

2

Our governance



Corporate Governance

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, CMF 3.1 i, ii, v, 3.2 i, 3.6 x)

Good corporate governance plays a key role in the creation of sustainable value. It is a fundamental element for facing current and future challenges as a Company and for the country's energy development.

Transelec is a corporation that is governed by the Financial Market Commission and current Chilean laws and regulations. However, we have established our own General Corporate Government Principles, which guide the work of the organization's general management and its subsidiaries and employees.

During 2022, the Company reviewed its long-term strategy, highlighting the environment, social issues, and corporate governance. We have a Corporate Governance Code in place to ensure the proper functioning of corporate government. This code establishes the operating guidelines and statutes of each committee that is part of the corporate governance structure.

Beginning in 2022, the focus on the sustainability of the business was strengthened through the creation of the Sustainability Division. This division reports directly to the Vice Presidency of Corporate Affairs and Sustainability, though this is a topic that involves various areas of the organization. Corporate Governance also facilitates innovation through the Digital Innovation and Change Division, another important focus area identified in the Company's guidelines.

The succession plan for the Chief Executive Officer and Vice Presidents is reviewed annually to establish the foundations for a succession plan for each role. The Board is familiar with this procedure.

Board of Directors

(GRI 2-17, 2-18, CMF 3.2, viii, ix a, x, xii a,b,d)

Our board leads the Company's strategy and short-, medium- and long-term business plan. This body approves the strategy that will set the guidelines for the next five years. The various areas of the Company and the board itself contribute to building the risk matrix, which is ultimately submitted to the board for its approval.

Transelec has a selection process for its board members and a matrix of skills and abilities that are required for the role. This ensures that our board members meet high professional standards and have the capacity to serve in this role.

The Company has an induction process that board members have to complete prior to joining the body in order to improve their preparedness and performance. The training includes information on the regulations that govern the Company. Each new board member receives an overview of tools such as the Code of Conduct and Ethics, the Crime Prevention Model, the Sustainability Report, the Annual Report, the Corporate Risk Map, Statutes, and Internal Order, Hygiene and Safety Regulations. The board is required to meet monthly under current law and the Company's statutes. During the 2022 fiscal year, Transelec S.A.'s board held 12 regular meetings and one extraordinary meeting.

Board member evaluation and storage of information: In addition, each board member completes a self-assessment. We use the Diligent platform to facilitate communication, signatures, and storage of key documents.
Board member training: The Corporate Government Committee is consulted annually on topics that are considered to be important, and its members are trained on those issues. In 2022, the Board received training on cyber security and computer crime.

The Transelec board has conducted site visits nationwide individually and as a group. Each year, the board holds a meeting in a regional management unit that is attended by the entire Executive Committee.

Board and Executive Team interaction with management units and external auditing (Periodicity) (CMF 3.2 vi)

The Board meets with the risk management, internal auditing, and social responsibility units.

The CEO and/or other executives meet with the risk management, internal auditing, and social responsibility units.

Quarterly

The CEO and/or other executives meet with the external auditing firm responsible for auditing the financial statements.

Composition of the Board

(3.2 xiii a, b, c)

The board was appointed in April 2022 and is comprised of nine members. Seven of them are men and two are women. None of them holds an executive role within the organization.



