



Our communities

Local engagement⁷

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.

Context

Our experience has shown that the creation of relationships of trust with communities is based on always being there for them, staying in one place, listening and answering their questions, committing to people and coming through on our commitments. Distrust of companies and institutions has been increasing throughout Chile in recent years. There has been an increasing number of investment project conflicts with communities in the areas of influence for these projects, leading to increasingly more common project judicialization due to socio-environmental conflicts in different territories. According to the National Institute for Human Rights Map of Socio-environmental Conflicts in Chile¹³, there are currently 116 conflicts with communities, 38% of which correspond to the energy sector. This sounds a voice of alert regarding the importance of maintaining constructive, long-term relationships with communities where we operate and building projects in such a way that we do not become part of the aforementioned list. We take special care when operating and building in indigenous territory, a sector that accounts for 33% of the reported conflicts in Chile according to this study.

¹³. The National Institute of Human Rights Map of Socio-environmental Conflicts in Chile can be found at the following website: <https://mapaconflictoN.I.ndh.cl/#/>

Communication and dialogue with communities are essential for approval and processing time when it comes to presenting new projects. Environmental institutionalism currently considers citizen participation processes¹⁴ in the environmental evaluation framework. Anticipating this process enables us to reduce points of conflict and distrust. In this sense, actions such as voluntary early citizen participation and voluntary early indigenous citizen participation in keeping with ILO Convention 169 are actions implemented by the company that go beyond the provisions of the law, as do voluntary social investment agreements including a series of actions and projects developed to favor communities in pursuit of strengthening local development.

Management

We developed an engagement strategy with the community, which is mainly based on the creation of relationships of trust by means of dialogue, in order to contribute to local development and safe management of our facilities. We have essential tools, such as a community relations and social investment model, a citizen participation and indigenous citizen participation strategy for projects, and a model to ensure reliability for our operation. *Additional information about aspects of operational reliability on page 20.*

ENGAGEMENT STRATEGY WITH THE COMMUNITY

Operation (10,000 km)



New Projects



¹⁴ Formal citizen participation processes are mandatory for investment projects, according to Law 19,300 (Environmental Bases), Law 19,253 (Law on Indigenous Promotion and Protection and Development) and Law 20,500 (Law on Associations and Citizen Participation in Public Administration).

1. Community relations and social investment model

This model prioritizes communities where we develop community relations process and social investment projects based on criteria such as proximity to our current or future facilities, the strategic importance of a substation for the national electricity system, or the territory's track record in terms of investment projects, among others. The model classifies communities into three types: base, priority or strategic, thus determining the program or type of intervention to be made in the zone. In addition, the model sets objectives and formulates opportunities for dialogue, local development programs and a formal relations model with local leaders. We developed eight Community Relations Principles in 2016, which provide clear guidelines regarding how to proceed when operating or building projects. These principles are listed as follows:

Community Relations Principles

Principle 1. Ongoing learning and innovation

Principle 2. Competitiveness

Principle 3. Coherence and clarity

Principle 4. Early relations

Principle 5. Clear dialogue

Principle 6. Strengthening capacities

Principle 7. Knowledge of the surrounding area

Principle 8. Involvement and collaboration

Considering that transparency and communication are essential for creating trust, the model considers a series of formal milestones to announce commitments we have made with communities to the public, which is documented in the "Social Investment and Collaboration Agreements". These documents are signed by community leaders and Transelec. These agreements determine social investment projects to be implemented, formal mechanisms for dialogue with communities, the creation of work tables with social leaders and regular community assemblies.

We renewed four of ten Collaboration Agreements in 2018, updating agreements with the communities of Rucaco (Los Ríos Region), Nogales (Valparaíso Region), Juan Huenchumil Quintupil (Araucanía Region) and Polpaico (Metropolitan Region) and signing six new agreements in different areas throughout Chile. We are still involved in ten work tables (bilateral Community-Transelec relations) and four associative work tables (multilateral relations: community, authorities, other companies).

Social investment initiatives we are involved in with the communities are the result of our community relations model. *Additional information about social investment projects is found on page 58.*

Community evaluation using the Corporate Reputation Survey

The impact of community relations model application for Transelec's corporate reputation is measured every other year by means of a Corporate Reputation Survey. This instrument monitors stakeholder approval level and is conducted by a neutral and independent third party. Our efforts are focused on concrete results: preventing conflict with the community in order to operate smoothly and developing upgrade projects required by the electricity system within appropriate deadlines. We were happy to see the results of the 2018 survey: approval by the local communities consulted came to 80%, up 23% compared to 57% in 2016.

80% 

approval by our
communities



2. Citizen participation and indigenous citizen participation strategy for projects

We work to incorporate concerns and opinions from the social environment starting from the design phase of power transmission projects in order to gain social approval of our actions, thus determining routes that will generate the least possible social and environmental impacts.

Experience has shown that formal implementation of early citizen participation processes generates larger spaces for dialogue and transparency for the communities, as well as benefits for our business. One of these is compliance with planned deadlines and starting investment projects featuring good relations with our neighbors.

In 2018 we were able to achieve successful community participation in flagship projects for the company such as: the Pichirropulli – Tineo transmission line (in the Los Lagos Region and Los Ríos Region), the Frontera Substation (Antofagasta Region), the Valdivia Substation and Ciruelos Substation upgrade (Los Ríos Region), and at the Frutillar Substation.



We conduct early citizen participation and early indigenous citizen participation processes (if applicable) and voluntary social investment for all of our projects with communities in their areas of influence, three measures that go beyond the scope of the law.

EARLY INDIGENOUS CITIZEN PARTICIPATION FOR THE PICHIRROPULLI - TINEO PROJECT

Early citizen participation for Environmental Impact Study (EIA) approval of the Pichirropulli-Tineo power transmission line (Los Ríos Region and Los Lagos Region) involved dialogue processes with 72 communities, including two indigenous communities and one indigenous family. Since our strategy included completion of an early indigenous citizen participation process in keeping with the provisions of ILO

Convention 169 (prior to formal consultation required by law), this project featured the fastest indigenous citizen participation process in Chile, which was approved in only six months. A US\$ 500,000 social investment program including multiple initiatives for indigenous and non-indigenous communities was formulated as a voluntary measure for project development