



Letter from the Chairman of the Board of Directors

On behalf of the Transelec Board of Directors, I am pleased to present our Annual Report for the year 2021, which reflects the company's performance over the last year.

In 2021 our company lived up to its commitment to the country, providing a high-quality electricity transmission service at a time when the COVID-19 pandemic continues to affect people, businesses and industries using our service. We are so grateful for the dedication and follow-through of all our staff and partners across Chile in making this happen.

In the midst of a pandemic still raging throughout the world and a year after the vaccination process started in Chile, Transelec and its personnel continue to work, day-in and day-out, to ensure service quality in these difficult times. We have implemented strict sanitary protocols for asset construction and operations to ensure the health of all our personnel. The commitment of our personnel has been of vital importance to the

essential service we provide to the country.

Transelec looks optimistically to the future of Chile. We will continue to operate and build a strong transmission grid that serves the country's energy needs reliably and sustainably. Since 2011, Transelec has increased the value of its system by 50% to almost US\$4.2 billion. We look forward to continuing to grow and invest to support Chile's growth and create a virtuous cycle of improvement.

Chile has itself set the goal of becoming carbon neutral and climate resilient by 2050. In keeping with its objectives and for the fourth year in a row, the Bloomberg 2021 Climatescope report ranked Chile among the most attractive places in the world for investment in clean energy. The contribution of the private sector has been at the forefront in the development of renewable energies. Cerro Dominador, the first solar thermal plant in Latin America, was inaugurated in 2021 and construction was announced for Horizonte, which will be largest wind farm in Latin America. Transelec is also a central part of this important effort, investing in the strengthening and expansion of the power transmission system and thus enabling the new renewable energy to reach the different parts of the country.

In 2021, Transelec Group joined with international partners ISA and China Southern Grid to create the Yallique Consortium and subsequently were awarded the right to construct and operate the first High-Voltage Direct Current transmission line in the country; when finished, the line will connect the solar power generation pole in northern Chile with consumers in the central region. This is one of many examples of Transelec Group's commitment to assist in the development of clean energy in Chile. In 2021 we commissioned projects for our clients Atacama Solar, Río Escondido and the Puelche Sur Wind Farm, among others.

At Transelec one of our key commitments is to provide Chile's population with a round-the-clock and reliable service. Timely maintenance and modernization of our assets, as well as timely response by our teams are essential when it comes to constantly improving our service to end customers. We consequently achieved 0.066 hours in the SAIDI indicator measuring power outage time at different localities in 2021. This result accounts for a 92% improvement compared to 2020 and a 96% improvement compared to average results since 2017. This result reflects the company's commitment to our clients and is a source of pride for our personnel, executives and shareholders. But we are not done there – in 2021 we also began the formal implementation of ISO 55001 asset management system to continue to ensure proper maintenance and proactive system investment.

Considering the impact of the pandemic, the Company took all necessary and known measures to safeguard the health and integrity of our collaborators, including remote work. We planned the future of work at Transelec during 2021, recognizing the need to provide our team members greater degrees of flexibility. In recognition of these changes and outstanding results achieved during the years of the pandemic, we have decided to permanently establish our flexible work model designed to improve quality of life for our personnel and to ensure high productivity for our work teams.

After three years of hard work by the authorities together with companies in the industry, the first tariff setting period (2020-23) executed in accordance with the 2016 power transmission law is finally coming to an end. Considering the opinion of the panel of experts published at the start of 2022, the company reported adjustments at the end of 2021 to better reflect new rates. And now that the current process is almost completed, we will rededicate ourselves to working towards the next tariff-setting process to ensure that proper investment can continue.

Our company's commitment not only lies in provision of a quality service to end users or taking care of our workers; we also are committed to improving the communities we relate with on a daily basis. In this context, in 2021 we contributed to over 40 communities living near our transmission lines and substations throughout the country with diverse programs such as promoting entrepreneurship, delivering food to people living in vulnerability stemming from the pandemic, improving school and community infrastructure, and strengthening preschool education, among other programs. Through these efforts, Transelec hopes to form deep relationships of trust throughout the territory where we operate and energize communities with more than just power.

In terms of management, 2021 marked an important year in the evolution of leadership at Transelec. In December we announced the intention of Andres Kuhlmann, our CEO of more than 15 years, to retire from Transelec in 2022, and the board of directors commenced a search for a replacement that includes both internal and external candidates. We are highly confident that we will identify a great leader for the future of the company but also know that we will miss Andres and appreciate the significant contributions to the company throughout his time at Transelec. His mark will be felt forever in the quality of the company and the grid.

In terms of the board, we also conducted a search for a new board member to replace Patricia Nunez, who left to join the board of Codelco. Patricia was a valued member of the board and brought great energy and legal insights. In early 2022, after a rigorous process, we identified Ximena Clark as our appointee; Ximena is an accomplished statistician with experience in public and private service and with a keen appreciation for communities across Chile. We look forward to welcoming Ximena to the board in the months ahead.

Finally, I wish to thank everyone at Transelec for their dedication and effort during this year still marked by the pandemic. We reached our proposed objectives for the year 2021 and provided the country with a transmission service meeting outstanding reliability standards, an essential aspect for the well-being of Chile's population today and into the future.

Scott Lawrence

Chairman of the Board of Directors