①

Scott Lawrence

Chairman of the Board

Not independent

Year Appointed: 11/14/2019

Taxpayer ID No: Foreign national

Nationality: Foreign

Disabilities: No

②

Richard Cacchione

Board member

Not independent

Year Appointed: 03/21/2019

Taxpayer ID No: Foreign national

Nationality: Foreign

Disabilities: No

③

Jordan Anderson

Board member

Not independent

Year Appointed: 09/30/2020

Taxpayer ID No: Foreign national

Nationality: Foreign

Disabilities: No

④

Tao He

Board member

Not independent

Year Appointed: 02/24/2021

Taxpayer ID No: Foreign national

Nationality: Foreign

Disabilities: No

⑤

Mario Valcarce

Board member

Independent

Year Appointed: 08/24/2010

Taxpayer ID No: 5.850.972-8

Nationality: Chilean

Disabilities: No

⑥

Bias Tomic

Board member

Independent

Year Appointed: 08/24/2011

Taxpayer ID No: 5.390.891-8

Nationality: Chilean

Disabilities: No

⑦

Juan Benabarre

Board member

Independent

Year Appointed: 08/22/2018

Taxpayer ID No: 5.899.848-6

Nationality: Chilean

Disabilities: No

⑧

Andrea Butelmann

Board member

Independent

Year Appointed: 03/11/2020

Taxpayer ID No: 6.383.159-K

Nationality: Chilean

Disabilities: No

⑨

Ximena Clark

Board member

Independent

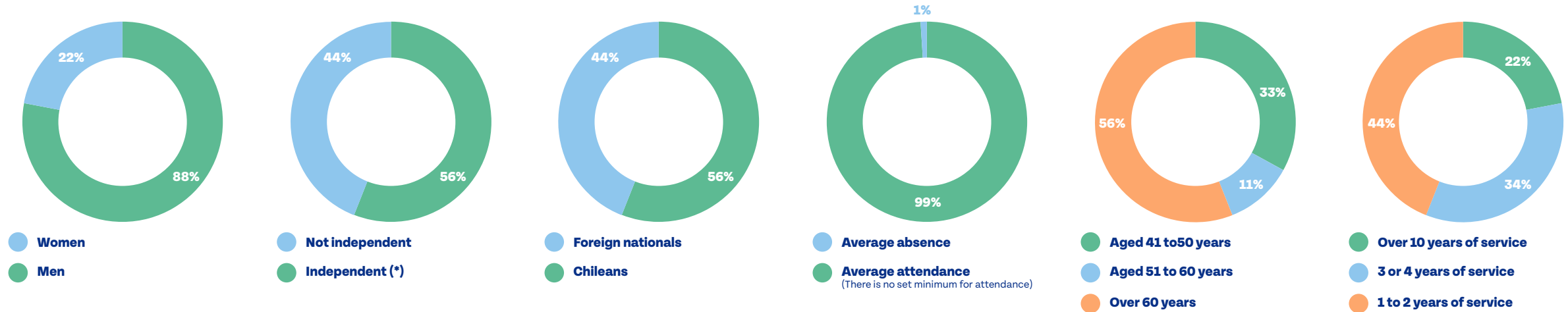
Year Appointed: 03/23/2022

Taxpayer ID No: 11.493.586-7

Nationality: Chilean

Disabilities: No

Board diversity



Board Compensation

(GRI 2-19, 2-20, CMF 3.2 ii, iii, ix c)

Board members Scott Lawrence, Jordan Anderson, Tao He, and Richard Cacchione renounced their compensation for 2022. The following amounts correspond to the compensation of the members of the board for 2022.

Mario Valcarce Durán US \$90,000
 Blas Tomic Errázuriz US \$90,000
 Ximena Clark Núñez US\$ 67,500
 Juan Benabarre Benaiges US\$ 90,000
 Andrea Butelmann Peisajoff US \$90,000

Directors on the Audit Committee earn US\$10,000 per year.

(*) Independent directors are elected by a vote of all shareholders.

Board Expenses

Training on cyber security and the board's responsibilities under new cybercrime legislation was offered in December 2022. It cost 150 UF. As of December 31, 2022, Transec's board received one training session on compliance. It was held on October 6, 2021, and cost 15 UF. In addition, during 2022 the Board of Directors had expenses of 112 million Chilean pesos for travel expenses, lectures among others.

Committee of Experts

(GRI 2-16, CMF 3.3 i, iii, iv, vii, 3.6 xi, xii y 3.7 i)

The corporate government structure is comprised of six committees. All of the committees meet quarterly except for the Ethics Committee, which is not comprised of board members. Extraordinary meetings are held during which stakeholders have the opportunity to share key concerns to the Company.

