072,000	68,152	100.00

(*) Minority shareholders are all those who represent a maximum of 3% of the ordinary shares in circulation.

The Company's shares are traded mainly on the Colombian Securities 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:

	2014	2013
Temporary reserve for credit rating (1)	910,743	745,740
Tax regulation reserves (2)	806,885	755,189
Statutory reserve (3)	51,134	51,134
Temporary investment reserve(4)	38,446	38,446
Reserve Total	1,807,208	1,590,509

- (1) Temporary reserve approved by the General Meeting of Shareholders to preserve the Company's credit rating and to meet commitments with creditors and investors. The value reserved for 2014 was \$165,003 (2013 - \$215,857).
- (2) Since 2004, the General Meeting of Shareholders, 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 2014 was \$74,130 (2013 - \$72,481) and \$22,434 (2013 - \$16,353) was released.
- (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) Temporary investment reserve approved by the General Meeting of Shareholders 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.

22. Effects of Changes in the General Public Accounting Plan

The balance of this account as at December 31, 2014 and 2013 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 impairments 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:

	2014	2013
Energy sales through contracts (*)	1,865,895	1,568,006
Energy sales on the spot market	451,623	362,812
Technical Services	8,689	8,034
Gas sales	2,838	63,400
Calderas substation remuneration (**)	575	562
Revenue	2,329,620	2,002,814

(*) Energy sales through contracts consist of \$1,058,235 (2013 - \$659,864) to regulated companies, \$800,606 (2013 - \$709,675) to non-regulated companies and \$7,054 (2013 - \$198,467) 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 cost of sales and operating costs at December 31 included:

	2014	2013
Energy purchases (1)	736,762	457,025
Fuel	254,763	252,064
Charges for using and connecting to the NTS	198,067	228,920
Depreciation	113,976	103,904
Personnel expenses	74,819	66,350
Law 99 /93 transfers	39,732	38,020
Maintenance and repair	39,725	31,541
Insurance	17,114	15,795
Transport and freight	14,663	13,842
Security	14,330	18,243
Environmental management plan	14,128	12,799
Fazni contribution	12,096	11,822
Customer service	10,562	9,532
Community relationships	9,747	9,696
NDC, CRD'S and Commercial Exchange System	9,513	7,994
Cleaning and cafeteria services	6,987	6,789
Studies, investigation and projects	5,209	4,474
Professional fees	4,302	3,653
Leases	3,443	3,314
Taxes and contributions	2,744	5,216
Advertising (2)	318	405
Other	4,100	3,976
Total Cost of Sales and Operating Costs	1,587,100	1,305,374

(1) The increase in energy purchases was required to meet commercial commitments, thus increasing purchases on the spot market and exchange contract purchases. This is primarily because of:

- ▶ Lower generation from existing power plants that the budget forecasted, due to low rainfall throughout the year.
- ▶ The Sogamoso Hydroelectric Power Plant did not start-up operations on the expected date, because low rainfall caused a delay in filling the reservoir.
- ▶ For 10 months of the year, the energy market price was higher than the market prices last year.

(2) Advertising details are shown below:

	2014	2013
Relational Marketing Performance	256	280
Technology Partner Network publication	-	110
Manufacturing and updating of billboards and signs	19	15
Other publications	43	-
	318	405

25. Administrative Expenses

The balance of administrative expenses at December 31 included:

	2014	2013
Personnel expenses (1)	48,691	49,489
Taxes and contributions (2)	16,737	14,782
Fees (3)	13,478	10,524
Leases	11,928	11,990
Maintenance and repair	6,322	6,825
Depreciation and amortization	4,435	7,539
Data processing	2,696	2,085
Publicutilities	2,174	2,152
Communication and transportation	1,949	2,050
Cleaningand cafeteria services	1,915	2,182
Advertising (4)	1,834	1,024
Security	1,467	1,190
Legal expenses	975	852
Insurance	668	647
Supplies and materials	112	113
Other general expenses	2,910	2,982
Total Administrative Expenses	118,291	116,426

(1) Includes \$3,207 (2013 - \$5,419) for pension liability adjustment for retirements.

(2) Includes the \$3,110 for the audit fee for the General Accounting Office (2013 - \$2,781), \$2,732 for the contribution to the Superintendence of Residential Public Services (2013 - 2,192), \$940 for the contribution to the Gas and Energy Regulation Commission (CREG) (2013 - \$870), \$379 for the Industry and Commerce Tax (2013 - \$721), \$19 for the Land Tax (2013 - \$15), and \$9,551 for the financial movement tax (2013 - \$8,178).

(3) Includes financial consulting for \$1,925 (2013 - \$1,152), management consulting for \$3,894 (2013 - \$2,738), legal consulting for \$1,727 (2013 - \$1,207), audits for \$833 (2013 - \$655), brokerage for \$1,281 (2013 - \$1,251) and support desk service for \$2,006 (2013 - \$1,568).

(4) Advertising details are shown below:

	2014	2013
Institutional and community sponsorships	1,144	525
Media plan	483	356
Item branding	117	42
Equipment rentals for events and assembly	45	65
Spot production	5	15
Photographic coverage	3	19
Other	37	2
	1,834	1,024

26. Interest – Non-Operating Income and Expenses

The balances of non-operating income for the year ended December 31 include:

	2014	2013
Bank Deposits	13,869	8,194
Pension fund profit	2,045	2,061
Accounts receivable yields	1,716	4,615
Profit liquidity fund	7	2,371
Other income	478	667
Total Non-Operating Income, Interest	18,115	17,908

The balances of non-operating expense for the year ended December 31 include:

	2014	2013
Interests from borrowings(*)	51,788	30,174
Interests from the legal stability contract	444	1,446
Arbitration award(**)	-	2,661
Other income	75	-
Total Non-Operating Expenses, Interest	52,307	34,281

(*) The increase corresponds primarily to recording interests starting on December 20, 2014 for the debt incurred in the construction of the Sogamoso Hydroelectric Power Plant, which were capitalized until this date.

