

03. Our focus on sustainability

We transmit energy while contributing to the development of territories where we operate. Sustainability is our Company's guiding light and our collaborators are the key factor in this purpose.

Context, challenges and our response¹

Context and main challenges

The world is increasingly electrical and electricity is no longer the same as it used to be.

The national and international power business is changing from different angles, all of which will affect how we operate over the coming years. The challenge is to innovate and adapt in order to make consistent progress toward the energy of the future.

• **Digital transformation:** some companies were born digital, but Transelec has to change so as not to be left behind by the so-called “fourth industrial revolution”. This is currently an imperative, the engine that will keep us at the lead of the industry and ensure success in tomorrow’s electricity markets. The Company is consequently adapting, working at a cultural level and training human capital, incorporating technology and digital tools to processes, maintenance, asset management and operation, among other actions, in order to rise to this challenge that is also an opportunity. *Additional information on page 26.*

• **Increasing use of renewable energy:** a sharp reduction in power generation costs with renewable energy sources has led to intensive development of these technologies that depend on the sun, wind and other unlimited resources. However, these must be connected to the system in order to make them actually available, meaning that our role is to facilitate connection to power transmission systems and transmission of this energy to the most remote corners of Chile for subsequent distribution and consumption. This is not just a technical issue; it also leads us to think about new business models. *Additional information on page 69.*

• **Regulatory flexibility:** all these changes require flexible regulation in terms of what we are familiar with today and for the materialization of projects and initiatives we have not yet seen. This must also meet user expectations by complying with the most stringent quality and power supply security standards.

• **Increasingly demanding society:** the fact that citizenry is more and more empowered is no longer a novel issue and therefore we at Transelec have consolidated a mutually beneficial community relations model featuring early participation processes, collaboration based on dialogue and participatory social investment projects. Today’s value wager is also to make headway in terms of associativity, generating alliances with other organizations in order to accelerate results and enhance impacts. *Additional information on page 56.*

• **The effects of climate change:** the impact of acute, chronic effects of climate change is increasingly evident and therefore affects how we currently see the business and our operations. We are evaluating risks, vulnerabilities and the impact of climate change on our infrastructure, as well as mitigation and adaptation measures that will enable us to maintain service security and continuity while ensuring sustainability in all areas of our work while encouraging respect for the environment and environmental conservation. One of the main challenges is for the entire industry, not just Transelec, to adapt to the coming changes. *Additional information on page 68.*

• **Cable theft:** Although statistics indicate that conductor cable theft has gone down in recent years, this crime still affects the Company and communities. Six cases of cable theft were reported in 2018 (down from 21 in 2017), amounting to 2.5 tonnes of cable removed, serious damage to infrastructure and power supply outages affecting different localities, mainly in southern Chile. Transelec is committed to working to prevent cable theft and supporting the authorities in the capture of criminal bands by means of regional tables bringing together regional and local authorities, police forces and other power companies to prevent and react to these crimes in a timely manner. *Additional information on page 24.*



THE TRANSELEC CONNECTING CONVERSATIONS ADDRESSED CHALLENGES AND OPPORTUNITIES FOR THE ENERGY OF THE FUTURE

2018 Connecting Conversations brought together nearly 300 people who met in Santiago to discuss the energy of the future. How will the energy of the future affect our lives? How will current regulation adapt to challenges posed by the energy of the future? What new entrepreneurial opportunities will be created by the energy of the future? These were some of the questions asked by Energy Minister Susana Jiménez, international energy expert Gianni Kovacevic, academic and director of the Solar Energy Research Center Rodrigo Palma, and Transelec General Manager Andrés Kuhlmann.