Committee name	Objective	Periodicity of meetings	Members	Number of sessions	Main activities this year	Periodicity with which it reports to the Board
Auditing	-To evaluate matters related to the selection of external auditors -To review financial statements -To review the internal auditing plan and compliance-related matters	Quarterly	Board members and management	4	Review of financial statements, external auditors, internal auditing, and compliance	Quarterly
Corporate Government	-To review the general corporate government guidelines -To work on annual board assessments -To review transactions with related parties -To review the Crime Prevention Model	Quarterly	Board members and management	4	Annual board assessment, CPM, corporate governance guidelines, and review of transactions with related parties	Quarterly
Investments advisor	-To review and evaluate the Company's main investment options and business opportunities	Monthly	Board members and management	12 or more	To recommend the approval of new business and investment opportunities	Monthly
Finance	-To review decisions regarding dividends, financing, taxes, cash management, the business plan, and other matters	Quarterly or as needed	Board members and management	4 or more	To propose distributions of dividends, search for optimal financing, tax supervision, to submit Company plans from a financial perspective in the Business Plan, etc.	Quarterly
Human Resources	-To review compensation -To review executive compensation -To review the collective bargaining strategy	Quarterly	Board members and management	4	Review of compensation, executive compensation, and collective bargaining strategy	Quarterly
Operations	-To review matters related to the operation of the Company -To supervise Health and Safety matters	Quarterly	Board members and management	4	Review of operational strategy and matters related to accidents, health, and safety	Quarterly

The Corporate Government Committee was created in 2016. Its mandate covers the following functions, among others:

- To propose candidates and nominate Board members
- To evaluate their work
- To approve codes and manuals and their modifications
- To examine and evaluate Transelec corporate governance guidelines
- To make recommendations to the Board

Executive Team

(CMF 3.4 i, ii)



1

Eduardo Tagle

General Counsel
Attorney
Taxpayer ID No.: 16.210.817-4
Hire date: 23.03.2022

2

Francisco Castro

Chief Financial Officer (CFO)
Civil Industrial Engineer
Taxpayer ID No.: 9.963.957-1
Hire date: 10.01.2009

3

Paola Basaure (*)

Vice President of Corporate Affairs and
Sustainability
Civil Hydraulic Engineer
Taxpayer ID No.: 13.673.891-7
Hire date: 01.01.2023

4

Alejandro Rehbein

Technology and Innovation Manager
Civil Industrial and Systems Engineer
Taxpayer ID No.: 12.307.972-8
Hire date: 12.01.2022

5

Arturo Le Blanc

Chief Executive Officer
Attorney
Taxpayer ID No.: 10.601.441-8
Hire date: 05.01.2022

6

Claudio Aravena

Vice President of Human Resources and
Organizational Development
Business Administration
Taxpayer ID No.: 9.580.875-1
Hire date: 04.15.2019

7

Olivia Heuts

Vice President of Business Development
Economist
Taxpayer ID No.: 14.727.025-9
Hire date: 06.01.2022

8

Bernardo Canales

Vice President of Engineering
Mechanical Engineering degree
Taxpayer ID No.: 11.565.097-1
Hire date: 11.01.2020

9

Claudia Carrasco

Revenue and Regulation Manager
Civil Electric Engineer
Taxpayer ID No.: 10.508.896-5
Hire date: 05.01.2022

10

Jorge Vargas

Vice President of Operations
Civil Engineer
Taxpayer ID No.: 12.691.972-7
Hire date: 07.01.2022

(*) During 2022, former Vicepresident was David Noé, tax ID N° 10.502.232-8

Executive Committee Compensation:

Transec paid its Executive Committee members a total of CLP\$ 5.829 billion and CLP\$ 3.639 billion in 2022 and 2021, respectively. It is important to note that the Committee was comprised of 10 people in 2022 and eight in 2021.

Incentives Plans: At Transec, the staff is part of an incentives program focused on meeting goals. These are aligned with Company strategy and are developed in accordance with the level of detail and responsibility within the company hierarchy.

