

4

Customers: Comprehensive Vision with *exceptional* service



Our Customers

(GRI 2-6, SASB IF-EU-000.A, CMF 6.2 i)

As a Company, we believe that we must ensure that our customers have an excellent experience throughout the life cycle of the business.

Our customers are users that inject or withdraw energy from transmission systems. The majority of them are electricity generators and distributors, industrial clients, and mining companies. Transelec serves as the link between energy generation and energy demand. We have included Customers as one of the three pillars of our new Corporate Strategy in an effort to expand the approach that we have traditionally used. One of the challenges that we face involves including a focus on the final energy user: households, equipment, services, and all of the infrastructure that ensures that all Chileans live well and that the country develops. As such, it is our duty to deliver reliable and uninterrupted energy supply to all of our customers.

In 2022, we restructured the Vice Presidency of Business Development, including a new division called Open Access and Customers. The purpose of the latter entity is to serve as a single window for managing customer relations more efficiently. Last year we also hired a new Vice President of Business Development. She will focus on developing new business within the Company and increasing Transelec's competitiveness in the market and in tender processes.

Generation



Transmission

10,135 km of transmission lines

1,205 Km of 154 kV lines.

6,755 km of 220 kV lines.

1,054 km of 500 kV lines.

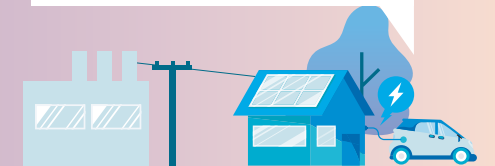
1,088 Km of 66+110 Kv lines.

69 Substations

19,908 MVA Capacity of transformation

Distribution

Transelec transmits power to 7,514,074 regulated customers



224 MWh supplied to regulated customers



75 MWh supplied to free customers

Our final customers are also our neighbors



April 2022: Transelec made improvements to a key roadway for San Ramón Alto in collaboration with local residents and the municipality of Quilaco. The Company responded to the need identified by the municipality's Neighborhood Council and invited the Municipality of Quilaco to sign a cooperation agreement to improve the route used to access the sector. The project allowed for two kilometers of the San Ramón Alto roadway to be improved. This was done in the context of the construction of Transelec's Los Notros isolator substation.

In the coming years, we will face major challenges related to designing our approach to our customers. These include:

- Implementing a Customer Policy within the Company.
- Enhancing unregulated business, creating business opportunities with dedicated clients, and, in this sense, supporting mining and industrial clients' efforts to move towards decarbonization.
- Ensuring full compliance with all service quality standards.

(*): Corresponds to the number of electricity meters

No. of final customers(*)

(GRI 2-6)

2021

7,318,093

2022

7,514,074

Total electricity provided by customer 2022 (MWh)

(SASB IF-EU-000.B)

Non-regulated
customers

75

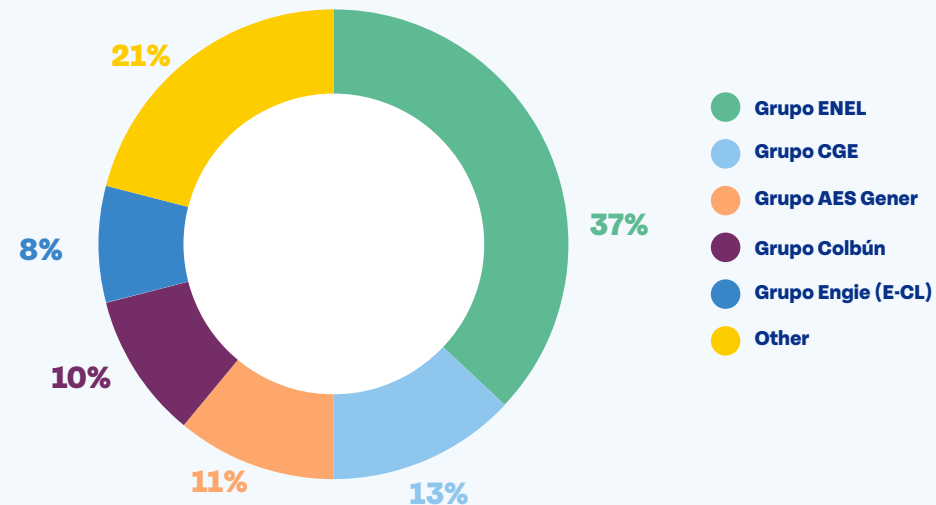
Regulated customers

224

Total

299

Income by Customer 2022 (%)



Rates

(SASB IF-EU-240a.4)

One key aspect of our Company's performance as a regulated business is the rates that are regulated by law and set every four years for most of our revenue. Rates allow us to obtain revenue based on our installed (take-or-pay) capacity. They guarantee us 20 years of fixed income from the moment new system expansion projects are placed into service. The rest of the rates are the result of bilateral agreements.