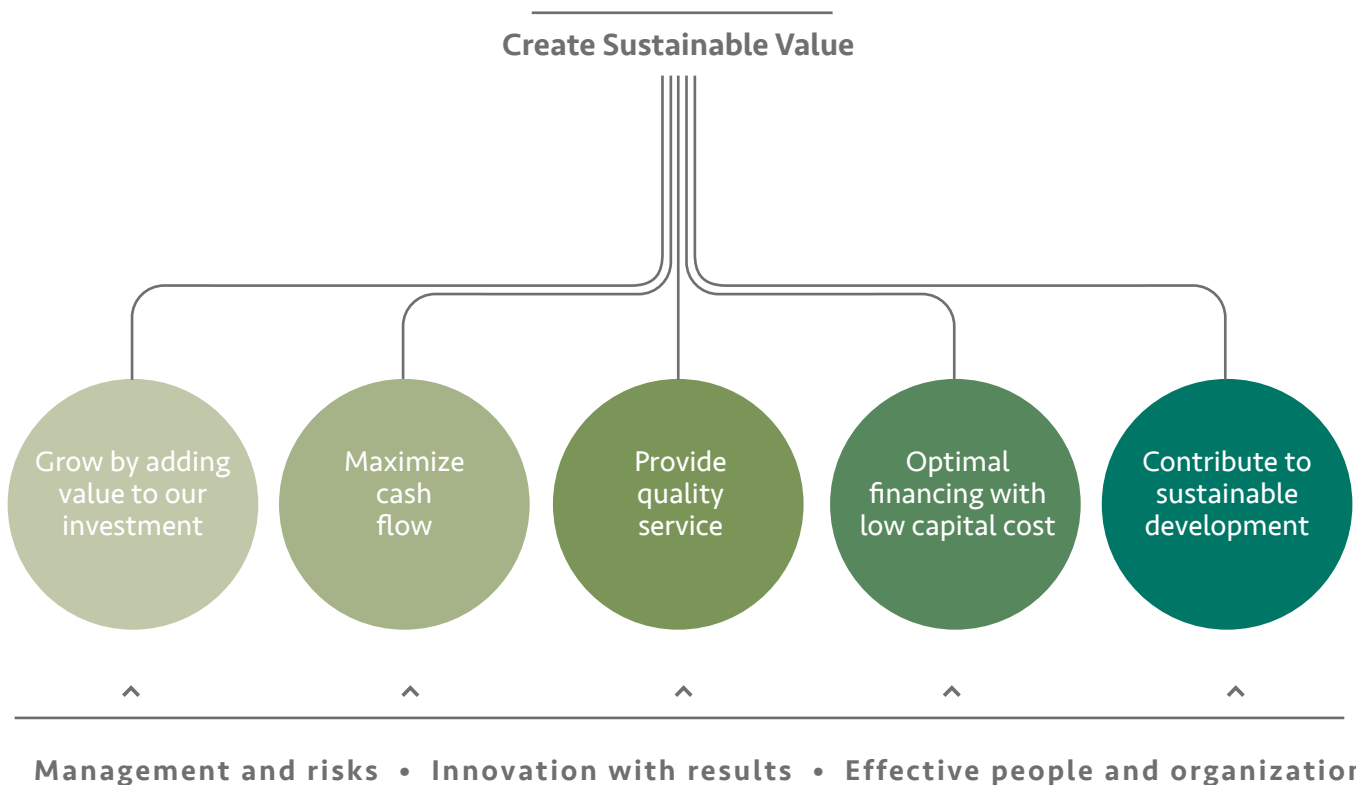
In Talca, experts and the audience discussed energy capacity in the Maule Region, a key region for working towards a more electrified country that will entail improved quality of life for its people. Speakers discussed the energy and cities of the future in Concepción, agreeing that enhanced electrification in cities will be provided using cheaper, clean energy that will entail benefits such as reduced pollution, and lower energy costs while mitigating climate change and generating social policies with a greater focus on and improved quality of the power supply.

Forums were organized by Transelec together with Congreso del Futuro and Diario La Tercera - Pulso, as part of a cycle that has been under way since 2016. Over the last three years we have been talking about integrity, sustainability, emergency resilience and this year we talked about the future of energy. Over 2,500 people have participated directly, together with another 1,000 people who have participated online.



Sustainable value creation strategy

Our sustainable value creation strategy incorporates sustainability as an integral part of the business. In fact, “contributing to sustainable development” is one of the five strategic pillars focusing on the creation of shared value with societies, communities and the surrounding environment where we operate.



Sustainability Policy¹

We updated our Sustainability Policy in 2018. It was approved by the Board of Directors and disseminated to all of our collaborators.

1



OUR PEOPLE

We value and protect the lives of each internal and external collaborator and member of the communities where we operate.

No operational goal or emergency justifies exposing a worker to uncontrolled risks. We are transversally committed to occupational health and safety.