(**) 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:

	2014	2013
Recoveries (1)	9,929	17,948
Bond issue premium (2)	6,308	6,308
Adjustments from previous fiscal years	1,001	1,694
Various services to contractors and third parties	928	886
Indemnities	51	835
Surplus inventory	434	427
Late payment interest	200	118
Other	310	335
Total Non-Operating Income, Miscellaneous	19,161	19,161

(1) Recoveries include:

	2014	2013
Retirement pensions	2,296	370
Accounts receivable allowance	1,975	4,036
Provision for contingencies	1,278	-
Operations and maintenance costs	1,168	-
Industry and Commerce tax	909	-
Interests from the legal stability contract	634	-
Disabilities	605	634
Estimates for usage of lines, networks and ducts	293	-
Provision for client points	149	-
Allowance for fixed assets	-	8,639
Contribution to Federal Public Utilities Regulatory Commission	-	1,459
Income tax provision	-	1,172
Allowance for inventories	-	442
Other	622	1,196
Total recoveries	9,929	17,948

(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

	2014	2013
Borrowing insurance (1)	6,134	5,973
Extraordinary expenses (2)	5,767	679
Allowances (3)	4,279	6,543
Expenses from previous years (4)	3,274	8,787
Bank commissions and expenses (5)	3,105	3,338
Prompt payment discounts	592	562
Trust rights	60	59
Other	8	513
Total Non-Operating Expenses, Miscellaneous	23,219	26,454

(1) Primarily includes \$4,157 (2013 - \$4,115) for the OPIC insurance commission and the counter guarantee \$1,940 (2013 - \$1,858).

(2) Primarily comprised of \$5,656 to compensate Ecopetrol gas supply negotiations in Cusiana and Cupiagua, permitting the Company to ensure fuel available for the reliability charge Termocentro Power Plant generation up to November of 2015, which is offset by the increased supply capacity from these fields and the reduced gas prices.

(3) Primarily includes the provision for points through the client loyalty program for \$481 (2013 - \$644), contingencies and disputes provision for \$2,789 (2013 - \$1,753) comprising lawsuits for retroactive payments of severance fees for \$2,032 (2013 - \$804), lawsuits for Mundial de Seguros costs of \$660 and the Industry and Commerce lawsuit with the Municipality of Tuta for \$97. It also includes the allowance for inventories for \$965.

In 2013 there was an allowance of \$3,076 for machinery and equipment and \$1,062 for communication and computing equipment.

(4) Primarily includes adjustments for 2013 income tax return for \$460; social security and parafiscal adjustments on behalf of employees for \$368; adjustment for the contribution to the Superintendence of Residential Public Services for \$162; adjustment for the damages to the Sogamoso metal bridge for \$267; adjustment for interests to Biomax for \$87; adjustments for the tax discount of \$35 and \$1,724 for lower values than those estimated for usage and connection charges in 2013 (2013 - \$3,456). In 2013, included adjustments for the Miel Arbitral Award for \$4,286.

(5) Primarily includes commission on guarantees for \$1,370 (2013 - \$1,403), bank expenses for \$284 (2013 - \$335), commission for management and safekeeping of shares and bonds for \$1,148 (2013 - \$1,600).

29. Memorandum Accounts

The balance of the memorandum accounts as at December 31 includes:

	2014	2013
Debtors		
Contingent rights (1)	9,384	9,384
Contingent processes (2)	116,595	44,781
Tax debtors (3)	2,676,667	1,248,283
Control debtors (4)	2,252,131	1,512,507
	5,054,777	2,814,955
Creditors		
Contingent liabilities (5)	6,879,126	5,332,433
Tax creditors (6)	2,500,905	2,590,803
Control creditors (7)	319,044	523,198
	9,699,075	8,446,434

(1) This account balance also includes rights related to the Andaquí study of \$9,384 (2013 - \$9,384) and the Ambeima study of \$213 (2013 - \$213).

(2) The proceedings include:

	Number of Proceedings 2014	2014	2013
Administrative lawsuits and litigations (*)	16	106,474	35,340
Civil lawsuits and litigations (**)	6	9,878	9,441
Labor Claims and Litigations	1	243	-
		116,595	44,781

(*) The administrative claims include mainly:

- ▶ Lawsuit with Grodco for \$63,720 filing for payment for damages resulting from problems related with Contract No. 46/3851 for the construction of the Bucaramanga-Barrancabermeja replacement road in the Capitancitos - Puente la Paz Sector, in the Sogamoso Hydroelectric Power Plant Project.
- ▶ Lawsuit against the Municipality of Caloto for Industry and Commerce Taxes for \$4,371 (2013 - \$3,947).
- ▶ Claim for damages and losses for ownership and liquidation of Electrochocó to the Ministry of Mines and Energy and the Superintendence of Residential Public Services for \$17,178 (2013 - \$9,983).
- ▶ Lawsuit against the Colombian Government (Superintendence of Residential Public Services) for damages and losses resulting from the liquidation of Empresas Públicas de Cauca for \$3,341 (2013 - \$2,069).
- ▶ Lawsuit against Megaproyectos for damages and losses resulting from the early termination of Contract No. 46/2629 for of \$4,784 (2013 - \$4,159).
- ▶ Lawsuit against the Municipality of Cimitarra for Industry and Commerce Taxes for \$8,897 (2013 - \$5,510).
- ▶ Lawsuit against the resolution of the Superintendence of Residential Public Services for which the 2011 and 2013 contributions for energy and gas were established at \$2,161 (2013 - \$2,009).

The Company has a lawsuit under review by the Constitutional Court regarding the amount paid for the arbitral award handed down by the International Chamber of Commerce (ICC) in favor of the Miel I Consortium. An overview providing the history of this process 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 Energia 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. 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 and USD 370.
- ▶ 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.
- ▶ In June 2013, the Miel Award was paid in the amount of \$125,918.
- ▶ In July 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.
- ▶ ISAGEN respectfully requested that the Constitutional Court review the Writ of Protection. Said appeal was accepted, and it is currently in the Chambers of the Constitutional Court, pending a ruling.

