

## Why is this important?

Construction and operation of our transmission lines require the transection of natural areas that in some cases have never been affected by man. Care for the environment is essential when it comes to designing transmission line routes. Potential impacts not only occur during construction, but also while operating transmission lines and substations, which have a long service life. Transelec activities can potentially generate negative impacts on surrounding areas, such as the loss of agricultural soil, alteration of the natural landscape and biodiversity, waste generation and the emission of hazardous substances, among others.

### Climate change

Global awareness regarding climate change has expanded and measures have been taken to address the issue. Chile signed the Paris Accord in 2016. The objective is to reduce global emissions and prevent the Earth's temperature from rising by 2 degrees Celsius. This has promoted a climate change agenda designed to reduce greenhouse gas emissions and to increase power generation from renewable sources, among other commitments. In addition, and as part of SDG 13, Climate Action<sup>18</sup>, Chile developed an action plan leading up to 2030 designed to implement urgent measures to fight climate change and its effects.

### Regulatory context

Chile's main environmental regulation is Law 19,200 on General Environmental Bases, which is followed by a series of specific standards for the power transmission sector. In addition, any intervention affecting native vegetation and/or flora made by Transelec must be done in accordance with Law N° 20,283 on native forest recovery and forestry development, which specifies the need to formulate management plans in qualified cases. Another important regulation refers to archaeology and paleontology.

The Environmental Superintendence (MMA) and the Environmental Courts are responsible for inspection. Each new transmission project must be evaluated by the Environmental Evaluation Service (SEA) and the company must comply with the provisions of an Environmental Qualification Resolution, a document regulating actions for each project approved.

Transelec has power transmission facilities in territories that have been classified as protected areas, such as National Parks, National Reserves and priority sites for biodiversity conservation. The National Forestry Corporation (CONAF) is responsible for monitoring conservation and management plan compliance in these areas.



## Sustainability crossroads

A country cannot develop without reconciling economic growth with the welfare of its inhabitants and care of its surrounding area.

This same logic applies to companies. If a company wishes to leave a mark it must grow and be profitable, but if its stakeholders (whether these be workers, suppliers, customers or neighbors) are not benefited by the environment or if they damage the environment, the company will most likely disappear. In this context, companies must consider economic, social and environmental dimensions of sustainability as part of their strategic pillars

However, doing things right is no longer enough. We are currently facing high levels of citizen distrust, which also affects companies' own sustainability. Here are two examples:

1. According to the Eighth CADEM and SOFOFA Corporate Confidence Study, only 35% of the interviewees say they trust large private corporations. It is highly unlikely that customers will be willing to consume goods and services from companies they do not trust over the long term, which jeopardizes the economic sustainability of these companies.

2. Based on the CPC Productivity Observatory, average Environmental Impact Study approval time came to 18 months between 2007 and 2016. This term has increased substantially. This longer term is partly due to more stringent environmental standards, which is justified in terms of country development, but also to public services that distrust environmental impact evaluations, as well as mitigation and compensation measures offered by companies, which in recent years has unnecessarily extended the evaluation process and jeopardizes economic sustainability for projects.

Companies must presently continue to make headway in terms of their commitment with sustainability and also prove to society and to the State that we behave appropriately, while encouraging companies that do not behave appropriately to start doing so. Otherwise distrust will commensurably threaten the sustainability of all companies.

Transelec is serving Chile by transmitting energy and developing the new high-voltage power transmission systems the country needs: transmission lines, substations, complementary services, etc. Our job is to produce growth and prosperity, incorporating new technologies into the national power grid, improving service quality and transmission capacity, while ensuring that more and cheaper power reaches the country's households and industries.

<sup>18</sup> Additional information is available at: <http://www.chileagenda2030.gob.cl/seguimiento/ods-13>