

## ENVIRONMENTAL PERFORMANCE INDICATORS

	Performance Data	Unit	2017*	2018**	2019**	2020***	GRI Standars Indicator
Greenhouse Gas Emissions GHG	Direct Greenhouse Gas Emissions (Scope 1)	Ton CO2eq	25,521.00	21,955.00	25,318.00	28,783.30	305-1
	SF6 Emissions	kg	1,092.00	929.00	1,003.00	1,073.99	305-1
	Indirect Greehouse Gas Emissions (Scope 2)	Ton CO2eq	4,425.00	4,819.00	5,741.00	4,745.19	305-2
	Other Indirect Greenhouse Gas Emissions (Scope 3)	Ton CO2eq	4,942.00	13,167.00	6,493.00	2,870.68	305-3
Water Consumption	Municipal water supply	Mio. M3	0.06	0.10	0.08	0.11	303-1
	Fresh surface water	Mio. M3	0.02	0.01	0.00	0.01	303-1
	Fresh ground water	Mio. M3	0.11	0.08	0.10	0.08	303-1
	Total net water consumption	Mio. M3	0.19	0.18	0.18	0.19	303-1
Energy consumption	Non-renewable fuels purchased and consumed	MWh	18.51	658.45	848.40	6,213.65	302-1
	Non-renewable electricity purchased	MWh	18,110.81	8,149.03	10,343.00	11,511.92	302-1
	Renewable energy purchased	MWh	22,491.26	34,909.38	34,318.00	34,793.06	302-1
	Total non-renewable energy consumption	MWh	18,129.32	8,827.13	11,192.03	17,725.56	302-1
Waste	Total wasted generated	Ton	648.50	5,746.62	4,948.63	946.41	306-2
	Total waste used/recycled/sold	Ton	408.05	5,304.24	4,713.03	634.63	306-2
	Total waste disposed	Ton	242.04	441.13	235.59	311.79	306-2
	Hazardous waste generated	Ton	98.55	209.57	58.97	43.70	306-2

Information verified by KPMG as an independent third party (See last pages).

\* The data reported during 2017 represent the consolidated for the widest scope of information of the different subsidiaries.

\*\* Since 2018 the scope of the information has been extended, covering ISA, INTERCOLOMBIA, REP, CTEEP, TRANSELCA, INTERCHILE and ISA BOLIVIA.

\*\*\* In 2020, the value reported in 2019 for energy and scope 2 emissions was restated due to a change in the estimate of our subsidiary REP.

For the reporting of these emissions, the methodologies proposed by WRI and WBCSD in the greenhouse gas protocol were adopted (Corporate Standard accounting and reporting), for the calculation and reporting of ISA greenhouse gas emissions. Additionally, with the use of NTC-ISO14064-1

The Environmental Corporate Policy guides ISA and its companies, promoting a responsible management of the use of natural resources, their impacts, and risks, to ensure that processes are aligned with the pursuit of sustainable development. ISA carried out the setting of standards, objectives, goals and environmental requirements, focused on the asset life cycle, which enables it to act in a preventive way and anticipate the environmental risk management.

The ISA2030 strategy, inspired by sustainable value, proposes concrete initiatives for reduction of environmental impacts. Specifically, it has explicitly established in its green pillar the reduction of its operation's environmental impacts. In the new materiality analyses performed by ISA Group during 2019 was identified, among others, the management of environmental impacts as an issue that is relevant to the achievement of its strategy, and it is valued as such both internally and externally. For this, the company manages the main environmental impacts generated during asset's life cycle and develops best practices to mitigate them.

As for 2021, these goals will also be included in the employee variable compensation system as an incentive for continuous improvement around the eco-efficiency processes of ISA.

ISA, as a signatory since 2005 to the United Nations initiative, Global Compact, has the compromise of promoting practices to improve and contribute to the sustainable development goals, as well as maintaining a preventive approach that contributes to the environment. To be consistent with these principles, ISA and its companies develop actions to mitigate and adapt climate change in three areas:

- Climate change management.
- Offsetting of Greenhouse Gases (GHG).
- Eco-efficiency

Thanks to the continuous improvement of our environmental reporting system and the verification of historical information, we expanded the scope to the largest possible number of our subsidiaries in the power transmission business for each variable in each year, as can be seen in green in the figure below.

