



05. Annexes

ABOUT THIS REPORT

Transelec formulated its tenth Sustainability Report in order to report on its strategy, priorities and performance regarding the most important sustainability issues for its operations.

This report has been prepared in accordance with the GRI Standards: Core option. The focus is on the most important issues for Transelec and its stakeholders, which have been determined in keeping with GRI Standard guidelines.

Information presented herein addresses the Company's management in 2018. Data from previous years has also been included in order to provide additional context. The main events that have taken place up to the date when this document was published have also been included. The report encompasses all Transelec operations.

A transversal working team was involved in the formulation of this document and consultancy was provided by external experts. The team provided oversight for GRI principle compliance and was responsible for pooling and validating information reported.

THE MOST IMPORTANT ISSUES TO BE REPORTED

In order to determine the most important issues to be included in this report, Transelec conducted a formal Materiality Analysis process involving the General Manager and all of the Company's Vice-presidencies.

The first step was to identify important issues stemming from the following perspectives:

- **Strategic and priority issues for Transelec:** interviews with the Company's Senior Management and issues stemming from the Sustainable Value Creation Strategy, Sustainability Policy and Risk Matrix.
- **Important issues for the external audience:** issues mentioned in the media regarding Transelec, the energy sector and other companies; the Corporate Reputation Strategy and Engagement Strategy applied by Transelec for its stakeholders.
- **Emerging issues for the energy sector:** DJSI (Electric Utilities Sector and Terna Group global leader practices); GRI Sustainability Topics by Sector; State of Sustainable

Business (BSR/Globescan); Global Risk Report (World Economic Forum); B Impact Assessment and Corporate Governance Standard 385.

The issues identified were analyzed and ranked by the company's Senior Management according to Importance for Stakeholders and Scope of Impact. This was how the most important issues to be included in this report were determined. In addition, audiences the report was to be directed to and its main features were determined at a working meeting with the general manager. Workshops were then scheduled to address each material issue and to provide a detailed description of the company's management focus, core aspects to be reported and highlighted initiatives and indicators. These workshops were attended by the company's Vice-presidents and key executives for issue management.

The most important issues are listed as follows:

BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY

- Development and adaptation of the business to the energy scenario of the future: Development Strategy, Innovation and Digital Transformation.
- Service security and reliability.
- Financial liability and value footprint.

GOVERNANCE AND INTEGRITY

- Corporate governance
- Ethics and compliance
- Collaboration and engagement with our stakeholders

PEOPLE

- Health and safety
- Human capital development

OUR COMMUNITIES

- Local engagement
- Contribution to development

ENVIRONMENT

- Environmental management
- Climate change

SUSTAINABILITY PERFORMANCE SUMMARY

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY					
Reliability					
Service Safety Index – EIT (equivalent interruption time)	Minutes of equivalent interruption time	EU12	3.9	4.1	7.9
Disconnection rate – Transmission lines ¹	Number of outages for each 1,000 kilometers		16.1	16.7	7.9
Disconnection rate – Transmission lines (for reasons attributed to the company) ²	Number of outages for each 1,000 kilometers		6.4	6.1	4.3
Disconnection rate – Substations ³	Number of outages for every 1,000 circuit ends		101.7	189.6	83.5
Investment in vegetation management for power supply safety	Percentage compared to last year		-1%	43%	84%
Theft from Transelec facilities	Number of events		60	21	6
	Tonnes of conductor cable removed		43	18	3
Prevented theft	Number of events		3	2	4
Public security alliances for the prevention of cable theft	Number of working tables		5	5	5
Customer satisfaction	Percentage, measured as connection customers		68%	73%	93%
Innovation					
Projects in the innovation portfolio	Number. In all process stages		N.I.	35	47
Projects in operating stage	Number		N.I.	13	17
Digital transformation projects	Number		N.I.	16	13
Collaborators developing innovation initiatives	Number		N.I.	100	130
Financial responsibility and value footprint					
Revenue	US\$ million	102-7	421	445	474
Revenue from the National System	Percentage	102-7	64%	63%	57%
Revenue from Zone Systems	Percentage	102-7	15%	16%	23%
Revenue from Exclusive Systems	Percentage	102-7	19%	18%	17%
Revenue from Services	Percentage	102-7	2%	3%	3%
EBITDA	US\$ million	102-7	358	378	400
Economic value generated and distributed	US\$ million	201-1	470	518	535
Transmission lines	Kilometers	102-7	9,609	9,648	9,672

