



ISAGEN AND HUMAN ENERGY



STRUCTURE

- **Our company**
- **Overarching purpose and strategy**
- **Innovating to grow**
- **Stakeholder relations**
- **Commitment to sustainability initiatives**

OUR COMPANY

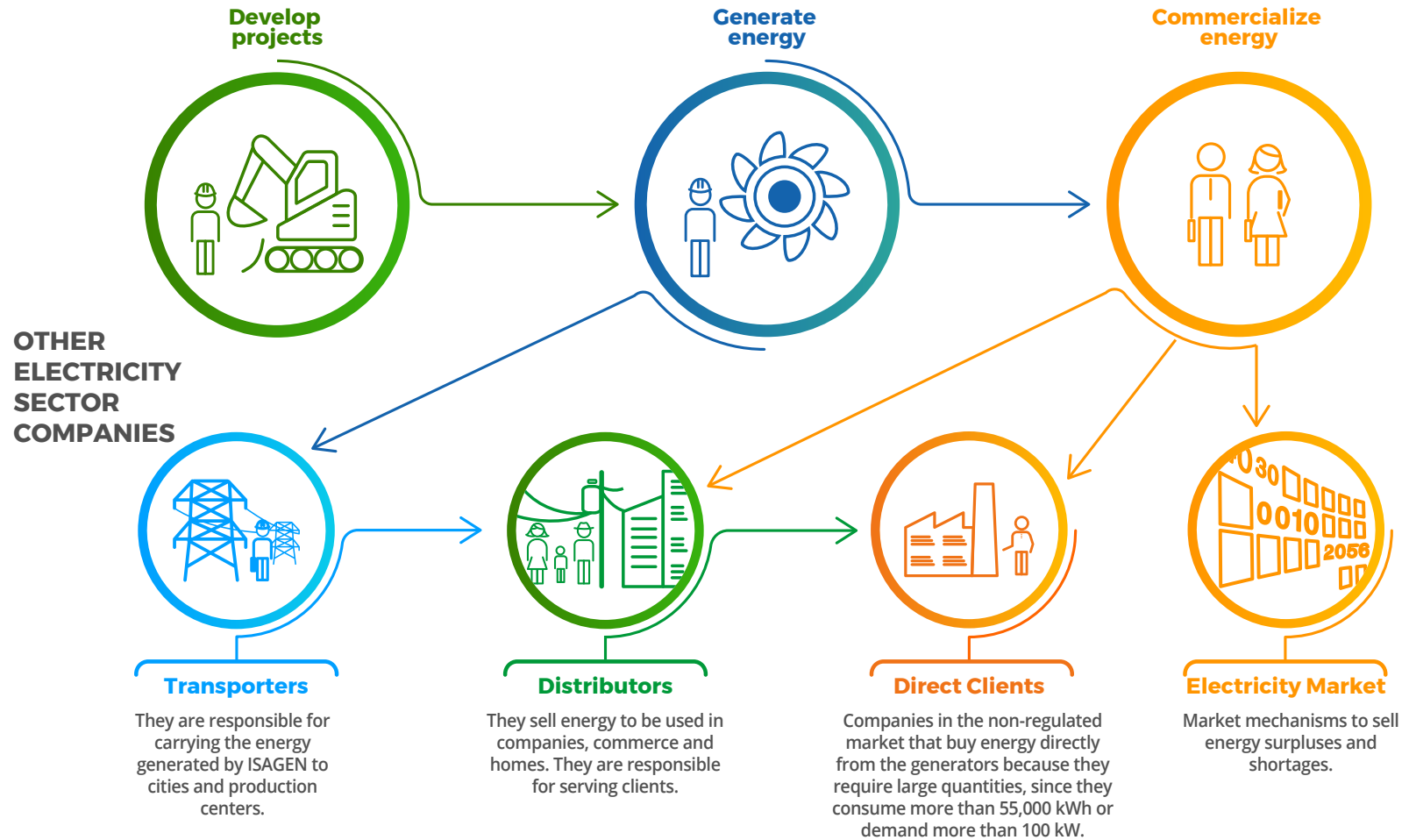
We build energy generation projects, and also produce and market energy. We have seven power plants and an installed capacity of 3,032 MW (2,732 from hydropower and 300 from thermal power). We are positioned as the third-largest generator in the country, and we help meet 17.28% of Colombia's electricity demand.