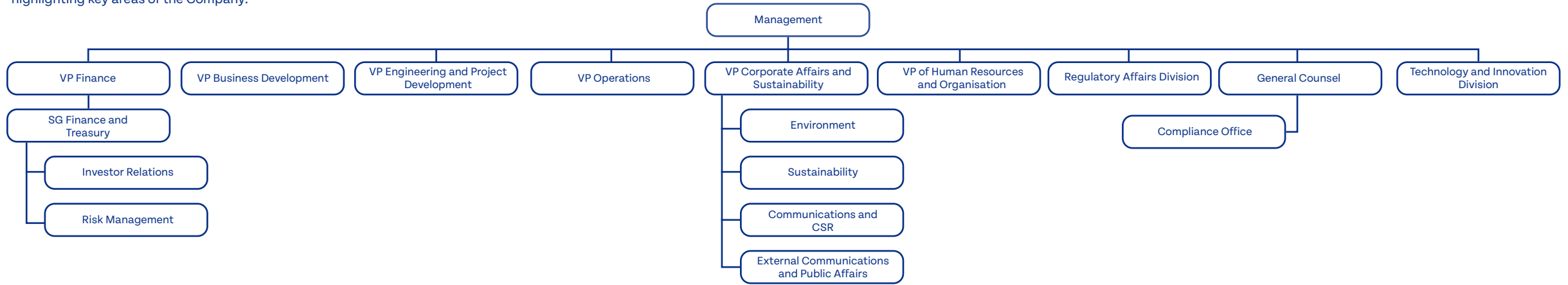
The executive team is organized into Executive Committees so that they can plan and coordinate the work of each area of the Company.

Committee	Objective	Periodicity of meetings
Executive Committee	To review the main areas of each Vice Presidency.	Weekly
Business Committee	To review the main business that the Company is engaged in and the status of its projects.	Monthly
Projects Committee	To review current and future projects.	Monthly
Ethics Committee	To review cases reported through Transec's Ethics Channel.	At the request of the Compliance Official.
Results and Value Management Committee	To review quarterly business results at the end of each period as well as the forecast for the year.	Quarterly
Regulatory Agenda Committee	To review key regulatory matters.	Monthly
Technology and Innovation Committee	To evaluate initiatives in various areas to determine whether it is advisable to execute them.	Monthly and as needed
Procurement Committee	To review tenders exceeding US\$ 10 MM.	As needed when there are awards over US\$10 MM
Assets Management Committee	To secure approval for strategic elements of the implementation of the asset management system. This is linked to the implementation of the Asset Management System (AMS).	At the request of the Head of Asset Management
Integrated Management System Committee	This body is comprised of two committees: the Executive Committee and the Operations Committee. 1) The Executive Committee monitors and measures the management system in accordance with ISO 45001, 14001, and 9001 for the systems that the Company has implemented. 2) The Operations Committee implements operational sessions to develop certain topics related to occupational health and safety, the environment, and quality	Both committees meet four times each year during different months
People and Organization Committee	Review issues related to the people who make up the Transec team. Analyse financial KPIs, which are the basis of the incentive pyramid of the Company's variable bonus system.	At least once a year
Operations Committee	Offer to Transec's management the opportunity to discuss operational matters in detail with members of the Board of Directors, either before or outside the meetings.with the Board.	Upon request

Organizational Chart

(CMF 3.1.vii)

The organizational chart below outlines Transec's organizational structure, highlighting key areas of the Company.



Ethics and Compliance

(GRI 2-26, CMF 3.6 vii)

We believe that the way we reach our goals is just as important as our results. As such, our commitment to integrity in ethics in our business is a key principle. Transec strengthens this commitment in the actions of each of our employees through its Integrity Model.

Our business is long-term in nature. As such, internal and external coherence is fundamental to preserving and protecting trust-based relationships with all of our stakeholders, including customers, shareholders, investors, regulators, and the public.

The Compliance Area works with every one of our teams. It mainly coordinates with the Sustainability Area and Human Resources to apply procedures to new topics and the development of the Company.

Transec's Integrity Model

(GRI 2-15, CMF 3.1, 3.6 vii, 5.5, 8.1.2, 8.1.4)

Our Integrity Model is designed to ensure that every Transec employee is a living example of ethical conduct, protecting and promoting the comprehensive action of the Company and always seeking transparency and coherence.

This model is comprised of two focus areas: prevention and detection. The goal is to prevent and detect anti-ethical conduct in a timely manner, covering the entire organization.