N.I. no information

1. corresponds to disconnections stemming from and outages and force majeure, considering total own causes and force majeure based on ITOMS

2. corresponds to disconnections stemming from and outages and force majeure, considering only own causes based on ITOMS

3. 2016 and 2017 figures do not coincide with those published in previous reports due to changes in rate calculation that is now adjusted to how this is measured by ITOMS

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
CORPORATE GOVERNANCE AND INTEGRITY					
Board structure					
Directors	Number	102-22	9	9	9
Women directors	Number	102-22; 405-1	1	1	2
Directors with executive positions at the company	Number	102-22	0	0	0
Independent directors	Number	102-22	5	5	5
Directors under 30	Number	102-22; 405-1	0	0	0
Directors between 31 and 50	Number	102-22; 405-1	1	1	0
Directors over 51	Number	102-22; 405-1	8	8	9
Code of Ethics					
Claims filed	Total number of claims received throughout the year	102-17	11	11	13
Claims settled	Total claims settled throughout the period	102-17	100%	100%	92%
Corruption					
Members of the Board of Directors who have been informed and trained regarding anti-corruption procedures and policies	Percentage	205-2	100%	100%	100%
Employees who have been informed and trained regarding anti-corruption procedures and policies	Percentage trained and reported during the year	205-2	0%	66%	59%
Confirmed cases of corruption	Number	205-3	0	0	0
Incidentes por discriminación	Number	406-1	0	0	0
Cases of unloyal competition	Number of pending or completed legal actions stemming from disloyal competition, monopolistic practices or practices contrary to free competition that have been identified in which the organization participated	206-1	0	0	0
Compliance					
Amount fined	Monetary value of significant ⁴ fines stemming from non-compliance with social or economic laws or regulations. US\$ millions	419-1	N.I.	0	0
Number of non-monetary sanctions	Number of non-monetary sanctions stemming from non-compliance with social or economic laws or regulations	419-1	N.I.	0	0
Number of cases	Number of cases subjected to social or economic dispute settlement mechanisms	419-1	N.I.	2	0
Environmental fines	Number of fines sanctioned by the SMA and sectorial agencies throughout the period	307-1	0	0	0
Environmental fine amounts	Amounts fined by the SMA and sectorial agencies in US dollars throughout the period	307-1	0	0	0

4. We consider fines over US\$ 1,000,000 to be "significant".

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
PEOPLE					
Occupational health and safety					
Accident rate	(Number of lost time accidents/ worker average)*100	403-9	0.3	0.26	0.2
Claims rate	(Number of days lost/ collaborator average)*100	403-9	5.6	16.1	11.1
Fatalities	Number	403-9	0	0	0
High risk incidents	Number	403-2	0	2	2
Work-related illnesses	Number	403-10	0	0	0
Contractors and subcontractors with occupational health and safety training	Percentage	403-5	100%	100%	100%
Own worker breakdown					
Permanent full-time workers	Number as of 31 December each year	102-8	509	529	538
Men	Number as of 31 December each year	102-8	422	431	439
Women	Number as of 31 December each year	102-8	87	98	99
Workers by age range					
Women under 30	Number as of 31 December each year	405-1	22	25	18
Women between 30 and 50	Number as of 31 December each year	405-1	58	65	73
Women over 50	Number as of 31 December each year	405-1	7	8	8
Labor relations					
Unionization	Percentage compared to total collaborators	405-1	65%	69%	74%
Strikes	Number		0	0	0
Years without strikes	Number		24	25	26
Working climate index	OHI Score		81	*5	80
Training					
Training hours	Thousands of hours	404-1	35.8	40.4	35.7
	hours/collaborator	404-1	70.4	76.4	66.4
Amount invested in training	US\$ invested in training		854,371	926,977	846,354
Amount invested per worker	US\$/collaborator		1,679	1,752	1,573
Workers with performance evaluation	Percentage compared to total number of workers	404-3	100%	100%	100%

