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Environment and Communities



Law No. 19,300/1994 on General Bases of the Environment ("Environmental Law") and its subsequent amendments are the basis for Transelec's operations. The Environmental Law requires owners of new transmission projects to submit them for evaluation to the Environmental Impact Assessment System (SEIA) by filing an Environmental Impact Assessment (EIA) or Environmental Impact Statement (EIS), as appropriate. These projects are evaluated and environmentally certified by the respective Environmental Evaluation Commissions and, if favorable, will be approved by means of an Environmental Qualification Resolution (RCA). In addition, the regulations establish that project owners may request a statement from the Environmental Evaluation Service as to whether the project or its modifications should be submitted to the SEIA. The enactment of Law 20,417/2010 was the main reform made to the Environmental Law, which created new environmental management instruments and modified existing ones. Consequently, Transelec had to adjust to these new requirements. The environmental authority is made up of the following agencies:

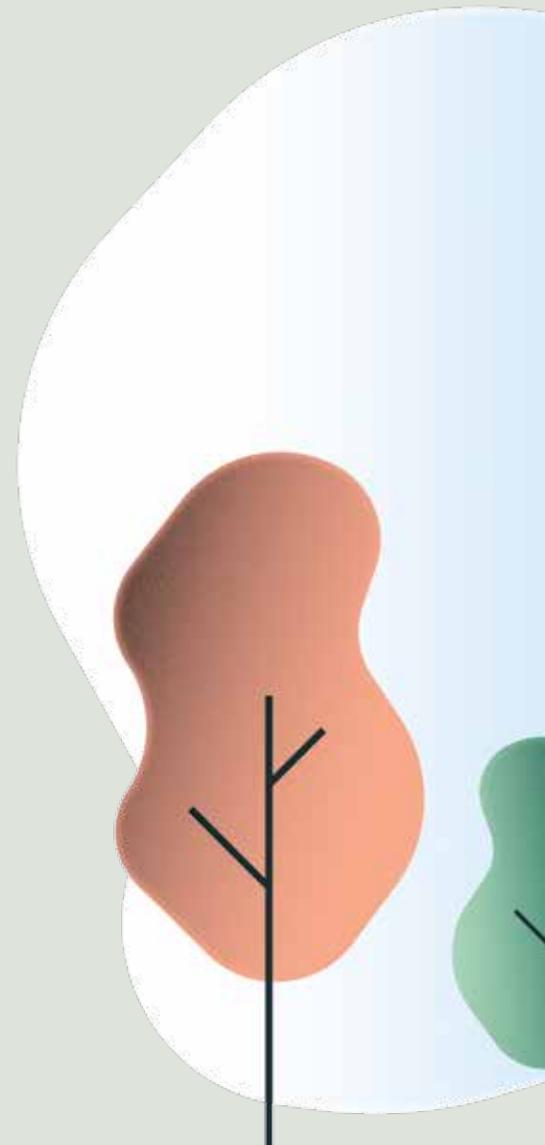
- i. Ministry of the Environment
- ii. Council of Ministers for Sustainability
- iii. Advisory Councils
- iv. Environmental Evaluation Service
- v. Environmental Superintendence
- vi. Environmental Courts

These institutions are responsible for the design and application of environmental policies, plans and programs. They are also responsible for the proposal of sustainability criteria for the formulation of planning processes, regulations, and policies at ministries, the administration of SEIA, and the inspection of projects, among others. Environmental Evaluation System Regulations (SD N°40/2012) came into force in December 24th, 2013. Among other issues, these regulations indicate requirements for environmental impact evaluation procedures for Environmental Impact Studies, Environmental Impact Declarations and community participation, as well as consultation with indigenous communities throughout this process. We wish to highlight that the creation and commissioning of Environmental Courts on December 28, 2012 was accompanied by entry into force of inspection and sanction capacity for the Environmental Superintendence.

In the field of climate change, a multifactorial and multisector participatory process was executed in order to prepare the framework law on climate change.

Within the framework of COP26 hosted in Glasgow, Scotland, the Chilean government sent the country's Long-Term Climate Strategy (LTCS) to the Executive Secretary of UN Climate Change. This is the roadmap determining specific sectorial objectives and goals designed to make Chile carbon neutral and climate resilient by no later than 2050.

Power transmission, our business, plays a key role in society and has the potential to generate impacts on the environment, considering that our high-voltage transmission lines intersect several territories and ecosystems. Preventive culture is essential when it comes to minimizing our socio-environmental impacts.