Variables	SUBSIDIARIES						
	ISA	ISA INTERCOLOMBIA	ISA TRANSELCA	ISA REP	ISA CTEEP	ISA INTERCHILE	ISA BOLIVIA
<b>Scope 1</b>							
2016							
2017							
2018							
2019							
2020							
<b>Scope 2</b>							
2016							
2017							
2018							
2019							
2020							
<b>Energy</b>							
2016							
2017							
2018							
2019							
2020							
<b>Water</b>							
2016							
2017							
2018							
2019							
2020							
<b>Waste</b>							
2016							
2017							
2018							
2019							
2020							
<b>Hazardous Waste</b>							
2016							
2017							
2018							
2019							
2020							
<b>SF6</b>							
2016							
2017							
2018							
2019							
2020							

In general, for 2020 we continue with the improvement in coverage achieved in previous years corresponding to all 7 energy transmission companies (ISA, INTERCOLOMBIA, REP, CTEEP, INTERCHILE, ISA BOLIVIA and TRANSELCA).

The emission measurements were made through the inventory of Greenhouse Gases, under the World Resources Institute (WRI) methodology of GHG Protocol and the ISO14061-1 standard, identifying the Company main sources of emissions, direct and indirect. The reported emissions include Scope 1, 2 and 3.

### **Greenhouse gases –GHG-**

For 2020, a goal of reducing emission of 533 tCO<sub>2</sub>e through eco-efficiency actions was established, considering the consumption of water and energy, the generation of waste, and sustainable mobility. The results are positive, since the goal was exceeded with a total of 952 tons CO<sub>2</sub>e avoided.

Thanks to our corporate offsetting program Conexión Jaguar, ISA, ISA INTERCOLOMBIA, ISA TRANSELCA, XM, SIER, and ISA REP are 100% carbon neutral and ISA CTEEP is offsetting 99,7% of its carbon footprint through the purchase of 36,781 carbon credits from forestry conservation projects. These companies were ratified by South Pole Group as Carbon Neutral.

### **Scope 1:**

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

ISA and its companies identified that, in terms of their direct GHG emissions (scope 1), more than 80% corresponds to leaks of sulfur hexafluoride gas, or SF<sub>6</sub>, which is installed in encapsulated substations and high-voltage switches. The Global Warming Potential (GWP) of this gas is 23,500 times higher than CO<sub>2</sub>, which is an important contribution to global warming per unit emitted.

It is recalled that the subsidiary CTEEP is the group's largest energy transmission company and has a high percentage of encapsulated substations with gas Insulated Switchgear (GIS) older than 20 years, which in addition to require a greater amount of SF<sub>6</sub>, allows a much higher percentage of leaks given the available technology at the time of purchase and installation .

Considering that this gas is the main source of direct GHG emissions and being consistent with alignment with the best sustainability practices worldwide, in 2016 a corporate goal was set to reduce, by 2020, SF<sub>6</sub> leaks of that year by more than 50%, equivalent to avoiding the direct emission of approximately 18,500 tCO<sub>2</sub>e. To achieve this goal by 2020, annual goals were set for each company. Companies that do not meet yet the International Electrotechnical Commission (IEC) standard, which establishes that leaks shall not be greater than 0.5% of the SF<sub>6</sub> installed, must reduce the leaks of the previous year by 10% until getting below this standard before 2020. ISA companies will continue to meet the international standard and, in the interests of continuous improvement, a more challenging goal of going beyond the 2030 standard by 15% for all energy transmission subsidiaries was set.

Despite ISA CTEEP, the greatest subsidiary, managed to reduce SF<sub>6</sub> leakages level by 34.5% since 2016, this subsidiary has not yet achieved the maximum level established by the IEC. It is worth noting that, as this is the affiliate with the highest proportion and quantity of Gas insulated Substation's assets and, consequently, the greater installed SF<sub>6</sub> inventory of the Group, compliance with the reference values is more difficult, especially due to the age of the equipment belonging to an older technology, which by design, permits a greater level of leaks. In this sense, ISA CTEEP is implementing a plan to reach the value of 0.5% by 2022, designed and approved in conjunction with the country's remunerator for assets renovation. Therefore, the goal of this subsidiary was recalculated, which will continue to reduce annually its leakages by 10% compared to the previous year, until 2022.