It is important to note that the information on rate review is available on the National Energy Commission website, where the final customer can find the exempt resolutions published on bi-annual rates.

For more details on rates in the context of the Regulatory Landscape, [Chapter 3](#) and [Chapter 9 Annexes](#).

Average retail electricity rate for customers (billions of Chilean pesos)

	2018	2019	2020	2021	2022
Total revenue	329	379	333	306	440
Generator customers	323	371	268	249	345
Distribution customers	206	224	58	48	84
Mining customers	5	5	5	5	6
Industrial customers	2	2	3	4	4

Service Quality

(CMF 3.6 ix, T4-1)

In an effort to continuously improve its relationship with its customers, Transelec conducts a satisfaction survey. The survey has allowed us to get feedback from critical customers regarding electricity service.

Connection customer satisfaction	2018	2019	2020	2021	2022
Percentage of customers that report that they are "Satisfied"	93%	*	73%	95%	95%

*The survey was not applied due to the protests that took place that year.

Operations

(SASB IF-EU-240a.4)

Transec is Chile's leading energy transmission company. Our direct commitment to our customers should be reflected in our operations and the management of our assets. Our goal is to provide quality service with high safety standards.

Operational Continuity and Safety

One of the indicators that we use to monitor the performance of the facilities is the Disconnection Rate. This rate measures the number of disruptions due to internal incidents at Transec's facilities in relation to the number of assets. It is disaggregated based on transmission line events and substation events. Another strategic indicator that allows us to ascertain the impact on our clients is the Energy Not Provided due to disconnections.

Indicators associated with operational continuity

	2018	2019	2020	2021	2022
System Average Interruption Duration Index (SAIDI) (hours) (T6-1, SASB IF-EU-550a.2)(*)	3.4	1.2	0.8	0.066	0.057
No. of high impact events (over 30 MWh equivalent to the 15% of disruptions that produce 80% of total impact) (T6-2, SASB IF-EU-550 a.1)	6	3	4	3	3
Transmission Line Disconnection Rate due to internal causes (number of disconnections forced due to an internal cause per 1,000 km of circuit) (T6-3)	4.3	3.8	3.5	3.2	4.1
Service interruptions (MWh) (T6-4)	1.367	503	905	386	299
Substation disconnection rate (number of disconnections per 1,000 circuit ends)(**)	83.5	67.8	73.1	89.8	83.5
No. of thefts from Transec facilities (consummated)	6	5	-	1.0	40
Tons of conductors stolen from Transec facilities (consummated) (T6-5)	3.0	4.2	-	0.4	24.9
No. of events of theft from Transec facilities (consummated)	4	1	1.0	-	2
Percentage of maintenance completed (T6-6)	-	-	-	118%	95.50%
Physical and financial progress (T6-7)	-	-	-	92	0.71(***)

(*) Our Company does not measure the system average interruption frequency index (SAIFI) (SASB IF-EU-550a.2) or the customer average interruption disruption index (CAIDI), which includes the days they occur (SASB IF-EU-550a.2).

(**) The line disconnection rate yielded a value of 4.1 disruptions per 1,000 km of lines. Compared to previous years, there was a 28% increase in this indicator compared to 2021. The substation disconnection rate yielded a value of 83.5 disruptions per 1,000 equivalent sections. The indicator decreased 7% compared to 2021. The improvements made over the past few years allowed us to achieve a 22% decrease in 2022 over 2021. This rate has dropped over the past five years. One of the indicators that increased considerably in 2022 compared to the past five years was the number of thefts from Transec facilities. There were 40 thefts from 10 facilities for a total of 24,934 kg of conductors taken (18,408 km).

(***) This indicator was measured using a different methodology from the previous year.



Asset Management

(T5-1, SASB IF-EU-240 a.4)

In 2022, we continued to develop the Asset Management System implementation project, which was formally launched in 2021 based on ISO 55001, increasing our level of maturity. One of the most emblematic tasks at the internal level was the creation of the Asset Management Strategy Plan (Plan de Estrategia de Gestión de Activos, PEGA). The strategy has evolved in a positive way and is in the final construction phase.

During 2022, our activities were mainly focused on identifying models and techniques for the strategic and tactical phases, training activities related to asset management, and updating processes and standards for comprehensive asset life cycle management. It has been very challenging for the Company to ensure collaboration with the Vice Presidencies of Operations, New Business and Engineering, and Project Development to manage assets throughout their life cycle: from the construction of a project through its operation and maintenance.