Our business model is based on using water as the main source of energy and in 2016, 90.34% of our production came from hydropower, which we promote as a sustainable, efficient and clean source that contributes to social and economic development in the territories and around the country. In addition to hydroelectric power plant projects, our renewable energy portfolio also includes, wind and geothermal projects, as well as studies into solar energy.

ISAGEN's main headquarters in Medellín.



ISAGEN in the energy market



Our energy is marketed to industrial end-customers and wholesale customers who sell electricity to the end user. We focus all our efforts on understanding our customers' needs and providing energy solutions that address their expectations and growth plans. We also implement Comprehensive Energy Management programs that contribute to their productivity and sustainability.

Our presence in Colombia



Hydroelectric Power Plants

- 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 Power Plant

- 7 Termocentro 300 MW



Diversions

- 8 Manso
- 9 Guarinó



Projects being studied

Hydroelectric projects

- 10 Piedra del Sol 156 MW
- 11 Río Patía 1.650 MW
- 12 Palagua 98 MW
- 13 Nare 20 MW
- 14 San Bartolomé 50 MW
- 15 Cañafisto 937 MW



Geothermal projects

- 16 Macizo Volcánico del Ruiz 50 MW



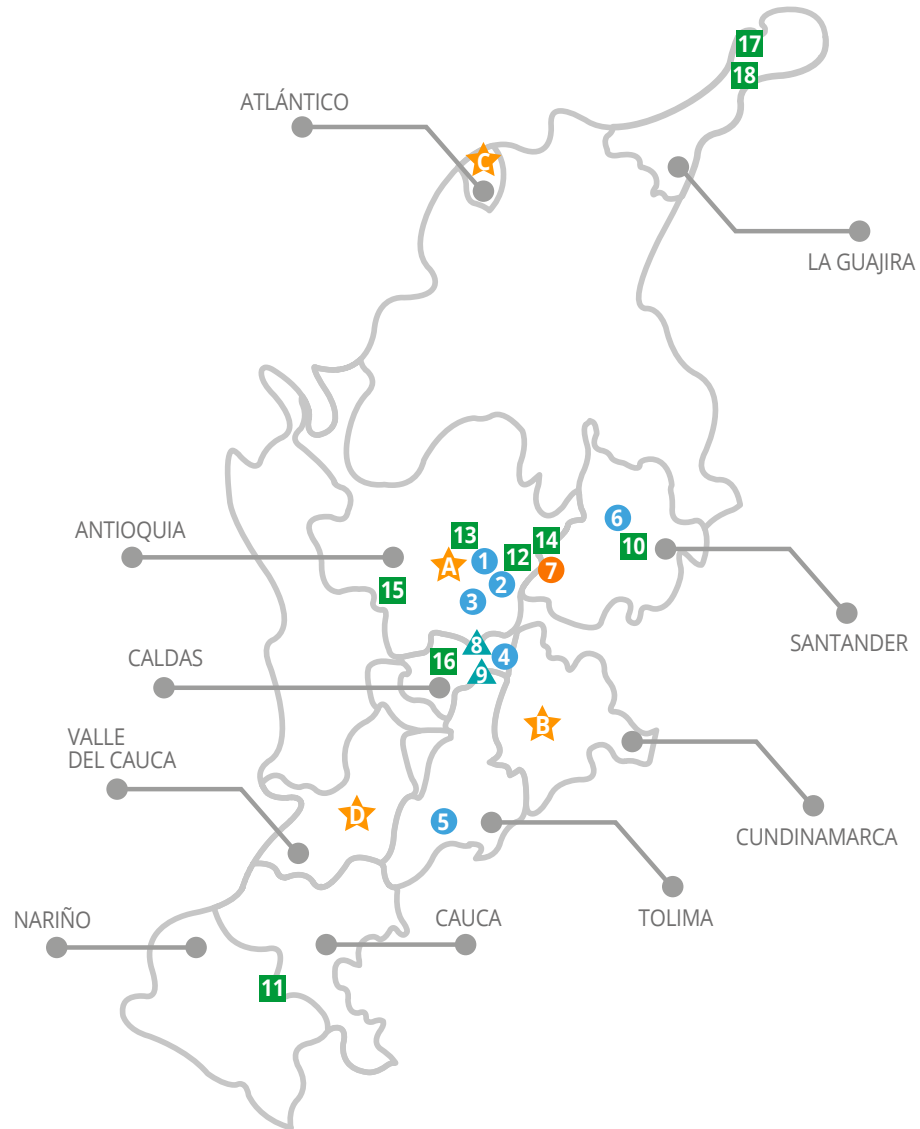
Wind projects

- 17 Parque Eólico Guajira I 20 MW
- 18 Parque Eólico Guajira II 376 MW



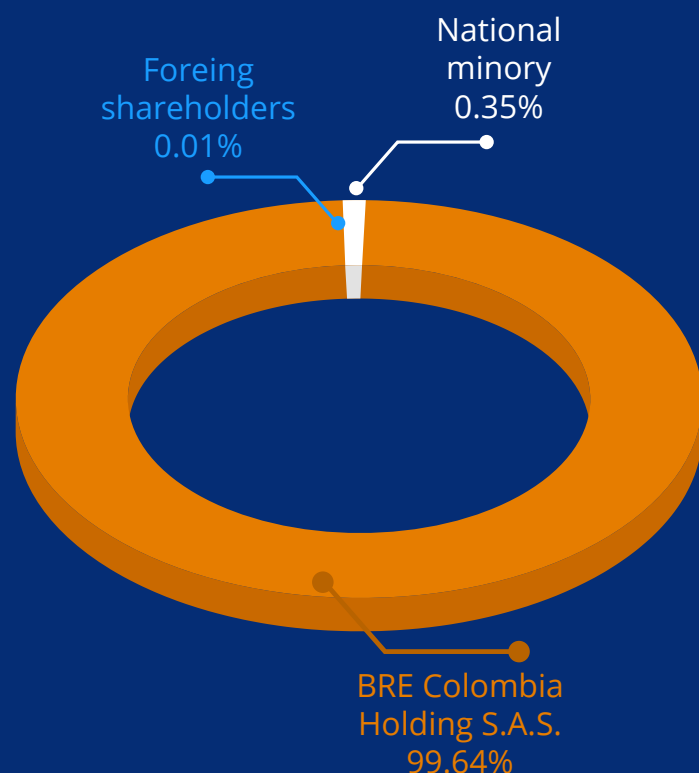
Offices

- ★ Principal Medellín
- ★ Regional Bogotá
- ★ Regional Barranquilla
- ★ Regional Cali



Our generation plants are located in the departments of Antioquia, Caldas, Santander and Tolima. We also carry out projects to study renewable energies in other areas of the country. Our headquarters is located in Medellín and we have regional offices in the cities of Bogotá, Cali and Barranquilla. We have 681 employees, 1,638 contractors, 16 wholesale customers and 265 industrial end-customers.

Shareholding structure