(**) The civil lawsuits primarily include the claim against Mundial de Seguros to compensate for damages to the Termocentro Power Plant in the amount of \$9,310 (2013 - \$9,350).

(3) Corresponds to reconciliations between accounting and tax differences of valuations, non-deductible expenses, fixed assets and deferred income tax debit.

(4) There are guarantees to suppliers for \$182,026 and USD 100,327 (2013 - \$146,084 and USD 64,774), USD 18,618 (2013 - USD 18,549) 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 \$1,857,923 in promissory notes on borrowings (2013 - \$1,214,327).

(5) The balance of this account is comprised as follows:

Commitments resulting from long-term energy sales negotiations for an approximate value of \$6,524,765 (2013 - \$5,180,026). 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 \$15,054 (2013 - \$6,477).

This also includes the following legal proceedings:

	Number of Proceedings 2014	2014	2013
Administrative (*)	173	323,845	143,151
Fiscal(**)	1	9,332	-
Labor	19	5,219	1,901
Constitutional (***)	7	-	-
Civil	1	909	878
		339,305	145,930

(*) The administrative claims include mainly:

- Producciones Punch lawsuit for \$8,504 (2013 - \$900) to compensate damages and losses resulting from energy rationing.
- Invoking the guarantee of XM Expertos en Mercados S.A. E.S.P. in 128 legal proceedings that ISAGEN has been entailed, resulting from various market agents filing for grievances related with the capacity charge between 2001 and 2006. The estimated value for these cases is \$167,514 (2013 - \$65,558). Said estimate was calculated by the Company using the following method: multiply the total value of the lawsuit by the capacity charge portion received by ISAGEN for the total system capacity charge remuneration; then discount the remuneration received by the plaintiff.

ISAGEN's management and its consultants believe that there is a low probability of loss, given the fundamental arguments of the defense in favor of the calling on the guarantee. Additionally, hypothetically considering that the lawsuit cases are awarded, it could turn out to be an active contingency for the Company, consisting in the possibility of recovering the portion of the capacity charge left unsettled for all hydroelectricity generators.

The increase over 2013 corresponds to the inclusion and valuation of new proceedings.

- Lawsuit against the Ministry of Mines and Energy under Resolution No. 180436 of April 10, 2006 to collect rights for \$10,971 (2013 - \$7,266) from the Urrá project; an amount that had been previously submitted during ISAGEN's process of reducing capital.
- Lawsuit against the Municipality of Tuta for Industry and Commerce Taxes for \$5,609 (2013 - \$1,819).
- Lawsuit against the Municipality of Arauca for public lighting for \$3,898 (2013 - \$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 Hydroelectric Power Plant for \$28,534 (2013 - \$26,250).
- Lawsuit filed by Esgamo Ingenieros Constructores against ANLA and ISAGEN be found responsible for civil and administrative liabilities due the Sogamoso Hydroelectric Power 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 for \$24,918 (2013 - \$23,840).
- Lawsuit filed by Dioconda Poveda for damages suffered resulting from the easement allowing electricity conduction for the Amoyá River, La Esperanza Hydroelectric Power Plant for \$5,109 (2013 - \$4,700).
- Lawsuit filed by Reinaldo Oliverio Vega suing for \$3,752 (2013 - \$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 Power Plant construction.
- Lawsuit filed by Alfonso Suárez Pinto suing for \$1,199 (2013 - \$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.

- Municipality of Nobsa lawsuit for \$4,260 for industry and commerce taxes in 2011 related with energy sales in accordance with Resolution 2014-002 of October 14, 2014.
- Municipality of Yumbo lawsuit for \$5,313 for industry and commerce taxes in years 2006, 2007, 2009 and 2010.
- Lawsuit with Grodco for \$46,760 filing for payment for damages resulting from problems related with Contract No. 46/3851 for the construction of the Bucaramanga-Barrancabermeja replacement road in the Capitancitos - Puente la Paz Sector, in the Sogamoso Hydroelectric Power Plant Project.
- Municipality of Guachené lawsuit for \$774 for industry and commerce taxes related with energy sales between 2007 and 2011.
- Megaproyectos lawsuit for \$2,878 for damages and loss for the anticipated early termination of Isagen Contract No. 46/2629.

(**) 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 tax return process. The appeal was overturned by the tax authorities, and for that reason the Company, within its legal terms, filed a lawsuit (as a control measure) to nullify and re-establish its rights against said actions by the authorities.

ISAGEN's management and external tax consultants believe that there are strong arguments to support the decision made by the Company. The value under discussion is \$3,589 and the penalty for inaccuracy is \$5,743.

(***) Proceedings for undetermined amounts

On August 04, 2014, Mrs. Claudi Patricia Ortíz G. and others filed a class action suit with the Santander Claims Court against ISAGEN and the ANLA for suspected damages and losses related with the construction of the Sogamoso Hydroelectric Power Plant. ISAGEN, within legal time limits, provided response to the suit on October 07, 2014.

The lawsuit seeks to guarantee the collective rights of the communities in the area surrounding the Power Plant in a healthy environment, where ecological balance exists around the reservoir, including the rational management and use of natural resources and the security and prevention of disasters that are technically foreseeable, and which can affect the communities downstream from the dam.

Company administration and its legal counsel consider said class action suit will not prosper, given that the Company applies the highest standards of quality and corporate responsibility to guarantee compliance with its obligations without affecting the natural resources and the populations in its projects areas of influence.

