

04 Annexes

SUSTAINABILITY PERFORMANCE SUMMARY

Indicator	Calculation basis	GRI Standards Indicator	2015	2016	2017
Corporate governance and ethics					
Directors	Number	102-22	9	9	9
Directors	Number	102-22; 405-1	1	1	1
Directors with executive positions at the company	Number	102-22	0	0	0
Independent directors	Number	102-22	5	5	5
Directors under the age of 30	Number	102-22; 405-1	0	0	0
Directors between the ages of 30 and 50	Number	102-22; 405-1	1	1	1
Directors over the age of 50	Number	102-22; 405-1	8	8	8
Code of Ethics					
Grievances filed	Total number of grievances filed throughout the year	102-17	0	11	11
Grievances settled	Percentage of total grievances settled during the period	102-17	-	100%	100%
Corruption					
Members of the Board of Directors that have been notified and trained with regard to anti-corruption procedures and policies	Percentage	205-2	100%	100%	100%
Employees that have been notified and trained with regard to anti-corruption procedures and policies	Percentage	205-2	2%	0%	66%
Confirmed cases of corruption	Number	205-3	0	0	0
Incidents of discrimination	Number	406-1	0	0	0
Cases of unfair competition	Number of legal actions pending or completed with regard to unfair competition, monopolistic practices or actions against free competition in which participation of the organization has been identified	206-1	0	0	0
Compliance					
Amount of fines	Monetary value of significant fines due to non-compliance with social or economic laws and regulations. In US\$ millions	419-1	n/a	n/a	0
Number of non-monetary sanctions	Number of non-monetary sanctions due to non-compliance with social or economic laws and regulations	419-1	n/a	n/a	0
Number of cases	Number of cases subjected to lawsuit settlement mechanisms for social or economic reasons	419-1	n/a	n/a	2
Environment-related fines	Number of fines applied by the SMA and sectorial agencies throughout the period	307-1	7	0	0
Amount of environment-related fines	Amount in US dollars fined by the SMA and sectorial agencies throughout the period	307-1	6,941	0	0
Customers and society					
Reliability					
Service Safety Index – EIT (equivalent interruption time)	Equivalent interruption minutes	EU12	3.4	3.9	4.1
Disconnection Rate - Transmission Lines ^a	Number of outages per 1,000 kilometers		14.5	16.5	16.7
Disconnection Rate - Transmission Lines (Transelec was responsible) ^b	Number of outages per 1,000 kilometers		3.8	6.3	6.1

¹⁹ Transelec considers fines over US\$ 1,000,000 to be significant.

Disconnection Rate - Transmission lines (force majeure) ^c	Number of outages per 1,000 kilometers	10.6	10.1	10.6
Disconnection Rate - Substations ^d	Number of outages per 1,000 circuit ends	112.7	81.1	90.4
Customer satisfaction	Percentage, measured for connection customers	21%	68%	73%
Renewable energy connected by Transelec	MW. Related to connection point commissioning	238	1,022	347

Our people

Occupational health and safety

Accidentability rate	(Number of lost days / average workers)*100	403-2	0.3	0.3	0.26
Accident rate	Number of lost days / average workers)*100	403-2	4.80	5.60	16.09
Fatalities	Number	403-2	0	0	0
High-risk incidents	Number	403-2	2	0	2
Work-related illnesses	Number	403-2	0	0	0
Contractors and subcontractors with occupational health and safety training	Percentage	403-2	100%	100%	100%

Own staff breakdown

Permanent full-time workers	Number as of 31 December each year	102-8	491	509	529
Men	Number as of 31 December each year	102-8	409	422	431
Women	Number as of 31 December each year	102-8	82	87	98

Workers by age range

Women under the age of 30	Number as of 31 December each year	405-1	17	22	25
Women between the ages of 30 and 50	Number as of 31 December each year	405-1	59	58	65
Women over the age of 50	Number as of 31 December each year	405-1	6	7	8

Labor relations

Unionization	Percentage vs. total number of employees	405-1	67%	65%	69%
Strikes	Number		0	0	0
Years without strikes	Number		23	24	25
Work climate index	OHI Score assessed every two years		n/a	81	n/a

Training

Training hours	Thousands of hours	404-3	30.8	35.8	40.4
	Hours/collaborator	404-3	62.7	70.4	76.4
Amount invested in training	US\$ invested in training	404-3	783,908	854,371	926,977
Amount invested per worker	US\$/collaborator	404-3	1,597	1,679	1,752
Workers with performance evaluations	Percentage vs. total number of workers	404-3	100%	100%	100%

Environment-related incidents

Incidents with environmental impact	Number of significant spills	306-3	2 ^d	2	0
	Volume of significant spills in m³	306-3	63 ^d	0.4	0

Electrical energy consumed	Gigajoules	302-1	46,155	50,521	48,336
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Greenhouse gas emissions	Tonnes of CO ₂ equivalents. Total emissions calculated by adding scopes 1 and 2	305-1; 305-2	9,009	7,944	8,797
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Waste

Hazardous industrial waste	Tonnes generated	306-2	1,328 ^e	521 ^f	137
NON-hazardous industrial waste	Tonnes generated	306-2	10,199 ^e	6,189	3,222
Waste recycling	Tonnes. Total of hazardous and non-hazardous industrial waste	306-2	n/a	1,299	787