January 2016 saw a significant change to the Company's shareholding structure following the sale process carried out by the National Government, which sold its 57.61% shareholding in ISAGEN to Canadian investment fund Brookfield Asset Management Inc. (BAM), through its affiliate BRE Colombia Investments L.P.

As a result of this change and in accordance with legal provisions, the new majority shareholder made two public tender offers, increasing its holding in ISAGEN to 99.64%. Following this, we went from having 26,836 shareholders at the end of 2015 to 7,866 shareholders by the end of 2016.

On July 29, 2016, we canceled the Level 1 ADR Program as a result of the reduced number of shareholders and the liquidity of the stock. Finally, the Special Shareholders' Meeting held on November 1, 2016, approved the cancellation of the shares' listing on the National Securities and Issuers Register (RNVE) and the Colombian Stock Exchange, which will become effective following completion of the Public Tender Offer (following cancellation of stock market listing) initiated by the majority shareholder.

In September 2016, BRE Colombia Investments L.P. was absorbed by BRE Colombia Holdings S.A.S. As such, we went from being a mixed economy company to being a private company, forming part of a global corporation that's present across 20 countries and four continents, and has 100 years of experience.

Find out more:



o Brookfield Asset Management Inc. (BAM)

OVERARCHING PURPOSE AND STRATEGY

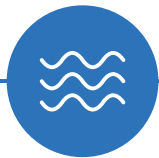
Our motivation stems from generating efficient energy that contributes to mitigating climate change, maintaining the Company's competitiveness within the industry, using collaborative networks and practices that are consistent with sustainable human development, and generating shared value with stakeholders.

Our strategy is based on the diversification of electricity generation technologies, the expansion of geographic coverage, the development of energy solutions, and the exploration and development of new business, guided by these four areas of action and framed within our values and principles.

We generate smart energy and social prosperity



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.