2



THE ENVIRONMENT

We prioritize care of the environment while maintaining a preventive attitude.

We care for our natural and social environment and pursue the efficient use of natural resources in all of our activities.

3



COMMUNITIES

We create mutually beneficial relationships of trust with communities and local authorities.

We understand the social context where we operate, recognizing the wealth of diversity in each of these places.

4



INTEGRITY

We guarantee compliance with regulations related to our activities and commit to the highest ethical standards.

We act integrally and honor each of the commitments we have voluntarily taken on.

5



COLLABORATION

We promote collaboration and alliances for development and sustainable operation of the power transmission system.

We seek to constantly apply best practices together with our internal and external collaborators and all our stakeholders.

6



QUALITY

We reaffirm our commitment to service in order to meet our customers' requirements.

We innovate in order to continuously improve the quality – security and reliability – of our work.














Contribution to Sustainable Development Goals (SDG)

How do we contribute to Chile’s development and progress?

United Nations Sustainable Development Goals (SDG), also known as 2030 Agenda, are the roadmap for safeguarding sustainability of our planet and its inhabitants. This agenda consists of a series of 17 global objectives for eradicating poverty, protecting the planet and ensuring peace and prosperity for everyone. Specific goals have been set in order to achieve this and these goals must be achieved over the

next fifteen years while working together with multilateral agencies, governments, companies and civil society.

We at Transelec have committed to this agenda, which provides strategic guidelines for focusing our contribution on sustainable development in the territories where the Company operates.

							
<ul style="list-style-type: none">• Transversal access to energy: coverage in remote sectors and for vulnerable persons.• Working tables and community collaboration agreements for social project development (page 56).	<ul style="list-style-type: none">• Electricity risk prevention campaign (page 25).• Seminar on power transmission line security for personnel from municipalities (page 24).• O'Higgins Region Public/Private Committee.• Safety training for wildland firefighters in the vicinity of high-voltage transmission lines (page 24).	<ul style="list-style-type: none">• "Ideas with energy" educational program (page 59).• Practicums and degree thesis programs with students from educational establishments (page 59).	<ul style="list-style-type: none">• Diversity and inclusion strategy (page 50).• "Adding Energy" Inclusion and Diversity Program.	<ul style="list-style-type: none">• Transversal access to energy: coverage in remote sectors and for vulnerable people by means of social investment projects (page 60).• Connecting Conversations Cycle: Challenges posed by the energy of the future (page 14).• Connecting renewable energy to the power transmission system (page 69).	<ul style="list-style-type: none">• Talent development (page 49).• Leadership training center (page 49).• Engagement (page 52).• OHI (Organization Health Index) health survey (page 52).• Bonus program (page 52).	<ul style="list-style-type: none">• Innova Program (page 26).• Innovation and digital transformation for reliable and sustainable power transmission (page 29).• Environmental innovation (page 65).	<ul style="list-style-type: none">• Community Relations and Social Investment Model (page 56).
							
<ul style="list-style-type: none">• Community Relations and Social Investment Model (page 56).• Citizen participation and indigenous citizen participation strategy for projects (page 57).• Early indigenous citizen participation, the Pichirropulli-Tineo Project.• Participation together with SURA and VTR in the "Súbete" carpooling initiative for collaborators (page 70).	<ul style="list-style-type: none">• Planning and design considering environmental impact (page 64).• Recycling goals and projects (page 67).• App for ensuring environmental compliance (page 65).• "ConSuma Conciencia" internal environmental responsibility program (page 64).	<ul style="list-style-type: none">• Participation together with SURA and VTR in the "Súbete" carpooling initiative for collaborators (page 70).• Experimental Ecological Restoration Unit at the Nonguén National Reserve (page 66).• Connecting renewable energy to the power transmission system (page 69).• Reducing SF6 gas stock (page 70).• Study to enhance resilience and adaptation to climate change at our operation and projects (page 69).	<ul style="list-style-type: none">• Experimental Ecological Remediation Unit at the Nonguén National Reserve (page 66).• Precautionary measures to prevent the felling of native forest in the Pichirropulli Project (page 65)	<ul style="list-style-type: none">• Crime Prevention Model (page 39).• Integrity and compliance (page 37).• Community relations and social investment model (page 56).• Citizen participation and indigenous citizen participation strategy for projects (page 57).			