5. Survey conducted by the international consulting company McKinsey every other year.

Indicator	Calculation basis	GRI Standards Indicator	2016	2017	2018
OUR COMMUNITIES					
Social relations					
Social incidents	Number	413-1	1	0	0
Grievances filed regarding social impacts	Number. Only includes those submitted by means of formal grievance mechanisms	413-1	1	0	0
Communities displaced by company projects	Number	EU22	0	0	0
Communities with participation programs	Number	413-1	16	20	20
Communities with impact evaluation	Number	413-1	6	8	14
Social contribution					
Communities with development programs	Number	413-1	6	8	10
Social investment	Amount in US\$ thousands	413-1	N.I.	1,024	943
Persons benefited	Number	413-1	2,139	2,706	3,300
ENVIRONMENT AND SURROUNDING AREA					
Environmental incidents and fines					
Incidents with environmental impact	Number of significant spills	306-3	2	0	0
	Volume in m ³ of significant spills	306-3	0.4	0	0
Environmental fines	Number of fines	307-1	0	0	0
	Amount in US\$	307-1	0	0	0
Electrical energy consumed	Gigajoules	302-1	50,521	48,336	56,163
Greenhouse gases	Tonnes of CO ₂ eq. Total scope 1 and 2 emissions	305-1; 305-2	7,944	8,797	8,321
Waste and recycling⁶					
Hazardous Industrial Waste	Tonnes	306-2	521 ⁷	137	227
	Percentage recycled		68%	50%	51%
NON-hazardous Industrial Waste	Tonnes	306-2	6,189	3,222	6,331
	Percentage recycled		88%	89%	78%
Biodiversity					
Reduced felling of native trees	Hectares left unfelled	304-3	N.I.	N.I.	24
New areas reforested by Transelec	Hectares	304-3	0	28	23
Projects with noise measurement	Number		N.I.	N.I.	3
Renewable energy connected by Transelec	MW		1,022	347	227
	Percentage compared to the total connected to the system		78%	22%	33%

N.I. No information

6. Figures only include operations..

7. six transformers that generated a high volume of hazardous waste (272 tonnes), or approximately 52% of total hazardous waste generated by Transelec in 2016, were removed in 2016

GRI Content Index

Standards. Core Option 2018 Sustainability Report - Transelec

GRI Standard	Disclosures	Page number or URL	Omission
GRI 101: 2016 FUNDAMENTALS		[GRI 101 does not include disclosures]	
GENERAL CONTENTS			
GRI 102: General Disclosures 2016	102-1 Name of the organization	Title page	
	102-2 Activities, brands, products and services	8, 9	
	102-3 Location of headquarters	Our main headquarters are located in the city of Santiago, Chile.	
	102-4 Location of operations	8	
	102-5 Ownership and legal form	8, 34	
	102-6 Markets served	8, 9	
	102-7 Scale of the organization	10, 31, 48, 73, 75	
	102-8 Information on employees and other workers	10, 48, 75	Information about employees and other workers is not presented by region because these are grouped together for the entire operation in Chile.
	102-9 Supply chain	10, 41, 48, 75	
	102-10 Significant changes to the organization and its supply chain	8	
	102-11 Precautionary principle or approach	Transelec’s Sustainability Policy safeguards application of a precautionary approach for the Company’s actions.	
	102-12 External initiatives	17, 44	
	102-13 Membership of associations	44	
	102-14 Statement from senior decision-maker	5	
	102-15 Key impacts, risks, and opportunities	5, 13, 14, 32	
	102-16 Values, principles, standards and norms of behavior	3, 5, 16, 39	
	102-17 Mechanisms for advice and concerns about ethics	39, 74	
	102-18 Governance structure	35, 36	
	102-19 Delegating authority	36	
	102-20 Executive-level responsibility for economic, environmental and social topics	36	
	102-22 Composition of the highest governance body and its committees	35, 74	Composition information is not available according to the number of significant positions held and commitments made by each person and the nature of these commitments; affiliation to under-represented social groups and stakeholder group representation.
	102-23 Chair of the highest governance body	The Chairman of the Board of Directors does not hold any executive positions at the company.	
	102-26 Role of highest governance body in setting purpose, values, and strategy	35	
	102-27 Collective knowledge of highest governance body	35	
	102-29 Identifying and managing economic, environmental, and social impacts	35, 36	