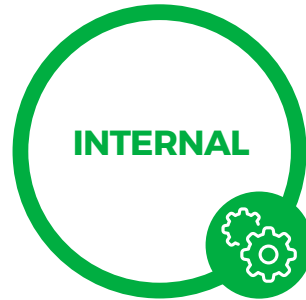
We measure our carbon footprint and work to off-set it by using initiatives aligned with the Clean Development Mechanism (CDM), by monitoring alerts, and using resources efficiently.



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 interact with others, with the purpose of contributing to environmental protection, social development and economic growth.

Strategic objectives 2016



Direct Decisions to Create Economic Value Together

Strengthen ISAGEN's Position in Energy Markets

Develop Operational Skills

Build and Strengthen Skills and Capacity

Increase Company value.

Create value for clients and markets through energy solutions.

Manage processes for clients and markets.

Facilitate the employees' comprehensive development to face corporate challenges.

Maintain competitive operational efficiency.

Optimize energy sales transactions.

Maintain competitive facility uptime levels.

Strengthen Information and Communication Technology (ICT) to support company growth and development.

Manage new investments and assets.

Strengthen stakeholder relations and recognition.

Maintain business continuity.

Adapt the organizational architecture to business needs.

Maintain adequate financial capacity.

Consolidate the business.

Strengthen conditions for the Company's development in a sustainable environment.

Strengthen Innovation Capacity.

INNOVATING TO GROW



As a business, we know that technological development can help us radically improve processes, operations and the services we offer. We are also aware that a technological leap can quickly change business models and compromise the viability of entire companies. In this context, it is of vital importance to strengthen corporate competencies for the management of characteristic technologies (i.e. those related to carrying out our business) by developing specific knowledge regarding the energy industry and promoting corporate innovation. As such, and in order to promote greater strategic, cross-cutting and systematic management of innovation, we have focused our efforts on implementing an Innovation Management System known as InnoVatio. In 2016:

- We formalized the innovation policy.
- We chose the business innovation champions, who lead the issue for each process, supporting the implementation of the system and acting a touch point for new ideas. A total of 22 people received training.
- We began implementing InnoVatio in three business processes and in the Corporate Audit team.
- We took part in the Technical and Innovation Days, which were held for the fifth time, where technical papers, ideas and lessons learned are shared. During the year we recorded 12 lessons learned, five technical papers and 15 innovative ideas.