Potential environmental impacts stemming from our operations vary depending on business stages. Many of our potential impacts can be prevented or minimized during the design stage. One example of this is route deviation in order to minimize the alteration of biodiversity found in natural landscapes and/or valuable ecosystems, while also reducing the loss of farmland.

Some examples of how environmental impacts are prevented and controlled during construction and operation phases are constantly managing environmental requirements and permits associated with Environmental Qualification Resolutions through the m-risk platform. This platform allows us to determine control and review periods, taking responsibility for execution. Transelec is an active user of environmental institutionalism. Five environmental evaluation projects were submitted to the SEIA in 2021 and environmental certification is currently being processed. We wish to highlight that Transelec has 76 duly approved Environmental Qualification Resolutions as of 2021. These are related to projects currently operating or in construction stages.

This has been a year of challenges, since the pandemic compromised many deadlines. A total 20 projects are currently under development, seven projects are being subjected to environmental evaluation and with two sanction processes initiated in 2020 that have been handled in a way of presenting proposals to the authority.

Rincón de Pataguas

The SMA pressed charges against Transelec and all other companies with facilities at the Ancoa Substation on July 9, 2020 because noise levels exceeded the provisions set by the Ministry of the Environments Supreme Decree 38-2012 by means of a sanctionary proceeding (file D-094-2020). Transelec and Celeo Redes have submitted compliance programs to the SMA in 2020 in order to restore compliance. The last action executed by both companies was the submittal of a Joint Compliance Program on November 10th, 2021, which is currently being reviewed by the SMA.

Charrúa Lagunillas transmission line

The Superintendence of the Environment (SMA) pressed charges against Transelec in the framework of the "Charrúa – Lagunillas" project (RCA N° 174/2009) on July 3rd, for failing to satisfactorily comply with reforestation measures. An Environmental Compliance Program (ECP) containing reforestation and restoration actions was submitted to the SMA on August 11. The SMA approved the proposed compliance program on September 10th, 2020. Compliance program actions were executed in 2021 with the reforestation of the Combate property (20 Ha) and restoration actions at Nonguen National Park (10.7 Ha). 5 monitoring reports have been submitted to the SMA and Compliance Plan closure actions will continue up until 2023. However, Transelec has a working horizon up until 2025 in these sectors.



Environmental objectives

"We transmit energy while contributing to development in the territories where we operate. Sustainability is our company's guiding light and our collaborators are the key factor in this sense". (Transelec Sustainability Policy, 2018)

Transelec sets its environmental and community goals and objectives by means of the Integrated Management System Committee. This Committee is composed of different company areas and is based on ISO 9001, ISO 45001 and ISO 14001 regulations.

Transelec Integrated Management System objectives for community and environmental issues mainly focus on six areas:

- 1) Regulatory Compliance
- 2) The "ConSuma Conciencia" Environmental Responsibility Program
- 3) Climate Change
- 4) Environmental Care
- 5) Social License
- 6) Territorial Coexistence

Environment	Variable	Goals
1 Regulatory compliance	RCA compliance Permits work plan Projects permits plan	Goal: 0% RCA non-compliance (projects and operations) Goal: 100% Permits Work Plan compliance by zone Goal: 100% project permits obtained according to plan
2 "Con Suma Conciencia" environmental	Recycling at the office Recycling at Operations Recycling at Projects	Goal: 100% recycling at offices implementation Recycling Goal: 75% non-hazardous industrial waste Recycling goal: 60% of hazardous industrial waste Execute recycling actions with the goal of 5 projects underway in 2021
3 Climate change	Adaptation to CC CC effect mitigation	Incorporate actions to adapt to climate change at 2 projects (goal) Design of a (goal: 1) initiative to reduce carbon footprint emissions.
4 Environmental care	Compliance model Environmental incidents	100%: Corporate Environmental Plan and Zone Management Plan implementation Goal: zero (0) significant environmental incidents involving sanctions
5 Social license	Opposition to project operation Opposition to new projects	Number of facilities without access due to opposition from communities (goal: 0%) Number projects suspended during construction phase 0 (goal: 0)
6 Territorial coexistence	Easement strip invasion	Maintain community management in 100% of areas where invasion has taken place (squatter settlements), which were reported in 2021

Each of these areas had variables to be evaluated and a goal to be executed during 2021, as stated above. The Company was able to comply with these objectives in all topics.

Point 4, Environmental Care features a Compliance Model, an important variable for environmental management. The model is divided into 6 work axes:

1. Structure, roles and responsibilities
2. Processes and procedures
3. IT systems for environmental management
4. Training
5. Information certification
6. Risk model and analytics

These lines of work guarantee outstanding environmental management, an important objective for Transelec.