- (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 2014, this primarily comprises credits not disbursed corresponding to Banco Davivienda for \$250,000 (In 2013 it included the Club Deal loan for \$431,673), and the impact of terminating the OPIC indexing operation for \$68,903 (2013 - \$66,418), with a low probability of occurrence as at December 31, 2014, 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		
2014				
Outstanding balances				
Accounts receivable	-	-	801	-
Obligations	5	5,097	-	-
Transactions related to profit and loss				
Energy sales	56,317	-	-	-
Gas sales	844	-	-	-
Use of the Local Distribution System	17,774	-	-	-
Interest	-	444	-	-
Energy, water and telephone service	100	-	-	-
Professional fees	-	-	-	656
Salaries and social benefits	-	-	5,428	-
Commissions	23	-	-	-
Other transactions				
Dividends	28,131	125,168	10	-
2013				
Outstanding balances				
Accounts receivable	19,776	-	678	-
Obligations	493	8,877	-	-
Transactions related to profit and loss				
Energy sales	24,637	-	-	-
Gas sales	34,936	-	-	-
Use of the Local Distribution System	18,566	-	-	-
Interest	-	195	-	-
Energy, water and telephone service	285	-	-	-
Professional fees	-	-	-	701
Salaries and social benefits	-	-	4,870	-
Commissions	23	-	-	-
Other transactions				
Dividends	24,460	108,934	16	-

(*) 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.

Additionally, the Company buys and sells services with related companies in which the national Government has a direct or indirect share. These operations were conducted according to market criteria.

31. Donations

Through in kind donations, the Company donated laptop and desktop computers worth \$70 (2013 - \$103) 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, 2014.

Nonetheless, as previously cited in these notes, at the time of publication of these financial statements, the Colombian Government has a process open to transfer its ownership in the Company. Said process was postponed for one more year from August 12, 2014. As at the date when these financial statements were prepared, no new sale schedule had been published, and therefore they do not include any adjustments that could result from a future change in control.

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

Deloitte.

Deloitte & Touche Ltda.
Ed. Corficolombiana
Calle 16 Sur No. 43A - 49 P. 9 y 10
A.A. 404
Nit. 860.005.813-4
Medellin D.C.
Colombia

Tel : +57(4) 313 88 99
Fax : +57(4) 313 93 43

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, 2014 and 2013 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, 2014 and 2013, 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
Deloitte & Touche Ltda.
Medellin, Colombia

February 20, 2015.

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Una firma miembro de Deloitte Touche Tohmatsu

Certification of the Company's Legal Representative and Accountant

February 20, 2015

To ISAGEN SA E.S.P. Shareholders:

The underwritten legal representative and accountant of ISAGEN S.A. E.S.P. certify that:

1. The Company's financial statements as at December 31, 2014 and 2013 have been faithfully transferred 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, 2014 and 2013 are present. All transactions included in these statements dates.
 - b) All of the Company's economic activities in the years ending on December 31, 2014 and 2013 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, 2014 and 2013.
 - 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.
 - f) Appropriate systems were established and maintained to control and disclose financial information.
 - g) Proper systems were used to control and disclose said information, with the objective of ensuring that financial information is appropriately presented.
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

ORIGINAL
DOCUMENT SIGNED

LUIS FERNANDO RICO PINZÓN
Legal Representative

ELVIA LUZ RESTREPO SALDARRIAGA
Accountant
Professional License No. 37982-T

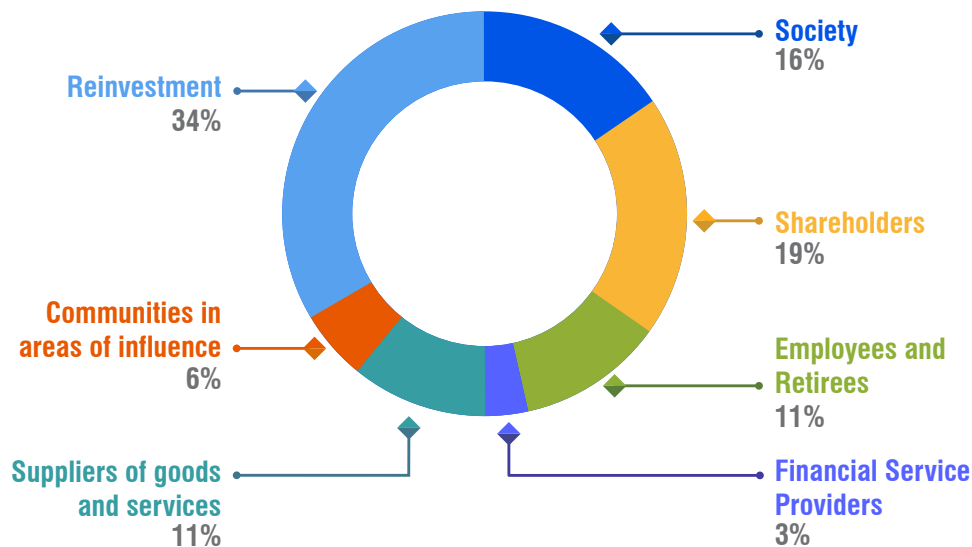


Distribution of **Value to Stakeholders**

This chapter discusses how the value generated by the Company is distributed among the various stakeholders, which goes beyond the figures, because it builds trust through the transparent communication of the principles, policies and practices of corporate governance. This chapter was based on the methodology of the fourth financial statement, proposed by Dr. Luis Perera in his book *Social Report: A Fourth Basic Financial Statement on the Social Dimension of Companies* (Reporte social: un cuarto estado financiero básico, sobre la dimensión social de las empresas).

This fourth financial statement refers to the Companies' social dynamics and establishes a link between the financial statements and the social and environmental aspects of the Company.

Distribution of Value



The economic value generated has been distributed among stakeholders: The Company, Investors, employees, financial service providers, suppliers of goods and services, communities in the areas of influence, and to the Company itself through reinvestment.

	Notes	2012	2013	2014
Revenue	1	1,731,539	2,002,815	2,329,620
Direct costs	2	783,695	946,003	1,199,104
Economic value generated		947,844	1,056,811	1,130,516
Society	3	78,439	162,006	178,732
Investors	4	201,675	160,331	219,884
Employees and retirees	5	109,968	117,813	125,849
Financial service providers	6	8,586	22,844	39,713
Suppliers of goods and services	7	86,769	108,892	121,076
Communities in areas of influence	8	54,011	60,515	63,729
Reinvestment	9	408,397	424,412	381,533
Economic value distribution		947,844	1,056,813	1,130,516

Notes on the economic value added:

Note 1: Revenue

In 2014, the revenue reached COP 2,329,620, representing an increase of 16.3% over the previous year. The increase is mainly due to growing revenue from contract sales, which made up 80.1% of all annual revenue.