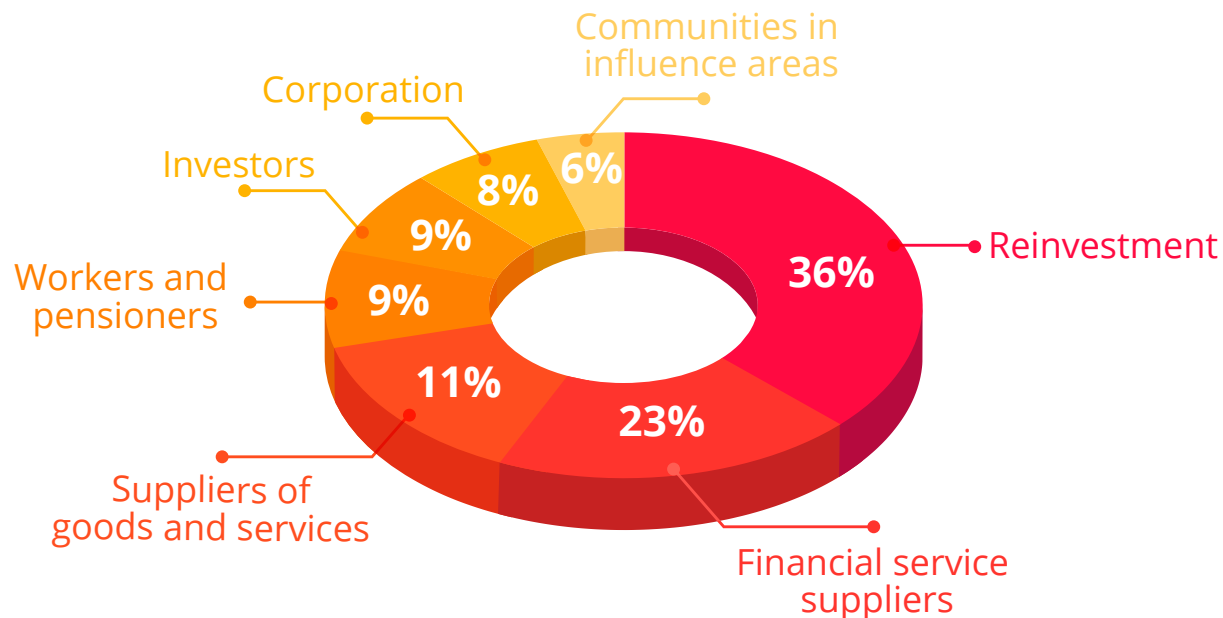
STAKEHOLDER RELATIONS

We are a group of people that seeks to satisfy the needs of other groups, and works together with them to bring about wellbeing and development for the country. As such, the relationship we have with our surroundings goes beyond the transactional, and sustainability is based on creating value for the business and our stakeholders, though not at any cost, but instead by making a real contribution to environmental protection, economic growth and social development. This conviction has resulted in sustainability becoming engrained in our organization's DNA, guiding all our processes, defining and reinforcing the corporate

strategy, and contributing to the creation of collaborative and trusting relationships with those around us.

To demonstrate how the value generated by our operations (during one year of work) was distributed among the Company's various stakeholders, we carried out an exercise based on the methodology relating to Luis Perera's Fourth Financial Statement, which establishes a connection between financial statements, stakeholders, and social and environmental aspects.

Distribution of value among stakeholders



COMMITMENT TO SUSTAINABILITY INITIATIVES

Working with others motivates us to be better, share learning, combine efforts and consolidate skills. As a result of this conviction, we actively participate in the development of public policy, and in addition we are part of various collective sustainability initiatives that relate to various aspects of our work.

It is worth noting that in 2016, for the second consecutive year, our General Manager, Luis Fernando Rico Pinzón, received recognition as CEO of a Leading Company in Sustainability, thanks to his genuine commitment to sustainability and active participation in initiatives that achieve social and environmental impact. This award was conferred by the 2020 Sustainable Leadership Agenda (ALAS20).

Below are two initiatives that are applied throughout our corporate actions:

Global Compact

We've been part of this United Nations initiative since 2005, aiming to achieve a sustainable global dynamic based on 10 principles that are framed within human rights, labor practices, the environment and the fight against corruption. In 2016:

- We joined the Steering Committee of the Colombian Global Compact Network in order to contribute our knowledge and practices for the development of this working group, focused on the promotion of sustainability as a cross-cutting area of business.



- For the third year in a row, we took part in the Global Compact Discussion, in partnership with Universidad Eafit and other companies, to promote the 10 principles among various stakeholders. In 2016, this forum explored the Sustainable Development Goals (SDG), peace-building and reconciliation, climate change, sustainable cities and business development, among other topics. 804 people took part, bringing together citizens, speakers and panelists from the business and academic sectors, international organizations and senior representatives of the National Government.

Sustainable Development Goals (SDG)

The SDGs are universally applicable and take into account myriad national contexts, capacities and levels of development. This initiative requires the active participation of the business sector, which is why we became part of this transformation process. In 2016 we undertook the task of carefully analyzing each of the 17 Sustainable Development Goals, along with their respective targets, in order to establish which of them we'd be able to really contribute to, based on our strategy and management practices. As a result, we identified six goals to work on in the coming years:



Goal 6: Clean water and sanitation



Goal 7: Affordable and clean energy



Goal 8: Decent work and economic growth



Goal 13: Climate action



Goal 15: Life on land



Goal 16: Peace, justice and strong institutions

In addition, we connected these six goals to our corporate risks, strategic objectives and material issues. Similarly, we held 32 opportunities for dialogue, enjoying the participation of 153 people representing the various stakeholders, in order to identify possibilities for joint work in the areas prioritized by ISAGEN. Finally, using a pedagogical and personal method, we shared practices, articles and information regarding this new global agenda. This Management Report provides accountability to our stakeholders concerning our contribution to the six goals prioritized.

Dow Jones Sustainability Index

For the fourth consecutive year, we were invited to participate in the Dow Jones Sustainability Indices, achieving 80 points out of 100, while the industry average was 52 points. Although in the three previous years we were included on the renowned list of companies from emerging countries, RobecoSAM did not consider ISAGEN eligible on this occasion due to the change in ownership. According to the results:

- **Practices that remained above the 90-point assessment level:** codes of conduct, customer relationship management, risk and crisis management, biodiversity, environmental policy and management, environmental reporting, water-related risks, corporate citizenship and philanthropy, indicators regarding labor practices and human rights, occupational health and safety, social reporting and stakeholder relations.
- **Practices presenting greater opportunities for improvement:** operational eco-efficiency, and the attraction and retention of talent.

Find out more:

- The SDGs and how they relate to our work
- Sustainability initiatives
- Commitments with our stakeholders