In 2020, the SF<sub>6</sub> leaks in total operations amounted to 1,074 kg, an increase of 70.57 kg of gas compared to the previous period. In 2020, all energy transmission companies, excluding ISA CTEEP, met the IEC standard target, thus reducing the group's consolidated leakages percentage to 0.45%, while exceeding the SF<sub>6</sub> maximum leakage level of 0.5%. It should be noted that leakages from ISA REP, ISA INTERCOLOMBIA, ISA INTERCHILE and ISA BOLIVIA were below 0.5%, and ISA CTEEP had a decrease of around 0.1% compared to the previous year. Additionally, in 2020 TRANSELCA did not achieve the IEC standard due to an extraordinary incident in a substation where 194 kg of SF<sub>6</sub> were leaked.

In 2020 the emissions reported as total Scope 1 includes ISA, INTERCOLOMBIA, REP, CTEEP, INTERCHILE, ISA BOLIVIA and TRANSELCA. If we analyze the target the emissions were 28,783 tCO<sub>2</sub>e, indicating the target was not reached with a variance of 5,354 tCO<sub>2</sub>e between the target and the real emissions. Direct emissions increased in 2020 especially due to the unexpected incident in ISA TRANSELCA, the expansion of total SF<sub>6</sub> inventory and the advances in the entry into operation of new transmission lines at the subsidiary INTERCHILE.

It should be noted that without the accident presented in TRANSELCA, which is being corrected, the goal would have almost been achieved with direct GHG emission of 23,942, reaching 97%, because the variation in compliance would have been reduced to an approximate of 500 tCO<sub>2</sub>e.

During 2020, ISA and their subsidiaries continue the following actions to constantly improve their performance in SF<sub>6</sub> management:

- preventive maintenance of high-voltage circuit breakers,
- Replacement of high-voltage circuit breakers at the end of their useful life,
- Comprehensive training plan and awareness processes addressed at maintenance operators to avoid leaks in manual processes,
- Acquisition of state-of-the-art SF<sub>6</sub> gas detectors to detect and monitor leaks in real time,
- Reuse of SF<sub>6</sub> gas in good physicochemical conditions.
- Improvement plan established in 2020 regarding SF<sub>6</sub> inventory, management, and follow-up, proper final disposal through certified companies.

## **Scope 2:**

The second individual source of GHG emissions is associated with energy consumption (scope 2), activity for which the short-term goal of reducing consumption by 5% by 2019 was set. After reducing consumption by 5%, most of our subsidiaries have achieved high levels of efficiency, with a reduced margin for continuous improvement; therefore, since 2020 a reduction goal is established for companies with a baseline, equivalent to 1% of such, based on the average of the years 2015 - 2017. To be more demanding with respect to annual performance, the 2020 goal was calculated as the real consumption of the previous year minus 1% of the baseline; according to these premises the subsidiaries will not have margin to decrease their performance and incentives are given to annual continuous improvement. It should be clarified that ISA established a target comprising ISA, INTERCOLOMBIA, REP and CTEEP, while other subsidiaries INTERCHILE, ISA BOLIVIA and TRANSELCA having no baseline at the time the corporate goals were established until 2020, do not have a target. If we analyze the target for the mentioned 42.6% (4,670 tCO<sub>2</sub>e), in 2020 real emissions were 4,297 tCO<sub>2</sub>e, which indicates that the target was reached (a variance of 373 tCO<sub>2</sub>e between the target and the real emissions)

It is highlighted that in 2020 no emissions were added by ISA to this scope, and some of them were avoided for INTERCOLOMBIA in this scope because the energy demand of the administrative headquarters in Medellín is totally supplied by photovoltaic generation from solar panels (13% of the energy demand) and by the purchase of certified energy with zero emissions from renewable sources I-REC.

## **Water consumption**

ISA is not a company with an intense use of water and does not have water as input in its production process. However, we recognize the importance of a proper management of this natural resource, promoting programs in the headquarters and substations for its responsible and efficient use. In 2018, ISA established the goal

of reducing water consumption by 5% to 2019. After reducing consumption by 5%, most of our subsidiaries have achieved high levels of efficiency, with a reduced margin for continuous improvement; therefore, since 2020 a reduction goal is established for companies with a baseline, equivalent to 1% of such and based on the average of the years 2015 - 2017. To be more demanding with respect to annual performance, the 2020 goal was calculated as the real consumption of the previous year minus 1% of the baseline; according to these premises the subsidiaries will not have margin to decrease their performance and incentives are given to annual continuous improvement.