In 2014, revenue from energy sales on the spot market rose 24.48% compared to the previous year. Energy sales on the spot market consist of several concepts, including the AGC (automatic generation control), which increased the most compared to the previous year.

As regards revenue from gas sales, they dropped 95.5% compared to the previous year, mainly showing fewer gas sales to the non-regulated market due to the increased demand for generation in compliance with the contracts.

The following table shows the balances of the revenue accounts as at December 31:

	2012	2013	2014
Energy sales through contracts	1,428,632	1,568,006	1,865,894
Energy sales on the spot market	212,665	362,812	451,624
Gas sales	81,819	63,401	2,838
Technical services	7,803	8,034	8,689
Calderas Substation asset remuneration	620	562	575
Sales total	1,731,539	2,002,815	2,329,620

Note 2: Expenses

Direct costs rose COP 253,101 compared to 2013, which represents an increase on 26.75%. This was mainly reflected in greater energy purchases due to the need to meet commercial commitments, mainly explained by:

- ▶ Lower generation from existing power plants than the budget forecast, due to low rainfall throughout the year.
- ▶ The Sogamoso Hydroelectric Power Plant did not start-up operations on the expected date.
- ▶ For 10 months of the year, the energy market price was higher than the market prices last year.

The costs of tangible goods and services related directly with production were included, and taxes were excluded because they will be part of the amount paid to the State and the Company, 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:

	2012	2013	2014
Purchases	383,573	457,025	736,762
Charges for using and connecting to the NTS	222,751	228,920	198,067
Fuel	170,111	252,064	254,763
NDC-CRD-CES	7,260	7,994	9,512
Total direct costs	783,695	946,003	1,199,104

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 2014 was COP 1,130,516 which was distributed among different stakeholders, as shown in Notes 3 to 9.

Note 3: Society

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:

	2012	2013	2014
National taxes	57,398	138,424	156,765
Departmental taxes	14	5	0
Municipal taxes	3,048	3,730	2,047
Contributions	6,593	8,025	7,824
Fazni	11,386	11,822	12,096
Company total	78,439	162,006	178,732

National taxes include income tax, income tax for equality (CREE), which the government uses specifically for social investment programs and financial transaction tax. The vehicle tax is a departmental tax, and industry and commerce tax, land tax, appreciation and outdoor advertising tax are municipal taxes.

(2) Taxes and contributions have increased primarily due to the increase in the deferred income tax COP 19,008. The tax reform in 2014 changed the tax rate and therefore, the deferred tax must be changed by increasing it one percentage point (34%).

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 CREE tax.

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 Services, 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 or country. However, in accordance with the law, the Company collects and transfers 20% of the energy consumption of industrial clients as subsidies to residential clients in socio-economic classes 1, 2 and 3.

Note 4: Investors

In accordance with the shareholder structure, the value is distributed to the owners using the available profits or those subject to future distribution.

	2012	2013	2014
Net profit	460,903	433,966	436,583
Reserve, Art. 130 of the Tax Code	-72,481	-74,130	-74,130
Release Reserve, Art. 130 of the Tax Code	16,352	16,352	22,434
Credit rating reserve	-203,099	-215,857	-165,003
Total to investors	201,675	160,331	219,884

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 the funding of the investment plans and projects carried out thereby.

Note 5: Employees

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.

	2012	2013	2014
Salaries and retirement pensions	75,268	88,140	97,209
Contributions and benefits above payroll	34,700	29,673	28,640
Total employees	109,968	117,813	125,849

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.

As at December 31, 2014, this independent trust amounted to 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 2014, COP 4,260 were contributed to this fund.

Note 6: Financial Service Suppliers

Obligations assumed by the Company from credit establishments, financial institutions or outstanding bond deposits.

Financial liabilities increased 26.34% going from COP 2,638,533 in 2013 to COP 3,333,468 in 2014.

	Valores	%
Short term	51,044	2
Long term	3,282,424	98
Total	3,333,468	100

As is customary in this type of operation, the Company assumed a series of mainly financial and environmental commitments. At the end of 2014 and 2013, 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 were registered as a greater investment value up to December 20 of this period.

The net value between other revenue 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:

	2012	2013	2014
Interest and commission	13,121	21,175	36,305
Exchange rate difference	-4,535	1,670	3,408
Financial service provider total	8,586	22,845	39,713

Note 7: Suppliers of Goods and Services

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.

	2012	2013	2014
Insurance, security and other services	34,976	37,907	39,233
General and other	51,793	70,985	81,843
Suppliers of goods and services	86,769	108,892	121,076

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 projects. The Company has adequate insurance policies to protect its assets.

Note 8: Community

In 2014, 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.

	2012	2013	2014
Law 99 contributions	35,885	38,020	39,733
Social investment	6,024	7,568	7,694
Biophysical investment	1,400	2,128	2,054
Environmental Management Plan - social component	1,316	939	1,467
Environmental Management Plan - biophysical component	9,386	11,860	12,662
Other costs- prevention and service	0	0	119
Total communities in the area of influence	54,011	60,515	63,729

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 2014 that were not distributed that same year.

	2012	2013	2014
Depreciation and amortization	109,042	111,622	118,593
Maintenance and repair	40,127	39,155	46,241
Statutory reserves	259,228	273,635	216,699
Reinvestment total	408,397	424,412	381,533

External Verification



INDEPENDENT REVIEW REPORT 2014 Management Report 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 the **ISAGEN S.A. E.S.P.** 2014 Management Report following the guidelines set forth in the Global Reporting Initiative Sustainability Reporting Guidelines (GRI) version G4, the AA1000AS:2008 Sustainability Assurance Standard, the ISAE 3000:2013 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the sustainability report assurance procedures defined by the **Colombian Institute of Technical Standards and Certification (ICONTEC)**.