An Environmental Management Plan (EMP) was created in 2021. This plan is designed to report environmental variables at a zonal level and to comply with Transelec' environmental compliance model.

This EMP considers the following activities or actions at an operational level in 2021:

- a. Significant environmental aspects
 - Aspect-impact matrix revision and dissemination.
- b. Environmental regulations:
 - Compliance with regulations (legal compliance)
- c. Environmental authorizations:
 - Permits matrix and internal dissemination.
 - 2021 environmental permit management.
- d. RCA Requirements:
 - Compliance with environmental requirements (RCA): · Commitments and Verifiers.
- e. Emergencies and Contingencies:
 - Emergency plan
 - Simulation program
- f. Gaps detected and action plans:
 - Ongoing monitoring of environmental commitments and auditing.

Finally, we wish to highlight that Transelec's commitment to the sustainable development and operational excellence of the power transmission system is reflected in the daily work of its employees, in its environmental strategy, and in the creation of relationships of trust with their neighboring communities.

During 2021, the following are some environmental values:

- Number of enforced sanctions from the Public Registry of Sanctions of the Superintendence of the Environment: Two sanctioning processes notified in January 2021, with associated compliance program -PoC- (1 in progress and 1 awaiting approval).
- PoC of Charrúa - Lagunillas Line (Exp. F-049-2020)
- PoC of Rincón de Pataguas - Ancoa Substation (Exp. D-094-2020)
- Number of compliance programs approved= 1.
- Total fines= 2.

These originated from a complaint filed by CONAF before the Local Police Court of Ovalle, Coquimbo region, for cutting xerophytic formations without a work plan approved by the National Forestry Corporation during maintenance of the La Cebada - Pan de Azúcar 2x220 kV transmission line strip. A correction plan was submitted, which was observed, being fined for the second time due to exceeding the deadline set by the authority for its reinstatement. A second correction plan is currently being processed before the competent authority.

- Compliance programs satisfactorily executed= 0 (still under execution and approval by the SMA).
- Remediation plans for environmental damage submitted = 0.
- Remedial plans for environmental damage satisfactorily executed = 0.

Our contributions to decarbonization and the fight against climate change

Several initiatives were executed in 2021 in order to contribute to the fight against climate change and become a more sustainable company.

With the goal of reducing emissions, the "Súbete" initiative was developed in 2019, aimed at promoting carpooling among Transelec employees. Due to the restrictions imposed by the pandemic, this initiative had to be reinvented. Thus, the initiative went on to promote the use of safe and sustainable means of transportation such as bicycles.

Since 2019 we have used a tool developed by an expert consultant in emissions quantification to identify processes, quantify detailed emissions by scope, and carry out a sampling at the level of our operations and partially in projects under development with our contractors. Quantifying emissions generated by our operations undoubtedly helps us to formulate short, medium and long-term actions and design an emission reduction plan with clear goals and objectives.

Environmental responsibility for waste generated is an essential commitment at the industrial level and in terms of our impact at the level of collaborators. Transelec made headway with the planning and implementation of a waste management system at our corporate office with the support of the consulting firm Manuia (formerly TriCiclos). The consulting company assessed waste generated by our Main Office in Santiago and created modules for recycling different materials, including plastics (PET, HDPE, LDPE, among others), cardboard and paper, aluminum (cans), Tetra pack containers, glass, and also small e-waste. We focused on extending this system to our main offices in the Antofagasta and Coquimbo regions in northern Chile, Cerro Navia Center, Itahue South Center and Concepción and Temuco in the south zone.

In addition, we are pleased to announce recent certification of our Cerro Navia Substation (Corporate Office for the Central Division), with the "Zero Waste to Elimination" Clean Production Agreement (valid until 2024) and the advanced level "Zero Waste" seal awarded by the Ministry of the Environment for the year 2020, exclusively for this Transelec facility.

Some of our environmental management values are presented as follows:

2021 Environmental indicators	Value
Non-Hazardous Industrial Waste Generation (tons)	647
Hazardous Industrial Waste Generation (tons)	68
% Non-Hazardous Waste Valuation *	78%
% Hazardous Waste Valuation	86%
Electricity Consumption (GJ)	34.5
Water Consumption (m ³)	91,899

* The disposal of pottery insulation was not considered within the percentage of recovery, due to the lack of installed capacity in Chile for its recovery at an industrial level

Greenhouse gas emissions (in tons CO ₂ equivalent)	Value
Range Emissions 1	7,731
Range Emissions 2**	3,803
Range Emissions 3	706

** The value presented does not consider transmission losses. The value associated with transmission losses is 361,645 tons of CO₂e.