The target of 0.1618 Mio. m3 considers only ISA, INTERCOLOMBIA, REP and CTEEP; INTERCHILE, ISA BOLIVIA and TRANSELCA do not have a target because they did not have a baseline at the time the corporate goals were established until 2020.

Water consumed by these subsidiaries was 0.1673 Mio. m3 (different from the data reported in the table, which considers all subsidiaries), which indicates that the target was not reached (with a variation of 0.00558 Mio m3 between the target and the real consumption). Municipal water consumption and total consumption records increased compared to previous years due to improvement of the measurement system, and this year ISA reported consumption of tank car water used for some maintenance.

We highlight as good practices the implementation of rainwater harvesting systems, runoff water in switchyards, atmospheric water generators, greywater filtration equipment for reuse, low water consumption toilet systems, composters and incinerators, wastewater treatment through wetlands in some substations. Activities carried out by REP include Optimization of groundwater use through systematized flow and replacement of peripheral pumps, Biodigester systems for the treatment of domestic effluents, Fog catcher pilot project in central Peru implemented in the Marcona Substation. For its part, CTEEP reuses water in some operating substations.

### **Waste generation**

Power Transmission is a service activity. The materials used at the end of its life cycle generate waste that are recyclable, mostly industrial surplus, which are again incorporated into the production line for generation of the same component or other materials. Waste reported during the period is generated in the operation and maintenance of the headquarters, substations and transmission lines. There is a low level of waste generation in the activities of the energy transmission business; however, we are committed to the efficient management of waste.

For this specific variable, in CTEEP, the largest energy transmission subsidiary, during 2020 there was a loss of information due to pandemic related issues with the waste operator. Therefore, due to lack of consistency and reliability, the data and income for said subsidiary are not included in the coverage for the last year.

The target of 222.74 Ton considers only ISA, INTERCOLOMBIA and REP data. Other companies of energy transmission in ISA group do not have a target yet since they did not have a baseline at the time the corporate goals were established until 2020. In 2018, ISA established the goal of reducing waste generated by 5% to 2019. After reducing generation by 5%, most of our subsidiaries have achieved high levels of efficiency, with a reduced margin for continuous improvement; therefore, since 2020 a reduction goal is established for companies with a baseline, equivalent to 1% of such and based on the average of the years 2015 - 2017. To be more demanding with respect to annual performance, the 2020 goal was calculated as the real consumption of the previous year minus 1% of the baseline; according to these premises the subsidiaries will not have margin to decrease their performance and incentives are given to annual continuous improvement.

If we analyze compliance of the target for the mentioned subsidiaries, the disposed waste was 230.88 Ton (different from the data reported in the table, which considers all subsidiaries), indicating that the target is slightly exceeded (with a variation of 8.14 Ton between the target and the real generation), mainly because in 2020 waste separation activities were reduced, since the operators were not working during most of the year due to the pandemic. Additionally, it is highlighted that REP improved its waste measurement system, managing to include other types of waste in its metrics. In addition, due to the decrease in the separation of waste, an increase in the total waste generated is seen.

The subsidiaries also developed actions to reduce environmental impacts caused by waste generation. During 2020, ISA CTEEP reused 1 Ton metric of uniforms to manufacture new garments and REP improved its waste measurement system.

#### **Hazardous Waste:**

There is a low level of hazardous waste generation in the activities of the energy transmission business; however, we are committed to the efficient management of waste. In 2018 ISA established the goal of reducing hazardous waste generated by 5% to 2019. After reducing generation by 5%, most of our subsidiaries have achieved high levels of efficiency, with a reduced margin for continuous improvement; therefore, since 2020 a reduction goal is established for companies with a baseline, equivalent to 1% of such and based on the average of the years 2015 - 2017. To be more demanding with respect to annual performance, the 2020 goal was calculated as the real consumption of the previous year minus 1% of the baseline; according to these premises the subsidiaries will not have margin to decrease their performance and incentives are given to annual continuous improvement.

For this specific variable, in CTEEP, the largest energy transmission subsidiary, during 2020 there was a loss of information due to pandemic related issues with the waste operator. Therefore, due to lack of consistency and reliability, the data and income for said subsidiary are not included in the coverage for the last year.