The asset management efforts made in 2022 included:



Continuous improvement of the measures and plans of action provided.

This is done to ensure that our assets are dependable.



Exploring innovative maintenance techniques,

which strengthens the maintenance strategy with a focus on the final customer (use of drones for inspections or isolator cleaning using helicopters, etc.).



Improving our processes.

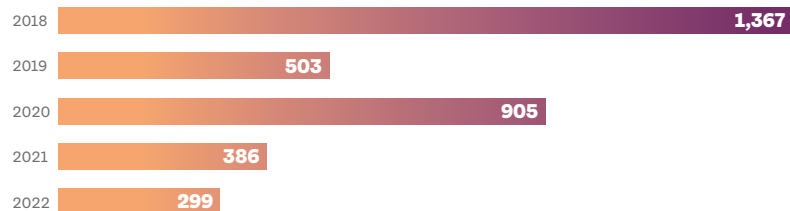
To offer a timely asset renewal and maintenance program with prioritized investments in OPEX (Operational Expenditures) and Sustainable CAPEX (Sustainable Capital Expenditures).



Definition of the optimal replacement value of our assets in the medium- and long-terms.

In an effort to ensure that the Company's assets are healthy and to promote the sustainability of the business life cycle, plan the future business plans, and anticipate the organization and structure required to execute the replacement plan (people, suppliers, stock).

Energy not supplied (MWh)



Digital Asset Management

Digital asset management is key to the aforementioned comprehensive life cycle management perspective. We are incorporating various platforms to ensure the health of the assets. Our goal is to increase algorithms in order to cover more of them.



Ventures Zero Noise Challenge:

Click [here](#) to learn more about the Ventures Zero Noise Challenge

Gentinelas: Technology for smart monitoring of energy transmission lines

In partnership with LESS Industries, we co-created a device that is installed on electrical lines and connected to the cloud to send data on the status of conductor cables. We are now making this technology available to the entire industry. Over 200 Sentinels have been placed on Transelec lines, particularly in the most isolated, least serviced areas with the greatest risk of disruption. These are managed by the new Safety Management Monitoring Center that the Company is creating.

For more details, click [here](#).

In September 2022, individuals detonated explosives on a 220 kV Hualqui - Lagunillas high tension line structure owned by Transec in the Biobío Region. The attack caused the tower to collapse, damaged two others, and caused the conductor cable to fall into the Biobío River. Service was not disrupted in residential or industrial areas thanks to the backup systems, but the arduous task of rebuilding the impacted line began that same day. The Company also had to organize itself differently, work in a difficult area, and try to resolve the problem as quickly as possible. This event changed our work environment and introduced new risks that we must mitigate.

However, neither consumers nor employees were impacted, and the Company maintained its level of service quality. We have implemented a temporary solution to keep the line operational while we complete work on a final remedy.

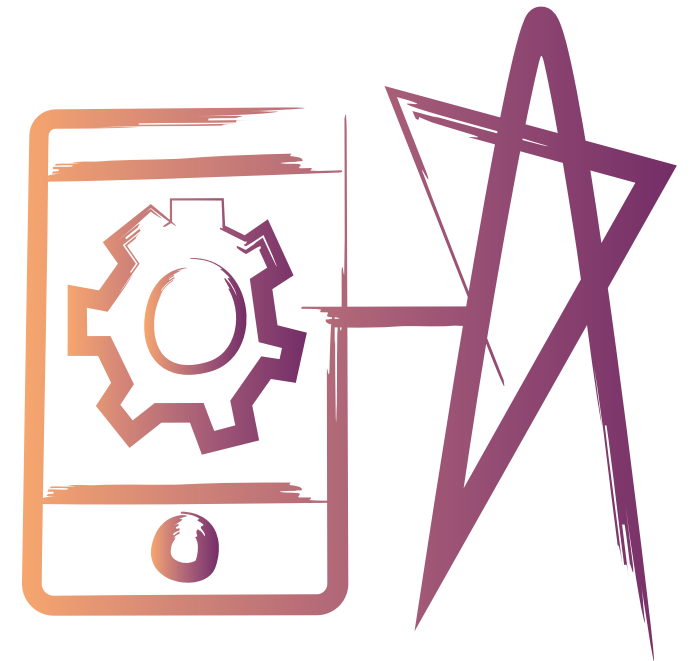
Cybersecurity

As a Company, we are on the cutting edge of our industry in the application of cybersecurity regulations. In 2020, we introduced an online monitoring system that warns us of threats to the system. We have expanded our critical cyber asset protection measures and change management within the organization. No gaps were identified in the National Electric Coordinator reviews.