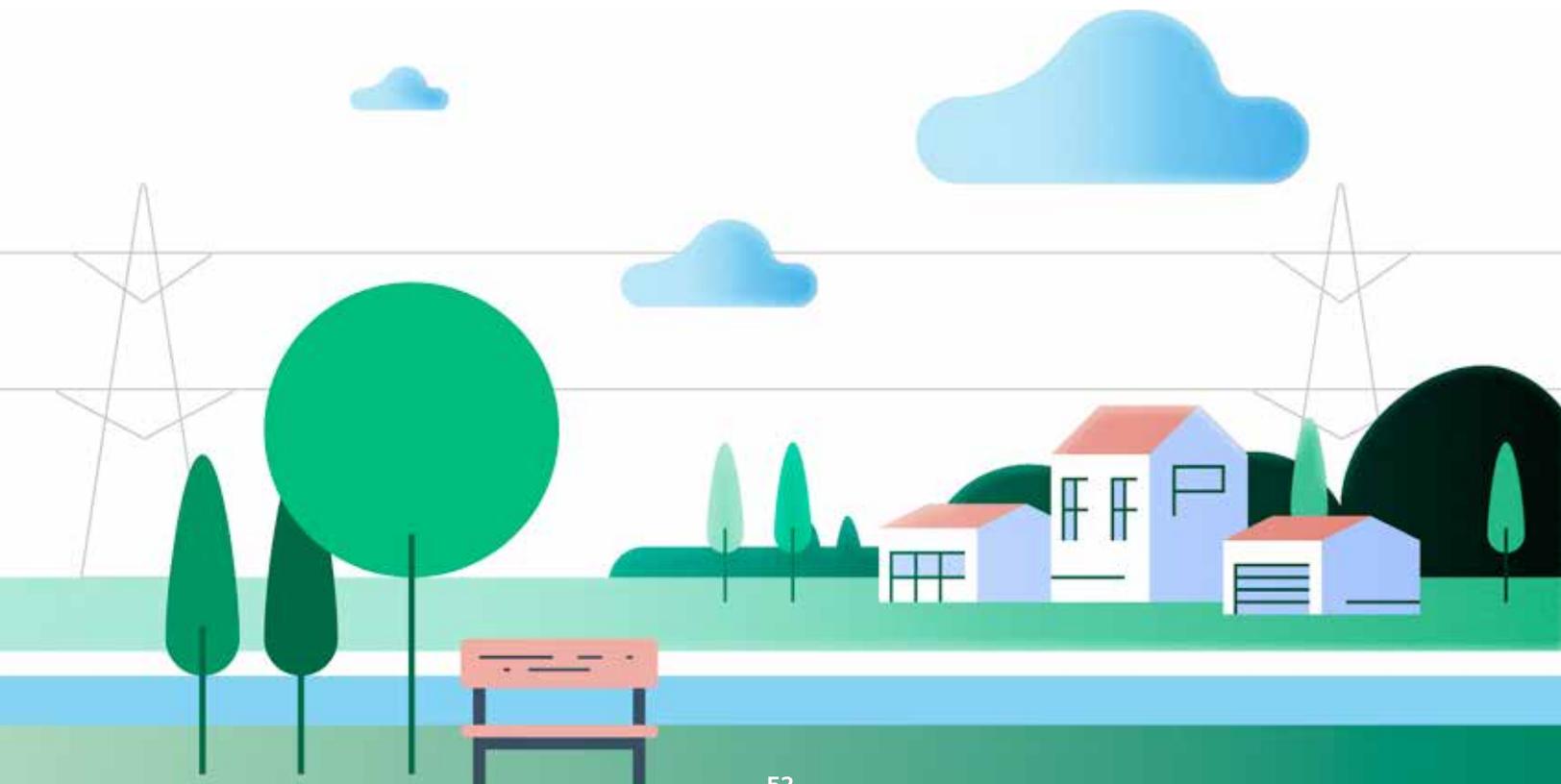
Communities

Transelec has a community relations and social investment area responsible for the annual design of the community relations and social investment strategy. Our objective is to create relationships of trust with communities in the vicinity of our current infrastructure and of new projects.

Social costs are assessed during the design stage by analyzing communities in the project's area of influence and the project's potential impact. In addition, social due diligence is carried out when existing assets are being purchased.