If we analyze compliance of the target for the mentioned subsidiaries (57.95 Ton), the total hazardous waste generated of 41.9 Ton (different from the data reported in the table, which in addition includes INTERCHILE and ISA BOLIVIA) indicates achievement of the goal (with a variation of 16.02 Ton between the target and the real generation). Given the incident with the information from CTEEP, if one excluded this subsidiary from the goal, it would have been set at 55.41 ton. In any case, the 41.9 Ton of hazardous waste generated is less than the target, indicating that it was achieved (with a variation of 13.48 Ton between the target and the real generation).

A consolidated practice in all the subsidiaries is to deliver used oils to certified companies for final disposal of reuse of them, guarantying they got the proper disposal. We also highlight the Environmental Education Programs that include the proper management of solid waste including hazardous wastes, stand out and standardization of all facilities, hazardous waste storage warehouses, and the handling and reporting procedure in INTERCHILE.

Considering cost reductions and the peculiarities and representativeness of our subsidiary in Brazil, ISA CTEEP, volumes of disposed hazard waste can also vary among the years, besides operational conditions, due to batch management. Companies are always looking for risk reduction related to hazard waste, as technologies and circular economy advances.

### **Energy consumption**

Few activities carried out by ISA Subsidiaries associated with Energy Transportation require the use of energy from non-renewable sources. In internal support processes, the energy generated is rarely used when there are failures in the energy supply system to the administrative headquarters, and for the business continuity it must be generated through Diesel plants.

In 2018 we established the goal of reducing energy consumption by 5% to 2019. After reducing consumption by 5%, most of our subsidiaries have achieved high levels of efficiency, with a reduced margin for continuous improvement; therefore, since 2020 a reduction goal is established for companies with a baseline, equivalent to 1% of such and based on the average of the years 2015 - 2017. To be more demanding with respect to annual performance, the 2020 goal was

calculated as the real consumption of the previous year minus 1% of the baseline; according to these premises the subsidiaries will not have margin to decrease their performance and incentives are given to annual continuous improvement.

It should be clarified that ISA established a consumption target of 41,503.8 MWh that includes the sum of non-renewable and renewable purchased energy applying to ISA, INTERCOLOMBIA, REP and CTEEP. INTERCHILE, ISA BOLIVIA and TRANSELCA do not have a target since they did not have a baseline at the time the corporate goals were established until 2020.

If we analyze compliance of the target for the mentioned subsidiaries, the energy consumption was 41,088.37 MWh, which indicates that the target was reached (with a variation of 415.46 MWh between the target and the real consumption).

Total Non- Renewable Energy: in general, a decrease is observed between 2017 and 2020 with a significant reduction in 2018 since INTERCOLOMBIA and CTEEP changed their calculation methodology, taking into account the composition of Colombian and Brazilian energy matrices. In 2020 an increase is seen as CTEEP improve its measurement system and began to record detailed fuel consumptions.

Total renewable energy: in general, an increase is observed between 2017 and 2020 (approximately 55%) with a significant growth in 2018 since INTERCOLOMBIA and CTEEP changed their calculation methodology, taking into account the composition of Colombian and Brazilian energy matrices. Additionally, it should be noted that 2017 reported data only covered ISA INTERCOLOMBIA, REP and CTEEP, while ISA BOLIVIA and TRANSELCA were included in 2018 and in 2019 ISA INTERCHILE was added, covering all the energy business subsidiaries. In 2020, it stands out that 100% of the energy of the main Medellín (Colombia) headquarters is supplied by photovoltaic generation from solar panels, and by the purchase of certified energy with zero emissions from renewable sources I-REC.

### **Environmental Impacts During Assets Lifecycle:**

ISA has 4 business units including Electric Energy Transmission, Road Concessions, Information and Telecommunication Technologies and Management of Real-Time Systems. Among these, the main business of ISA is the Electric Energy Transmission, which consist of transporting energy generated to the energy distributors. It is fundamental for an energy market; being the meeting point between generation and demand and is the way to perform electric energy exchanges.