The preparation, content and self-declaration of the **ESSENTIAL** level for the 2014 Management Report, is the responsibility of the company, **ISAGEN S.A. E.S.P.**, which is also responsible for defining, adapting and maintaining the 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 the ICONTEC Sustainability Report Assurance Service protocol, which is based on GRI guidelines.

The scope of the assurance engagement was developed according to that agreed with **ICONTEC**. This includes the certification of a sampling of social responsibility activities and a review of GRI, version G4 indicators that demonstrate sustainability compliance over the Jan. 1, 2014 to Dec. 31, 2014 period.

We have reviewed and verified the information in the 2014 Management Report, which allows us to provide an opinion about the nature and the scope of compliance with the organization's transparency principles and a conclusion about the reliability of their performance indicators.

The review consisted of collecting evidence and included interviews to confirm information about various company processes. Said interviews were held with those responsible for the management approach and who participated in preparing the 2014 Management Report. We focused on the reliability of the information.

The verification was conducted on the days of March 09, 10, 11 and 16, 2015 in Medellín.

Below we describe the analytical procedures and tests used to review each sampling to reach our conclusions:



- Reading and review of the 2014 Management Report completed to review ISAGEN's actions with and in consideration of the stakeholders, and to understand 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 on 2/27/2015. Changes and modifications were made to this document in accordance with the availability of those interviewed.
- Analysis of how well content in the 2014 Management Report aligns with the GRI, version G4, Guidelines.
- Meetings with personnel responsible for the content of the 2014 Management Report to learn the management approach applied, and to obtain the necessary information for the external review. Eighteen interviews were held with the teams from each one of the processes responsible for the activities. These were selected in our assurance exercise.
- Analysis of the Management Report design process and the data collection and validation processes, as well as the review of information relative to the management approach applied to each indicator group, carried out on March 9, 2015.
- Confirmation from a sample of the qualitative and quantitative indicator data included in the 2014 Management Report, and confirmation that the indicators and report content correspond with those recommended by said standard. Said confirmation included indicators in the following categories:
 - ✓ STRATEGY AND ANALYSIS: G4-1, G4-2
 - ✓ ORGANIZATIONAL 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 ASPECTS AND BOUNDARIES: G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23
 - ✓ STAKEHOLDER PARTICIPATION: G4-24, G4-25, G4-26, G4-27
 - ✓ REPORT PROFILE: G4-28, G4-29, 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-EN3, G4-EN5, G4-EN6, G4-EN8, G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-EN15, G4-EN16, G4-EN18, G4-EN20, G4-EN24, G4-EN34,
 - ✓ LABOR PRACTICES:
G4-LA1, G4-LA2, G4-LA3, G4-LA6, G4-LA11, G4-LA16,
 - ✓ HUMAN RIGHTS



G4.HR1, G4-HR2, G4-HR5, G4-HR7, G4-HR9, G4-HR10, G4-HR11, G4-HR12,

- ✓ SOCIETY:
G4-SO3, G4-SO4, G4-SO5, G4-SO6, G4-SO7, G4-SO8, G4-SO11.
- ✓ SECTOR SUPPLEMENT:
G4-EU1, G4-EU2, G4-EU11, G4-EU30
- ✓ PRODUCT RESPONSIBILITY:
G4-PR2, G4-PR5, G4-PR6, G4-PR7, G4-PR8
- ✓ NON-MATERIAL INDICATORS: G4-EC1, G4-EC5, G4-EC7.

- None of the relevant information provided by the company that we analyzed contradicted the contents of the 2014 Management Report.
- Meetings were held with the following stakeholder groups: Maintenance service providers, union presidents and ISAGEN's partner network.

Conclusion:

ISAGEN S.A. E.S.P. has a report development process that consists of collecting information, creating the report, and 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 establishing the material that will be included in the report.

Application of the principles of content and quality is demonstrated throughout the report, demonstrating timely and balanced information, challenges and achievements. Nevertheless, it is important that more emphasis be made on application of the principles of content in balance and precision.

As a result of our limited review we conclude that the **ISAGEN S.A. E.S.P.** 2014 Management Report was prepared, in all significant aspects, in accordance with the GRI Sustainability Reporting Guidelines, version G4. It complies with document creation principles and is accurate as considered by the procedures followed: AA1000AS:2008 Sustainability Assurance Standard and the ISAE 3000:2013 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. There is no information that would lead us to believe that the aspects reviewed, as described herein, 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 2014 Management Report.

Independence:

We carried out our work in line with code of ethics requirements, which require that the assurance team members and the sustainability assurance firm, are not related to client, including those that were not 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 disclosure restrictions:

This report was prepared exclusively to **provide assurance** of the contents in the ISAGEN S.A. E.S.P. 2014 Management Report for the year ending as at December 31, 2014. It was prepared in line with the sustainability report assurance procedures 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 2014 Management Report and should not be distributed or used by others.

Colombian Institute of Technical Standards and Certification (ICONTEC)

A handwritten signature in black ink, appearing to read 'Adriana Alonso'.

Adriana Maria Alonso R.
Regional Director, Antioquia

Date: March 20, 2015



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GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
Strategy and Analysis						
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	5 - 9	X		X	
G4-2	Provide a description of key impacts, risks, and opportunities.	5 - 9 51 - 52	X		X	X
Organizational Profile						
G4-3	Name of the organization.	22	X		X	
G4-4	The organization's primary brands, products, and services.	22 - 32	X		X	X
G4-5	Location of the organization's headquarters.	24	X		X	
G4-6	Report the number of countries where the organization operates.	24	X		X	X
G4-7	Nature of ownership and legal form.	23	X		X	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	24 and 26	X		X	
G4-9	Scale of the organization (employees, operations, and sales).	10, 22 - 32 79 - 80 and 256	X		X	X
G4-10	Labor indicators (total number of employees by gender, region, and employment contract).	256 - 258	X		X	X
G4-11	The percentage of total employees covered by collective bargaining agreements.	261 - 262	X		X	X
G4-12	Describe the organization's supply chain.	207 - 208	X		X	X
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	7 and 26	X		X	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	31	X		X	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	247 - 253	X		X	
G4-16	List memberships of associations and national or international advocacy organizations.	247 - 253	X		X	
Material Aspects and Boundaries						
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents, and any entity that is not covered by the report.	20	X			