Biodiversity

New areas reforested by Transelec	Hectares	304-3	0	9.1	28
New areas protected by Transelec	Hectares	304-3	n/a	n/a	0

Neighboring communities

Social contribution

Communities with impact evaluation	Number	413-1	4	6	8
Communities with participation programs	Number	413-1	11	16	20
Communities with development programs	Number	413-1	3	6	8
Social investment	Amount in US\$ thousands	413-1	n/a	n/a	1,024
Beneficiaries	Number	413-1	n/a	2,139	2,706

Social incidents

Social incidents	Number	413-1	1	1	0
Claims regarding social impacts	Number. Only includes those filed using formal grievance mechanisms	413-1	7	1	0
Communities displaced by company projects	Number	EU22	0	0	0

Business strategy

Revenue	US\$ millions	102-7	390	421	445
Revenue from the National System	Percentage	102-7	64%	64%	63%
Revenue from Zonal Systems	Percentage	102-7	17%	15%	16%
Revenue from Exclusive Systems	Percentage	102-7	19%	19%	18%
Revenue from Services	Percentage	102-7	19%	2%	3%
EBITDA	US\$ millions	102-7	336	358	378
Economic value generated and distributed	US\$ millions	201-1	451	470	518
Investment	US\$ millions	102-7	166	500	47
Transmission lines	Kilometers	102-7	9,560	9,609	9,648

n/a = not available

a: corresponds to disconnection due to outages and force majeure, considering total causes attributable to Transelec and to force majeure based on ITOMS

b: corresponds to disconnection due to outages and force majeure, exclusively considering causes attributable to Transelec based on ITOMS

c: corresponds to disconnection due to outages and force majeure, exclusively considering force majeure (i.e. copper conductor theft, events caused by forces of Nature or any other cause demonstrable using information such as an event that cannot be resisted that does not imply any sanction to be applied by the authority), based on ITOMS.

d: the indicator does not consider FACTS devices at substations. The company is working together with ITOMS to incorporate this equipment in accordance with industry best practices.

e: two significant dielectric oil spills occurred in 2015.

f: Six transformers generating a high volume of industrial waste (272 tonnes) were decommissioned in 2016. These transformers produced approximately 52% of the overall hazardous waste generated by Transelec in 2016.

g: 10,000 tonnes of non-hazardous waste associated to projects were generated in 2015. The rest was generated by Transelec material warehouse and asset divestiture.

ABOUT THIS REPORT

Transelec has developed its ninth Sustainability Report in order to report on its strategy, priorities and development regarding issues that are most important for operation sustainability.

This report has been formulated in compliance with GRI (Global Reporting Initiative) Standards in the Core Option. It focuses on the issues most important for Transelec and its stakeholders, which have been determined in keeping with GRI Standard guidelines.

The information presented approaches the Company's administration throughout 2017. The report also includes data from previous years in order to provide additional context and to provide an overview of the main events that have occurred up to the date it was published. This report encompasses all Transelec operations.

A transversal working group from the Company backed by consultancy provided by external experts worked on the formulation of this report. The team supervised compliance with GRI principles and was responsible for pooling and validating the information reported.

THE MOST IMPORTANT ISSUES TO BE REPORTED

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

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

- **Sustainability organizations and investors:** DJSI (Electric Utilities Sector); GRI Sustainability Topics by Sectors; and Standard 385 on Corporate Governance.
- **Public opinion and Transelec stakeholders:** issues in the media about Transelec, the energy sector and other companies; Corporate Reputation and Engagement Survey conducted by Transelec with its stakeholders.
- **An inner perspective:** interviews with the Company's senior management and issues stemming from the Sustainable Value Creation Strategy, the Sustainability Policy and the Risk Matrix.

Issues identified were analyzed at a workshop with the Transelec senior management (General Manager and Vice-presidents) and then ranked according to importance for stakeholders and impact scope. This workshop generated the most important issues to be reported, determined which audiences the report would be directed to and central messages to be shared.

The most important issues are listed as follows:

- BUSINESS STRATEGY**
 - Impact and influence of the political, regulatory, economic, technical and social environment on business development.
- CORPORATE GOVERNANCE AND ETHICS**
 - Ethics and compliance.
 - Corporate governance.
 - Stakeholder relations.
- CUSTOMERS AND SOCIETY**
 - Power transmission system reliability, flexibility and sustainability.
 - Emergency preparedness and response.
 - Customer relations.
- OUR PEOPLE**
 - Care of and respect for people.
 - Human capital development and talent management.
 - Strategic suppliers and contractors.
- THE ENVIRONMENT AND SURROUNDING AREA**
 - Environmental management policies and systems.
 - Climate change.
 - Prevention and mitigation of the operation's impacts on neighboring communities.
 - Biodiversity, wildlife, flora, natural and historical heritage.
- NEIGHBORING COMMUNITIES**
 - Relations with and contribution to local communities.



ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS – SDGs

World leaders adopted a set of 17 global goals to eradicate poverty, protect the planet and ensure prosperity for everyone as part of a new sustainable development agenda in late 2015. Reaching these goals requires the joint work of governments, the private sector and civil society.

We at Transelec wish to contribute to the achievement of these goals. We have consequently committed to work to prevent and mitigate the impact of our operations and to positively contribute to the environment and development of societies where we operate.

The following graph highlights the Sustainable Development Goals (SDGs) where we have the most direct actions.