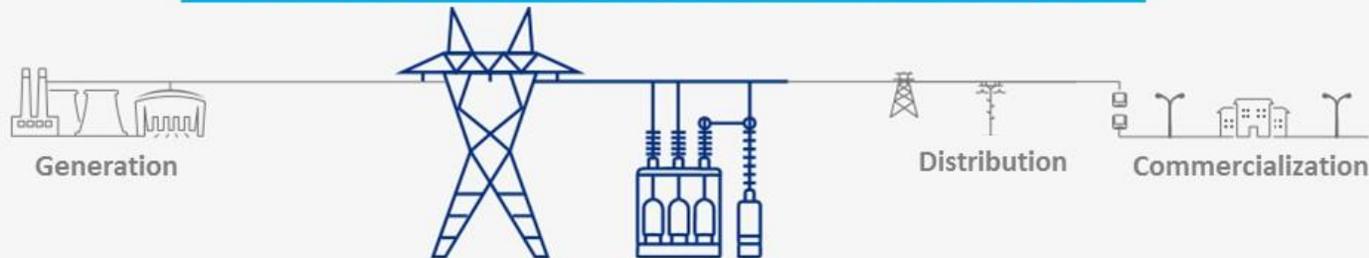
Most of the subsidiaries do not have an own or managed fleet and therefore there is no significant generation of NOx emissions. Most of the transportation for maintenance activities, business trips and employees commuting is done through contractors and public transport.

Additionally, in our processes we do not carry out combustion that generates NO<sub>x</sub>, SO<sub>x</sub>, ash and gypsum, mercury or dust during the operation and maintenance of the Energy Transmission business. The main materials and equipment operated to provide this service are current transformers, voltage transformers, power transformers, reactors, circuit breakers, disconnectors, tower profiles, insulators, power cables, dielectric oil and electronic equipment, among others, none of which requires a combustion process in the production cycle that generates NO<sub>x</sub>, SO<sub>x</sub>, ash and gypsum, mercury or dust emissions. These materials are not transformed at any time in the asset's life cycle of ISA or its subsidiaries, which consists mainly of assemblies of different metal parts without the need to burn any fuel or the use of a material that can generate emissions.

During the entire life cycle of ISA assets, monitoring and implementation of plans to reduce and manage environmental impacts is carried out (see also ISA's environmental policy: <https://isasapaginaswebisa001.blob.core.windows.net/paginawebisawordpress/2021/05/Environmental-Policy-revised-final.pdf>)

## Transmission

Main impact: service interruption - unavailability of the Network



Main Impacts during assets life cycle

Identify and structure Energy Transmission businesses

Build infrastructures

**Environmental:** loss / affectation of vegetation cover; affectation of fauna, endemic flora endangered, prohibited or of ecological, economic and cultural importance; alteration of water, soil and air by hazardous waste; modification of soil characteristics (physicochemical, biological and use).  
**Social:** discomfort to the community for works, modification of landscape quality, limitation of the right of ownership.

Operate National Transmission System

**Environmental in substations:** modification of air quality, modification of physicochemical properties of surface water, impact of resources by generation of hazardous waste.  
**Environmental in lines:** loss / affectation of vegetation cover; affectation of fauna; affectation of endemic flora threatened, closed or of ecological, economic and cultural importance.  
**Social:** discomfort to the community; modification of landscape quality; limitation of the right of ownership; involuntary displacement of families.

Maintain National Transmission System

Renew and make the final disposition of the assets

**Environmental :** alteration of water, soil and air by hazardous waste, modification of the physicochemical and biological characteristics of the soil, modification in the current use of the soil.  
**Social:** discomfort to the community for works.

Customer Management



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#### Independent Limited Assurance Report to Directorate of Interconexión Eléctrica S.A.

We were engaged by the Management of **Interconexión Eléctrica S.A.**, from now on **ISA**, to provide limited and reasonable assurance on the non-financial information contained in the Sustainability Report for the year ended December 31, 2020 of **ISA** ("the Report").

The Reasonable Assurance Sustainability Parameters covered by our reasonable assurance engagement are:

Material topic Interconexión Eléctrica S.A.	Standard GRI	Assured Standards/ indicators
Contribution to global environmental challenges	GRI 302	302-1 Energy consumption within the organization
	GRI 303	303-1 Interactions with water as a shared resource
	GRI 306	306-2 Management of significant waste-related impacts

The Limited Assurance Sustainability Parameters covered by our limited assurance engagement are:

Material topic Interconexión Eléctrica S.A.	Standard GRI	Assured Standards/ indicators
Contribution to global environmental challenges	GRI 305	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions

#### Management's responsibilities

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), as detailed in disclosure GRI 102-54 where the self-declared "in accordance" compliance option is mentioned.