Transec uses various management tools to ensure that the Integrity Model is managed effectively:

a) Code of Conduct: Applies to all Transec employees. This code includes the procedure for handling conflicts of interest.

b) Complaints Channel (3.2 xii c, 3.6 ix): This tool is used for questions about and reports of acts that could constitute a violation of the law, corporate values, or the Code of Conduct and Ethics. It is monitored by a team that is external to the Company and is available to employees, contractors, customers, shareholders, and external entities through a web platform that ensures confidentiality and anonymity. Mailings and training are developed for the various stakeholders that have access to this channel. The platform allows the reporting party to keep a record of the complaints, endowing the process with traceability and transparency.

Click here to access to complaints channel.



c) Investigation protocol: There is a protocol for investigating complaints, which is handled by in the Compliance Department. Information on possible cases of ethical conflicts is also disseminated throughout the Company.

d) Code of Ethics: The Code of Ethics was updated in August 2021. It is focused on responsible conduct by Board members and executives.

e) Training: All employees who join the Company are trained on the Crime Prevention Model and Corporate Governance. The training activities are held virtually and in person in all of the areas where the Company operates.

The issue of sexual harassment was included in training activities held in certain parts of the company and will be incorporated into all future training activities soon. The Internal Order, Hygiene and Safety Regulation includes a sexual harassment investigation protocol as well as protocols for labor harassment and gender-based salary discrimination.

f) Free competition: We have a Free Competition Policy that is managed by the Compliance Area in collaboration with the General Counsel. This policy was approved by the Board in August 2022. A webinar was held to present the document, and we are currently training our employees on this topic.

Reports

(GRI 406-1 and CMF 3.1; 5.5; 8.1.2; 8.1.3 and 8.1.5)

Two complaints of labor harassment were filed in 2022. Both were inadmissible because they failed to meet the requirements for opening an investigation. (For more information, see Chapter 9 Annexes).

Penalties

(GRI 206-1, 2-27, CMF 8.1.1, 8.1.2, 8.1.4)

For detailed information on penalties applied in 2022, see Chapter 9 Annexes.

Crime Prevention and Anti-Corruption Model

(GRI 205-1, 205-2; 205-3, 206-1 CMF 3.1 iii, 3.6 xiii, 8.1.4, 8.1.5)

Our criminal risk policy was approved by Transec's Board in November 2022. This policy is an updated version of the Crime Prevention Model.

The policy outlines the risks of the business, related controls, areas responsible for supervising the model, training, and other matters. It also includes guidelines regarding bribes of any kind and charitable contributions or sponsorships. We also have policies on donations, gifts, and incentives, purchasing authorizations, and other matters.

All employees, suppliers, contractors, and community members are informed of the policy through the internal communications plan and the employee and Board member training plan, which includes both in-person and e-learning modes.

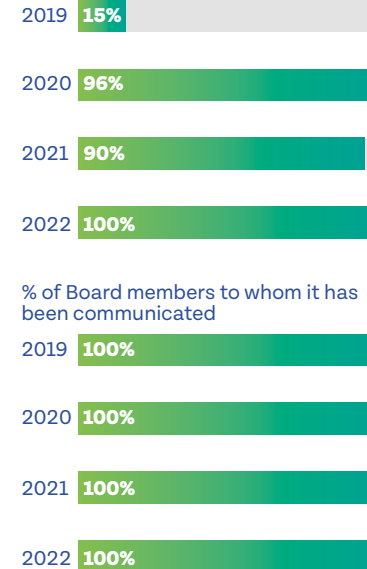
Regarding risks of corruption in the organization, a review of the crime prevention policy is conducted annually under the supervision of an expert external consultant to address risks of corruption within the organization. Interviews are conducted with process owners and processes are evaluated internally.

The main risks identified are:

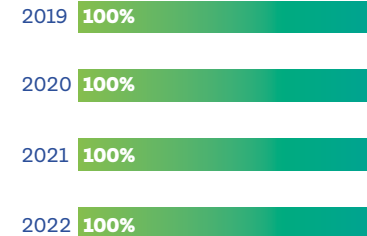
- 1) Bribery Transec: interacts and communicates with officials on a regular basis. This is our main risk of corruption.
- 2) Anticompetitive practices: Transec participates in tenders. Due to the nature of the business, we may sometimes work through consortia with other companies. In some cases, these companies could be direct competitors.
- 3) Inappropriate business dealings: This risk arises when a particular interest of a Board member or manager prevails over the corporate interest during negotiations.