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
G4-18 Explain the process for defining the report content and the Aspect Boundaries.	16 - 20	X				X
G4-19 List all the material Aspects identified in the process for defining report content.	18 - 20	X				X
G4-20 For each material aspect, report the Aspect Boundary within the organization.	18 - 20	X				X
G4-21 For each material aspect, report the Aspect Boundary outside the organization.	18 - 20	X				
G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	20	X				
G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	20	X				
Stakeholder Engagement						
G4-24 Provide a list of stakeholder groups engaged by the organization.	29	X		X		X
G4-25 Report the basis for identification and selection of stakeholders with whom to engage.	28 - 29	X		X		X
G4-26 Report the organization's approach to stakeholder engagement.	227 - 229 and 232 - 234	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.	232 - 234 and 228 - 229	X		X		X
Report Profile						
G4-28 Reporting period (such as fiscal or calendar year) for information provided.	14	X				
G4-29 Date of most recent previous report.	14	X				
G4-30 Reporting cycle (such as annual, biennial).	14	X				
G4-31 Provide the contact point for questions regarding the report or its contents.	21	X				
G4-32 GRI Content Index.	14, 358 and 362	X		X		
G4-33 Report the organization's policy and current practice with regard to seeking external assurance for the report.	20 and 358	X				
Governance						
G4-34 Report the governance structure of the organization.	35 - 39	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.	39	X		X		X

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
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.	36	X				X
G4-37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	38 - 39	X				X
G4-38 Report the composition of the highest governance body and its committees.	36 - 39	X				X
G4-39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	36 - 37	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.	39	X				X
G4-41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	40	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.	38	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.	39	X				X
G4-44 Report the processes for evaluation of the highest governance body's performance. Report actions taken in response to evaluation of the highest governance body's performance.	39	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.	38	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.	38	X				X

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
G4-47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	38	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.	9	X		X		X
G4-49 Report the process for communicating critical concerns to the highest governance body.	38 - 40	X		X		X
G4-50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	40					X
G4-51 Report the remuneration policies for the highest governance body and senior executives.	39 and 262 - 263					X
G4-52 Report the process for determining remuneration.	39 and 262 - 263					X
G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration.	38 and 39					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.	263 - 264					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.	263 - 264					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.	25, 28 and 41 - 47	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.	42 y 43	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.	42 y 43	X		X		X

SPECIFIC STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
Economic						
G4-EC1	Report the direct economic value generated and distributed.	350 - 357	X		X	X
G4-EC5	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage at Significant Locations of Operation	264	X		X	
G4-EC6	Percentage of senior management at significant locations of operation that are hired from the local community	264				
G4-EC7	Development and Impact of Infrastructure Investments and Services Supported	99 - 101 and 162 - 183	X	X	X	X
Environment						
G4-EN3	Energy Consumption within the Organization	272 y 273	X	Comprehensive water and climate change management	X	X
G4-EN5	Energy Intensity	273	X	Comprehensive water and climate change management	X	X
G4-EN6	Reduction of Energy Consumption	273 - 274	X	Comprehensive water and climate change management	X	X
G4-EN8	Total Water Withdrawal by Source	274 - 278	X	Water and climate change management	X	X
G4-EN11	Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas of High Biodiversity Value outside Protected Areas	148 - 149	X	Biodiversity management	X	X
G4-EN12	Description of Significant Impacts of Activities, Products, and Services on Biodiversity in Protected Areas and Areas of High Biodiversity Value outside Protected Areas	68	X	Biodiversity management	X	X
G4-EN13	Habitats Protected or Restored	148 - 149	X	Biodiversity management	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	149 - 150	X	Biodiversity management	X	X
G4-EN15	Direct Greenhouse Gas Emissions (Scope 1)	279 and 137 - 140	X	Water management and climate change	X	X
G4-EN16	Energy Indirect Greenhouse Gas Emissions (Scope 2)	279 and 137 - 140	X	Water management and climate change	X	X

SPECIFIC STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
G4-EN18 Greenhouse Gas (GHG) Emissions Intensity	279 and 137 - 140	X	Water management and climate change	X	X	X
G4-EN20 Emissions of Ozone-Depleting Substances (ODS)	278	X	Water management and climate change	X	X	X
G4-EN21 NOx, SOx, and Other Significant Air Emissions	278 - 279		Water management and climate change	X	X	X
G4-EN24 Total Number and Volume of Significant Spills	283 - 284	X	Biodiversity management	X	X	X
G4-EN27 Extent of Impact Mitigation of Environmental Impacts of Products and Services	88 - 91		Energy production and sales	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	34 and 284		Ethics and transparency	X	X	X
G4-EN31 Total Environmental Protection Expenditures and Investments by Type	10		Company value	X	X	X
G4-EN34 Number of Grievances about Environmental Impacts Filed, Addressed, and Resolved through Formal Grievance Mechanisms	234	X	Biodiversity management	X	X	X
Labor Practices						
G4-LA1 Total Number and Rates of New Employee Hires and Employee Turnover by Age Group, Gender and Region	265 - 266	X	Comprehensive Employee Development	X		X
G4-LA2 Benefits Provided to Full-Time Employees that Are Not Provided to Temporary or Part-Time Employees, by Significant Locations of Operation	261	X	Comprehensive Employee Development	X		X
G4-LA3 Return to Work and Retention Rates after Parental Leave, by Gender	266	X	Comprehensive Employee Development	X	X	X
G4-LA5 Percentage of Total Workforce Represented in Formal Joint Management-Worker Health and Safety Committees that Help Monitor and Advise on Occupational Health and Safety Programs	269		Occupational Health and Safety	X		X
G4-LA6 Type and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Number of Work-Related Fatalities, by Region and by Gender	269 - 270	X	Occupational Health and Safety	X		X
G4-LA7 Workers with High Incidence or High-Risk of Diseases Related to Their Occupation	270		Occupational Health and Safety	X		X
G4-LA8 Health and Safety Topics Covered in Formal Agreements with Trade Unions	270		Occupational Health and Safety	X		X

