



Environment

Climate change⁷

We play an active role in connecting renewable energy sources to the system and we commit to mitigate and adapt to climate change.

Context

Climate change is a natural phenomenon. However, the latest international studies indicate that global warming is caused by human activity and catastrophic effects have been predicted as a consequence¹⁷, such as melting ice mass at the poles, which in turn causes sea level to rise, causes flooding and threatens coastlines. The acute and chronic effects of climate change can potentially affect power transmission systems. According to WBCSD¹⁸, those posing the greatest risk are storms, flooding, intense wind, swells and rising sea level, as well as heat waves. Power transmission is a regulated activity and therefore we must urgently address this reality at a national level in order to ensure that electricity systems will be better prepared for (or adapted to) the different potential impacts of climate change.

Chile signed the Paris Agreement in 2016. The purpose of this agreement is to reduce global emissions. Since 2016, Chile has been promoting a decarbonization strategy, bringing the country to the forefront of global rankings¹⁹ for its steady expansion in the use of renewable energy for power generation.

¹⁷ Report issued in 2018 by the Intergovernmental Panel on Climate Change at <https://archive.ipcc.ch/report/sr15/>

¹⁸ https://docs.wbcsd.org/2014/03/Building_A_Resilient_Power_Sector.pdf

¹⁹ Emerging Markets Outlook 2018, BloombergNEF Global Climatescope. See the complete report at <http://global-climatescope.org/assets/data/reports/climatescope-2018-report-en.pdf>

Management

Climate change poses risks and opportunities for our business. It is part of our new Sustainability Policy and we are moving toward systematic management of this issue. We are designing a corporate strategy focused on two perspectives in order to address risks: mitigation and adaptation at existing operations, as well as adaptation at new projects. In addition, there are new opportunities for our role in the connection and transmission of renewable energy sources into the electricity system, thus contributing to Chile's efforts to mitigate climate change. *Additional information about our role in the connection of renewable energy on page 24.*

We created a Climate Change Committee comprised by the Vice-presidencies of Corporate Affairs and Sustainability, Engineering, Operations and Business in 2018 in order to assess the effects of climate change on our business. The Committee submitted the "Evaluation of vulnerability, impacts of and adaptation to climate change for Transelec S.A. energy infrastructure" to the UC Global Change Center, to the UC Energy Center and to the Research Center for Integral Risk and Disaster Management. Among other aspects and in order to support implementation of the upcoming climate change strategy, in 2019 we will create a transversal Climate Change Committee comprised of different Vice-presidencies that will address the issue. In addition, we will promote innovation as an ally for solutions that must be found for adapting to and mitigating climate change that will affect our business.



THE INCREASING USE OF RENEWABLE ENERGY

Steep power generation cost reductions stemming from the incorporation of renewable energy sources have enabled widespread 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 available. Our role is to facilitate connection to power transmission systems and to transmit this energy to the most remote corners of Chile for subsequent distribution and consumption. This is not just a technical issue, it also means that we are thinking about new business models. We connected 33% of NCRE in 2018, bringing the total up to 64% over the last 5 years.



1. Adaptation to climate change

We are studying how to strengthen adaptation capacity and resilience to risks related to climate and natural disasters at our operation and projects. We are consequently making headway with a climate change study being conducted by UC Global Change Center in which we will analyze our risks and subsequently formulate adaptation measures required for our new projects.

2. Climate change mitigation

We have a mitigation plan that is focused on four aspects: reducing the use of goods with high emission rates, boosting energy use efficiency, increasing the use of low emission technologies and reducing fuel emissions.

We have been measuring our carbon footprint for scopes 1 and 2 at our operation and projects since 2013. We consequently know that our highest potential for reduction lies in reducing eventual sulfur hexafluoride (SF6) gas leaks (not continuous emissions) by reducing our stock of this gas used as an insulator. We have set a goal to reduce SF6 gas and this has been associated to a working plan. In addition, we will work to create and execute a working plan for quantifying our corporate carbon footprint considering scopes 1, 2 and 3 in 2019 in order to subsequently study opportunities for reducing this footprint.



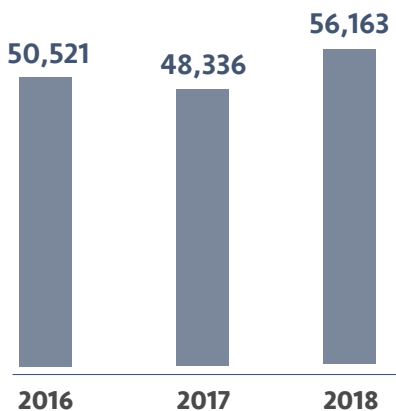
MORE THAN HALF A TONNE OF CO₂ IS NO LONGER EMITTED THANKS TO SÚBETE

Súbete, a car pooling initiative with companies neighboring our corporate center (VTR, SURA Asset Management and Transelec), led to over 265 car pools, reducing CO₂ emissions by 0.6 tonnes, the equivalent amount of CO₂ fixed by 27 trees in one year.

Climate change

ELECTRICAL ENERGY CONSUMPTION

Gigajoules



GREENHOUSE GAS EMISSIONS

Tonnes of CO₂ equivalents.

Total scope 1 and 2 emissions