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GRI Standard	Disclosures	Page number or URL	Omission
GRI 102: General Disclosures 2016	102-30 Effectiveness of risk management processes	32	
	102-31 Review of economic, environmental, and social topics	36, 40	
	102-32 Highest governance body's role in sustainability reporting	The Board of Directors is responsible for evaluation and formal approval of the Sustainability Report and for ensuring that all material issues are discussed. The Board of Directors approved this report at its April 2019 meeting.	
	102-40 List of stakeholder groups	43	
	102-41 Collective bargaining agreements	53	
	102-42 Identifying and selecting stakeholders	42	
	102-43 Approach to stakeholder engagement	42, 43	Information is not available for engagement frequency by type and by stakeholder group.
	102-44 Key topics and concerns raised	43	
	102-45 Entities included in the consolidated financial statements	This report covers the same entity as the Annual Report: Transelec S.A.	
	102-46 Defining report content and topic Boundaries	72	
	102-47 List of material topics	72	
	102-48 Restatements of information	Any restatement of information regarding previous reports and the reasons for said restatement are specified as footnotes in the respective indicators where information has been restated.	
	102-49 Changes in reporting (Continues on next page)	Significant changes regarding the reporting of issues are specified as footnotes when this information is presented.	
	102-50 Reporting period	72	
	102-51 Date of most recent report	2017 Sustainability Report published in April 2018.	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding this report	82	
	102-54 Claims for reporting in accordance with the GRI standards	72	
	102-55 GRI content index	77	
	102-56 External assurance	This report has not been subjected to external verification.	

MATERIAL ISSUES

BUSINESS MANAGEMENT, INNOVATION AND SERVICE QUALITY

Development and adaptation of the business to the energy scenario of the future: Development Strategy; Innovation and Digital Transformation

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	13, 14, 26	
	103-2 The management approach and its components	13 - 16, 26 - 29	
	103-3 Evaluation of the management approach	27	
	Number of projects in the Innovation portfolio	27, 73	
	Number of innovation projects in operating stage	27, 73	
	Number of digital transformation projects	73	
	Collaborators developing innovation initiatives	27, 73	

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GRI Standard	Disclosures	Page number or URL	Omission
Service security and reliability			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	19, 20	
	103-2 The management approach and its components	19, 21, 24-25	
	103-3 Evaluation of the management approach	4, 22 -25	
	G4-EU12 Power transmission and distribution losses	22 - 23, 73	
	Disconnection indices	22 - 23, 73	
	Conductor cable theft	25, 73	
	Customer satisfaction	73	
	Public security alliances	25, 73	
Financial responsibility and value footprint			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	30	
	103-2 The management approach and its components	31 - 33	
	103-3 Evaluation of the management approach	31, 33	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	33, 73	
	Revenue variation	31, 73	
	Ebitda variation	31, 73	
	Investment value	31	
	Liquidity	31	
GOVERNANCE AND INTEGRITY			
Corporate governance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	34	
	103-2 The management approach and its components	35, 36	
	103-3 Evaluation of the management approach	36	
GRI 405: Diversity and equal opportunity 2016	405-1 Number of female directors	35, 74	
	405-1 Directors under the age of 30	35, 74	
	405-1 Directors between the age of 31 and 50	35, 74	
	405-1 Directors over the age of 51	35, 74	
Ethics and compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	37	
	103-2 The management approach and its components	38 - 40	
	103-3 Evaluation of the management approach	38 - 40	
GRI 205: Anti-corruption 2016	205-2 Board members trained in anti-corruption procedures	40, 74	Information not available: total number and percentage of business partners with whom Transelec anti-corruption policies and procedures have been shared; and the total number of percentage of the members of the Board of Directors and workers who have received anti-corruption training, listed by region.
	205-2 Employees trained in anti-corruption procedures	40, 74	
	205-3 Confirmed incidents of corruption	40, 74	
	206-1 Cases of anti-competitive behavior	40, 74	
GRI 206: Anti-competitive behavior 2016			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination	40, 74	