Communication of the Prevention Model

% of employees to whom it has been communicated

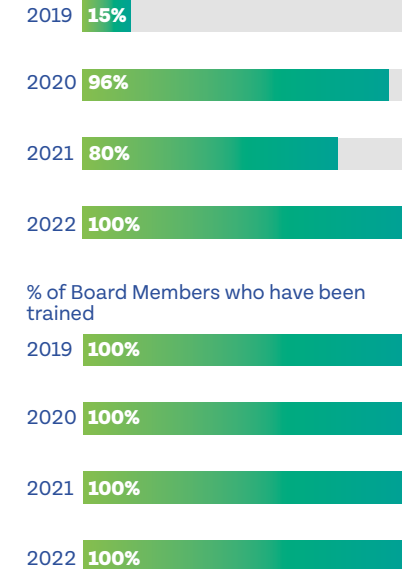


% of Board members to whom it has been communicated



Anti-corruption Training

% of employees who have been trained



% of Board Members who have been trained



The Crime Prevention Model and Anti-corruption Training will be communicated to contractors during 2023.



Unfair competition: Training on unfair competition was offered in 2022 in various areas of the Company, including business, legal, engineering, operations, regulations, and the Executive Committee. No pending or finalized legal cases or actions involving unfair competition were identified during the period covered by this report.

Cases of corruption:

(GRI 205-3, 418-1, CMF 8.1.5)

No claims of violations of a client's privacy or loss of client data were identified for 2022.

Policies approved this year:

- Free competition policy
- Crime prevention program
- Diversity and inclusion policy
- Asset management policy

¹ Number of corruption cases confirmed based on the number of cases of corruption in which: a) an employee was fired, b) a relationship with a supplier was terminated, c) public legal cases regarding corruption towards the organisation or its employees, or d) the number of complaints received through the Complaints Channel linked to the Crime Prevention Model.

Risk Management

(GRI 205-3, 418-1, CMF 8.1.5)

Risk Management plays an overarching role in the Company.

We have a Corporate Risk Matrix that covers approximately 100 risk factors. Risks are classified into taxonomies that describe the nature or origin of the risk factor.

The information provided by the Grupo Transelec Corporate Risk Matrix can be grouped according to taxonomies or topics. Twenty-three of them have been identified, and they cover financial, operations, regulatory, market, counterpart and community, and other aspects.

The Risk Management area is mainly responsible for the following:

- It gathers data from various areas to identify key risk factors through workshops that are held annually and/or when situations arise.
- It identifies issues for building and monitoring a Risk Matrix based on the Corporate Strategy.
- It identifies and assesses risk factors in cross-cutting and participatory risk workshops in which responsible parties and control measures are established.
- It works with other areas to identify mitigations and monitors quarterly plans of action.
- It reports to the Board on the main risks on a quarterly basis.

Risk management is auditable, and the Risk Management and Auditing Areas work closely and complement each other with respect to the identification of corporate risks and their mitigation. The internal audit area can oversee risk management processes at any time

Currently, the most critical risks are operational and cybernetic:

- i) **Fires caused by Transelec**
- ii) **Fires caused by third parties**
- iii) **OT cybersecurity**

How do we define risks?

We use the COSO guidelines and ISO 31.000 along with other existing management models to identify the main risks associated with the business. This year, we have wanted to include “causes” and “consequences” in the analysis of each risk factor. The goal is to better understand the basic reasons and effects of the risks identified. The impact and quantification of the risks are based on an expert criterion, that is, on what has historically occurred and what is identified during the workshops held within the Company.

The Board's Role in Risk Management

(CMF 3.3 vi, 3.6 iv)

The Board is responsible for ensuring that risks are identified and managed correctly. It identifies the most important and critical risk factors and determines the corresponding mitigation actions. The senior management works with the Board to manage risks, providing guidelines and feedback on the main real or potential adverse situations that the Company faces. This is achieved through interviews with Board members. The information gathered is complemented with the data gathered through risk workshops.