Management is also responsible for the information and the affirmations contained therein; of the determination of **ISA's** objectives, in relation to the performance and presentation of information on sustainable development, including the identification of stakeholders and material topics; and the adequate establishment and maintenance of the control and performance management systems from which the reported information is obtained.

This responsibility also includes designing, implementing and maintaining the internal control necessary to allow the preparation of sustainability assured parameters and indicators free of material errors due to fraud or error.

The Management is also responsible for preventing and detecting fraud and for identifying and ensuring that Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the Report are properly trained, and the information systems are updated.



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### **KPMG responsibilities**

Our responsibility is to express a limited assurance conclusion about the preparation and presentation of the sustainability parameters included in the Sustainability Report of **ISA**.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 and ISAE 3410 Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 – ISAE 3410) issued by the International Auditing and Assurance Standards Board and the Sustainable Development Framework: Assurance Procedures issued by ICMM.

KPMG applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, confidentiality and professional behavior and competence. Based on the above, we confirm that we have carried out this assignment for **ISA** independently and free of conflict of interest.

ISAE 3000 and ISAE 3410 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Parameters are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Parameters are free from material misstatement.

### **Inherent limitations**

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### **Reasonable assurance over Reasonable Assurance Sustainability Parameters**

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Parameters whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Reasonable Assurance Sustainability Parameters in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of **ISA** internal control over the preparation and presentation of the Sustainability Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Parameters, the suitability of the criteria, being the Global Reporting Initiative (GRI) Standards Guidelines, used by **ISA** in preparing and presenting the Reasonable Assurance Sustainability Parameters within the Sustainability Report, obtaining an understanding of the completion of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by **ISA**, and re-computation of the calculations of the Reasonable Assurance Sustainability Parameters.

### **Limited assurance of parameters and sustainability indicators**



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A limited assurance engagement on a Sustainability Report consists of making inquiries, primarily of persons responsible for the preparation of the information presented in the report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries with the management to gain an understanding of the process carried out by **ISA**, for determining the material topics, as well as the participation of the stakeholders in this process.
- Verification of consistency of the information that responds to the General Disclosures of the GRI 102 standard with the systems or internal documentation.
- Interviews with senior management and relevant staff of the company, on the application of policies and the strategy in terms of sustainability, governance, ethic and integrity.
- Interviews with relevant staff of **ISA** at corporate and business unit level responsible for the preparation of parameters and indicators subject to limited assurance.
- Comparison the Limited Assurance Sustainability Parameters to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Sustainability Report.
- Analysis of the processes of collection and internal control of the quantitative data in the report, regarding the reliability of the information, using analytical procedures and review tests based on sampling.
- Reading of the Limited Assurance Sustainability Parameters and Indicators presented in the Report to determine if they are in line with our general knowledge and experience in relation to the sustainability performance of **ISA**.
- Verification that the financial information reflected in the report has been extracted from the annual accounts of **ISA**, audited by independent third parties.
- Analysis of the coherence between the principles and elements of the international framework for integrated reports of the International Integrated Reporting Council, and the information included in the Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Parameters.

#### **Purpose of our Report**

In accordance with the terms of our engagement, this assurance report has been prepared for **ISA** with the purpose of assisting to Management in determining if the sustainability parameters and indicators subject to limited and reasonable assurance are prepared and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards).

#### **Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against KPMG other than **ISA** for any purpose or in any other context. Any party other than **ISA** who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than **ISA** for our work, for this independent limited assurance report, or for the conclusions we have reached.



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Our report is released to **ISA** on the basis that it shall not be copied, referred to or disclosed, in whole (save for **ISA** own internal purposes) or in part, without our prior written consent.

### **Our Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions that we express below:

### **Reasonable Assurance Sustainability Parameters**

In our opinion, the Reasonable Assurance Sustainability Parameters, as defined above, for the year ended 31 December 2020 are, in all material respects, prepared and presented in accordance with the GRI Standards.

### **Limited Assurance Sustainability Parameters**

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Integrated Report of **ISA** for the year ended December 31, 2020 is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) as detailed in content GRI 102-54, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

A summary of our findings and recommendations have been communicated to the management of **ISA** in a separated document.

Fabián Echeverría Junco  
T.P 62.943 - T  
Partner  
KPMG Advisory, Tax & Legal S.A.S.  
May, 2021