SPECIFIC STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
G4-LA9 Average Hours of Training per Year per Employee by Gender, and by Employee Category	197		Comprehensive Employee Development	X	X	X
G4-LA11 Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and by Employee Category	189 - 190	X	Comprehensive Employee Development	X	X	X
G4-LA16 Number of Grievances about Labor Practices Filed, Addressed, and Resolved through Formal Grievance Mechanisms	262	X	Comprehensive Employee Development	X		X
Human Rights						
G4-HR1 Total Number and Percentage of Significant Investment Contracts and Agreements that Include Human Rights Clauses or that Underwent Human Rights Screening	245	X	Human Rights	X		
G4-HR2 Total Hours of Employee Training on Human Rights Policies and Procedures Concerning Aspects of Human Rights that Are Relevant to Operations, Including the Percentage of Employees Trained	194	X	Human Rights	X		
G4-HR5 Operations and Suppliers Identified as Having Significant Risk for Incidents of Child Labor, and Measures Taken to Contribute to the Elimination of Child Labor	213 and 245	X	Supply chain	X	X	
G4-HR7 Percentage of Security Personnel Trained in the Organization's Human Rights Policies or Procedures that Are Relevant to Operations	212 - 213	X	Supply chain	X		
G4-HR8 Total Number of Incidents of Violations Involving Rights of Indigenous Peoples and Actions Taken	179		Human Rights	X		
G4-HR9 Total Number and Percentage of Operations that Have Been Subject to Human Rights Reviews or Impact Assessments	180	X	ISAGEN as an agent of change in the regions where it operates	X		
G4-HR10 Percentage of New Suppliers that Were Screened Using Human Rights Criteria	212	X	Supply chain	X		
G4-HR11 Significant Actual and Potential Negative Human Rights Impacts in the Supply Chain and Actions Taken	212 - 213	X	Supply chain	X		X
G4-HR12 Number of Grievances about Human Rights Impacts Filed, Addressed, and Resolved through Formal Grievance Mechanisms	43	X	Ethics and transparency	X		X
Society						
G4-S01 Percentage of Operations with Implemented Local Community Engagement, Impact Assessments, and Development Programs	162 - 183		ISAGEN as an agent of change in the regions where it operates	X	X	X

SPECIFIC STANDARD DISCLOSURES

General Standard Disclosures	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
G4-S02 Operations with Significant Actual and Potential Negative Impacts on Local Communities	38		ISAGEN as an agent of change in the regions where it operates	X	X	X
G4-S03 Total Number and Percentage of Operations Assessed for Risks Related to Corruption and the Significant Risks Identified	44 - 45	X	Ethics and transparency	X		X
G4-S04 Communication and Training on Anti-Corruption Policies and Procedures	44 - 45	X	Ethics and transparency	X		X
G4-S05 Confirmed Incidents of Corruption and Actions Taken	44 - 45	X	Ethics and transparency	X		X
G4-S06 Total Value of Political Contributions by Country and Recipient/Beneficiary	33	X	Ethics and transparency	X		X
G4-S07 Total Number of Legal Actions for Anti-Competitive Behavior, Anti-Trust and Monopoly Practices and Their Outcomes	44 and 84	X	Ethics and transparency	X		X
G4-S08 Monetary Value of Significant Fines and Total Number of Non-Monetary Sanctions for Non-Compliance with Laws and Regulations	84	X	Ethics and transparency	X		X
G4-S011 Number of Grievances about Impacts on Society Filed, Addressed, and Resolved through Formal Grievance Mechanisms	42 - 43 and 234	X	Ethics and transparency	X		X
Product Responsibility						
G4-PR2 Report the Total Number of Incidents of Non-Compliance with Regulations and Voluntary Codes Concerning the Health and Safety Impacts of Products and Services	90 - 91	X	Energy production and sales			X
G4-PR5 Results of Surveys Measuring Customer Satisfaction	92	X	Energy production and sales			X
G4-PR6 Sale of Banned or Disputed Products	90	X	Energy production and sales			X
G4-PR7 Total Number of Incidents of Non-Compliance with Regulations and Voluntary Codes Concerning Marketing Communications, Including Advertising, Promotion, and Sponsorship, by Type of Outcomes	91	X	Energy production and sales			X
G4-PR8 Total Number of Substantiated Complaints Regarding Breaches of Customer Privacy and Losses of Customer Data	91	X	Energy production and sales			X
G4-PR9 Monetary Value of Significant Fines for Non-Compliance with Laws and Regulations Concerning the Provision and Use of Products and Services	84 and 90 - 91		Energy production and sales			X

SECTOR DISCLOSURES

Material Indicators	Page	External Verification	Material Aspect	Global Compact	Millennium Development Goals (MDG)	Dow Jones Sustainability Index
EU1 Installed Capacity, Broken down by Primary Energy Source and by Regulatory Regime	59	X	Energy Production and Sales			X
EU2 Net Energy Output Broken down by Primary Energy Source and by Regulatory Regime	59	X	Energy Production and Sales			X
EU11 Average Generation Efficiency of Thermal Plants, by Energy Source and by Regulatory Regime	61	X	Energy Production and Sales			X
EU15 Percentage of Employees Entitled to Retire in the Next 5 and 10 Years Broken down by Job Category and by Region	267		Labor Indicators			
EU22 Number of People Physically or Economically Displaced and Compensation, Broken down by Type of Project	175		ISAGEN as an agent of change in the regions where it operates	X	X	
EU25 Number of Injuries and Fatalities to the Public Involving Company Assets, Including Legal Judgments, Settlements and Pending Legal Cases	91		Energy Production and Sales			
EU30 Average Plant Availability Factor by Energy Source and by Regulatory Regime	59 - 60	X	Energy Production and Sales			X