Various committees identify critical issues and develop work plans. A report is submitted to the Board on a quarterly basis. It outlines short-, medium- and long-term risks, generating discussions to outline plans of action for Transelec. The Board and senior management are actively involved in reviewing and identifying project risks in the locations in which the projects are presented and their various stages.

Training Activities

(CMF 3.6 viii)

New members of the areas that interact with Risk Management are trained periodically so that they are aware of the processes that they support. The training activities conducted are mainly:

- Risk workshops for ongoing projects
- Protocols for informed decision-making around investments that generate new income for the Company
- Information campaigns to ensure that all employees are aware of corporate and project risks

Emerging Risks

(C-2-2)

Emerging risk	Category	Description of the risk	Risk impact	Mitigation actions
Competitiveness	Economic	Maturity of the market, new competitors, and project evaluation	Medium	Advising, risk profile
Environmental permits	Environmental	Slowness of the process and uneven criteria	High	Relationships with authorities
Suppliers and contractor management	Financial	Lack of liquidity, delays, and complaints	High	More detailed analysis, payment options

Risks Inherent to Business Activities

Name	Description of the risk	Potential impact of the risk	Actions
Forest fires caused by Transelec (electric shocks)	Sparks from lines or contact with flammable elements that could cause fires that affect assets or third parties.	Very high	Plant cutting and pruning; technological improvements and improvements to the design of lines and structures; preventative education for neighboring communities
Forest fires caused by third parties	Grassland burns; high temperatures	High	Plant cutting and pruning; technological improvements and improvements to the design of lines and structures; preventative education for neighboring communities
OT safety breaches	Any physical threat to critical cyber assets or information or telecommunications transportation systems.	High	Security simulations; establishment of operational continuity protocols; training and supervision

Other Risks

(GRI 201-2, 207-2, CMF 3.6 ii c, e)

Information security risks:

Information transportation systems or telecommunications systems are vulnerable to cyber or physical attacks that compromise the safety of the Company's information and directly impact the:

- Cost structure
- Prices of offers under development or other data
- Possible internal failures in systems such as GO, SCADA or SLRP

Free competition risks:

The Company is exposed to disputes with the authority that verifies industrial free competition compliance due to its large size compared to other companies in the field. Tenders for new regulated transmission project construction and operation are highly competitive with the participation of companies at the international level.

Opposition to the operation of facilities:

Transelec interacts with numerous communities throughout its operations. This may lead certain communities to oppose to the operation of our facilities and/or development of new projects.

Environmental risks associated with the Company's operations, such as:

- Noise pollution because of the equipment that operates in substations
- Transmission line noise
- Oil spills from equipment
- Environmental pollution during new facility development or construction

We have conducted studies to identify the effects of climate change on facilities' operations as well as opportunities to optimize the design of new projects and address effects such as:

- Higher temperatures
- Droughts
- Increased intensity of natural phenomena

The Project Sustainability and Development Office manages environmental permits. Its staff approaches authorities and communities located near the projects, verifying that there is early management and compliance with conditions for optimal permit granting.

Tax risks: The Transelec Tax Team is part of the Controller's Office (Vice Presidency of Finance).

One of this division's most important functions is to ensure that group companies report and pay taxes in a timely fashion and correctly (income, VAT, retentions, etc.). It is also responsible for clearly and promptly responding to requests from the Internal Revenue Service (SII), General Treasury of the Republic, municipalities, and other entities responsible for tax oversight.

From the risk management perspective, the Tax Team manages a tax risk matrix that is updated quarterly. Each risk is identified and categorized based on its likelihood and impact for the group. Based on that categorization, each risk is prioritized, and specific mitigation plans are generated.

Regarding routine tasks, the tax determination processes are reviewed and validated by the senior tax analyst or assistant manager prior to proceeding to declare and manage their payment.

Regarding business development processes and financing, there are set procedures that ensure the participation of the Tax Team in the analysis and assessment of investment projects. Furthermore, the Company has formal tax regulations review and updating processes. The Tax Committee is a space in which all team members participate in discussions of tax changes and updates as well as changes in oversight criteria and interpretations of laws.