When presenting new projects, communication with communities are essential in terms of approval and better time management for the process. Citizen participation is taken into consideration as part of the environmental evaluation framework. Anticipating this process allows 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 going beyond what is required by law. In addition, the company develops voluntary social investment agreements including a series of actions and projects executed to benefit communities, seeking to strengthen local development.

Given that transparency and communication are key to building trust, the Community Relations and Social Investment model contemplates a series of formal milestones that make public the commitments that we establish with the community, which is documented in the "Collaboration Agreements and Social Investment". The community leaders and Transelec sign these documents. The agreements establish the social investment projects that will be implemented, the formal mechanisms for dialogue with the community, the formation of a working group with social leaders and the holding of periodic community assemblies.



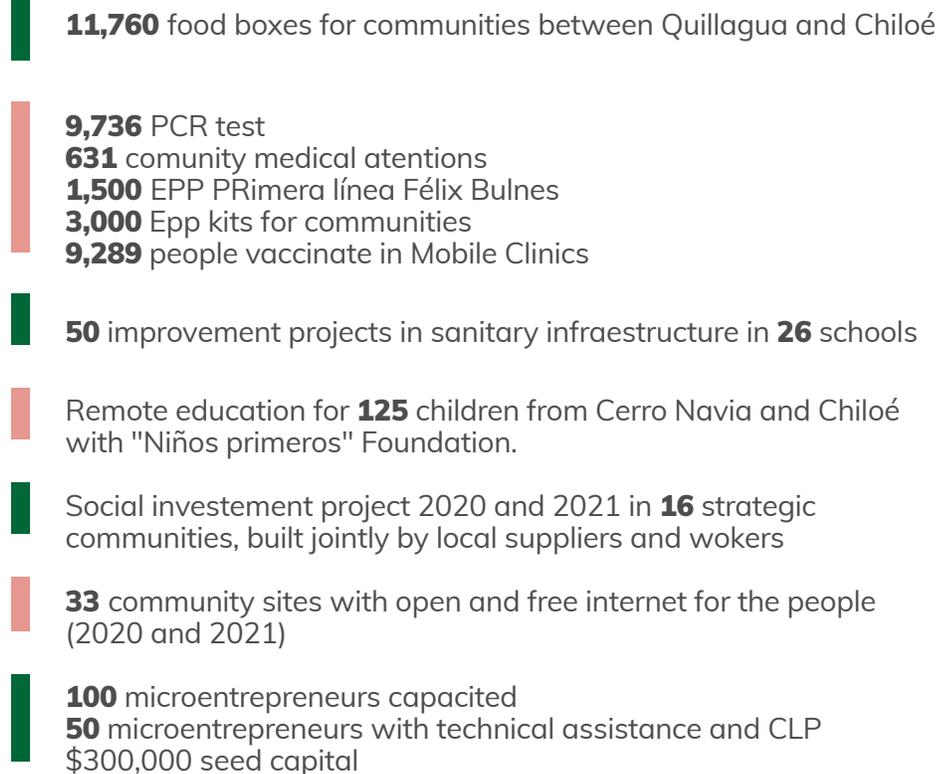
The Covid-19 emergency

As a part of its sustainable development strategy, Transelec continued to execute social investment programs with over 25 communities and over 50 organizations neighboring our facilities and construction projects throughout the country.

In 2021, the negative impact of the Covid-19 pandemic continued in communities close to Transelec. This led us to increase our support in different areas of need. These are concentrated in what we call the COVID-19 Plan for Community Assistance, increasing resources allocated to social investment by 70% in both years, with activities executed in 2020 and 2021.

This plan's objective was to mitigate impact generated by the Covid-19 health and economic crisis for our neighboring communities. The program has been extended throughout 25 territories spanning from Arica to Chiloé and includes actions and initiatives in the fields of health, nutrition, education, community infrastructure and local employment, among others.

Overall Covid-19 community assistance plan results are indicated in the following figure:



Transelec made an alliance with Desafío Levantemos Chile and, in coordination with the Ministry of Health, to bring mobile vaccination stations to remote locations in the Metropolitan, O'Higgins and Los Lagos regions in order to support vaccination efforts in isolated communities.

In turn, together with TECHO, Transelec cooperated with the Bío Bío region health service, providing primary medical care not related to Covid-19 at rural public medical centers, CESFAM, community centers and homes in remote areas far from urban centers.

The plan considers entrepreneurial and local economy reactivation actions executed in 2021. Additional information is available at <https://www.transelec.cl/coronavirus/>