One of the pending challenges is rate recognition for some of the cybersecurity protections that we have implemented. The goal is for said protections to represent more than added costs. Indeed, we want them to be part of the standard to be applied in the industry. All of the networks and companies are connected, and if one company has a lower standard, it is a point of vulnerability for Transec as well. We are therefore interested in raising the cybersecurity standard of the electricity industry throughout the country's network.

At the governance level, Transec has a Transec Cybersecurity Committee and a corporate Cybersecurity Operations Committee (CISO). There is also a Cybersecurity Incident Response Group (CSIRT) and cybersecurity risk management process. Transec employees' obligations in regard to cybersecurity are set out in the company's Regulations on Order, Hygiene, and Safety. Our Cybersecurity Policy is also published on the intranet.

We recognize that cybersecurity should be part of our culture. In view of this, we implement an annual training plan, publish information on corporate media such as the intranet and mass emails, conduct fake phishing tests, and offer a cybersecurity talk each year in October.



Suppliers and Contractors

(CMF 5.9)

Our suppliers and contractors are fundamental to our ability to deliver excellent transmission services. They play a role in the operation of high-tension lines and substations and in the development of new projects. They also provide essential services in such diverse areas as meals, maintenance, and cleaning.

We seek to maintain ongoing communication and trust with our suppliers and contractors. One of our main responsibilities is to ensure that both suppliers and contractors follow Transelec policies and meet our standards.

Relationships with Suppliers and Contractors

Our Procurement Policy regulates our relationship with suppliers and contractors. We also have a Procurement Portal that provides easy access to documentation, tender processes, consultations, and observations.

We have used the ARIBA platform to automate purchasing and traceability processes since 2021. Each supplier on the platform has a unique record and ongoing feedback can be provided through:

- An assessment of the Company's purchasing area by the supplier;
- An assessment of the supplier by the Company;
- An assessment of the Company's purchasing area by the internal customer.

Sustainable Supplier Management Program (Programa de Gestión Sostenible de Proveedores, GESPRO): This program was launched in 2018. It establishes guidelines to ensure that purchasing and service engagement processes are transparent and that the entities engaged are of excellent quality. It is also designed to ensure that our suppliers work under equal conditions

For more information on the principles of the GESPRO program, click [here](#).

Contractor Assessment Criteria

We have a Comprehensive Supplier Assessment Policy in place for the tender process for contracts associated with New Projects, Private Projects, or Supplies Procurement. It evaluates each supplier of services, construction or supplies on a scale of 1 to 5 based on their performance. Various technical and administrative aspects are considered, including criteria such as accident rates and applicants' financial indicators

For more information on the aspects evaluated, click here to view [Chapter 9, Annexes](#).

Risk Management in the Supply Chain

The risks associated with our supply chain are integrated into the Risk Management System and the audits of the measures adopted to prevent and mitigate risks.

Our contractors are subject to technical, labor, commercial-financial, and compliance information review processes that ensure the quality of the service and confirm that their practices align with our Company's corporate principles. The contracts that we enter into include a clause related to crime prevention and best practices.

Transelec Supply Chain

Statement of Need



Definition of Purchasing Strategy



Purchasing Process Management



Awarding and Satisfaction of Need

Supplier type	Total No.
Number of workers associated with our contractor companies (GRI 2-8)	3,508
Total number of suppliers	1,981
Number of SME suppliers	779



Supplier Payments

(CMF 7.1)

Transelec's payment policy sets a 30-day term. However, following the protests that took place in Chile in late 2019, and in an effort to help SMEs (Small and Medium Enterprises), the Company decided that payments will be issued within approximately seven days for all suppliers. This criterion is still in place.

Average supplier payment term (in days)

27

2021

12

2022

Average supplier payment term for SMEs (in days)

12

2021

9

2022

Amount paid to Chilean suppliers this year (in millions of Chilean pesos)

322,169

2021

286,592

2022

Amount paid to Chilean SME suppliers this year (in millions of Chilean pesos)

205,985

2021

197,403

2022

Complaints Channel for Customers, Suppliers, and Contractors

(GRI 418-1 / CMF 3.6 ix)

Customers, suppliers, and contractors have a channel available to them to report any irregularities or illegal activities. The channel works through a website that guarantees reporting parties' anonymity. The Company publishes information about the platform through emails and/or training activities. We note that over the past four years we have received no complaints of violations of customer privacy or data loss. Nor did we receive complaints regarding suppliers and contractors.

Medium-term Challenges Related to Our Operations

- Updating our current operations strategy to align it with our new Company Strategy and general goals.
- Expanding what it means for the customer to be a pillar of our Corporate Strategy and measuring the effect of our business operations on each of our customers.