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GRI Standard	Disclosures	Page number or URL	Omission
GRI 419: Socioeconomic compliance 2016	419-1 Fines for non-compliance with laws and/or regulations in the social and economic area	40, 74	
	419-1 Number of fines for non-compliance with laws and/or regulations in the social and economic area	40, 74	
	419-1 Number of cases of non-compliance with laws and/or regulations in the social and economic area	40, 74	
	Percentage of employees covered by the Code of Ethics	100% of our employees. The Code covers all of the company's operations.	
	Number of grievances filed using the Whistleblower Hotline	40, 74	
	Percentage of grievances settled during the period compared to total grievances filed	40, 74	
Collaboration and engagement with our stakeholder groups			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	42	
	103-2 The management approach and its components	42, 43	
	103-3 Evaluation of the management approach	42, 43	
PEOPLE			
Health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	45	
	103-2 The management approach and its components	45-46	
	103-3 Evaluation of the management approach	4, 47	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	46	
	403-2 Hazard identification, risk assessment, and incident investigation	46, 75	
	403-3 Occupational health services	46-47	
	403-5 Worker training on occupational health and safety	75	
	403-6 Promotion of worker health	47	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-47	
	403-9 Work-related injuries	10, 47, 75	Safety indicators are not presented by region because they are grouped together for the entire operation in Chile. Information not available: listed by gender and employee type. Registration rules determined by Chilean legislation by means of SUSESO are used for each indicator.
	403-10 Work-related ill health	75	
Human capital development			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	48	
	103-2 The management approach and its components	48-53	
	103-3 Evaluation of the management approach	4, 47-53	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	49, 75	Information not available: average hours of training listed by gender and job category
	404-2 Programs for upgrading employee skills and transition assistance programs	49	Information not available: transition assistance programs for professionals leaving the company
	404-3 Percentage of employees receiving regular performance and career development reviews	75	Information not available: breakdown by gender and job category

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GRI Standard	Disclosures	Page number or URL	Omission
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of employees	10, 48-50, 75	
	Labor relations: unionization, strikes, work climate index	10, 53, 75	
OUR COMMUNITIES			
Local engagement			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	54	
	103-2 The management approach and its components	54-57	
	103-3 Evaluation of the management approach	4, 10, 57	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	10, 76	
	G4-EU22 Persons displaced by company projects	76	
Contribution to development			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	58	
	103-2 The management approach and its components	58-59; 61	
	103-3 Evaluation of the management approach	4, 59-60	
	413-1 Operations with local community engagement, impact assessments, and development programs	58-59, 76	
ENVIRONMENT			
Environmental management			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	62	
	103-2 The management approach and its components	62-67	
	103-3 Evaluation of the management approach	4, 63- 67	
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	67, 76	
	306-3 Significant spills	9, 63, 76	
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	64, 76	
GRI 307: Environmental compliance 2016	307-1 Fines for non-compliance with environmental laws	10, 67, 76	
	307-1 Number of fines for non-compliance with environmental laws	10, 67, 76	
Climate change			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	68	
	103-2 The management approach and its components	68-70	
	103-3 Evaluation of the management approach	4, 69-70	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	70, 76	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	70, 76	
	305-2 Energy indirect (Scope 2) GHG emissions	70, 76	
	Renewable energies connected by Transelec	10, 69	

TRANSELEC

Sustainability Report 2018

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